

PROSPECTIVE FINANCIAL STATEMENTS

ACTUAL FINANCIAL RESULTS ACHIEVED FOR THE PERIOD COVERED BY THESE PROSPECTIVE FINANCIAL STATEMENTS ARE LIKELY TO VARY FROM THE INFORMATION PRESENTED. THESE VARIATIONS MAY BE MATERIAL.



STATEMENT OF COMPLIANCE

THE PROSPECTIVE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE ON 18 JUNE 2015 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;

NO ACTUAL FINANCIAL RESULTS ARE INCORPORATED AND IN THE PROSPECTIVE FINANCIAL STATEMENTS; AND

IT IS NOT INTENDED TO UPDATE THE PROSPECTIVE FINANCIAL STATEMENTS SUBSEQUENT TO PRESENTATION.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)

	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Revenue											
Fees, Rents and Miscellaneous	4,116	5,285	4,648	4,633	4,748	4,865	4,995	5,273	5,557	5,873	6,226
Subsidies & Grants	8,188	10,594	8,038	7,643	7,984	8,607	8,249	8,584	8,393	9,622	9,042
General Rates	4,542	4,497	4,667	4,823	4,897	5,077	5,245	5,346	5,512	5,757	5,854
Rate Penalties	133	180	185	189	194	200	206	212	219	227	235
Targeted Rates	18,965	19,749	20,389	21,043	21,721	22,546	23,153	23,657	24,406	25,144	25,422
TOTAL REVENUE	35,944	40,305	37,927	38,331	39,544	41,295	41,848	43,072	44,087	46,623	46,779

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PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Expenditure											
Community Leadership	3,106	1,087	1,116	1,093	1,136	1,195	1,172	1,222	1,292	1,269	1,327
Economic & Community Development	0	1,213	1,237	1,265	1,279	1,308	1,342	1,374	1,410	1,452	1,492
Roading Services	16,513	16,343	17,018	17,396	17,759	18,198	18,694	19,029	19,437	19,926	20,357
Sewerage	2,002	1,954	2,063	2,115	2,163	2,224	2,305	2,371	2,447	2,532	2,618
Stormwater	565	551	572	588	603	641	661	684	703	727	747
Water	6,368	6,423	6,665	6,912	7,199	7,416	7,662	7,919	8,196	8,507	8,829
Solid Waste Management	1,439	1,459	1,481	1,525	1,560	1,603	1,656	1,700	1,750	1,815	1,869
Community Services	5,154	4,855	4,975	5,102	5,196	5,378	5,524	5,662	5,812	5,991	6,159
Regulatory & Emergency Services	1,641	1,948	2,194	2,073	2,130	2,170	2,248	2,279	2,354	2,420	2,484
Internal Services	740	414	182	203	167	187	213	172	222	248	204
In - House Professional Services	(24)	(25)	(25)	(26)	(27)	(27)	(28)	(28)	(29)	(30)	(30)
TOTAL EXPENDITURE	37,504	36,222	37,478	38,246	39,165	40,293	41,449	42,384	43,594	44,857	46,056
NET SURPLUS (DEFICIT)	(1,560)	4,083	449	85	379	1,002	399	688	493	1,766	723

RESERVE INTEREST¹	641	691	656	644	657	671	690	843	993	1,167	1,361
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¹ External interest that is credited to reserve funds and not directly to activities

Depreciation	12,975	12,039	12,380	12,702	13,044	13,406	13,775	14,166	14,568	14,995	15,436
Other expenses	24,529	24,183	25,098	25,544	26,121	26,887	27,674	28,218	29,026	29,862	30,620
TOTAL EXPENDITURE	37,504	36,222	37,478	38,246	39,165	40,293	41,449	42,384	43,594	44,857	46,056

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PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Surplus/(Deficit)	(1,560)	4,083	449	85	379	1,002	399	688	493	1,766	723
Other Comprehensive Revenue & Expense											
Available for Sale financial assets valuation gain/(loss)	0	0	0	0	0	0	0	0	0	0	0
Gain/(Loss) in property, plant & equipment revaluation	29,144	0	78,049	0	0	91,758	0	0	100,638	0	0
TOTAL OTHER COMPREHENSIVE REVENUE & EXPENSE	29,144	0	78,049	0	0	91,758	0	0	100,638	0	0
TOTAL COMPREHENSIVE REVENUE & EXPENSE	27,584	4,083	78,498	85	379	92,760	399	688	101,131	1,766	723

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY

(All in \$000s)

	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
OPENING EQUITY	1,001,831	1,017,375	1,021,458	1,099,956	1,100,041	1,100,420	1,193,180	1,193,579	1,194,267	1,295,398	1,297,164
Total Comprehensive Revenue and Expense	27,584	4,083	78,498	85	379	92,760	399	688	101,131	1,766	723
CLOSING EQUITY	1,029,415	1,021,458	1,099,956	1,100,041	1,100,420	1,193,180	1,193,579	1,194,267	1,295,398	1,297,164	1,297,887

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Annual Plan		Long Term Plan (FORECAST)								
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Current Assets											
Cash & Cash Equivalents	203	237	217	225	229	182	201	215	224	260	282
Trade & Other Receivables	2,925	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852
Inventories - Dev Property	13	13	13	13	13	13	13	13	13	13	13
Other Financial Assets	10,549	14,579	14,320	14,601	14,921	15,336	18,727	22,074	25,927	30,244	33,547
TOTAL CURRENT ASSETS	13,690	18,681	18,402	18,691	19,015	19,383	22,793	26,154	30,016	34,369	37,694
Non Current Assets											
Trade & Other Receivables	2	1	1	1	1	1	1	1	1	1	1
Other Financial Assets	40	38	38	38	38	38	38	38	38	38	38
Property, Plant & Equipment	1,018,006	1,005,552	1,084,304	1,084,076	1,084,105	1,176,470	1,173,433	1,170,735	1,267,974	1,265,359	1,262,726
Intangible Assets	381	66	66	66	66	66	66	66	66	66	66
Forestry	2,727	2,863	2,863	2,863	2,863	2,863	2,863	2,863	2,863	2,863	2,863
TOTAL NON CURRENT ASSETS	1,021,156	1,008,520	1,087,272	1,087,044	1,087,073	1,179,438	1,176,401	1,173,703	1,270,942	1,268,327	1,265,694
TOTAL ASSETS	1,034,846	1,027,201	1,105,674	1,105,735	1,106,088	1,198,821	1,199,194	1,199,857	1,300,958	1,302,696	1,303,388

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PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Current Liabilities											
Trade & Other payables	3,907	4,529	4,530	4,530	4,529	4,528	4,530	4,531	4,531	4,534	4,532
Employee Entitlements	494	423	423	423	423	423	423	423	423	423	423
Current Portion Term Debt	2	2	0	0	0	0	0	0	0	0	0
TOTAL CURRENT LIABILITIES	4,403	4,954	4,953	4,953	4,952	4,951	4,953	4,954	4,954	4,957	4,955
Non Current Liabilities											
Borrowings	0	0	0	0	0	0	0	0	0	0	0
Provisions	925	733	709	685	660	634	606	580	550	519	490
Other Liabilities	103	56	56	56	56	56	56	56	56	56	56
TOTAL NON CURRENT ASSETS	1,028	789	765	741	716	690	662	636	606	575	546
TOTAL LIABILITIES	5,431	5,743	5,718	5,694	5,668	5,641	5,615	5,590	5,560	5,532	5,501
NET ASSETS	1,029,415	1,021,458	1,099,956	1,100,041	1,100,420	1,193,180	1,193,579	1,194,267	1,295,398	1,297,164	1,297,887
Accumulated Comprehensive Revenue & Expense	243,256	244,711	245,793	245,529	246,098	248,702	247,629	247,549	246,971	247,185	247,474
Revaluation Reserves	760,289	747,560	825,609	825,609	825,609	917,367	917,367	917,367	1,018,005	1,018,005	1,018,005
Reserves	25,497	28,821	28,188	28,537	28,347	26,745	28,217	28,985	30,056	31,608	32,042
Trust Funds	373	366	366	366	366	366	366	366	366	366	366
TOTAL	1,029,415	1,021,458	1,099,956	1,100,041	1,100,420	1,193,180	1,193,579	1,194,267	1,295,398	1,297,164	1,297,887

PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Cashflows from operating activities											
CASH WAS PROVIDED FROM:											
Rating & Sundry Fees	35,305	39,613	37,272	37,688	38,884	40,626	41,160	42,231	43,095	45,458	45,418
Interest Income (external)	641	691	656	644	657	671	690	843	993	1,167	1,361
CASH WAS APPLIED TO:											
Payments to suppliers and employees	(24,531)	(24,182)	(25,099)	(25,545)	(26,118)	(26,889)	(27,676)	(28,220)	(29,027)	(29,864)	(30,620)
NET CASH FROM OPERATING ACTIVITIES	11,415	16,122	12,829	12,787	13,423	14,408	14,174	14,854	15,061	16,761	16,159
Cashflows from investing activities											
CASH WAS PROVIDED FROM:											
Decrease in investments	8,653	5,746	259	0	0	0	0	0	0	0	0
CASH WAS APPLIED TO:											
Increase in Investments	0	0	0	(281)	(319)	(415)	(3,392)	(3,347)	(3,854)	(4,317)	(3,303)
Purchase of Fixed Assets	(20,329)	(21,920)	(13,108)	(12,498)	(13,100)	(14,040)	(10,763)	(11,493)	(11,198)	(12,408)	(12,834)
NET CASH FROM INVESTING ACTIVITIES	(11,676)	(16,174)	(12,849)	(12,779)	(13,419)	(14,455)	(14,155)	(14,840)	(15,052)	(16,725)	(16,137)

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PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Cash flows from financing activities											
CASH WAS APPLIED TO:											
Settlement of long term debt	(2)	0	0	0	0	0	0	0	0	0	0
NET CASH AVAILABLE FROM FINANCING	(2)	0	0	0	0	0	0	0	0	0	0
Net increase (decrease) in cash held	(263)	(52)	(20)	8	4	(47)	19	14	9	36	22
Add opening cash brought forward	466	289	237	217	225	229	182	201	215	224	260
ENDING CASH CARRIED FOWARD	203	237	217	225	229	182	201	215	224	260	282

RECONCILIATION OF NON-EXCHANGE & EXCHANGE REVENUE

(All in \$000s)

	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Revenue from non-exchange transactions											
Fees and Miscellaneous	2,382	3,467	2,837	2,804	2,874	2,942	3,016	3,100	3,190	3,285	3,393
Subsidies & Grants	8,188	10,594	8,038	7,643	7,984	8,607	8,249	8,584	8,393	9,622	9,042
General Rates	4,542	4,497	4,667	4,823	4,897	5,077	5,245	5,346	5,512	5,757	5,854
Rate Penalties	133	180	185	189	194	200	206	212	219	227	235
Targeted Rates	18,965	19,749	20,389	21,043	21,721	22,546	23,153	23,657	24,406	25,144	25,422
TOTAL NON - EXCHANGE REVENUE	34,210	38,487	36,116	36,502	37,670	39,372	39,869	40,899	41,720	44,035	43,946
Revenue from exchange transactions											
Rental Revenue	871	900	923	946	972	1,000	1,029	1,062	1,097	1,135	1,176
Animal Contrl Fees	171	175	179	184	189	194	200	206	213	220	228
Alcohol Licensing Fees	51	52	53	55	56	58	60	62	64	66	68
Interest Received	641	691	656	644	657	671	690	843	993	1,167	1,361
TOTAL EXCHANGE REVENUE	1,734	1,818	1,811	1,829	1,874	1,923	1,979	2,173	2,367	2,588	2,833
TOTAL REVENUE	35,944	40,305	37,927	38,331	39,544	41,295	41,848	43,072	44,087	46,623	46,779

RECONCILIATION OF CASHFLOW TO FINANCIAL PERFORMANCE

(All in \$000s)

	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Net Cash from operating Activities	11,415	16,122	12,829	12,787	13,423	14,408	14,174	14,854	15,061	16,761	16,159
Less Depreciation	12,975	12,039	12,380	12,702	13,044	13,406	13,775	14,166	14,568	14,995	15,436
Net Surplus (Deficit)	(1,560)	4,083	449	85	379	1,002	399	688	493	1,766	723
P & L	(1,560)	4,083	449	85	379	1,002	399	688	493	1,766	723

RECONCILIATION OF COUNCIL FIS TO ACTIVITY FIS

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Community Leadership	(649)	60	32	68	44	12	77	49	16	87	59
Economic & Community Development	(230)	17	18	19	20	21	22	24	25	26	28
Roading	3,130	3,332	3,036	3,239	3,487	3,761	3,761	3,827	4,019	4,134	3,772
Water Supply	1,754	1,834	1,809	1,770	1,792	1,878	1,940	2,009	2,093	2,175	2,270
Sewerage	787	863	912	947	1,002	1,033	1,057	1,099	1,130	1,181	1,236
Stormwater	278	233	251	266	279	283	296	297	301	315	334
Solid Waste Management	75	82	96	92	101	106	103	114	127	127	141
Community Services	(74)	420	558	497	495	511	538	567	594	615	647
Regulatory & Emergency Services	29	(75)	(163)	36	44	53	56	61	65	57	63
Internal Services	199	1,120	668	689	709	731	754	781	780	805	841
Interest on Investments	641	691	656	644	657	671	690	843	993	1,167	1,361
SURPLUS/(DEFICIT) OF OPERATING FUNDING PER ACTIVITIES FIS	5,940	8,577	7,873	8,267	8,630	9,060	9,294	9,671	10,143	10,689	10,752
OVERALL FIS	5,940	8,577	7,873	8,267	8,630	9,060	9,294	9,671	10,143	10,689	10,752

DEPRECIATION & AMORTISATION

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Community Leadership	0	0	0	0	0	0	0	0	0	0	0
Roading	9,532	8,704	8,922	9,147	9,379	9,621	9,860	10,111	10,362	10,628	10,892
Water Supply	1,702	1,594	1,655	1,704	1,759	1,817	1,880	1,950	2,025	2,105	2,193
Sewerage	806	772	805	829	855	884	914	948	985	1,024	1,067
Stormwater	267	248	258	265	274	283	293	304	316	328	342
Solid Waste Management	53	54	55	57	58	60	62	64	66	68	70
Community Services	448	495	507	520	534	550	566	584	603	624	646
Regulatory & Emergency Services	6	11	14	8	9	9	9	9	9	9	10
Internal Services	161	161	164	172	176	182	191	196	202	209	216
TOTAL	12,975	12,039	12,380	12,702	13,044	13,406	13,775	14,166	14,568	14,995	15,436

STATEMENT 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 Financial Reporting.

STATEMENT OF COMPLIANCE

These prospective financial statements of the Clutha District Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 1 PBE Standards.

These prospective financial statements comply with PBE Standards.

BASIS OF PREPARATION

The preparation of prospective financial statements in conformity with NZ IPSAS 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 prospective 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 prospective financial statements.

The prospective 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 grant or agency. Rooding subsidies are recognised when the claims are approved by New Zealand Transport Agency (NZTA).

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 Prospective 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 2007, Section CW39.

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 Prospective 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.

(A) 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 Prospective Statement of Financial Performance. The net gain or loss is recognised in the Prospective 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 ANZ Investments, as financial assets at fair value through profit or loss. This fund includes bonds and tradable securities.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those that are designated as fair value through other comprehensive income 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 Prospective 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 Prospective Statement of Financial Performance for the period.

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

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are

measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for doubtful debts is established when there is objective evidence that 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 Prospective 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 Prospective Statement of Financial Performance as a grant.

Money Market Deposits are included within this classification.

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 Prospective 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 Prospective 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.

(B) 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 Prospective Statement of Financial Performance over the period of the borrowing using the effective interest method.

(C) 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 audited financial statement in Council's 2013/14 Annual Report.

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 Prospective Statement of Financial Performance immediately.

There were no derivative financial instruments held by Council at 30 June 2014 or 30 June 2013.

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.

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.

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 2014 by Council staff and reviewed by GeoSolve Limited.
- The roading infrastructural assets (excluding land under roads) were revalued on a depreciated replacement value at 30 June 2014 by MWH Limited.

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 Prospective 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:

The following estimated useful lives are used in the calculation of depreciation:

	YEARS	DEPRECIATION RATE
Operational Assets		
Land	n/a	Not depreciated
Buildings	40-50	2% - 2.5%
Furniture and Equipment	3-10	10% - 33.3%
Plant and Motor Vehicles	3-10	10% - 33.3%
Land Under Forest	n/a	Not depreciated
Library Books	7	14.3%

Infrastructural Assets

Roads - Formation	n/a	Not depreciated
Roads - Pavement (Sealed)	2-100	1%-50%
Roads - Pavement (Unsealed)	35-100	1%-2.86%
Roads - Other Roading Assets	20-150	0.6%-5%
Roads - Other	10-50	2%-10%
Roads - Bridges	50-150	0.6%-2%
Land Under Roads	n/a	Not depreciated
Stormwater	20-100	1-5%
Wastewater	20-100	1-5%
Water	20-100	1-5%

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 Prospective 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 discount 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 Prospective Statement of Financial Performance.

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

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

	YEARS	DEPRECIATION RATE
Computer Software	3 - 5	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 Prospective 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.

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.

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

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 27 of Council's 2013/14 Annual Report.

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.

EMISSION TRADING SCHEME ACCOUNTING POLICY

New Zealand Units (NZUs) allocated as a result of the Council's participation in the Emissions Trading Scheme (ETS) are treated as intangible assets, and recorded at cost.

The difference between initial cost and the disposal price of the units is treated as revenue in Surplus/ (Deficit) for the period.

Liabilities for surrender of NZUs (or cash) are accrued at the time the forests are harvested, or removed in any other way, in accordance with the terms of the ETS legislation.

Liabilities are accounted for at settlement value, being the cost of any NZUs on hand to meet the obligation plus the fair value of any shortfall in NZUs to meet the obligation.

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 of 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:

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 Prospective 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.

FORESTRY

Forestry is revalued annually using a method widely accepted as the industry standard. The approach taken is from a prospective purchaser's perspective. A discount rate is used to calculate the present values of costs and revenues net of tax.

CRITICAL JUDGEMENTS

Management has exercised the following critical judgements in applying the Council's accounting policies for the period covered by this plan.

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.

FORECASTING ASSUMPTIONS

These assumptions are universal and relate to all our activities.

KEY FINANCIAL FORECASTING ASSUMPTIONS

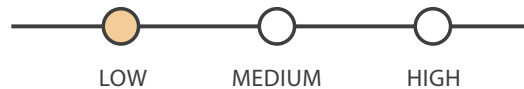
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED:

Useful lives of significant assets

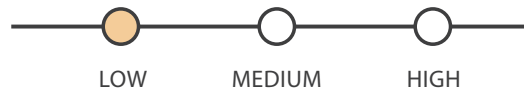
Based on existing information the remaining life forecasts for significant assets are correct and renewal forecasts are accurate



If remaining lives vary from those predicted, renewals and replacement may have to be undertaken more or less frequently, impacting on capital budgets.

Source of funds for future replacement of significant assets

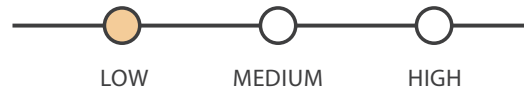
Council will continue to be able to fund the replacement of significant assets as per the Revenue and Financing Policy and Financial Strategy.



That Council will continue to be able to fund the replacement of significant assets as per the Revenue and Financing Policy and Financial Strategy.

Projected growth change factors

Council's rating base is expected to increase incrementally during the life of this plan. Further details can be found in the Infrastructure and Financial strategy parts of this plan.



If demand changes unexpectedly due to growth then capital and operating expenditure forecasts could be insufficient and Council would need to reassess budgets subject to urgency.

Approach to societal changes – Clutha's aging population

Clutha's population is projected to remain relatively static during the life of this plan, but our population is expected to age. It is assumed that there are no additional pressures or changes on services at this time. This will be reassessed on an ongoing basis.



If demand changes unexpectedly due to societal or demographic changes then capital and operating expenditure forecasts could be insufficient and Council would need to reassess budgets subject to urgency.

Continues on next page

KEY FINANCIAL FORECASTING ASSUMPTIONS

WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED:

Approach to potential climate change impacts

Unless stated in activity group assumptions it is assumed that climate change will not materially impact on Council's assets or services.



If the impacts of climate change are felt sooner than expected there may be demands on council's budgets.

Service levels

It is assumed service levels will remain unchanged unless indicated otherwise.



If Council has not adequately engaged and consulted on changes to service levels or service levels are perceived to be unaffordable, levels including funding would need to be reassessed.

NZTA subsidy rates

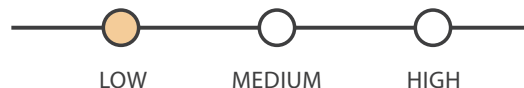
Based on representation and advice from NZTA FAR will be 60% in 2015/16, dropping to 59% for the remaining life of this plan.



Reduction in roading programme or increase in rates to meet budgeted programme.

Revaluation of non-current assets

The roading network is to be revalued in 2016/17, 2019/20 and 2022/23. Utility assets (water, sewerage, stormwater) will be revalued in 2016/17, 2019/20 and 2022/23. Revaluations are expected to be positive.



No material difference if assumption is incorrect. Depending on circumstances the revaluation period maybe shorter or longer.

Forecasted return on investments

A return of 5.5% is budgeted for internal investment and 4.5% for external investment.



May have some on impact on returns, as investments are approximately \$15 million. Any shortfall will reduce the rates offset (UAGC), meaning the UAGC will increase. A 1% movement in interest rates on monies used to offset UAGC is approx. \$47,000.

Expected interest rates on borrowing

Internal borrowing is budgeted to be at 5.5%. It is assumed that any potential external borrowing would be at 5.5%. Council has not budgeted to borrow externally during the ten years included in this plan.



Minimal impact as impact of internal borrowing is offset by income and external debt is rarely used. If use of external debt increases the impact of any variance would be greater.

KEY FINANCIAL FORECASTING ASSUMPTIONS

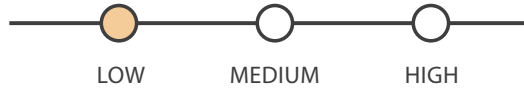
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED:

Changes to Council's business dictated by as yet unknown/unconfirmed legislation

Unless stated in activity group assumptions, for the purposes of budgeting, Council has assumed that no legislative or regulatory changes will be made during the next ten years.



Unknown changes could change Council's capital requirements and/or operating costs.

Depreciation rates on planned asset acquisitions

If depreciation costs are significantly higher than budgeted rates would increase to balance the budget.



If depreciation costs are significantly higher than budgeted rates would increase to balance the budget.

Resource consents

Unless stated in activity group assumptions, it is assumed that resource consents will be obtained within budgets and anticipated timeframes.



Renewability or otherwise of external funding

Cash flow deficits managed through Westpac Multi option credit facility. Can also be used if needed to meet medium term lending requirements.



Higher cost of short term borrowing and inability to meet liquidity shortfalls.

PRICE LEVEL CHANGES

Accounting rules require Council to adjust its forecast financial information to take into account the impact inflation. These price level adjustments have been applied to all budgets and projects at the rates outlined below. They are largely based on the Local Government Cost Index (LGCI) with the exception of Roothing, which is based on information in the National Policy Statement on Land Transport.

PRICE LEVEL ADJUSTORS APPLIED TO 2015/25 LONG TERM PLAN FORECASTS

PROJECT (All in \$000's)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Staffing	Base year	1.85%	2.04%	2.14%	2.24%	2.43%	2.63%	2.82%	3.01%	3.12%
Other	Base year	2.50%	2.60%	2.89%	3.08%	3.27%	3.66%	3.85%	4.23%	4.53%
Electricity	Base year	3.80%	3.99%	4.25%	4.83%	5.28%	5.66%	6.31%	6.86%	7.43%
Water	Base year	3.81%	3.09%	3.45%	3.64%	3.99%	4.36%	4.73%	4.99%	5.54%
Roothing	Base year	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%	2.90%

RATING UNIT CHANGES

Based on historical data and changes to the district's rating base, Council is projecting that the number of rating units in the district will continue to grow at a rate of a minimum of 0.2% per annum. This doesn't take into account the impacts of Council's focus to grow the rating base as this is too difficult to predict in detail and at this early stage.

FORECAST CHANGES IN RATING UNITS 2015/25

YEAR BEGINNING	RATING UNITS	CUMULATIVE CHANGE IN RATING UNITS (%)	CUMULATIVE CHANGE IN RATING UNITS
1/07/2015	12,999	0.20%	26
1/07/2016	13,025	0.40%	52
1/07/2017	13,051	0.60%	78
1/07/2018	13,077	0.80%	104
1/07/2019	13,103	1.00%	130
1/07/2020	13,129	1.20%	156
1/07/2021	13,156	1.40%	183
1/07/2022	13,182	1.60%	209
1/07/2023	13,208	1.80%	235
1/07/2024	13,235	2.00%	262

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

Long Term Plan disclosure statement for the period commencing 1 July 2015

WHAT IS THE PURPOSE OF THIS STATEMENT?

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

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

RATES AFFORDABILITY BENCHMARK

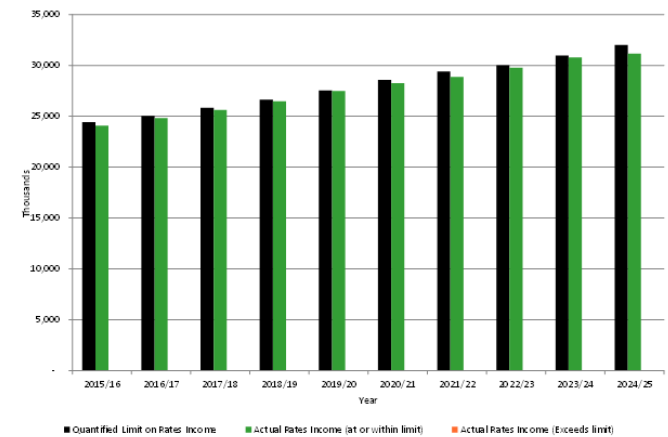
The Council meets the rates affordability benchmark if –

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates income increases equal or are less than each quantified limit on rates increases

RATES (INCOME) AFFORDABILITY

The following graph compares Council's planned rates with a quantified limit on rates contained in the financial strategy included in this long term plan. The quantified limit is that total budgeted rates will not exceed 4% of budgeted rates for the previous year.

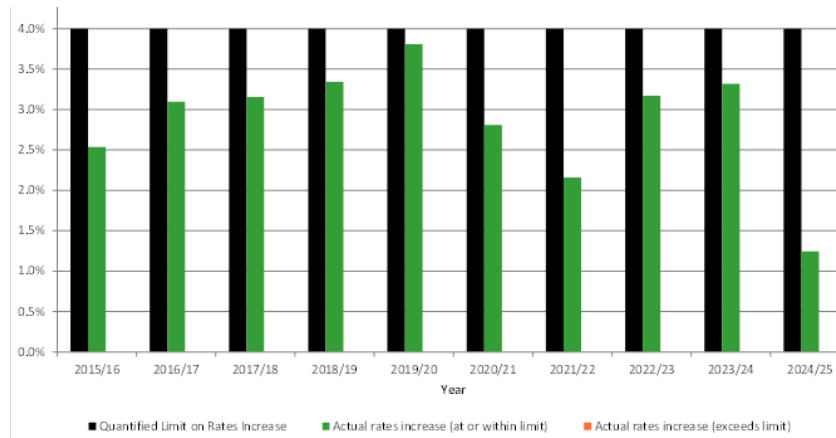
Rates Affordability Benchmark - Rates (Income) Affordability



RATES (INCREASES) AFFORDABILITY

The following graph compares Council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in this long term plan. The quantified limit is that total budgeted rates will not exceed 4% of budgeted rates for the previous year.

Rates Affordability Benchmark - Rates (increases) Affordability



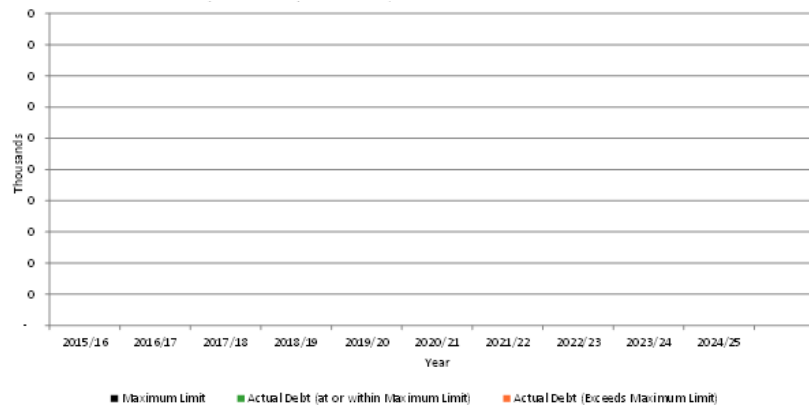
DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph would compare the council's planned debt with a quantified limit on borrowing stated in the financial strategy included in this long term plan. The Council has no external debt and so no limits on external borrowing have been set in the financial strategy.

During the period 2015/25 Council has no external public debt, consequently the graph shows the net external debt as 0.

Debt Affordability Benchmark (External Debt)



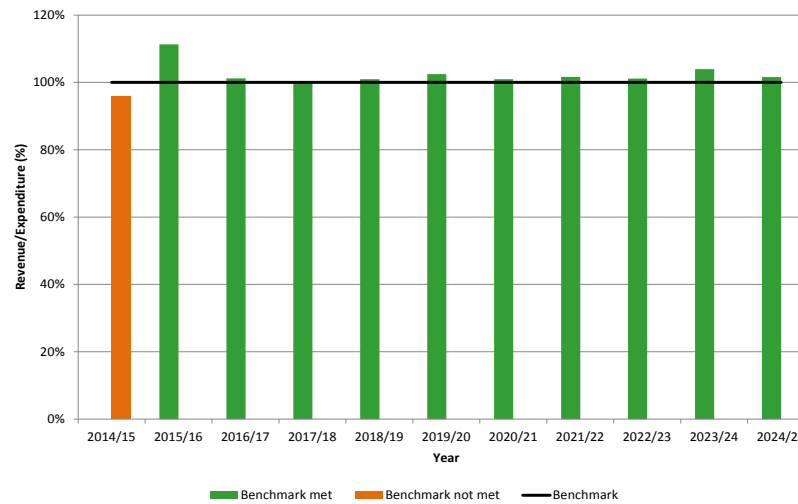
BALANCED BUDGET BENCHMARK

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

Council expects to meet this benchmark in all of the ten reported years, as its revenue is budgeted to be greater than its expenses.

Balanced budget benchmark

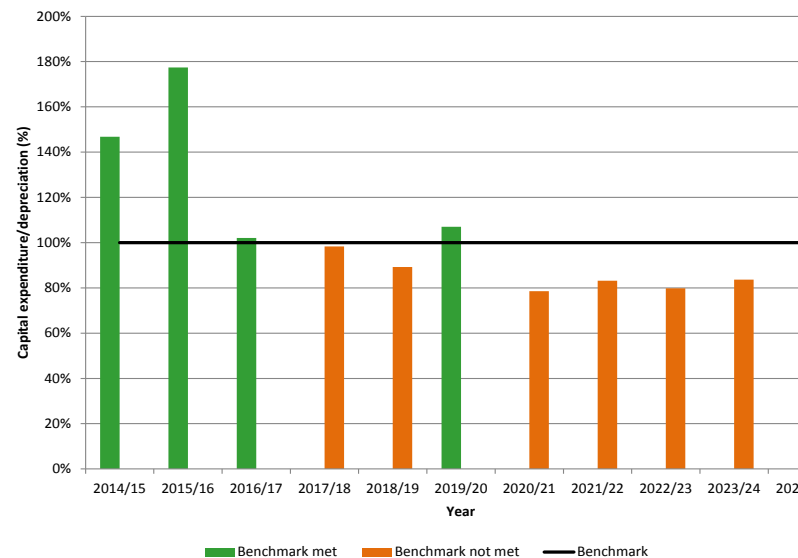


ESSENTIAL SERVICES BENCHMARK

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. Network services means infrastructure related to water services and roading.

Council has not met this benchmark in all ten years of the Long Term Plan 2015/25 due to budgeted capital expenditure not being as great as our budgeted depreciation expense.

Essential services benchmark



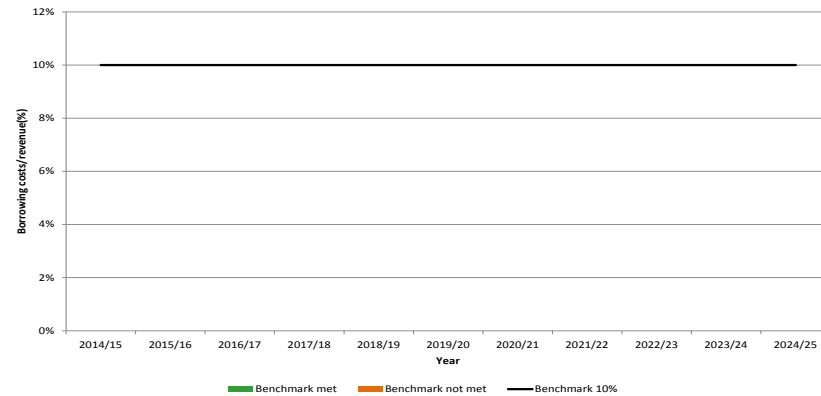
DEBT SERVICING BENCHMARK

The following graph displays the council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

During the period 2015/25, Council projects no external public debt, and consequently no borrowing costs.

Debt servicing benchmark



SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Internal Services						
Underground Insurance	Spec	108,410	597,777	205,225		911,412
Geographic Information Systems	Depn	18,437	210,183	1,400	198,673	31,347
Geographic Information Systems	Spec	72,082		39,859		111,941
Policy & Communications	Spec	39,882	230,612	78,100		348,594
Human Resources	Spec	16,120		8,914		25,034
Gratuities	Spec	63,312		35,010		98,322
IT - Office Computer Equipment	Spec	75,279		41,627		116,906
District Assets Infrastructure/Data	Spec	34,620		19,144		53,764
Cars & Gratuities	Spec	278,271		153,876		432,147
Information Technology	Depn	542,553	1,534,476	138,130	1,216,285	998,874
Community Leadership						
Education Fund	Spec	3,340		1,847		5,187
Election Fund	Spec	35,495	319,344	30,713	298,631	86,921
Economic Development	Spec	22,315		12,339		34,654
Clutha Gold Trail	Spec	35,246		19,490		54,736
Lawrence Community Board	Spec	18,364		10,155		28,519
Opportunities Fund	Spec	39,353		21,761		61,114
Tuapeka Bursary	Spec	39,070		13,682	34,128	18,624

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Community Leadership						
Welcome to Signage	Spec	3,586		1,983		5,569
West Otago Community Board	Spec	75,469		41,732		117,201
Community Services						
Clinton Hall	Depn	23		13		36
Clutha Valley Community Centre	Depn	56,523	35,155	13,198	91,256	13,620
Hillend Hall	Depn	18,321	33,732	3,837	45,356	10,534
Kaka Point Community Centre	Depn	12,029	72,441	8,706	49,798	43,378
Lovell's Flat Hall	Depn	10,441	2,916	6,483		19,840
Moneymore Hall	Depn	7,686	3,447	5,088		16,221
Owaka Community Cnetre	Depn	43,429	34,465	12,734	79,528	11,100
Waiholā Hall	Depn	3,323	3,168	2,607		9,098
Waipahi Hall	Depn	11,717	6,628	8,090		26,435
Waiwera Hall	Depn	5,235	3,977	3,861		13,073
Waitahuna Hall	Depn	72,022	42,419	34,027	66,280	82,188
Various Halls	Depn	114,107		63,098		177,205
Cemeteries	Spec	431,097		238,383		669,480
Kaitangata Cemetery	Spec	12,021		6,647		18,668
Lawrence Cemetery	Spec	24,681		13,648		38,329
Cemetery	Depn	108,659	220,802	80,385	123,600	286,246
Kaka Point Camping Ground	Depn	29,095	116,098	44,304		189,497
Naish Park Camping Ground	Depn	7,583	175,933	46,950		230,466
Taylor Park Camping Ground	Depn	47,125	13,256	10,596	54,126	16,851
Pounawea Camping Ground	Depn	7,104	78,857	14,799	34,126	66,634
Waiholā Camping Ground	Depn	5,272	2,943	3,630		11,845

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Community Services						
Balclutha War Memorial Hall	Spec	148,082		35,983	133,139	50,926
Balclutha War Memorial Hall	Depn	266,240	500,056	120,558	667,102	219,752
Milton Civic Centre	Depn	12,346		6,827		19,173
Kaitangata Memorial Hall	Depn	23,289		12,878		36,167
Public Conveniences	Depn	210,034	523,609	83,896	417,225	400,314
Reserve Contributions	Spec	57,240	85,085	52,330		194,655
Parks and Reserves	Depn	104,955	159,071	91,864	19,884	336,006
Administration Office	Spec	260,324		69,262	225,267	104,319
Endowment Land	Spec	503,885		278,633		782,518
Other Property	Depn	106,413		58,843		165,256
Depots	Depn	299,318		165,514		464,832
Community Housing	Depn	393,856	1,162,276	479,478	40,000	1,995,610
Administration Office	Depn	770,347	1,747,676	117,290	2,463,240	172,073
Dunrobin Recreation Reserve Board	Spec	57,122		33,008		90,131
Parkhill Rec Reserve Board	Spec	3,856		2,228		6,084
Waikoikoi Domain Board	Spec	13,467		7,782		21,249
Service Centres	Spec	195,186		107,932		303,118
Grandstand 2000	Depn	127,745		70,639		198,385
Sportsgrounds	Depn	217,504		120,273		337,777
Kaitangata Pool	Depn	69,487		38,424		107,911
Lawrence Pool	Depn	39,307		21,735		61,042
Balclutha Pool	Depn	67,864	556,748	8,877	633,489	0
Kaitangata Pool	Depn	169,192		93,558		262,750
Lawrence Pool	Depn	113,974		63,024		176,998
Milton Pool	Depn	29,110	265,118	17,691	288,469	23,450

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Funds Not Specifically Allocated to an Activity Group						
General Reserve	Spec	812,000		373,104	185,000	1,000,104
Emergency Fund	Spec	3,758,043		2,078,083		5,836,125
Capital Works and Purchases	Spec	120,266		66,503		186,769
Land and Buildings	Spec	171,037		94,578		265,615
Bulb Growing/Project	Spec	22,941		12,685		35,626
Tapanui Works Infrastructure Fund	Spec	6,712		3,712		10,424
Lawrence Heritage	Spec	23,668		10,011	13,254	20,425
Momona Airport Refund	Spec	23,406		12,943		36,349
Kate Leslie Trust	Trust	105,226		50,494	33,140	122,580
Elderly Citizens Trust (Lawrence)	Trust	13,217		7,308		20,525
Tapanui Domain Trust	Trust	13,217		7,308		20,525
Butler Trust	Trust	377		208		585
Milton Brass Band	Trust	581		321		903
O'Hara Sports Trust	Trust	1,464		810		2,274
Clinton Endowment Land	Trust	78,237		43,263		121,499
J D Swan Estate	Trust	8,036		4,444		12,480
George Melville Estate	Trust	148,422		82,073		230,495

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previous page

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Regulatory & Emergency Services						
Rural Fire	Depn	60,829		33,637		94,466
Civil Defence & Emergency	Spec	28,902	66,280	32,060		127,242
Animal Control	Depn	4,555	24,503	8,474		37,532
Roading						
Balclutha Main Street	Spec	48,771		26,969		75,740
Roading - Bridge Lights	Spec	36,063		19,942		56,005
Roading	Depn	4,194,751	7,106,413	2,155,152	8,787,186	4,669,130
Deferred Roothing	Depn	786,945		435,156		1,222,101
Stormwater						
Milton	Spec	19,511		918	19,000	1,429
Balclutha	Depn	664,489	1,139,806	156,570	1,666,343	294,522
Clinton	Depn	113,972	95,269	69,616	66,260	212,597
Kaitangata	Depn	108,468	117,211	66,560	84,080	208,159
Kaka Point	Depn	64,346	66,358	37,589	51,073	117,220
Lawrence	Depn	34,740	96,871	7,370	120,329	18,652
Milton	Depn	242,722	936,540	190,225	778,854	590,633
Owaka	Depn	175,500	83,696	110,950	18,543	351,603
Tapanui	Depn	266,965	288,834	39,895	552,896	42,798
Taieri Mouth	Depn	3,627		2,006		5,633
Rural	Depn	36,972	86,178	41,181		164,331
Waste Management						
Solid Waste	Depn	1,578,875	613,582	987,364	143,296	3,036,525

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Water						
Balclutha Water	Spec	44,724		2,391	43,000	4,115
Balmoral 1 Plant	Spec	2,154		1,191		3,345
Balmoral 2 Plant	Spec	1,348		746		2,094
Kaitangata	Spec	71,561		39,571		111,132
Kaka Point	Spec	15,887		7,041	7,246	15,682
Stirling	Spec	51,830		26,007	12,366	65,471
Stirling Water Treatment Plant	Spec	213,157		19,158	190,000	42,315
Telemetry	Spec	144,139		79,704		223,843
Tuapeka	Spec	1,148		635		1,783
Waiholo	Spec	68,302		33,399	18,162	83,539
Wangaloa Plant	Spec	13,262		839	12,500	1,601
Balclutha	Depn	544,343	1,972,243	192,307	2,207,265	501,628
Balmoral 1	Depn	200,613	323,249	37,724	462,288	99,298
Balmoral 2	Depn	200,234	633,259	42,946	819,620	56,819
Benhar	Depn	63,736	121,385	40,106	169,801	55,426
Clinton	Depn	200,004	145,153	85,614	372,698	58,073
Clydevale/Pomahaka	Depn	53,391	1,257,980	56,449	851,323	516,497
Glenkenich	Depn	404,471	1,190,916	123,874	1,271,422	447,839
Kaitangata	Depn	335,261	389,021	267,965	62,747	929,500
Kaitangata Treatment Plant	Depn	46,928	429,196	76,711	339,053	213,782
Kaka Point	Depn	113,513	174,494	96,913	48,975	335,945
Lawrence	Depn	116,838	598,960	86,396	576,226	225,968
Milton	Depn	104,062	2,640,631	107,465	2,523,874	328,284
Moa Flat	Depn	542,923	1,320,786	258,575	953,361	1,168,923

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Water						
North Bruce	Depn	214,679	1,133,475	18,449	1,118,443	248,160
Owaka	Depn	99,527	229,849	16,047	316,085	29,338
Richardson	Depn	324,539	1,252,873	77,827	1,221,879	433,360
South Bruce	Depn	260,857	250,815	58,765	482,852	87,585
Stirling Treatment Plant	Depn	90,970	387,486	80,409	185,965	372,900
Stirling	Depn	156,245	175,145	120,494	43,231	408,653
Tapanui	Depn	38,750	820,154	136,605	208,085	787,424
Tuapeka	Depn	270,504	843,990	81,751	873,524	322,721
Waihola	Depn	176,959	170,424	132,534	31,920	447,997
Waipahi	Depn	229,389	316,864	85,174	487,795	144,172
Waitahuna	Depn	275,301	512,603	198,487	167,109	819,282
Wangaloa	Depn	121,103	148,220	24,819	216,441	77,701
Telemetry	Depn	383,186	1,242,426	160,250	1,388,247	397,615
Sewerage						
Balclutha	Spec	507,676		77,492	583,452	1,716
Heriot Pump	Spec	4,084	36,983	6,394	36,797	10,664
Kaitangata	Spec	97		54		151
Kaka Point	Spec	69,431		29,647	30,634	68,444
Stirling Plant	Spec	2,535		1,402		3,937
Tapanui	Spec	186		103		289
Waihola	Spec	87,419		3,949	86,229	5,139
Balclutha	Depn	2,385,520	2,533,045	1,110,060	4,250,508	1,778,117
Benhar	Depn	7,437		4,113		11,550
Clinton	Depn	369,917	542,391	183,920	484,660	611,568
Heriot	Depn	6,859	47,570	3,032	54,117	3,344

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2015	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2025
Sewerage						
Kaitangata	Depn	685,809	641,236	139,458	977,821	488,682
Kaka Point	Depn	141,815	462,197	151,814	228,481	527,345
Lawrence	Depn	-5,882	540,904	52,996	350,288	237,730
Milton	Depn	1,697,824	2,164,324	1,057,345	1,146,495	3,772,998
Owaka	Depn	135,031	639,858	168,593	245,782	697,700
Stirling	Depn	50,755	334,786	57,191	187,590	255,142
Tapanui	Depn	131,072	778,310	230,686	147,822	992,246
Waihola	Depn	395,182	397,186	65,400	574,454	283,315
TOTAL RESERVE FUNDS		33,882,646	47,267,023	17,147,434	47,205,489	51,091,614
LESS INTERNAL INTEREST						18,683,909
NET RESERVE FUNDS						32,407,705