

YOUR COMMUNITY - YOUR COUNCIL

ANNUAL REPORT

2015/16



Clutha District Council



COUNCIL'S REPORTING DOCUMENTS

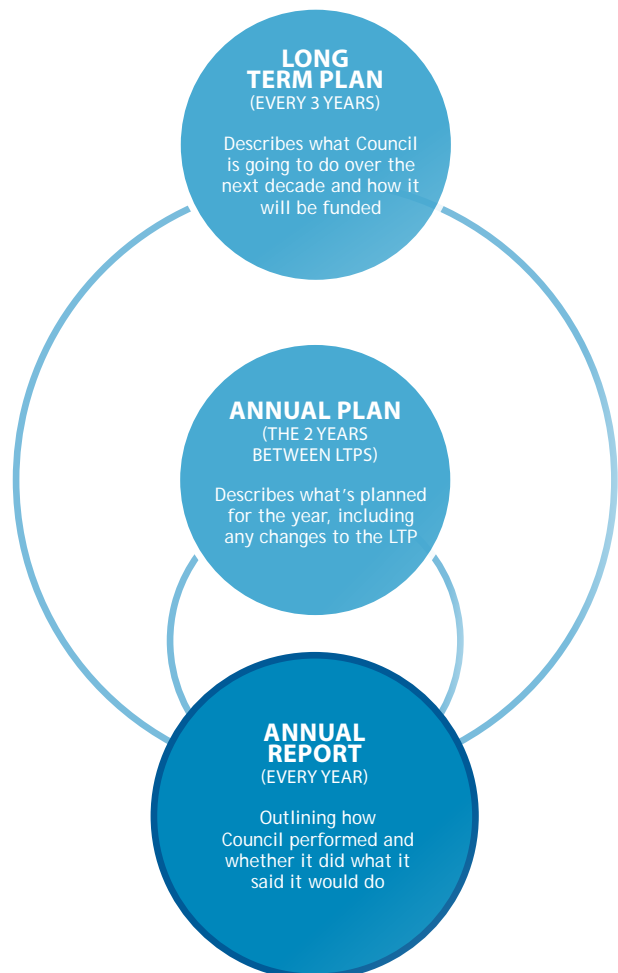
Council uses a number of processes to realise its vision for the district and to help provide accountability to the community.

All local authorities are required to prepare an Annual Report under Section 98 of the Local Government Act 2002.

Annual Reports are part of a cycle which includes Long Term Plans (every three years) and Annual Plans in the two years between Long Term Plans.

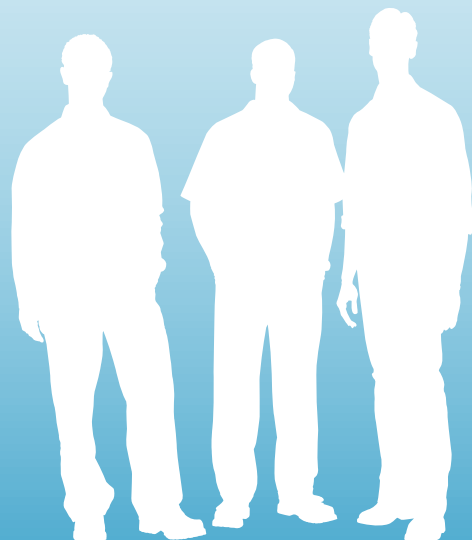
The purpose of an annual report is:

- to compare Council's actual activities and performance during the year with the planned activities and performance for the year as set out in Council's long-term plan and annual plan; and
- to promote the Council's accountability to the community for the decisions made throughout the year.



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INTRODUCTION

This section includes the Annual Report Foreword, updates on 'Living And Working in Clutha' and major projects including Balclutha Streetscape, and the Auditor's Report



FOREWORD



Welcome to this year's Annual Report where we review the past 12 months and report against the first year of the 2015/25 Long Term Plan.

As a Council, much of our day-to-day work does not change significantly from one year to the next: we look after roads, keep our water systems working well, maintain crucial infrastructure and work with our communities. Our service performance results demonstrate a sound outcome for the year, where 70% of our targets were met and 14% were within five per cent of the target. Areas where we need to lift performance and where there will be an ongoing focus for improvement is in our service timeliness and in the delivery of our capital projects. Like many Districts across the country, we have not managed to deliver capital projects at the rate we would have liked. Historically the number of programmed projects that have actually been delivered in a given year has varied considerably, and one of the ongoing issues for Council has been a lack of staff capacity to deliver as much as we would like. Budgeting for projects and then not delivering on all of them is an issue we intended to address.

In addition the Long Term Plan identified an ambitious work programme to implement Council's growth strategy and there has been a noticeable lift in Council's workload.

To address this problem of insufficient capacity to deliver on our work programme Council undertook a review and restructure of our operations. This review resulted in the creation of additional positions throughout Council's business and a revised structure to better integrate across Council's activities. Looking forward we now expect to achieve better performance in the delivery of our work programme.

This year we have focussed on delivering on the initiatives which we confirmed in our 2015/25 Long Term Plan. Having established that an important focus for us was stimulating economic activity in our District, we purchased the former Rosebank sawmill site for development as an industrial park. During this year we have started making physical changes at the site, and progressed plans which will enable us to offer this to the community in 2016/2017 to fill an identified lack of industrial land in Balclutha. Another initiative to stimulate growth, which also helps address the shortage of land for new housing in Balclutha, has been the decision to create a new housing subdivision on old Council-owned forestry land in North Balclutha. Work has been done to plan the site, and it will offer sections in a range of sizes and price-brackets, all of which will have services, including ultra-fast broadband, to the boundary. This development will be completed in 2016/2017.

An important action for us, in line with our commitment to attract and retain people in the district, was the upgrade of Balclutha's main street which was formally opened in December 2015. Extensive consultation over time and the patience of the business owners and public during the construction phase has meant a very successful outcome which presents our District well to our residents and visitors, and is a demonstrable commitment to growth.

In the latter part of this past year Council has been planning and progressing Community Plans. These Community Plans identify the actions needed within a Community to implement Council's economic development and Living and Working in Clutha strategies. Initially intended only for Balclutha it was agreed by Council to extend the scope to include Milton and Waihola, and for the Community Plans to be completed by the end of 2016/2017.

Throughout the year Council has been working through the complete property portfolio and with the principle that land is not an investment, Council is categorising Council-owned property. Other than holding land for strategic, social or asset purposes Council will only hold land in Council ownership if the returns to the ratepayer from that land are higher by retaining it, otherwise land will be sold. In addition Council is progressing a decision to sell its investment in forestry whilst there is greater economic benefit from a sale than in continuing in the forestry activity.

Thanks to many years of prudent decisions and careful management, our Council has been in the fortunate position of being able to operate without needing to take on external debt. Our routine practice has been to fund major works via internal loans from our own resources, at an agreed interest rate. During 2015/6 it became clear that the current financial climate had created conditions where this may not be the best way of managing our finances. After undertaking extensive

research and seeking expert advice, it became clear that in the current economic climate we should look to attract higher interest rates for our investments and we should also use low interest external debt to replace internal loans. As a result, Council has made the decision to explore these opportunities further. This will, however, have no impact on our commitment to keep major projects rates-neutral.

In summary Council has developed sound strategic direction and taken a range of actions to begin delivering on that direction.



Bryan Cadogan
Mayor



Steve Hill
Chief Executive

LIVING & WORKING IN CLUTHA



In our 2015-25 Long Term Plan, as part of our Community Leadership activities, Council introduced two broad initiatives known as *Facilitating Growth* and *Living and Working in Clutha*. Each of these programmes span several of our delivery areas and provide us with a supporting strategy to underpin large complex pieces of work. These all benefit the district and contribute to many of Council's goals.

In this section of the report we provide updates on the larger programmes which are part of these initiatives.

BALCLUTHA STREETScape

For nearly a generation, the possibility of upgrading Balclutha's main street has been under consideration.

Finally, after much preparation, design work and community consultation, the project to upgrade Balclutha's main street became a reality in 2015/16. Improving the main street was seen as combining well with Council's overall plan for the district's future growth and development, and as an opportunity to create positive, district-wide benefits in Clutha's largest commercial hub.

After a tender process, the main construction contract was awarded to Fulton Hogan with a contract price of \$2.3 million. Work started in May 2015 and continued during the first half of the 2015/16 year.

This first stage of work included the upgrade of the main street between George and Renfrew Streets, and work on the Elizabeth Street town heart and the John Street intersection.

The project involved other partners and Council was delighted that the New Zealand Transport Agency provided \$200,000 for new LED street lights.

With a project of this magnitude there were unavoidable disruptions for business owners and members of the public, whose patience and support were crucial during construction.

On 5 December 2015, the official opening was held, with Mayor Bryan Cadogan and local MP Todd Barclay taking part.

While this stage of the project was essentially finished, there were a few cosmetic details still to be completed after the opening such as the installation of the last timber posts, concrete planters and associated minor work. These took place during early 2016.

Towards the end of the 2015/16 year, the CCTV camera-installation project got underway. Given the investment Council had made in the area, it was felt that installing cameras throughout the main street and township was warranted.

The total cost of the main street project to the completion of stage one at the end of the 2015/16 financial year was \$3.1 million. This included the cost of undergrounding powerlines at almost \$500,000. Completion of stage one resulted in an overspend of \$189,000 which Council has chosen to fund from the \$600,000 set aside for stage two. Overall, a great result for a project of such a large scope, and we look forward to the commencement of stage two.





NORTH BALCLUTHA SUBDIVISION DEVELOPMENT GETS UNDERWAY

One of the goals of our 10-year Long Term Plan is for Council to take a leadership role in driving our district's economy and to be proactive about promoting growth. In addition, there is a known accommodation shortfall in Balclutha.

In December 2016 Council decided to develop a block of land, previously in forestry, for residential development. In June 2016 Council held a series of open days at the 27 hectare site bordered by Johnston Road and McNeill Street where a variety of sections were available for purchase, ranging from 433m² - 7947m² plus lifestyle blocks ranging from 5018m² - 3.33ha. The design work has created a development which includes roads, footpaths, cycle and walkways, and reserve park land. Services, including ultra-fast broadband, are planned to be available at the boundaries of all sites.

At the open days interested people were able to secure a first right to make an offer for a section on payment of a small deposit. The site development work will continue in early 2016/17 and is scheduled to be progressed so that people can confirm their purchase in December 2016.

MORE RESIDENTIAL DEVELOPMENT

Supporting opportunities in Kaitangata

During the consultation period for the 2016/17 Annual Plan Council received a proposal from Kaitangata Promotions for support to help encourage uptake of its newly-developed House and Land Packages. Given the quality of the proposal and its close alignment with Council's plan to drive development in the district, Council agreed to provide support for this initiative in the form of reimbursement of Council fees for building consent, and sewage and water connections of up to \$5,000 per section, by expanding the current fee reimbursement scheme.

After an unexpected flurry of international publicity about the scheme, interest in the house and land package has been strong, and Kaitangata Promotions are working closely with Clutha Development to achieve the best possible outcomes for all concerned.

INDUSTRIAL DEVELOPMENT

Rosebank industrial area continues to develop

After identifying that there was a shortage of industrial land in Balclutha, and insufficient industrial land to service future demand, Council purchased the old Rosebank sawmill site at the start of 2015/16. The aim is to develop the site and make it available to encourage economic development and investment.

During the year, Council has started investigating options for the site, started the design and planning work necessary before significant physical work can proceed, sold assets and buildings, and demolished the old sawmill building.

COMMUNITY PLANS

Support Council's key platform of promoting growth and investment in the district.

Closely linked with the Living and Working Strategy is the development of community plans for our communities. These aim to help Council and these communities determine the priorities and projects to implement Living and Working Strategy in each community. In terms of priorities, Balclutha had initially been identified, followed by Milton.

During 2015/16 initial work started, which identified that Balclutha and Milton plans should be developed simultaneously and that Waiholo should also be included. This planning work is expected to become a focus throughout 2016/17, with community plans for other communities to follow.

MAJOR INFRASTRUCTURE PROJECTS

Updating you on our main infrastructure projects from 2015/16

SEALING THE NUGGETS ROAD

It is anticipated that more than 60,000 people per year will benefit when the Nuggets Road is sealed.

In December 2015 approval was received from NZTA for funding up to \$1.64 million to support the sealing of the road to the iconic Nuggets lighthouse. Under the 2015-18 Otago Transport Investment Programme, the sealing of the Nuggets Road was identified as one of four key projects to create transport solutions for a thriving Otago. Council's decision to proceed with the project as part of our 2015/25 Long Term Plan was dependent on the project receiving financial assistance from the NZ Transport Agency.

The Nuggets are a key destination in the Catlins area, and once sealed the road will be safer for all drivers, especially for those visitors who may be less familiar with driving on unsealed roads.

In May 2016, after a tender process, Council awarded the tender and the first stage of the work started before the end of the 2015/16 financial year. The first stage involves sealing the carpark at the end of the road closest to the lighthouse, installing guard rails, and some tree cutting and rock stabilisation work. The second stage will begin next summer (2016/17) and will involve cleaning up and widening some of the road, and applying a chip seal from where the road meets Karoro Creek Road all the way to the lighthouse.

The NZ Transport Agency approved a budget of \$2.7 million for the project and is contributing \$1.6 million, close to 60% of the total cost. The remaining cost will be met by Council.

RURAL WATER TREATMENT PLANT UPGRADES

Several rural water treatment plants are in line for upgrades to improve water quality. After initially being programmed for 2015/16, these upgrades are now expected to take place in 2016/17. This affects the Clydevale-Pomahaka, Glenkenich, Moa Flat, North Bruce, Richardson, and Tuapeka schemes.

KAITANGATA AND HERIOT SEWERAGE UPGRADES

This is part of a programme to upgrade our plants over the next ten years to meet increasingly stringent resource consent conditions. Ongoing work has now given us firm details for these upgrades and physical works are now planned for 2016/17.

CLYDEVALE-POMAHAKA RURAL WATER SCHEME EXTENSION

The major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was completed in 2015/16. This enabled the supply of additional water to support further land use intensification and dairy expansion on the Pomahaka side of the scheme, which was running at capacity. Work had started in 2014/15 but wet ground conditions and the need for some re-design meant that substantial work had to be carried out during 2015/16. Once work was complete, additional water units were made available and the uptake was significantly higher than anticipated.

WAITAHUNA RISING MAIN RENEWAL

The Waitahuna Treatment Plant treats water for the Balmoral 1, Balmoral 2 and Tuapeka East Rural Water Schemes. In 2014/15 the rural water scheme committees and Council confirmed a budget for the renewal of the two high pressure rising mains from this treatment plant. Delays in the supply of key components at the treatment plant meant that the final completion of this project had to be delayed. We expect to finish this multi-year project in 2017/18.

PAPATOWAI BRIDGE

Papatowai Bridge is a crucial part of the road through the Catlins, regularly used by tourists and locals.

During 2015/16 we completed a major refurbishment of Papatowai Bridge. Although the initial budget was \$1,370,000, the project was finally completed at a cost of \$827,000. The savings were achieved by lower-than-expected tenders for the work.



FINANCIAL OVERVIEW

2015/16

MAJOR VARIANCES EXPLAINED

Council operates a diverse and complex business and this is reflected in the items recorded against operating revenue and costs, and ultimately in the operating surplus result.

After forecasting a \$4 million surplus in 2015/16, Council recorded a \$1.5 million surplus.

Revenue was \$3.2 million less than budgeted. This was due to a combination of factors including:

- New Zealand Transport Agency income for the subsidised roading programme was less than budgeted mainly owing to the timing of approval from NZTA for The Nuggets seal extension. There were also significant savings obtained in tender pricing for the Papatowai bridge project.
- The decision during 2015/16 to divest Council's forestry assets influenced forestry income. There were no sales in 2015/16, as Council went on to begin developing a marketing plan as part of the forestry divestment strategy. This meant budgeted income of \$0.97 million was not received.

Operating costs were \$0.61 million less than budgeted. This was generated from several areas as outlined below.

- Wages costs were less than budgeted by \$0.58 million owing to a Council restructure and the time taken to recruit to be fully staffed.
- Rates levied on Council's own properties have been removed from both revenue and expenditure (\$0.3 million less revenue and expense).

Refer to the Statement of Comprehensive Revenue & Expense and notes to the financial statements for more information.

SUMMARY OF KEY FINANCIAL INDICATORS

(\$,000)	ACTUAL 30 JUNE 2016	LTP 30 JUNE 2016	ACTUAL 30 JUNE 2015
SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE			
INCOME			
Rates Revenue	24,195	24,426	23,342
Other Operating Revenue	12,888	15,879	14,515
Total Operating Revenue	37,083	40,305	37,857
EXPENDITURE			
Employee Benefits Expense	4,491	5,071	4,424
Depreciation	13,066	12,040	12,371
Interest Expense	0	0	0
Other Expenditure	18,059	19,111	18,527
Total Operating Expenditure	35,616	36,222	35,322
Operating Surplus	1,467	4,083	2,535
Available for Sale Valuation Gain/(Loss)	6	0	3
Gain/(loss) on PP&E Revaluation	0	0	0
Total Other Comprehensive R&E	6	0	3
Total Comprehensive Revenue & Expense for the year	1,473	4,083	2,538
SUMMARY STATEMENT OF CHANGES IN NET ASSETS/EQUITY			
Equity at the beginning of the year	1,019,638	1,017,375	1,017,100
Total Other Comprehensive Revenue & Expense for the year	1,473	4,083	2,538
Equity at the end of the year	1,021,111	1,021,458	1,019,638
SUMMARY STATEMENT OF FINANCIAL POSITION			
Current Assets	32,977	18,681	28,344
Non Current Assets	994,099	1,008,520	997,859
Total Assets	1,027,076	1,027,201	1,026,203
Current Liabilities	5,135	4,954	5,698
Non Current Liabilities	830	789	867
Total Liabilities	5,965	5,743	6,565
Net Assets/Equity	1,021,111	1,021,458	1,019,638
SUMMARY STATEMENT OF CASHFLOWS			
Net Cashflows from Operating activities	13,205	16,122	11,880
Net Cashflows from Investing activities	(13,235)	(16,174)	(11,895)
Net Cashflows from Financing activities	1	0	(1)
Net Cashflows for the Year	(29)	(52)	(16)



COUNCIL'S FINANCIAL POSITION

Short term investments, included in Current Assets, are higher than budgeted by \$10 million. Most of the variance is owing to funds not being required for various water and sewerage scheme upgrades.

Fixed assets are less than budgeted. This is principally owing to \$3.2 million of water capital projects not being completed, \$3.9 million less being spent on roading capital projects and the revaluation completed in 2014 indicating \$3.5 million less valuation of our assets than budgeted.

Refer to the Statement of Financial Position and notes to the financial statements for more information.

CAPITAL EXPENDITURE

After forecasting \$21.9 million worth of capital works in 2015/16, a total of \$13.2 million went through the books this year. This result reflects the change in timing for several major projects including sewerage treatment upgrades, rural water treatment upgrades and the sealing of the Nuggets Road to the iconic lighthouse situated on the Southern Scenic Route. These projects have been reprogrammed for delivery in 2016/17. The Nuggets sealing was impacted by the timing of securing NZTA assistance towards the project. Treatment upgrades and our capital renewals programme was impacted by lack of organisational capacity. Moves to address this were undertaken during 2015/16 with a major restructure of the Service Delivery area of Council tasked with the delivery of Council's capital programme, and additional staff recruited.

FINANCIAL STRATEGY

In our 2015-25 Long Term Plan we established our Financial Strategy to guide our financial decisions, and against which we can now report for the 2015/16 financial year. Our strategy is to:

- Keep rates affordability at the forefront of our actions and decisions, and work to keep rates increases at a low level.
- Collect annual revenue sufficient to fund expenditure needs. Our strategy for funding depreciation is to:
 - Fully fund depreciation for water, sewerage and stormwater and phase in depreciation changes from subsequent revaluations if they are significant.
 - Review levels of depreciation for roading, to ensure correct levels going forward in light of proposed changes to levels of service and extending asset lives.
- Look at how we can increase non-rates income and maximise investment returns. But we will seek to preserve ratepayer funds when investing, and be risk averse with what we invest in.
- Continue to use internal borrowing/debt to fund infrastructure that residents and ratepayers will benefit from, both now and into the future (intergenerational equity approach). We will not use debt to fund operational costs.
- Use our solid financial position and existing infrastructure as a platform to provide for the impacts of medium to long term growth in our rating base.

HOW WE PERFORMED IN 2015/16

RETURN ON INVESTMENTS

During the 2015/16 year Council received a 8.43% return on its investments. This was 0.39% above the NZ Government Stock index, but slightly below the target of 0.8 to 1% above this benchmark. This is still a strong return in the current economic climate. Investments have also been an area of focus for Council during the 2015/16 year. Our investment strategy is currently under review to help decide what mix of investments will bring the best long term returns in the future.

(\$M)	LONG TERM PLAN 2015/16	ACTUAL 2015/16
OPENING	20.3	21.8
CLOSING	14.6	24.1
CHANGE	(5.7)	2.3

LIMITS ON INTERNAL DEBT

Council's internal limits set in the financial strategy were to ensure interest cost are less than 10% of our annual rate income, and that total internal debt per capita will not exceed \$1,800 per capita. The results of 5.03% and \$1,562 per capita stayed well within those limits in 2015/16.

	LONG TERM PLAN 2015/16	ACTUAL 2015/16
INTERNAL DEBT (\$M)	28.5	27.3
INTEREST COSTS AS A % OF RATES	5.07	5.03
DEBT PER CAPITA (\$)	1,628	1,562

LIMITS ON RATES AND RATE INCREASES

Rates are the most important source Council uses to fund services. The \$24.2M collected in 2015/16 meant an increase on 2014/15 of 3.54%. This was above the forecast of 3.19%, but still well below the 4% cap Council set itself. This variance was a flow on effect from increased water units being sold to consumers on the Clydevale-Pomahaka Rural Water Scheme extension that were not initially included in the 2015/16 forecast.

	LONG TERM PLAN 2015/16	ACTUAL 2015/16
FORECAST RATES (\$M)	24.4	24.2
FORECAST RATES CHANGES (%)	3.19	3.54
RATES LIMIT AT 4% (\$M)	24.4	24.3

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of Clutha District Council (the District Council). The Auditor-General has appointed me, B E Tomkins, using the staff and resources of Deloitte, on her behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information);
- report on whether the District Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the Audited Information

In our opinion:

- the financial statements on pages 47 to 94:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 105, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the statement of service performance on pages 17 to 44:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 17 to 44, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan;
- the funding impact statement for each group of activities on pages 17 to 44, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Compliance with Requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 95 to 103 which are required by the Local Government (Financial Reporting and Prudence Regulations 2014) which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 6 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of Opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service performance within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

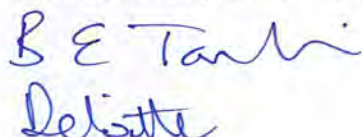
The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the District Council.



B E Tomkins
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

STATEMENT OF SERVICE PERFORMANCE



2015/16 IN DETAIL

This section of the Annual Report includes detail about Council’s achievements and performance in 2015/16 (known as Statement of Service Performance). It also includes information about the main achievements in each of Council’s nine areas of work:

- **COMMUNITY LEADERSHIP**
- **ROADING**
- **WATER SUPPLY**
- **SEWERAGE**
- **STORMWATER**
- **SOLID WASTE MANAGEMENT**
- **COMMUNITY SERVICES**
- **REGULATORY AND EMERGENCY SERVICES**
- **INTERNAL SERVICES**

All performance measures were set in 2015 as part of the 2015/25 Long Term Plan. Performance is measured in a variety of ways, including independent annual surveys of Clutha District residents.

Reporting incorporates a traffic light system that provides a dashboard or signal for the results for the year is as follows:

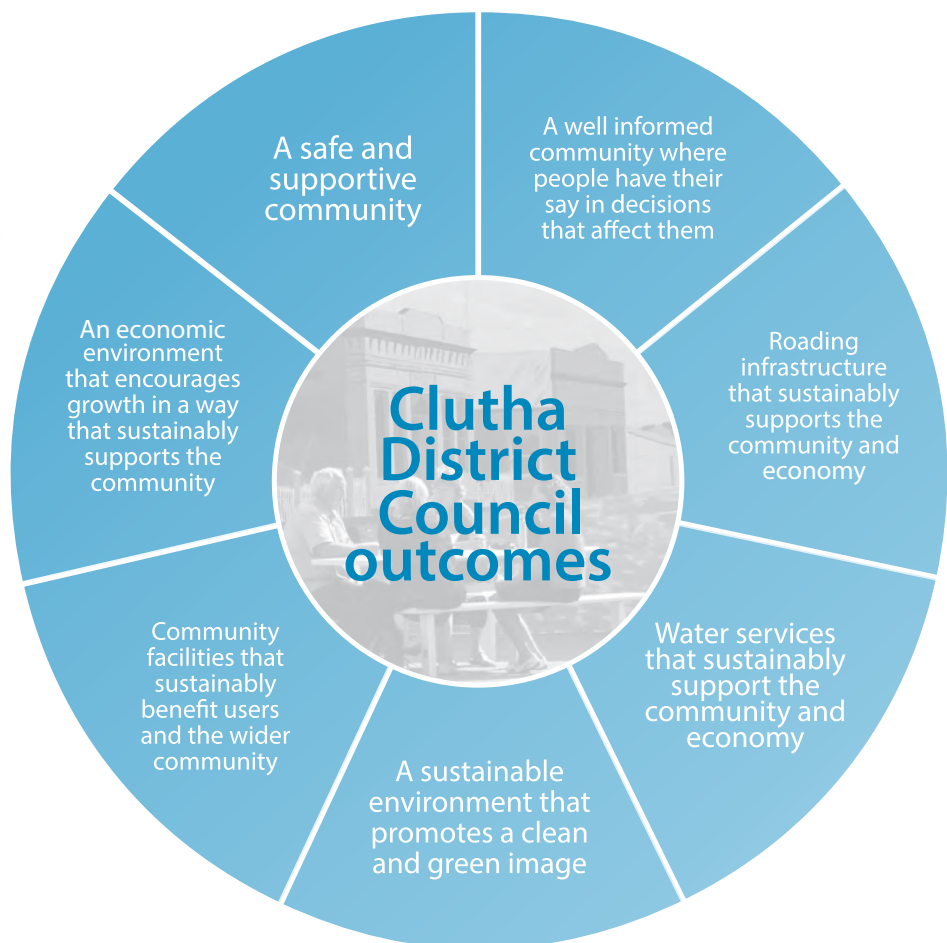
- target was met
- target was within 5% of being met
- target was not met
- Not yet started or measured

Overall 67% of targets were met, 13% were within 5% of being met, 16% were not met, and 4% have not yet started or been measured.

All of Council’s work aims to contribute towards our long term goals, referred to as Council Community Outcomes. How these link with Council’s services is outlined on the following page.

For each of the nine areas of Council, we include the following:

- What we do for each area, and why we do it.
- How we performed and whether we met our performance targets.
- What it cost, whether we met budgets, and an explanation for variances.



COMMUNITY LEADERSHIP

Community Outcome: A well informed community where people have a say in the decisions that affect them

WHAT WE DO

Clutha District Council comprises 14 councillors and the Mayor.

The 14 councillors represent eight wards - Balclutha, Bruce, Catlins, Clinton, Clutha Valley, Kaitangata-Matau, Lawrence-Tuapeka and West Otago.

Together the Councillors and Mayor provide leadership for the district by setting priorities and making decisions on the scope and levels of service for services and activities. Decision making is an important part of their role, including what Council will do, and how to pay for activities.

Mayor and Councillors oversee the performance of Council activities and assets to ensure the best operation, maintenance and use of community resources. Much of this work takes place in Council and Committee meetings.

An important part of elected members role also includes representing their community, including communicating with residents, informing them of the reasons for Council decisions and advocating on their behalf.

This activity also includes the conduct of elections, by-elections and review of representation arrangements.

MAORI PARTICIPATION IN DECISION-MAKING

During 2015/16, along with other councils in Otago/Southland, Council participated in Te Rōpu Taiao Otago and Te Rōpu Taiao Murihiku. The papatipu runanga and the participant councils continue to meet quarterly at Te Roopu Taiao hui, which provides for excellent partnership and exchange of information. A key focus in 2015/16 has been to seek to give these meetings more of a strategic focus and less focus on day to day operational / retrospective reporting back.

A review was carried out of the Charter of Understanding foundation document, He Huarahi mō Ngā Uri Whakatupu, which articulates the relationship between the Southland/Otago councils and Te Ao Marama representing the runanga of Murihiku. The Charter was signed by members in early 2016 and was effective from March 2016.

Council also acknowledges the local runanga, Waikoau Ngai Tahu South Otago Runanga, and liaises with them on matters that might be of relevance.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16	
Provide effective leadership, representation and service to residents and ratepayers	Satisfaction with decision-making, leadership and planning of elected members (Council)	≥80%	82%	●
Monitor rates affordability and provide prudent, effective and efficient financial management	Rates per ratepayer as a percentage of median household income	≤4%	3.61%	● *
	Percentage movement in total rates income	≤4%	3.54%	●
	Internal debt per capita	≤\$1,800	\$1,562	●
	Percentage of rates income used to service internal debt	≤10%	5.03%	●

* Also an Otago regional benchmarking measure

OTAGO BENCHMARKING

As part of the Otago Region Triennial Agreement 2013-2016 Council joined with the other Otago councils in establishing a common benchmarking and performance measurement framework. The framework was agreed with the purpose of:

1. Providing communities with better context to assess the performance of their Council across the region;
2. Enabling better support and collaboration to drive improvement across Otago;
3. Helping to drive standards for future local government reforms;
4. Providing consistent performance information that allows closer scrutiny of efficiency and effectiveness.

Seven key performance indicators were agreed for reporting. The 2015/16 results for Clutha District Council are as follows:

Percentage of budgeted capital works programme, including renewals, completed annually	61%
Percentage of ratepayers who are satisfied with overall Council performance	89%
Percentage of ratepayers who are satisfied with Council communications	90%
Percentage of residents and ratepayers who are satisfied with the quantity and quality of community facilities	82%
Percentage of building and resource consents issued within statutory times, and average building and resource consent processing days	100% + 17 days
Rates per ratepayer as a percentage of median household income	3.6%
Cost of administrative and support services as a percentage of organisational running cost.	5.7%

WHAT IT COST FOR COMMUNITY LEADERSHIP IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	2,126	990	926
Targeted rates	108	158	234
Subsidies and grants for operating purposes	-	-	-
Fees & charges	28	-	-
Internal charges and overheads received	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	2,262	1,148	1,160
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,716)	(697)	(603)
Finance costs	(98)	(80)	(77)
Other operating funding applications	(368)	(311)	(323)
Total applications of operating funding	(2,182)	(1,088)	(1,003)
SURPLUS (DEFICIT) OF OPERATING FUNDING	80	60	157
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(53)	(39)	(41)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(53)	(39)	(41)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
(Increase) decrease in reserves	(9)	(7)	(116)
(Increase) decrease of investments	(18)	(14)	-
Total applications of capital funding	(27)	(21)	(116)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(80)	(60)	(157)
FUNDING BALANCE	-	-	-

NOTE: Economic and Community Development figures are included in the figures for Community Leadership in the 2015 Long Term Plan figures.

ECONOMIC & COMMUNITY DEVELOPMENT

Community Outcome: An economic environment that encourages growth in a way that sustainably supports the community



WHAT WE DO

Part of Council’s leadership involves supporting the district’s economy and communities through economic and community development functions.

The following functions and services are included in this activity group:

- Economic Development which involves leading and delivering activities that aim to support, sustain and grow the economy via the economic development agency - Clutha Development Incorporated.
- Destination marketing for the district, including being an Regional Tourism Organisation (RTO, provided under the umbrella of Clutha Development Incorporated).
- Community Development which involves providing support and facilitation for community-driven initiatives throughout the district
- Youth development which involves part-funding the Clutha District Youth Development Programme
- Providing coordination and support for the Clutha District Youth Council
- Providing financial assistance through a range of community grants and funding schemes.

HOW WE PERFORMED IN 2015/16

WHAT WE’VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE’LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16	
Support external organisations tasked with providing economic development services on Council’s behalf	Percentage of contract specifications met as identified in the Economic Development Strategy and related contracts	100%	100%	
Support the district’s communities and economy through community development facilitation and support	Percentage of annual work programme completed as identified in the Living and Working Strategy and related Action Plan	100%	—	 ¹

¹ Since the initial inclusion of this measure the work programme has evolved to focus on the development of community plans for the district’s main communities. The scope of this area has widened, with Balclutha, Milton and Waiholā programmed for the 2015/16 and 2016/17 year. Work began on these plans in 2015/16 and will continue on with expected completion in 2016/17. The programme will further developed in conjunction with the 2017/18 annual plan, where the next communities to have plans developed will be confirmed.

WHAT IT COST FOR ECONOMIC AND COMMUNITY DEVELOPMENT IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	1,230	1,229
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees & charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	-	1,230	1,229
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	-	(1,128)	(1,116)
Finance costs	-	(12)	(11)
Internal charges and overheads applied	-	(73)	(76)
Other operating funding applications	-	-	-
Total applications of operating funding	-	(1,213)	(1,203)
SURPLUS (DEFICIT) OF OPERATING FUNDING	-	17	26
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(17)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	(17)	(5)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
(Increase) decrease in reserves	-	-	(21)
(Increase) decrease of investments	-	-	-
Total applications of capital funding	-	-	(21)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	-	(17)	(26)
FUNDING BALANCE	-	-	-

NOTE: Economic and Community Development figures are included in the figures for Community Leadership in the 2015 Long Term Plan figures.

ROADS & FOOTPATHS

Community Outcome: Roading infrastructure that sustainably supports the community and economy

WHAT WE DO

With a total roading network of 2,917 km, the Clutha District Council has the third largest local roading network in New Zealand. Of the 2,917km, 28% (826km) is sealed and 72% (2091km) is unsealed. It supports a resident population of around 16,890 people. Rural roads make up 95% of our network and form an important part of the export supply chain with the main land uses in the district being dairy, pastoral farming, forestry and horticulture. There are also key tourist routes through the district.

The roading assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights and other assets associated with transportation. The total replacement cost for Council's roading assets is \$868.4 million.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16	
Provide an effective and sustainable local roading network	Residents satisfied with maintenance of unsealed road	≥52%	56%	●
	Residents satisfied with maintenance of sealed roads	≥76%	81%	●
	Average quality of ride on the urban sealed road network (as per smooth travel exposure)	91%	88%	●
	Average quality of ride on the rural sealed road network (as per smooth travel exposure)	99%	99%	●
	Average quality of ride on the sealed road network (as per smooth travel exposure)	97%	97%	● ¹
	Percentage of the sealed local network that is resurfaced	6.7%	7%	●
	% of customer service for roads and footpaths responded to within timeframes	≥90%	78%	● ²
Monitor safety and invest in improving the local roading network	Average speed residents feel they can safely travel at on unsealed roads (km per hr)	60-70	68	●
	Average speed residents feel they can safely travel at on sealed roads (km per hr)	≥80-90	95	●
	Number of fatalities and serious injury crashes	≤11	10	●
FOOTPATHS				
Provide an effective and sustainable network of footpaths throughout the district	% footpaths that fall within level of service condition standards ≥3	94.5%	91.2%	● ¹
	Residents satisfied with footpaths	70%	63%	● ³

¹ Refers to footpath condition standard ratings, where 1 is poor, 2 is below average, 3 is good, 4 is very good and 5 is new or near new

² 63% of the non-conforming service requests relate to unsealed road roughness and potholes. With the scale of unsealed road network in the Clutha District it is important to differentiate between 'routine' unsealed road issues that should be addressed through normal grading cycles and particular safety issues that need to be addressed more urgently

³ Result taken from the 2015 Resident Satisfaction Survey

WHAT IT COST FOR ROADS AND FOOTPATHS IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates	8,029	7,830	7,778
Subsidies and grants for operating purposes	2,747	3,049	3,366
Fees & charges	4	92	112
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	10,780	10,971	11,256
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(5,386)	(5,680)	(6,182)
Finance costs	(306)	(287)	(260)
Internal charges and overheads applied	(1,462)	(1,672)	(549)
Other operating funding applications	-	-	-
Total applications of operating funding	(7,154)	(7,639)	(6,991)
SURPLUS (DEFICIT) OF OPERATING FUNDING	3,626	3,332	4,265
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	5,691	7,545	4,432
Development and financial contributions	-	-	-
Increase (decrease) in debt	(147)	3,546	2,404
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	5,544	11,091	6,836
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(1,066)	(6,188)	(2,948)
Capital expenditure to replace existing assets	(8,007)	(7,988)	(6,658)
(Increase) decrease in reserves	(63)	(106)	(1,495)
(Increase) decrease of investments	(34)	(141)	-
Total applications of capital funding	(9,170)	(14,423)	(11,101)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(3,626)	(3,332)	(4,265)
FUNDING BALANCE	-	-	-

¹ The timing of approval of the Nuggets seal extension and the awarding of the tender have resulted in no significant costs being incurred before year end. Other minor improvement projects and footpath renewals have not yet incurred significant costs and there were significant savings on the tender price for the Papatowai Bridge repair resulting in carry forwards.

WATER SUPPLY

Community Outcome: Water services that sustainably supports the community and economy

WHAT WE DO

Council supplies water via a number of urban and rural water supply schemes, with approximately a third of the water produced being for domestic consumption and the balance being largely used for stock water. Council's water supplies include:

Six urban water supplies servicing Balclutha, Kaitangata, Lawrence, Milton, Owaka and Tapanui. With the exception of Owaka, which is a restricted supply, they provide an on demand supply of potable water for domestic, commercial and industrial use within each scheme area.

11 rural water schemes which primarily provide drinking water for stock. These are Balmoral 1, Balmoral 2, Clydevale-Pomahaka, Glenkenich, Moa Flat, North Bruce, Richardson, South Bruce, Tuapeka, Waipahi and Wangaloa. All schemes other than Waipahi also provide water for domestic consumption.

Nine smaller communities and townships are provided water in bulk from rural water schemes. These townships are Clinton (Clydevale-Pomahaka), Kaka Point (Richardson), Waiholo (North Bruce), Benhar (South Bruce/Stirling Treatment Plant), and Stirling (South Bruce/Stirling Treatment Plant). Most of these communities have restricted supplies to consumers, except for Benhar and Stirling which are both on-demand scheme and Stirling is also universally metered.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16			
URBAN WATER						
Water from Council urban supplies is safe to drink	Compliance with the NZDW Standards for bacteriological compliance	100%	96%		1	
	Compliance with the NZDW Standards protozoal compliance	50%	2%		2	
Urban supplies provide a continuous and reliable source of water to consumers	Customer satisfaction with taste and clarity	≥50%	79%			
	Customer satisfaction with the reliability of their water supply (on an on-demand supply)	>75%	95%			
	Customer satisfaction with the reliability of their water supply (on a restricted supply)	≥65%	92%			
	Number of drinking water complaints (Requests for Service) per 1000 connections about:*	Clarity	≤20	9		
		Taste	≤5	1		
		Odour	≤2	0		
		Pressure	≤8	4		
		Continuity	≤35	15		
	Council's response to any of these issues	≤5	1			
	Average consumption of drinking water per resident per day (litres per day)	≤550	591		3	
Urban water schemes are managed efficiently and effectively	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel reach the site	Urgent	<0.5	0.48		
		Non-urgent	<2	3		4
	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel confirm resolution	Urgent	<2	2		4
		Non-urgent	<6	21		4
	Percentage of real water loss from Council's reticulation system	≤18%	34%		5	

¹ Waiholā township had a failure in January as it is supplied from the North Bruce Rural Water Treatment Plant which had a failure.

² Many plants produced wholesome water for much of the time, however, isolated incidents are impacting compliance. Verification of equipment is still an issue to be worked through with the drinking water assessor and contractor.

³ Water consumption figures are calculated from the average daily water production figures and the population data. This figure has not been adjusted for the leakage volume and will seem higher than the actual water usage per person. Further work is required to achieve this target.

⁴ Response times are requiring further improvement to meet this target. Opportunities for improvement are being discussed with our contractor.

⁵ Water loss is calculated using the night flows in comparison to the peak day flows. There are some network improvements required to get a better measurement of flows and leakage for more accurate representation of this leakage metric. We have identified a leakage issue in the Milton network and are currently actively looking for the problem areas.

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16	
RURAL WATER				
Water from Council rural schemes is safe to drink	Compliance with the NZDW Standards for bacteriological compliance	100%	70%	● ¹
	Customer satisfaction with the reliability of their water supply	≥65	80%	●
Rural schemes provide a continuous and reliable source of water to consumers	Customer satisfaction with taste and clarity	≥50	65%	●
	Clarity	≤12	4	●
	Taste	≤5	0	●
	Odour	≤3	0	●
	Pressure	≤200	199.7	●
	Continuity	≤200	175	●
	Council's response to any of these issues	≤5	7	● ²
	Number of drinking water complaints (requests for service) per 1000 connections about*:			
Rural schemes are managed efficiently and effectively	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel reach the site			
	Urgent	<2	1.6	●
	Non-urgent	<4	5	●
	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel confirm resolution			
	Urgent	<12	16	●
	Non-urgent	<24	23	●

¹ North Bruce water supply failed a bacteriological sample test seven times during the 2015/16 year. Each time the mandated process was followed and service reinstated within the required period.

² Response times are requiring further improvement to meet this target. Opportunities for improvement are being discussed with our contractor.

WHAT IT COST FOR WATER IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates	6,358	6,533	6,539
Subsidies and grants for operating purposes	-	-	-
Fees & charges	-	131	542 ¹
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	6,358	6,664	7,081
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(3,683)	(3,909)	(4,122)
Finance costs	(316)	(270)	(267)
Internal charges and overheads applied	(607)	(651)	(583)
Other operating funding applications	-	-	-
Total applications of operating funding	(4,606)	(4,830)	(4,972)
SURPLUS (DEFICIT) OF OPERATING FUNDING	1,752	1,834	2,109
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(208)	(26)	392
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(208)	(26)	392
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	(932)
Capital expenditure to improve the level of service	(717)	(1,163)	(135) ²
Capital expenditure to replace existing assets	(654)	(2,060)	(1,025)
(Increase) decrease in reserves	20	(105)	(409)
(Increase) decrease of investments	(193)	1,520	-
Total applications of capital funding	(1,544)	(1,808)	(2,501)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(1,752)	(1,834)	(2,109)
FUNDING BALANCE	-	-	-

¹ Mostly owing to Clydevale/Pomahaka additional capacity connection fees.

² Variances owing to deferral of rural water treatment plant upgrades.

SEWERAGE

WHAT WE DO

Council collects, treats and disposes of domestic sewage and non-domestic liquid (tradewaste) discharges via 11 public sewerage schemes. These schemes service the townships of Balclutha, Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Stirling, Tapanui and Waihola. Extensions to the Balclutha and Milton schemes have been completed to serve the townships of Benhar and Tokoiti respectively. There is also a piped collection system for Pounaweia, connected to the Owaka treatment plant that will service properties, if they wish to connect. For new properties in Pounaweia, or significant changes to existing properties compulsory connection to this system is required under the Building Act.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16		
Provide sewerage services that effectively collect and dispose of sewage	The number of dry weather sewerage over flows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system	≤6	4	●	
	Residents satisfied with sewerage services	≥85	95%	●	
Sewerage schemes are managed efficient and effectively	Median response time from when Council receives notification about a sewerage block or other fault, to the time service personnel:	Reach the site (response)	<1 hour	1	● ¹
		Confirm resolution of the blockage or other fault (resolution)	<4 hours	12	● ¹
		Sewage odour	<3	1	●
		Sewerage system faults	<10	14	● ²
		Sewerage system blockages	<5	4	●
		Council's response to any of these issues	<5	0	●
		Abatement Notices	0	0	●
		Infringement notices	0	0	●
		Enforcement orders	0	0	●
		Convictions	0	0	●

¹ Response times are requiring further improvement to meet this target. Opportunities for improvement are being discussed with our contractor.

² There has been a significant increase in pump faults relating to the Benhar sewer system. The individual household pumps have an issue that our staff and the supplier are working through to improve their performance.

WHAT IT COST FOR SEWERAGE IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates	1,844	1,910	1,787
Subsidies and grants for operating purposes	-	-	-
Fees & charges	120	135	142
Internal charges and overheads recovered	162	289	- ¹
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	2,126	2,334	1,929
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(819)	(1,035)	(888)
Finance costs	(189)	(140)	(140)
Internal charges and overheads applied	(314)	(296)	(265)
Other operating funding applications	-	-	-
Total applications of operating funding	(1,322)	(1,471)	(1,293)
SURPLUS (DEFICIT) OF OPERATING FUNDING	804	863	636
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	172	693	(126)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	172	693	(126)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(753)	(2,150)	(135) ²
Capital expenditure to replace existing assets	(101)	(170)	(27)
(Increase) decrease in reserves	112	9	(348)
(Increase) decrease of investments	(234)	755	-
Total applications of capital funding	(976)	(1,556)	(510)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(804)	(863)	(636)
FUNDING BALANCE	-	-	-

¹ District-wide 10% funding not required as treatment upgrades have not been completed.

² Waihola, Heriot and Kaitangata treatment upgrades, preferred tenderer identified in 2015/16, contracts to be negotiated by the end of 2016.

STORMWATER

WHAT WE DO

Clutha District has many diverse and widespread townships and settlements. All of them bring their own specific demands, including how we collect and dispose of stormwater run-off.

Council currently provides for the drainage of stormwater via eight community stormwater drainage schemes in Balclutha, Clinton, Kaitangata, Kaka Point, Lawrence, Milton, Owaka and Tapanui. These systems manage the disposal of surface water and ground water flows to protect property and public health. Generally, piped systems are designed to cope with stormwater flows resulting from a heavy rainfall such as a 1 in 5 year or 1 in 10 year event (20% or 10% probability of happening annually). However, when assessing and designing new systems consideration is given to how flows from much larger events can be handled within the catchment i.e. overland flow paths, flood channels, diversions.

A number of other smaller communities also have stormwater infrastructure such as minimal pipe systems, open ditches and drains. These include Heriot, Pounawea, Taieri Mouth, Stirling and Waihola. These are communities that have previously been included in a general rural stormwater area, however they have only paid a very small amount towards this in their rates. In all of these areas, stormwater improvements are needed and systems are in place that have ongoing operational costs. Their inclusion as part of a district wide urban stormwater funding mechanism allows for stormwater issues in urban areas to be dealt with in a co-ordinated and consistent way.

All other rural stormwater issues are generally associated with roading and as such are funded as a roading activity.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16		
Provide stormwater drainage that protects against the effects of flooding	Flooding events to habitable floors due to over flows from a Council stormwater system (per 1,000 connected properties)	0	0	●	
	Number of flooding events that occur in a territorial authority district (i.e. an overflow from a Council stormwater system)	<23	13	●	
	Residents satisfaction with their stormwater protection	≥75%	72%	● ¹	
	Number of complaints about the performance of Council's stormwater systems (per 1,000 connected properties)	≤12	2	●	
Stormwater schemes are managed efficient and effectively	Median response time (in hours) from when Council receives notification about a flooding event to the time service personal reach the site	<1	0.8	●	
	Compliance with Council's resource consents for sewerage discharge, measured as number of:	Abatement Notices	0	0	●
		Infringement notices	0	0	●
		Enforcement orders	0	0	●
		Successful prosecutions received	0	0	●

¹ Result from the 2015 Resident Satisfaction Survey. This is likely to be linked to flooding events in the district.

WHAT IT COST FOR STORMWATER IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates	617	535	568
Subsidies and grants for operating purposes	-	-	-
Fees & charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	617	535	568
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(99)	(90)	(111)
Finance costs	(33)	(24)	(24)
Internal charges and overheads applied	(199)	(188)	(169)
Other operating funding applications	-	-	-
Total applications of operating funding	(331)	(302)	(304)
SURPLUS (DEFICIT) OF OPERATING FUNDING	286	233	264
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(50)	(46)	(45)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(50)	(46)	(45)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	(145)	- ¹
Capital expenditure to replace existing assets	(79)	(211)	(213)
(Increase) decrease in reserves	(1)	23	(6)
(Increase) decrease of investments	(156)	146	-
Total applications of capital funding	(236)	(187)	(219)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(286)	(233)	(264)
FUNDING BALANCE	-	-	-

¹ Variance due to timing of Milton flood diversion work and Tapanui's Paterson's Creek upgrade.

SOLID WASTE

Community Outcome: A sustainable environment that promotes a clean green image

WHAT WE DO

Council oversees the management and minimisation of solid waste within the district. These activities include:

- Operating a sanitary landfill and recycling drop-off depot for the district at Mt Cooee on the outskirts of Balclutha.
- Providing a fortnightly collection of recyclables and residual household waste via kerbside wheelie bins in urban areas. The service is also available to individual rural households along service routes. Collection alternates weekly between collection of recyclables and collection of residual waste.
- Providing transfer stations in Clinton, Clydevale, Lawrence, Milton, Owaka, Tapanui and Taieri Mouth.
- Providing coin-operated "Jack Trash" bin at Papatowai.
- Providing skip services at Beaumont and MacLennan that are collected on an as-needed basis.
- Monitoring and maintaining 19 closed tip sites throughout the district.
- Provide waste minimisation information and education services, including facilitating the EnviroSchools programme at schools throughout the district.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16	
Provide a facility in the district for the disposal of solid waste	Resident satisfaction with Mt Cooee landfill	≥70%	92%	●
	Tonnes of waste to Mt Cooee landfill	<8,299	8,513	● ¹
	Tonnes of waste diverted from Mt Cooee Landfill	>698	654	● ²
Provide a kerbside refuse and recycling collection service	Resident satisfaction with the wheelie bin service	>80%	93%	●
Provide waste minimisation education	% of schools that take part in the EnviroSchools programme	40%	36%	● ³

¹ Slightly below target with overall aim for ongoing reduction in waste to landfill.

² Slightly below target. This is linked with overall reduction in waste to Mt Cooee, and more recycling services available regionally.

³ Currently 9 schools are part of the EnviroSchools programme. The target is to increase this by 1 school during 2015/16 (or from 36% to 40%), however no strong interest was shown by any particular school. EnviroSchools is a programme that takes whole school commitment, so a school will only be signed up when that commitment is shown.

WHAT IT COST FOR SOLID WASTE IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	64	65	-
Targeted rates	952	716	786
Subsidies and grants for operating purposes	64	66	65
Fees & charges	648	639	581
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	1,728	1,486	1,432
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,292)	(1,134)	(1,054)
Finance costs	-	-	-
Internal charges and overheads applied	(17)	(270)	(290)
Other operating funding applications	(266)	-	-
Total applications of operating funding	(1,575)	(1,404)	(1,344)
SURPLUS (DEFICIT) OF OPERATING FUNDING	153	82	88
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(7)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(7)	-	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	(23)	(23)	-
(Increase) decrease in reserves	(82)	(17)	(88)
(Increase) decrease of investments	(41)	(42)	-
Total applications of capital funding	(146)	(82)	(88)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(153)	(82)	(88)
FUNDING BALANCE	-	-	-

COMMUNITY SERVICES

Community Outcome: Community facilities that sustainably benefit users and the wider community

WHAT WE DO

Council provides various community facilities and services throughout the district. Financial and non-financial assistance is also provided to external organisations that provide community services. Activities include:

LIBRARIES, INFORMATION AND SERVICE CENTRES

This involves:

- A district library network consisting of a central library in Balclutha, four branch libraries in Lawrence, Milton, Owaka and Tapanui.
- Service centres, which provide a local link to Council services, are located in Balclutha, Lawrence, Milton, and Tapanui (Lawrence, Milton and Tapanui also incorporate a branch of the Clutha District Library network).
- An “i-Site” service at the Balclutha Service Centre, which handles nationwide bookings for tourists and locals.
- An information centre at Owaka which provides tourist information and also incorporates a branch of the Clutha District library network.

SWIMMING POOLS

This involves:

- Owning and operating year round, a pool in Balclutha and seasonal (summer) pool in Milton.
- Making grants available to various school- and community-based pools located throughout the district.

PARKS, RESERVES, PLAYGROUNDS & SPORTSGROUNDS

This involves:

- Providing and maintaining 86 hectares of parks and reserves throughout the district, including 18 playgrounds and four sportsgrounds.
- Providing financial assistance for a further 19 hectares of reserves and sportsgrounds that are managed by local committees and sports groups.

HALLS & COMMUNITY CENTRES

This involves:

- Maintaining and operating halls in Balclutha and Kaitangata.
- Providing management oversight and financial assistance for 11 committees which operate community centres throughout the district on Council’s behalf. These are at Clutha Valley, Hillend, Kaka Point, Lovells Flat, Moneymore, Owaka, Paretai, Waiholā, Waipahi, Waitahuna and Waiwera.
- Providing financial assistance to various other halls and centres, which are owned and operated by their communities. These are at Beaumont, Clinton, Crookston, Dunrobin, Heriot, Hina Hina, Milton, Lawrence, Romahapa, Tahakopa, Taieri Mouth, Tuapeka Mouth, Tuapeka West, Waikoikoi and Tapanui.

PUBLIC CONVENIENCES

This involves:

- Providing and maintaining 24 public toilets throughout the district (located in the Balclutha, Clinton, Jacks Bay, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Pounaweia, Tapanui, Taieri Mouth and Waihola areas).
- Providing and maintaining 5 public motor caravan dump stations in Clinton, Lawrence, Milton, Owaka and Tapanui.

CEMETERIES

This involves:

- Directly operating and maintaining six urban cemeteries - Balclutha (2), Fairfax (Milton), Kaitangata, Lawrence and Tapanui, and eight rural cemeteries - Port Molyneux, Romahapa, Taieri Beach, Waihola, Waikoikoi, Waipahi, Waipori, and Waitahuna.
- Providing financial assistance to a further four cemeteries that are managed by trustees (Clinton, Crookston, Owaka, Tuapeka).
- Providing financial assistance towards the maintenance of war memorials throughout the district.

COMMUNITY HOUSING & OTHER PROPERTY

This involves:

- Owning and maintaining 98 one bedroom housing units located in Balclutha, Clinton, Kaitangata, Lawrence, Milton, Owaka, Tapanui and Waihola.
- Other property is owned and maintained by Council for storage of materials and equipment.
- Property which is retained for renting and leasing at market rates with the income used to offset rates.
- Provision of five camping grounds at Kaka Point, Naish Park in Balclutha, Pounaweia, Taylor Park in Milton and Waihola.

CROSS RECREATION CENTRE

This involves:

- Funding of a \$2.5 million loan towards the cost of constructing the multi-use Cross Recreation Centre in Balclutha and providing an annual operating grant.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16	
Operate accessible and affordable library services via branches in Balclutha, Lawrence, Milton, Owaka and Tapanui	Resident satisfaction with libraries	>90%	100%	●
Provide accessible and affordable Council service centres in Balclutha, Lawrence, Milton and Tapanui	Resident satisfaction with service centres	>90%	99%	●
Provide Council-run information services in Balclutha, along with community-contracted information services in Lawrence, Milton and Owaka	Satisfaction with services, as assessed by mystery shopper survey	>90%	85%	● ¹
Operate pools in Balclutha and Milton	Number of swims	53,000	50,892	● ²
	Resident satisfaction with swimming pools	55%	91%	●
Provide and maintain parks, reserves, sports-grounds and playgrounds throughout the district	Resident satisfaction with parks and reserves	>85%	88%	●
	Resident satisfaction with playgrounds	>85%	93%	●
	Resident satisfaction with sportsgrounds	>80%	97%	●
Directly operate and maintain the Balclutha Town Hall, and help communities provide halls and centres in their respective communities	Resident satisfaction with halls and community centres	>80%	92%	●
Provide and maintain public toilets throughout the district	Resident satisfaction with public toilets	>60%	63%	●
Operate and maintain cemeteries throughout the district	Resident satisfaction with cemeteries	>80%	92%	●
Provide and maintain community housing units throughout the district	Occupancy of community housing units	>75%	86%	●

¹ Four of the five information centres achieved the target

² The number of swims at Balclutha was up 3,300 from last year and was the highest since we have reopened. Milton's usage was down 10,000 because the pool had to close for a period for repairs. The season was therefore 63 days long compared to a normal 168 day season

WHAT IT COST FOR COMMUNITY SERVICES IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	2,381	2,288	2,176
Targeted rates	1,203	1,282	1,546
Subsidies and grants for operating purposes	-	-	-
Fees & charges	1,115	1,211	1,290
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	4,699	4,781	5,023
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(3,018)	(3,311)	(3,350)
Finance costs	(595)	(347)	(382)
Internal charges and overheads applied	(464)	(703)	(616)
Other operating funding applications	-	-	-
Total applications of operating funding	(4,077)	(4,361)	(4,348)
SURPLUS (DEFICIT) OF OPERATING FUNDING	622	420	675
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(184)	26	(12)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(184)	26	(12)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	(11)	-	-
Capital expenditure to improve the level of service	-	(58)	(142)
Capital expenditure to replace existing assets	(327)	(630)	(232)
(Increase) decrease in reserves	(20)	128	(289)
(Increase) decrease of investments	(80)	114	-
Total applications of capital funding	(438)	(446)	(663)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(622)	(420)	(675)
FUNDING BALANCE	-	-	-

¹ Variance owing to deferral of several projects, in particular Pounawea foreshore protection and Kaitangata community facility development.

REGULATORY & EMERGENCY SERVICES

Community Outcome: A safe and supportive community

WHAT WE DO

PROPERTY FILE RECORDS MANAGEMENT

This involves:

- Providing Land Information Memoranda in accordance with the requirements of the Local Government Official Information and Meetings Act 1987.
- Keeping property files up to date and available for public inquiries.

RESOURCE MANAGEMENT

This involves:

- Providing advice on planning matters to prospective applicants, affected neighbours and other agencies.
- Promoting the sustainable management of natural and physical resources in the Clutha District via the District Plan.
- Processing resource consent applications (for land use and subdivision). Approximately 60-70 resource consents are processed annually.
- Carrying out monitoring, enforcement and prosecution when necessary.

BUILDING CONTROL

This involves:

- Providing advice and administering the Building Act 2004, including checking that building complies with the New Zealand Building Code.
- Processing applications for Project Information Memoranda (PIMS) and Building Consents, including on-site inspections at the building stage, and issuing code compliance certificates upon completion. Council processes around 500-600 building consents annually.
- Issuing building warrants of fitness and compliance schedules.
- Investigating complaints related to unauthorised building work.

ENVIRONMENTAL HEALTH

This involves:

- Registering and inspecting/auditing premises that prepare or sell food. Approximately 130 premises are currently inspected on a risk-rating frequency of 12 to 24 months. This is transitioning to the use of Food Control Plans by premises prior to them becoming mandatory in 2016.
- Registering and inspecting other controlled premises, such as hairdressers, offensive trades, funeral parlours and camping grounds.
- Promoting safe health practices through seminars and newsletters.
- Responding to noise complaints. Approximately 80 noise complaints are responded to annually.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16	
To provide a consents service where consents are processed within statutory time frames in an efficient manner	Non-notified resource consents processed within 20 days (statutory time frame)	100%	100%	●
	Average number of processing days	15	16	●
Animal complaints are responded to in a prompt and efficient manner	Incidents investigated within 48 hours of reports being received	100%	97%	●
To provide a building consents service where consents are processed within statutory timeframes in an efficient manner	Building consents and PIMs processed within 20 working days	100%	100%	●
	Average number of processing days	12	11	●
That the CDC remains a Building Consent Authority	CDC maintains its processes so that it meets BCA accreditation status every two years	maintain	maintained	●
To provide a liquor licensing service where licenses are processed within statutory timeframes in an efficient manner	Unopposed liquor licenses and certificate renewals processed within 20 working days	100%	90%	● ¹
To promote and support community preparedness for a Civil Defence emergency	Number of communities who have a community response plan	>4	4	●
Maintain a core set of identified and trained individuals to provide a network of Civil Defence personnel	Number of personnel trained in CIMS and EOC roles	40	47	●
To achieve a satisfactory capability assessment under the Ministry of Civil Defence Emergency Management (MCDEM) framework	Annual capability assessment score under the MCDEM framework	73%	-	● ²

¹ More complex decisions are taking longer to process with the District Licensing Committee.

² This is a 5-yearly measure, next due in 2019. 2014 assessment = 70%.

WHAT IT COST FOR REGULATORY & EMERGENCY SERVICES IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016




(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	378	343	444
Targeted rates	338	705	436
Subsidies and grants for operating purposes	-	-	-
Fees & charges	758	817	756
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	1,474	1,865	1,636
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(894)	(1,369)	(889)
Finance costs	(7)	(10)	(10)
Internal charges and overheads applied	(541)	(561)	(490)
Other operating funding applications	-	-	-
Total applications of operating funding	(1,442)	(1,940)	(1,389)
SURPLUS (DEFICIT) OF OPERATING FUNDING	32	(75)	247
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(5)	72	72
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(5)	72	72
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	(11)
(Increase) decrease in reserves	(10)	19	(308)
(Increase) decrease of investments	(17)	(16)	-
Total applications of capital funding	(27)	3	(319)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(32)	75	(247)
FUNDING BALANCE	-	-	-

INTERNAL SERVICES

WHAT WE DO

Several internal services support our significant activities in delivering services to our communities. These include corporate management, human resources, policy and communications, district assets operations, regulatory operations, forestry, treasury, information services, geographic information systems (GIS) and the running and maintenance of our main office in Balclutha.

HOW WE PERFORMED IN 2015/16

WHAT WE'VE BEEN WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE'LL MEASURE PROGRESS	TARGET 2015/16	ACTUAL 2015/16		
We handle customer requests for service efficiently and effectively	Percentage of service requests resolved within timeframes	90%	-		1
	Percentage of customers satisfied with response time for service requests	>85%	59%		2
	Percentage of ratepayers satisfied with advice and helpfulness of Council staff	>75%	84%		

¹ Current limitations with Council systems means that this overall measure is not yet able to be collated and reported.

Being able to accurately monitor service timeliness is an improvement attached with the new Enterprise Resource Planning (ERP) system, with expected implementation in November 2016.

² This year more detailed surveying was carried out in the annual survey about resident satisfaction with service requests. The results indicated while residents have a high level of satisfaction with the helpfulness and friendliness of staff (84%), there is a much lower rate of satisfaction for the time it takes to respond to service requests (59%). Implementation of the new ERP system mentioned above will be a key tool in monitoring and improving service timeliness. Stronger emphasis will also be placed on contractor performance in meeting agreed service timeframes. Levels of service in the key areas of roading, water, sewerage and stormwater will be reviewed in 2016/17 as part of the review and renewal of maintenance contracts for these areas.

WHAT IT COST FOR INTERNAL SERVICES IN 2015/16

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

(000)	2015 LONG TERM PLAN	2016 LONG TERM PLAN	2016 ACTUAL
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	430	280	386
Targeted rates	-	-	88
Subsidies and grants for operating purposes	-	-	-
Fees & charges	374	1,087	255
Internal charges and overheads recovered	3,820	4,270	4,147
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total sources of operating funding	4,624	5,637	4,876
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(4,244)	(4,458)	(4,590)
Finance costs	(50)	(59)	(49)
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding	(4,294)	(4,517)	(4,639)
SURPLUS (DEFICIT) OF OPERATING FUNDING	330	1,120	237
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(34)	(40)	(36)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(34)	(40)	(36)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	(200)	-
Capital expenditure to replace existing assets	(175)	(931)	(813)
(Increase) decrease in reserves	(148)	(841)	1,511
(Increase) decrease of investments	27	892	(899)
Total applications of capital funding	(296)	(1,080)	(201)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(330)	(1,120)	(237)
FUNDING BALANCE	-	-	-

¹ Income less than budgeted owing to changes in timing for forestry harvesting.

² Variance owing to timing for the Rosebank office heating upgrade and the introduction of the new enterprise reporting system.

FINANCIAL INFORMATION



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

The Council and management of the Clutha District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of the Clutha District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them. The Council and management of the Clutha District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Council and management of the Clutha District Council, the annual Financial Statements for the year ended 30 June 2016 fairly reflect the financial position and operations of the Clutha District Council.

Date: 6th October 2016

Bryan Cadogan
MAYOR

Date: 6th October 2016

Steve Hill
CHIEF EXECUTIVE

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

For the Financial Year ended 30 June 2016

	Notes	2016 Actual \$000	2016 Long Term Plan \$000	2015 Actual \$000
REVENUE				
Rates revenue	2 (a)	24,195	24,426	23,342
Subsidies and grants	2 (a)	8,065	10,594	9,340
Other revenue	2 (a)	3,679	5,285	3,399
Other gains/(losses)	2 (b)	1,144	-	1,776
Total Revenue	2 (h)	37,083	40,305	37,857
EXPENSES				
Employee benefits expense	2 (c)	4,491	5,071	4,424
Depreciation and amortisation expense	2 (d)	13,066	12,040	12,371
Other expenses	2 (e)	18,059	19,111	18,527
Total operating expenses	2 (f)	35,616	36,222	35,322
SURPLUS/(DEFICIT) FOR THE YEAR		1,467	4,083	2,535
Other Comprehensive Revenue & Expense				
Items that may be reclassified to surplus or deficit				
Available-for-sale financial assets valuation gain		6	-	3
Items that will not be reclassified to surplus or deficit				
Gain/(loss) on property, plant and equipment revaluation		-	-	-
Total Other Comprehensive Revenue & Expense		6		3
TOTAL COMPREHENSIVE REVENUE & EXPENSE FOR THE YEAR		1,473	4,083	2,538

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the Financial Year ended 30 June, 2016

	2016 Actual \$000	2016 Long Term Plan \$000	2015 Actual \$000
Equity at beginning of year	1,019,638	1,017,375	1,017,100
Total Comprehensive Revenue & Expense for the year	1,473	4,083	2,538
EQUITY AT END OF YEAR	1,021,111	1,021,458	1,019,638

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June, 2016

	Notes	2016 Actual \$000	2016 Long Term Plan \$000	2015 Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	22 (a)	424	237	453
Trade and other receivables	5	4,446	3,852	5,197
Assets held for sale	6	4,049	13	859
Other financial assets	7	24,058	14,579	21,836
Total current assets		32,977	18,681	28,345
NON-CURRENT ASSETS				
Trade and other receivables	5	-	1	-
Other financial assets	7	47	38	40
Property, plant and equipment	8	994,052	1,005,552	994,576
Finite Life Intangible assets	9	-	66	-
Forestry asset	10	-	2,863	3,243
Total non-current assets		994,099	1,008,520	997,859
TOTAL ASSETS		1,027,076	1,027,201	1,026,204
CURRENT LIABILITIES				
Trade and other payables	11	4,674	4,529	5,339
Employee entitlements	12	461	423	358
Borrowings	13	-	2	1
Total current liabilities		5,135	4,954	5,698
NON-CURRENT LIABILITIES				
Provisions	14	769	733	809
Other liabilities		61	56	59
Total non-current liabilities		830	789	867
TOTAL LIABILITIES		5,965	5,743	6,565
NET ASSETS		1,021,111	1,021,458	1,019,638
EQUITY				
Reserves	15	785,711	776,747	782,627
Accumulated comprehensive revenue & expense	16	235,400	244,711	237,011
TOTAL EQUITY		1,021,111	1,021,458	1,019,638

The accompanying notes form part of these financial statements.

CASHFLOW STATEMENT

For the Financial Year ended 30 June, 2016

	Notes	2016 Actual \$000	2016 Long Term Plan \$000	2015 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		35,523	39,613	33,877
Interest received		135	691	270
Payments to suppliers and employees		(22,453)	(24,182)	(22,268)
Receipt from non-current receivable		-	-	1
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	22 (C)	13,205	16,122	11,880
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		570	-	-
Purchase of property, plant and equipment		(12,907)	(21,920)	(13,245)
(Purchase)/Sale of other financial assets		(898)	5,746	1,350
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(13,235)	(16,174)	(11,895)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-	-	-
Repayment of borrowings		1	-	(1)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		1	-	(1)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(29)	(52)	(16)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		453	289	468
CASH AND CASH EQUIVALENTS(OVERDRAFT) AT THE END OF THE FINANCIAL YEAR	22 (A)	424	237	453

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 30 June 2016

1 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 Financial Reporting.

Statement of Compliance

The financial statements of the 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 financial statements have been approved by Council on 6th October 2016.

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

These financial statements comply with PBE standards.

Basis of Preparation

The preparation of financial statements in conformity with PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue 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.

Adoption of new and revised Standards and Interpretations

Standards issued and not yet effective and not early adopted

Council has not yet assessed the impact of the following new standards and interpretations on issue which have yet to be adopted:

- 2015 omnibus amendments to PBE standards
- Amendments to PBE standards and authoritative notice as a consequence of XRB1 and other amendments

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

- Donated Goods (amendments to PBE IPSAS 23)

Council expects to adopt the above standards in the period in which they become mandatory. Council anticipates that the above Standards are not expected to have a material impact on the financial statements in the period of initial application, however a detailed assessment of the impact has yet to be performed.

SIGNIFICANT ACCOUNTING POLICIES

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

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 goods and service tax ("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. 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.

Revenue from exchange and non-exchange transactions

PBE standards distinguish between revenue from exchange and revenue from non-exchange transactions. These two types of revenue are accounted for under two different accounting standards. PBE IPSAS 9 provides guidance on accounting for revenue from exchange transactions, and PBE IPSAS 23 provides guidance on accounting for revenue from non-exchange transactions.

Professional judgement has been exercised in determining whether the substance of a transaction is that of a non-exchange or an exchange transaction.

The Council has disclosed separately the revenue from exchange transactions and revenue from non-exchange transactions. The Council has also disclosed separately the trade and other receivables and trade and other payables associated with exchange and non-exchange transactions.

The sale of goods and the rendering of services are normally classified as exchange transactions. If, however, the transaction is conducted at a subsidised price, that is, a price that is not approximately equal to the fair value of the goods or services sold, that transaction falls within the definition of a non-exchange transaction.

Fees received from the following activities are recognised as revenue from exchange transactions:

- Interest Revenue
- Other Revenue
- Rental & Lease Revenue

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

Non-exchange revenue from grants is deferred and recognised as a liability if there is a condition attached to the grant that requires the Council to use the grant as specified by the grantor or return of the cash (or other resources transferred under the grant) if the entity does not perform as specified.

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 revenue 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 revenue 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 the statement of revenue and expense 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.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of 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 with an original maturity of 3 months or less 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.

(a) Financial Assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through surplus or deficit', '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 revenue over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

- Financial Assets at Fair Value Through Surplus or Deficit

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

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that 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 surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Revenue & Expense. The net gain or loss is recognised in the Statement of Comprehensive Revenue & Expense 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 surplus or deficit. This fund includes bonds and tradable securities.

- Available-for-Sale Financial Assets

Available-for-sale financial assets are those that are designated as fair value through other comprehensive revenue or expense 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

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

in the Statement of Comprehensive Revenue & Expense. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the Statement of Comprehensive Revenue & Expense for the period.

Dividends on available-for-sale equity securities are recognised in the Statement of Comprehensive Revenue & Expense 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 Statement of Comprehensive Revenue & Expense.

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 Comprehensive Revenue & Expense as a grant.

Money Market Deposits are included within this classification.

- Impairment of Financial Assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is 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 Comprehensive Revenue & Expense.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Revenue & Expense 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.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

(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 Statement of Comprehensive Revenue & Expense 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 Note 27 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 the end of each reporting period.

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

There were no derivative financial instruments held by Council at 30 June 2015 or 30 June 2014.

• 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.

• Assets Held For Sale

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

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 Statement of Comprehensive Revenue & Expense. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue & Expense will be recognised first in the Statement of Comprehensive Revenue & Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, land under forests, road formation 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 Comprehensive Revenue & Expense 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	1%-50%
Roads - Pavement (Unsealed)	35-100	1%-2.86%
Roads - Other Roothing 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 Comprehensive Revenue & Expense in the period the asset is derecognised.

Borrowing Costs

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

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

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 Statement of Comprehensive Revenue & Expense.

The costs to maintain the forestry assets are included in the surplus or deficit when incurred.

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 Comprehensive Revenue & Expense

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

Computer Software	3 - 5 years	33%
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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 its 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

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

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 Comprehensive Revenue & Expense 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 revenue 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.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

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.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan or Long Term 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.

Emission Trading Scheme Accounting Policy

New Zealand Units ("NZU"s) 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

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

expense in the Statement of Comprehensive Revenue & Expense. 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 ended 30 June 2016:

- 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.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

2 SURPLUS FROM OPERATIONS

	Notes	2016 \$000	2015 \$000
(a) Revenue			
Revenue consisted of the following items:			
<u>Rates Revenue:</u>			
General rates		4,541	4,360
Targeted rates (i)		19,762	19,119
Rates Penalties		213	198
Internal Rates		(321)	(336)
		<hr/>	<hr/>
		\$24,195	\$23,342
<hr/>			
(i) Targeted Rates attributable to activities:			
Governance and Planning		234	181
Central Administration		88	87
Roading		7,778	7,434
Water		6,539	6,361
Stormwater and Wastewater		2,355	2,207
Sanitary Services		786	908
Community Services		1,546	1,600
Regulatory Services		436	342
		<hr/>	<hr/>
		\$19,762	\$19,119
<hr/>			
<u>Subsidies and Grants:</u>			
Government grants - LTNZ subsidy		7,799	9,035
Other grants and subsidies		266	306
		<hr/>	<hr/>
		\$8,065	\$9,340
<hr/>			
<u>Other Revenue:</u>			
Revenue from rendering of services:			
Fees		878	513
Permits and licences		429	436
Other fees		770	719
		<hr/>	<hr/>
		2,077	1,668
Rental Revenue:			
Operating lease rental revenue		948	932
		<hr/>	<hr/>
		948	932
Interest Revenue:			
Bank deposits		-	-
Other loans and receivables	2(f)	135	270
		<hr/>	<hr/>
		135	270
Other revenue			
		<hr/>	<hr/>
		519	529
		<hr/>	<hr/>
		\$3,679	\$3,399

There are no unfulfilled conditions or other contingencies attached to government grants recognised.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

	Notes	2016 \$000	2015 \$000
(b) Other Gains / (Losses)			
Vested assets		354	416
Gain / (loss) on disposal of property, plant and equipment		(561)	(276)
Gain on changes in fair value of financial assets at fair value through surplus or deficit	2 (f)	1,323	1,256
Gain on changes in fair value of forestry asset	10	28	380
		<u>\$1,144</u>	<u>\$1,776</u>
(c) Employee Benefits Expense			
Salaries and wages		4,755	4,325
Kiwisaver		116	99
Capitalised Salary & Wages		(380)	-
		<u>\$4,491</u>	<u>\$4,424</u>
(d) Depreciation and Amortisation Expense			
Depreciation of property, plant and equipment	8	13,066	12,305
Amortisation of intangible assets	9	-	66
		<u>\$13,066</u>	<u>\$12,371</u>
(e) Other Expenses			
Net bad and doubtful debts		-	-
Minimum lease payments for operating leases		4	3
Grants		596	1,606
Roading repairs and maintenance		6,992	7,268
Other expenses		10,467	9,651
		<u>\$18,059</u>	<u>\$18,527</u>

Expenses by nature are disclosed under Note 2(h). Audit fees are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

	Notes	2016 \$000	2015 \$000
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(f) Financial Instruments

Surplus/(deficit) for the year includes the following revenue and expenses arising from financial instruments classified as:

Loans and receivables:

Interest revenue	2(a)	135	270
------------------	------	-----	-----

Financial assets at fair value through surplus or deficit:

Change in fair value of financial assets classified as held for trading	2 (b)	1,323	1,256
---	-------	-------	-------

(g) Exchange vs Non-Exchange Transactions

Revenue from Non-Exchange Transactions

Rates	2(a)	24,195	23,342
Grants & Subsidies		8,065	9,340
Vested Assets		354	416
Swimming Pool Revenue		101	77
Building Consents		316	331
Other Revenue		981	619
		<u>\$34,012</u>	<u>\$34,124</u>

Revenue from Exchange Transactions

Rental & Lease Revenue		948	932
Interest Revenue & Gain on Changes in Fair Value		1,458	1,527
Otago Corrections Facility Water		190	173
Forestry Revaluation		28	380
Other Revenue		447	722
		<u>\$3,071</u>	<u>\$3,733</u>

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

	2016 \$000	2015 \$000
(h) Summary Cost of Services By Activity		
Revenue		
Roading	7,911	9,141
Water Services - Water	542	182
Water Services - Sewerage	142	179
Sanitary Services - Waste Management	646	534
Community Services - Library/Service Centre/Information Centre	73	76
Community Services - Swimming Pools	120	107
Community Services - Parks/Reserves/Sportsgrounds	15	5
Community Services - Halls & Community Centres	108	90
Community Services - Other Council Property	900	948
Community Services - Cemeteries	87	79
Regulatory Services - Resource Management	52	40
Regulatory Services - Animal Control	195	186
Regulatory Services - Environmental Health	23	20
Regulatory Services - Building Control	419	392
Regulatory Services - Liquor Licensing	68	86
Emergency Services - Civil Defence	-	5
Total activity revenue	\$11,301	\$12,071
Add		
Rates (refer Note 2(a))	24,195	23,342
Other Gains/(Losses)(refer note 2(b))	1,144	1,776
Petrol Tax	190	185
Other Revenue	253	484
	25,782	25,786
Total Revenue	\$37,083	\$37,857

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

	2016 \$000	2015 \$000
Expenditure		
Community Leadership - Governance	1,003	1,543
Community Leadership - Community Support	594	822
Community Leadership - Economic Development	609	548
Roading	16,333	15,863
Water Services - Water	6,327	6,234
Water Services - Stormwater	515	460
Water Services - Sewerage	1,924	1,869
Sanitary Services - Waste Management	1,366	1,212
Community Services - Library/Service Centre/Information Centre	1,354	1,244
Community Services - Swimming Pools	989	1,397
Community Services - Parks/Reserves/Sportsgrounds	789	606
Community Services - Halls & Community Centres	343	372
Community Services - Other Council Property	720	628
Community Services - Public Conveniences	306	294
Community Services - Cemeteries	167	173
Regulatory Services - Resource Management	177	143
Regulatory Services - Animal Control	215	191
Regulatory Services - Environmental Health	159	149
Regulatory Services - Building Control	717	660
Regulatory Services - Liquor Licensing	119	43
Emergency Services - Civil Defence	221	167
Emergency Services - Rural Fire	349	340
Total activity expenditure	35,296	34,958
<u>Add</u>		
Additional Depreciation	138	291
Forestry Expenses	216	28
Other Expenditure	287	381
Internal Rates	(321)	(336)
	320	364
Total Operating Expenditure	\$35,616	\$35,322

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

3 KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the Chief Executive, other senior management and Councillors, being the key management personnel of the Council, is set out below:

	2016 \$000	2015 \$000
<u>Councillors</u>		
Remuneration	390	354
Full-time Equivalent members	15	15
<u>Community Board Members</u>		
Remuneration	41	37
Full-time Equivalent members	12	12
<u>Senior Management Team, including Chief Executive</u>		
Remuneration	666	636
Full-time Equivalent members	4	4

Due to the difficulty in determining the full-time equivalent for Councillors, the full time equivalent figure is taken as the number of councillors.

4 REMUNERATION OF AUDITORS

	2016 \$000	2015 \$000
Audit fees for financial statement audit	103	101
Audit fees for assurance and related services - Long Term Plan	-	96

The auditor of Clutha District Council, for and on behalf of the Controller and Auditor-General, is Deloitte.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

5 TRADE AND OTHER RECEIVABLES

	2016 \$000	2015 \$000
Trade and other receivables (i)	1,063	1,467
Rates receivables	866	912
	<u>1,929</u>	<u>2,379</u>
Allowance for doubtful debts (ii)	(75)	(75)
	1,854	2,304
NZTA Subsidy	2,592	2,893
	<u>\$4,446</u>	<u>\$5,197</u>
Disclosed in the financial statements as:		
Current	4,446	5,197
Non-current	-	-
	<u>\$4,446</u>	<u>\$5,197</u>
Receivables from non-exchange transactions - This includes outstanding amounts for rates, grants, infringements and fees & charges that are partly subsidised by rates.	3,458	3,805
Receivables from exchange transactions - This includes outstanding amounts for commercial sales and fees & charges that have not been subsidised by rates.	988	1,392
	<u>\$4,446</u>	<u>\$5,197</u>

(i) Trade receivables are non-interest bearing and generally on monthly terms.

The Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

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

Included within the Council's trade and other receivable balance are debtors which are past due at the reporting date for which the Council has not provided as there has not been a significant change in credit quality and the Council believes that the amounts are still considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

The age of these trade and other receivables that are past due, but are not impaired are as follows:

	2016	2015
	\$000	\$000
Past due 1 to 3 months	262	264
Past due 3 to 6 months	200	210
Past due 6 to 9 months	192	192
Past due 9 to 12 months	192	192
Past due > 12 months	75	118
	<hr/>	<hr/>
	921	976
Current	1,009	1,402
	<hr/>	<hr/>
	\$1,929	\$2,379
	<hr/>	<hr/>

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

(ii) Movement in the allowance for doubtful debts:

	2016	2015
	\$000	\$000
Balance at Beginning of year	75	75
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in Statement of Financial Performance	-	-
	<hr/>	<hr/>
Balance at end of Year	\$75	\$75
	<hr/>	<hr/>

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

In determining the recoverability of a trade receivable the Council considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

6 ASSETS HELD FOR SALE

	Notes	2016 \$000	2015 \$000
Land		778	759
Chattels		-	100
Forestry	10	3,271	-
		<u>\$4,049</u>	<u>\$859</u>

Council has continued to progress the development of an industrial park for business growth including selling assets and buildings, demolishing an old sawmill and making the site ready for subdivision. The site is expected to be developed and selling in the 2016/17 financial year.

Council has also approved a development plan for the North Balclutha ex-forestry block and the site is expected to be developed and selling in the 2016/17 financial year.

The Council has approved the divestment of Council's forestry assets and is currently working on a divestment strategy.

7 OTHER FINANCIAL ASSETS

	2016 \$000	2015 \$000
<i>At fair value through surplus or deficit:</i>		
<u>Classified as held for trading</u>		
<u>Current</u>		
ANZ Investments - NZ Government Stock	10,407	9,409
ANZ Investments - NZ Local Authority Bonds	1,047	992
ANZ Investments - NZ Corporate Bonds	2,844	2,849
ANZ Investments - NZ State Owned Enterprises	197	196
ANZ Investments - NZ Floating Rate Notes	-	252
ANZ Investments - NZ Dollars	12	14
ANZ Investments - NZ Discounted Securities	3,051	2,525
	<u>17,558</u>	<u>16,236</u>
<i>Available-for-sale at fair value:</i>		
<u>Non Current</u>		
Equity Securities - Civic Assurance	47	40
<u>Current</u>		
Money Market Deposit	6,500	5,600
	<u>\$24,105</u>	<u>\$21,876</u>
Disclosed in the financial statements as:		
Current	24,058	21,836
Non-current	47	40
	<u>\$24,105</u>	<u>\$21,876</u>

There are no impairment provisions for other financial assets.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

8 PROPERTY, PLANT AND EQUIPMENT

	2016												
	Cost /Valuation 1 July 2015	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2016	Accumulated depreciation and impairment charges 1 July 2015	Impairment losses charged in Statement of Financial Performance	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	Accumulated depreciation and impairment charges 30 June 2016	Carrying amount 30 June 2016
Operational Assets													
At Cost													
Land	3,088,523	-	(11,500)	-	-	3,077,023	-	-	-	-	-	-	3,077,023
Buildings	14,004,151	-	-	-	-	14,004,151	(3,435,223)	-	(277,235)	-	-	(3,712,458)	10,291,693
Land - restricted (i)	1,283,063	-	-	-	-	1,283,063	-	-	-	-	-	-	1,283,063
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	-	116,125
Buildings - restricted (i)	3,315,916	16,241	(105,207)	-	-	3,226,950	(1,144,127)	-	(66,484)	44,364	-	(1,166,247)	2,060,703
Furniture and equipment	2,504,338	224,007	-	-	-	2,728,345	(2,009,175)	-	(118,387)	-	-	(2,127,562)	600,783
Plant and Motor vehicles	2,878,186	182,713	-	-	-	3,060,899	(1,275,126)	-	(265,632)	-	-	(1,540,758)	1,520,141
Library Books	2,582,516	107,615	-	-	-	2,690,131	(2,282,553)	-	(110,750)	-	-	(2,393,303)	296,828
Work in progress	23,440	668,666	-	-	-	692,106	-	-	-	-	-	-	692,106
Total Operational Assets	29,796,258	1,199,242	(116,707)	-	-	30,878,793	(10,146,204)	-	(838,488)	44,364	-	(10,940,328)	19,938,465
Infrastructural Assets													
Roads - Formation	533,866,656	153,776	-	-	-	534,020,432	-	-	-	-	-	-	534,020,432
Roads - Pavement (sealed)	155,636,668	2,542,126	-	-	-	158,178,794	(3,800,415)	-	(3,880,587)	-	-	(7,681,002)	150,497,792
Roads - Pavement (unsealed)	81,352,740	1,226,571	-	-	-	82,579,311	(2,633,904)	-	(2,835,268)	-	-	(5,469,172)	77,110,139
Roads - Other roading assets	43,144,329	3,019,806	-	589,648	-	46,753,783	(1,102,519)	-	(1,526,120)	-	-	(2,628,639)	44,125,144
Roads - Other	6,571,955	351,499	-	-	-	6,923,454	(458,472)	-	(477,633)	-	-	(936,105)	5,987,349
Roads - Bridges	48,338,289	2,311,246	-	-	-	50,649,535	(869,084)	-	(880,640)	-	-	(1,749,724)	48,899,811
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	-	7,833,222
Stormwater	10,452,171	99,423	(39,329)	-	-	10,512,265	(240,906)	-	(239,469)	764	-	(479,611)	10,032,654
Sewerage	37,960,500	72,288	(10,868)	5,619	-	38,027,539	(770,823)	-	(766,770)	387	-	(1,537,206)	36,490,333
Water	57,825,386	2,018,152	(639,764)	2,312,111	-	61,515,885	(1,580,008)	-	(1,620,895)	29,638	-	(3,171,265)	58,344,620
Work in Progress	3,399,982	279,303	-	(2,907,378)	-	771,907	-	-	-	-	-	-	771,907
Total Infrastructural Assets	986,381,898	12,074,190	(689,961)	-	-	997,766,127	(11,456,131)	-	(12,227,382)	30,789	-	(23,652,724)	974,113,403
Total Property, Plant and Equipment	1,016,178,156	13,273,432	(806,668)	-	-	1,028,644,920	(21,602,335)	-	(13,065,870)	75,153	-	(34,593,052)	994,051,868

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

PROPERTY, PLANT AND EQUIPMENT cont

	2015					Cost /Valuation 30 June 2015	Accumulated depreciation and impairment charges 1 July 2014	Impairment losses charged in Statement of Financial Performance	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	Accumulated depreciation and impairment charges 30 June 2015	Carrying amount 30 June 2015
	Cost /Valuation 1 July 2014	Additions	Disposals	Transfers	Revaluation								
Operational Assets													
At Cost													
Land	3,093,523	-	(5,000)	-	-	3,088,523	-	-	-	-	-	-	3,088,523
Buildings	13,936,101	30,801	-	37,249	-	14,004,151	(3,159,237)	-	(275,986)	-	-	(3,435,223)	10,568,928
Land - restricted (i)	1,261,015	22,048	-	-	-	1,283,063	-	-	-	-	-	-	1,283,063
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	-	116,125
Buildings - restricted (i)	2,975,770	314,281	-	25,865	-	3,315,916	(1,083,958)	-	(60,169)	-	-	(1,144,127)	2,171,789
Furniture and equipment	2,443,050	65,538	(4,250)	-	-	2,504,338	(1,887,930)	-	(125,495)	4,250	-	(2,009,175)	495,163
Plant and Motor vehicles	3,244,849	171,900	(538,563)	-	-	2,878,186	(1,503,546)	-	(281,262)	509,682	-	(1,275,126)	1,603,060
Library Books	2,477,385	105,131	-	-	-	2,582,516	(2,176,950)	-	(105,603)	-	-	(2,282,553)	299,963
Work in progress	63,114	23,440	-	(63,114)	-	23,440	-	-	-	-	-	-	23,440
Total Operational Assets	29,610,932	733,139	(547,813)	-	-	29,796,258	(9,811,621)	-	(848,515)	513,932	-	(10,146,204)	19,650,053
Infrastructural Assets													
Roads - Formation	533,240,727	625,929	-	-	-	533,866,656	-	-	-	-	-	-	533,866,656
Roads - Pavement (sealed)	151,388,597	4,248,071	-	-	-	155,636,668	-	-	(3,800,415)	-	-	(3,800,415)	151,836,253
Roads - Pavement (unsealed)	79,634,612	1,718,128	-	-	-	81,352,740	-	-	(2,633,904)	-	-	(2,633,904)	78,718,836
Roads - Other roading assets	42,409,287	735,042	-	-	-	43,144,329	-	-	(1,102,519)	-	-	(1,102,519)	42,041,810
Roads - Other	6,218,902	353,053	-	-	-	6,571,955	-	-	(458,472)	-	-	(458,472)	6,113,483
Roads - Bridges	46,547,149	1,791,140	-	-	-	48,338,289	-	-	(869,084)	-	-	(869,084)	47,469,205
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	-	7,833,222
Stormwater	10,313,105	180,280	(41,214)	-	-	10,452,171	-	-	(240,995)	89	-	(240,906)	10,211,265
Sewerage	37,538,663	75,286	(21,084)	367,635	-	37,960,500	-	-	(771,613)	790	-	(770,823)	37,189,677
Water	57,361,683	578,727	(320,131)	205,107	-	57,825,386	-	-	(1,584,016)	4,008	-	(1,580,008)	56,245,378
Work in Progress	1,379,234	2,593,490	-	(572,742)	-	3,399,982	-	-	-	-	-	-	3,399,982
Total Infrastructural Assets	973,865,180	12,899,146	(382,429)	-	-	986,381,898	-	-	(11,461,018)	4,887	-	(11,456,131)	974,925,767
Total Property, Plant and Equipment	1,003,476,112	13,632,285	(930,242)	-	-	1,016,178,156	(9,811,621)	-	(12,309,533)	518,819	-	(21,602,335)	994,575,820

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

PROPERTY, PLANT AND EQUIPMENT cont

- (i) Restricted Assets - these are assets that cannot be disposed of due to legal or other restrictions. They include reserves vested in Council, endowments and assets held in trust.

ADDITIONAL INFORMATION CONCERNING CORE ASSETS

		Closing Book Value 30 June 2016 \$,000	Additions constructed by Council \$,000	Additions transferred to Council \$,000	Estimated replacement cost \$,000
Water supply	Treatment plants and facilities	10,241	844	-	17,257
Water supply	Other assets (such as reticulation systems)	47,687	3,254	232	83,484
Sewerage	Treatment plants and facilities	10,124	141	-	13,138
Sewerage	Other assets (such as reticulation systems)	26,452	-	22	47,049
Stormwater drainage		10,033	-	99	21,829
Roads & Footpaths		860,640	10,194	-	1,034,283

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

9 FINITE LIFE INTANGIBLE ASSETS

	Computer Software \$000
Gross carrying amount	
Balance at 1 July 2014	803
Additions	-
Transfer from Work In Progress	-
Disposals	-
Intangibles expensed during the year	-
	<hr/>
Balance at 1 July 2015	803
Additions	-
Transfers from Work In Progress	-
Disposals	-
	<hr/>
Balance at 30 June 2016	<u><u>\$803</u></u>
Accumulated amortisation and impairment	
Balance at 1 July 2014	737
Amortisation expense (i)	66
Disposals	-
Amortisation reversed on intangibles expensed during the year	-
	<hr/>
Balance at 1 July 2015	803
Amortisation expense (i)	-
Disposals	-
	<hr/>
Balance at 30 June 2016	<u><u>\$803</u></u>
Net Book Value	
As at 30 June 2015	<u><u>\$0</u></u>
As at 30 June 2016	<u><u>\$0</u></u>

- (i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the Statement of Comprehensive Revenue and Expense.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

10 FORESTRY ASSET

	Notes	2016 \$000	2015 \$000
Balance at beginning of year		3,243	2,863
Increases due to purchases		-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes		23	245
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes		5	135
Reclassified as held for sale	6	(3,271)	-
Decreases due to harvest		-	-
Balance at end of year		\$-	\$3,243

The Council 366.2 hectares (2015: 366.2 hectares) of Pinus radiata, Macrocarpa and Douglas fir forest, which are at varying stages of maturity ranging from 0 to 39 years.

Independent registered valuers Forme Consulting Group Limited have valued forestry assets as at 30 June, 2016 (PF Olsen and Company Limited as at 30th June 2015). A post-tax discount rate of 9% (2015:7%) has been used in discounting the present value of expected cash flows.

Financial Risk Management Strategies

The Council has approved the divestment of Council's forestry assets and is currently working on a divestment strategy. Council is exposed to financial risks arising from this, but is mitigating these with independent advice, including the marketing plan.

11 TRADE AND OTHER PAYABLES

	2016 \$000	2015 \$000
Payables under exchange transactions		
Trade & sundry payables (i)	3,723	4,430
Deposits and retentions	337	359
Payables under non-exchange transactions		
Rates in advance	283	247
GST Payable	331	302
	<u>\$4,674</u>	<u>\$5,339</u>

(i) The average credit period on purchases is 30 days.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

12 EMPLOYEE ENTITLEMENTS

	2016 \$000	2015 \$000
Salary & Wage Accrual	95	28
Annual leave	306	272
Long service leave	9	9
Retirement gratuities	51	50
	\$461	\$358

13 BORROWINGS

(a) External Borrowing

Secured - at amortised cost

	2016 \$000	2015 \$000
Bank borrowings (i)	-	-
Other borrowings (i), (ii)	-	1
	\$-	\$1

Disclosed in the financial statements as:

Current	-	1
Non-current	-	-
	\$-	\$1

(i) The Council loans are secured over either future general rates of the district or Council assets. Interest is charged on a daily basis. At balance date the current weighted average effective interest rate on the Bank borrowings is 0% (2015: 3.50%). Refer Note 27 for maturity profile.

(b) Internal Borrowing

	Amount Payable to Council 30 June 2016 \$000	Total Funds Borrowed During the Year \$000	Total Funds Repaid in the Year \$000	Interest Paid in Year \$000
Administration	954	-	36	49
Community Services	7,698	158	170	382
Community Leadership	1,520	-	41	77
Economic Development	215	-	5	11
Emergency Services	85	85	-	-
Water	5,804	600	208	267
Sewerage	2,716	-	126	140
Stormwater	451	-	45	24
Regulatory	196	-	13	10
Roading	7,667	2,600	196	260
	\$27,306	\$3,443	\$840	\$1,220

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

14 PROVISIONS

	2016 \$000	2015 \$000
<u>Landfill aftercare provision (i)</u>		
Balance at beginning of year	809	782
Unwinding of discount and effect of changes in the discount rate	(40)	26
Balance at end of year	<u>\$769</u>	<u>\$809</u>

(i) Provision for landfill aftercare costs.

The Council gained resource consent in May 1995 to operate the Mount Cooee Landfill near Balclutha. The Council has responsibility under several resource consents to provide ongoing maintenance and monitoring of the landfill after the sites are closed and also to monitor a number of historic closed landfill sites around the district.

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

The cash outflows for Council's closed landfills are expected to occur between 2012 and 2026. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6% excluding inflation.

Other assumptions made in the calculation of the provision are:

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

15 RESERVES

	2016 \$000	2015 \$000
Available-for-sale revaluation reserve (a)	(30)	(37)
Asset revaluation reserve (b)	747,599	747,599
Trust Funds (c)	377	360
Reserves (d)	<u>37,765</u>	<u>34,704</u>
	<u>\$785,711</u>	<u>\$782,627</u>

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

	2016 \$000	2015 \$000
(a) Available-for-Sale Revaluation Reserve		
Balance at beginning of year	(37)	(39)
Valuation gain/(loss) recognised		
– Equity securities	7	2
Balance at end of year	<u>\$(30)</u>	<u>\$(37)</u>

The available-for-sale revaluation reserve arises on the revaluation of equity securities. Where a revalued financial asset is sold, the portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in the Statement of revenue and expense. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Statement of Comprehensive Revenue and Expense.

(b) Asset Revaluation Reserve

Balance at beginning of year	747,599	747,599
Revaluation increase / (decrease)		
– Rooding revaluation	-	-
– Stormwater revaluation	-	-
– Wastewater revaluation	-	-
– Water revaluation	-	-
Balance at end of year	<u>\$747,599</u>	<u>\$747,599</u>

The asset revaluation reserve arises on the revaluation of infrastructural assets. Where a revalued asset is sold, the portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to accumulated comprehensive revenue and expense.

Reconciliation of Revaluation Reserve

	Rooding \$000	Stormwater \$000	Wastewater \$000	Water \$000	Total \$000
Balance at 30 June 2014	\$685,400	\$6,197	\$25,008	\$30,994	\$747,599
Revaluation increase /(decrease)	-	-	-	-	-
Balance at 30 June 2015	\$685,400	\$6,197	\$25,008	\$30,994	\$747,599
Revaluation increase /(decrease)	-	-	-	-	-
Balance at 30 June 2016	<u>\$685,400</u>	<u>\$6,197</u>	<u>\$25,008</u>	<u>\$30,994</u>	<u>\$747,599</u>

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

(c) Trust Funds (restricted)

	2016 \$000	2015 \$000
Balance at beginning of year	360	366
Transfer from/(to) accumulated comprehensive revenue and expense		
– Transfer from accumulated comprehensive revenue and expense	17	8
– Transfer to accumulated comprehensive revenue and expense	-	(14)
	<hr/>	<hr/>
Balance at end of year	\$377	\$360

Trust Funds relate to funds that have been provided to the Council by various people for specific purposes.

(d) Reserves

Balance at beginning of year	34,704	31,546
Transfer from/(to) accumulated comprehensive revenue and expense		
– Transfer from accumulated comprehensive revenue and expense	6,426	6,545
– Transfer to accumulated comprehensive revenue and expense	(3,365)	(3,386)
	<hr/>	<hr/>
Balance at end of year	\$37,765	\$34,704

Reserves are funds for different areas of benefit, are used where there is a discrete set of rate or levy payers as distinct from the general rate or funds, are built up annually from general rates, and are made available for specific events or purposes.

(e) Reserve Funds

Fund	Type/ Purpose	Opening Balance as at 1 July 2015 \$000	Transfers into the fund during the year \$000	Transfers out of the fund during the year \$000	Closing Balance as at 30 June 2016 \$000
Community Leadership					
Election Fund	Spec	25	49	30	44
Lawrence/Tuapeka Board	Community Spec	27	2	5	24
West Otago Community Board	Spec	85	6	-	91
Tuapeka Bursary	Spec	37	2	3	36
Economic Development	Spec	22	1	-	23
Clutha Gold Trail	Spec	58	3	-	61
Education Fund	Spec	13	-	-	13
Opportunities Fund	Spec	72	3	11	64
Signage	Spec	6	-	-	6
Welcome to Signage	Spec	4	-	-	4

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

Fund	Type/ Purpose	Opening Balance as at 1 July 2015	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2016
Central Administration					
Information Technology	Depn	564	169	639	94
Office Computer Equipment	Spec	76	3	-	79
Rosebank Terrace Main Office	Depn	777	45	163	659
Underground Insurance	Spec	109	59	-	168
Human Resources	Spec	16	1	-	17
Cars	Spec	349	135	65	419
Gratuities	Spec	64	3	-	67
G.I.S.	Spec	72	4	-	76
District Assets Infrastructure	Spec	35	1	-	36
Policy & Communication	Spec	92	25	-	117
Roading					
Roading	Depn	3,905	808	467	4,246
Roading - Bridge Lights	Spec	36	2	-	38
Balclutha Main Street	Spec	49	2	-	51
Deferred Roothing	Depn	791	292	-	1,083
Water					
Urban	Depn	1,894	726	688	1,932
Urban	Spec	340	17	-	357
Balmoral No. 1	Depn	297	42	40	299
Balmoral No. 1	Spec	27	1	-	28
Balmoral No. 2	Depn	317	68	100	285
Balmoral No. 2	Spec	114	5	-	119
Clydevale/Pomahaka	Depn	147	117	-	264
Glenkenich	Depn	492	127	15	604
Glenkenich Rural Water Scheme	Spec	1	-	-	1
Moa Flat	Depn	565	143	-	708
Moa Flat Rural Water Scheme	Spec	82	4	-	86
North Bruce	Depn	280	112	45	347
Richardson	Depn	482	133	-	615
Richardson Rural Water Scheme	Spec	432	21	-	453
South Bruce	Depn	262	34	7	287
Tuapeka RWS	Depn	340	88	93	335
Tuapeka RWS	Spec	11	1	-	12
Waipahi	Depn	269	40	47	262
Waitahuna	Depn	309	58	87	280
Wangaloa	Depn	93	18	-	111
Stirling Treatment Plant	Depn	106	39	10	135
Stirling Water Treatment	Spec	242	12	-	254
Kaitangata Treatment Plant	Depn	90	42	-	132
Wangaloa Plant Renewal	Spec	13	1	-	14
Telemetry	Depn	395	125	136	384
Telemetry	Spec	145	7	-	152

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

Fund	Type/ Purpose	Opening Balance as at 1 July 2015	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2016
Sewerage					
Sewerage	Depn	6,280	1,090	265	7,105
Sewerage	Spec	755	37	-	792
Stormwater					
Stormwater	Depn	1,870	344	64	2,150
Stormwater	Spec	19	1	-	20
Waste Management					
Solid Waste	Depn	1,599	133	-	1,732
Community Services					
Libraries	Depn	40	128	140	28
Service Centres	Depn	117	21	27	111
Service Centres	Spec	196	10	-	206
Balclutha Pool	Depn	34	50	62	22
Kaitangata Pool	Depn	175	9	-	184
Kaitangata Pool	Spec	70	3	-	73
Lawrence Pool	Depn	115	5	-	120
Lawrence Pool	Spec	39	2	-	41
Milton Pool	Depn	21	24	44	1
Reserve Contributions	Spec	52	6	-	58
Parks & Reserves	Depn	60	17	8	69
Sports Grounds	Depn	219	10	-	229
Grandstand 2000	Depn	128	7	-	135
Cemetery	Depn	93	25	-	118
Cemeteries	Spec	433	21	-	454
Kaitangata Cemetery	Spec	12	1	-	13
Lawrence Cemetery	Spec	25	1	-	26
Public Conveniences	Depn	217	56	65	208
Balclutha Town Hall	Depn	267	58	-	325
Balclutha Town Hall	Spec	149	7	-	156
Milton Civic Centre	Depn	12	1	-	13
Kaitangata Hall	Depn	23	2	-	25
Clutha Valley Hall	Depn	57	6	-	63
Hillend Hall	Depn	18	4	-	22
Kaka Point	Depn	12	7	-	19
Lovells Flat	Depn	10	1	-	11
Moneymore	Depn	7	1	-	8
Owaka Hall	Depn	49	6	-	55
Waiholo Hall	Depn	3	1	-	4
Waipahi Hall	Depn	12	1	-	13
Waitahuna Hall	Depn	78	8	-	86
Waiwera Hall	Depn	5	1	-	6

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

Fund	Type/ Purpose	Opening Balance as at 1 July 2015	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2016
Various Halls	Depn	121	6	-	127
Naish Park Camping Ground	Depn	8	16	8	16
Kaka Point Camping Ground	Depn	27	12	-	39
Taylor Park Camping Ground	Depn	47	4	-	51
Pounaweia Camping Ground	Depn	7	7	3	11
Waihola Camping Ground	Depn	5	1	-	6
Community Housing	Depn	341	121	-	462
Endowment Land	Spec	506	25	-	531
Depots	Depn	301	15	-	316
Other Property	Depn	107	5	-	112
Dunrobin Recreation Reserve*	Spec	60	3	-	63
Parkhill Recreations Reserve Board*	Spec	4	-	-	4
Waikoikoi Domain Board*	Spec	14	1	-	15
Regulatory & Emergency Services					
Animal Control	Depn	5	2	-	7
Civil Defence & Emergency	Depn	10	6	-	16
Rural Fire	Depn	1	1	-	2
Funds Not Specifically Allocated to an Activity Group					
General Funds	Spec	4,833	480	-	5,313
Tapanui Domain Trust	Trust	13	1	-	14
Butler Trust	Trust	1	-	-	1
Milton Brass Band	Trust	1	-	-	1
O'Hara Sports Trust	Trust	1	-	-	1
JD Swan Estate	Trust	8	-	-	8
George Melville Estate	Trust	134	7	-	141
Kate Leslie Trust	Trust	100	5	-	105
Elderly Citizens Trust (Lawrence)	Trust	26	1	-	27
Clinton Endowment Land	Trust	76	4	-	80
		\$35,064	6,417	3,339	\$38,142

*Council holds funds on behalf of 3 Recreation Reserve/Domain Boards, these are included in special funds and total \$82,000 at year end.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

16 ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE

	2016 \$000	2015 \$000
Balance at beginning of year	237,011	237,629
Net Surplus/(Deficit) for the year	1,467	2,535
Transfer from/(to)		
– Transfer from Reserves	3,365	3,386
– Transfer from Trust Funds	-	14
– Transfer to Reserves	(6,426)	(6,545)
– Transfer to Trust Funds	(17)	(8)
Balance at end of year	<u>\$235,400</u>	<u>\$237,011</u>

17 COMMITMENTS

	2016 \$000	2015 \$000
(a) Expenditure Commitments (Non cancellable contracts)		
Not later than 1 year	7,114	2,683
Later than 1 year, less than 5 years	2,462	1,215
Later than 5 years	-	-
	<u>\$9,576</u>	<u>\$3,898</u>

(b) Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 19 to the financial statements.

18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Council entered into a contract with Lund South Ltd to refurbish the Balclutha Centennial Swimming Pool in May 2011. The pool re-opened in September 2012, but the contractor is in dispute with the Council over payments they believe are owing under the contract. Council has made all payments authorised by the engineer to the contract. The payments requested by the contractor, which are over and above the authorised payments remain unresolved. Council is endeavouring to resolve the dispute with the contractor. Council are unable to reasonably estimate any costs that may be required to resolve this dispute.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

19 LEASES

Disclosures for lessees

(a) Leasing Arrangements

Operating leases relate to photocopier equipment leases.

	2016 \$000	2015 \$000
(b) Non-Cancellable Operating Lease Payments		
Not longer than 1 year	4	4
Longer than 1 year and not longer than 5 years	10	14
Longer than 5 years	-	-
	<hr/>	<hr/>
	\$14	\$18

20 RELATED PARTY DISCLOSURES

(a) Transactions with Related Parties

The Council undertakes transactions with related parties in the normal course of business on an arms-length commercial basis.

Councillor Hilary McNab is involved with Catlins Promotions and the Owaka Swimming Pool Committee, during the year transactions were entered into valued at \$345 and \$9,034 respectively. (2015: \$1,350 and \$8,471)

(b) Other Transactions Involving Related Parties

There were no other transactions with related parties.

21 SUBSEQUENT EVENTS

There were no significant events subsequent to balance date.

22 NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and short term deposits with maturity dates of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2016 \$000	2015 \$000
Cash and cash equivalents	424	453
	<hr/>	<hr/>
	\$424	\$453

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant Trust deeds is \$61,018 (2015: \$58,684).

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

(b) Borrowing Facilities

Secured bank overdraft facility with Westpac Banking Corporation, payable at call.

	2016 \$000	2015 \$000
• Amount used	-	-
• Amount unused	250	250
	<hr/>	<hr/>
	\$250	\$250
	<hr/>	<hr/>

Multi Option Credit Facility with Westpac Banking Corporation
(secured by a negative pledge over rates)

• Amount used	-	-
• Amount unused	3,000	3,000
	<hr/>	<hr/>
	\$3,000	\$3,000
	<hr/>	<hr/>

(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows From Operating Activities

	2016 \$000	2015 \$000
Surplus/(Deficit) for the period	1,467	2,535
Add/(less) non-cash items:		
Depreciation and amortisation	13,066	12,371
(Gain) on fair value of forestry asset	(28)	(380)
(Gain)/Loss on sale of property, plant and equipment	561	276
Unrealised (gain) on revaluation of other financial assets to fair value	(1,323)	(1,256)
Vested Assets	(353)	(416)
	<hr/>	<hr/>
	11,923	10,595
Movement in working capital:		
Trade and other receivables	752	(1,343)
Inventories - development properties	-	(846)
Trade and other payables	(665)	809
Employee entitlements	102	(65)
Provisions	(40)	26
	<hr/>	<hr/>
	149	(1,419)
Items classified as Investing Activities:		
Movement in Property, plant and equipment included in trade and other payables	(334)	169
	<hr/>	<hr/>
Net cash inflow from operating activities	\$13,205	\$11,880
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

23 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2015/16 budget are as follows:

STATEMENT OF FINANCIAL COMPREHENSIVE REVENUE & EXPENSE

There was an operating surplus at year-end of \$1.5 million. Council had forecasted a \$4.0 million surplus. The variances from budget are explained below.

Total revenue was approximately \$3.2 million less than budget. The following major variances contributed to this:

- Rates are less than budgeted by \$0.231 million as rates levied on Council's own properties have been removed from both revenue and expenditure.
- Other revenue was below budget by \$1.6 million. The major variance being that budgeted forestry income was not received due to a marketing plan for the mature forest now being developed as part of a divestment strategy.
- New Zealand Transport Agency revenue was under budget by \$2.5 million. This is mostly due to the timing of NZTA approval of the Nuggets seal extension and the awarding of the tender. It is expected construction will now be complete in early 2017. There were also significant savings obtained in the tender price for the Papatowai bridge, these are to be carried forward to assist with repairs to McLennan Bridge.

Operating costs were \$0.606 million less than budgeted. The following major variances contributed to this:

- Wages costs were less than budget by \$0.580 million due to a Council restructure and significant recruitment during the year, and capitalised wages of \$0.38 million.
- As discussed above rates levied on Councils own properties have been removed from both revenue and expenditure.

STATEMENT OF FINANCIAL POSITION

- Short term investments are higher than budgeted by \$10 million. Most of the variance is due to internal loans not being required for various water and sewerage scheme capital works.
- Property, Plant and equipment is less than budgeted. This is principally due to \$3.2 million of water capital not being completed, \$3.9 million less being spent on roading and the revaluation completed in 2014 being \$3.5 million less than budgeted.

STATEMENT OF CHANGES IN EQUITY

Variances in the surplus have been commented on under the Statement of Financial Performance above.

STATEMENT OF CASHFLOWS

Variances in the surplus have been commented on under the Statement of Financial Performance above.

24 SEVERANCE PAYMENTS

For the year ended 30 June 2016 Council made no severance payments to employees (2015: \$6,000).

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

25 REMUNERATION

(a) Remuneration of Elected Members

During the year to 30 June, 2016, the total remuneration and value of other non-financial benefits received by or payable to the Mayor, other Councillors, Community Board members and Chief Executive of the Council were as follows:

<i>Elected Representatives</i>	2016 \$000	2015 \$000
His Worship the Mayor B A Cadogan	89	86
Councillors		
Hamish Anderson	20	18
Geoff Blackmore	21	19
John Cochrane	23	21
Stewart Cowie	24	22
Ron Davis	19	17
Gaynor Finch	21	19
Bruce Graham	19	17
 Michelle Kennedy	 20	 18
 Jeff McKenzie	 21	 20
Hilary McNab	23	21
Ken Payne	19	17
Jo-anne Thomson	19	17
Bruce Vollweiler	35	27
Selwyn Wilkinson	19	17
 Lawrence/Tuapeka Community Board		
Roger Cotton	-	-
Geoff Davidson	5	6
Liz Forbes	2	3
Mel Kenny	-	-
Rochelle Langley	1	-
Malcolm MacLeod	2	3
Garry McCorkindale	2	3
Rowena Paterson	2	3
Brent Taylor	1	3
 West Otago Community Board		
Lindsay Alderton	-	-
Barbara Hanna	7	5
John Herbert	4	3
Michael McElrea	-	-
Anthony Robertson	4	3
Bruce Robertson	4	3
Linda Roulston	4	3
Suzanne Wink	4	3

These amounts are set by the Remuneration Authority and vary according to the role.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

(b) Remuneration of Employees

At Balance Date Council employed 65 fulltime employees compared to 49 in 2015, with the balance of staff representing 13 full time equivalent employees. A full time employee is determined based on a 37.5 hour working week.

Total Annual Remuneration by band for employees as at 30th June:

Salary Band	2016	2015
	Number of Employees	Number of Employees
<60,000	58	61
60,000-80,000	25	20
80,000-100,000	7	5
100,000-240,000	8	6

Chief Executive

During the period covered by this report Steven Hill was Chief Executive of the Council, he received a salary of \$234,683 (2015: \$218,805).

For the year ended 30 June 2016, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$229,500 plus FBT \$4,438 (2015: \$225,000 plus FBT \$4,438.)

26 EMISSIONS TRADING SCHEME

The Council is part of the Emissions Trading Scheme ("ETS") for its pre 1990 forests (mandatory participation), and has elected to join the scheme for three of its larger post 1989 forests.

Under the ETS liabilities can accrue as follows:

Pre 1990 Forests

Liabilities accrue if the pre 1990 forest land is deforested and not replanted. The Council does not anticipate any future liabilities will arise in relation to pre 1990 forest land based on the intention to replant trees harvested or removed in any other way.

27 FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Council's capital is its equity (or ratepayer's funds), which comprise reserves and retained earnings. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Public equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major asset classes detailing

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies.

The Council has the following Council created reserves:

- Reserves for different areas of benefit;
- Trust and Special reserves.

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

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

The Council's overall strategy remains unchanged from 2013.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Categories of Financial Instruments

	2016	2015
	\$000	\$000
Financial Assets		
Cash and cash equivalents (AC)	424	453
Trade and other receivables - Loans and receivables (AC)	4,446	5,197
Other financial assets		
• Fair value through surplus or deficit - held for trading (FVTPL)	17,558	16,236
• Money market cash deposit (FVTPL)	6,500	5,600
• Available-for-sale financial assets (AFS)	47	40
Financial Liabilities		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	4,674	5,339
Borrowings (AC)	-	1
Other Liabilities (AC)	61	59

AC - Amortised cost; FVTPL - Fair sale through surplus and deficit; AFS - Available for sale

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

(d) Financial Risk Management Objectives

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(e) Interest Rate Risk

Council is exposed to interest rate risk as it has bonds, notes and cash investments held for trading as part of its managed funds held with ANZ Investments. The risk is managed by the diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment Policy.

The Council's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

(f) Other Price Risks

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to price risks arising from tradable non equity investments. The Council also holds equity securities which are designated as available-for-sale. This price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment Policy.

(g) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council.

Other than NZTA, Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

With respect to Other Financial Assets, credit risk is reduced by the number of securities held with different counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Council's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(h) Liquidity Risk Management

Liquidity risk is the risk that Council will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate committed credit facilities, and the ability to close out market positions.

The Council manages liquidity risk by maintaining adequate funds on deposit, reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 22 is a listing of additional undrawn facilities that the Council has at its disposal to further reduce liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

The maturity profiles of the Council's interest bearing investments and borrowings are disclosed below.

Maturity Profiles of Financial Liabilities

The following tables detail the Council's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned on those liabilities except where the Council anticipates that the cashflow will occur in a different period.

2016	Weighted Average Effective Interest Rate %	Less than 1 year \$000	Fixed Maturity Dates					Non Interest Bearing \$000	Total \$000
			1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	5+ Years \$000		
Financial liabilities:									
Trade and other payables		-	-	-	-	-	-	4,674	4,674
Borrowings		-	-	-	-	-	-	-	-
Other Liabilities		-	-	-	-	-	-	61	61
Total		-	-	-	-	-	-	\$4,735	\$4,735

The above table also represents the maturity dates of the underlying securities.

2015	Weighted Average Effective Interest Rate %	Less than 1 year \$000	Fixed Maturity Dates					Non Interest Bearing \$000	Total \$000
			1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	5+ Years \$000		
Financial liabilities:									
Trade and other payables		-	-	-	-	-	-	5,339	5,339
Borrowings		1	-	-	-	-	-	-	1
Other liabilities		-	-	-	-	-	-	59	59
Total		1	-	-	-	-	-	\$5,388	\$5,399

The above table also represents the maturity dates of the underlying securities.

(i) Fair Value of Financial Instruments

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

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

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

Fair value measurements recognised in the Statement of Financial Performance

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

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

	Level 1 \$000	Level 2 \$000	Level 3 \$000
Financial assets at FVTPL			
ANZ Investments - NZ Government Stock	10,407		
ANZ Investments - NZ Local Authority Bonds	1,047		
ANZ Investments - NZ Corporate Bonds	2,844		
ANZ Investments - NZ State Owned Enterprises	197		
ANZ Investments - NZ Dollars	12		
ANZ Investments - NZ Discounted Securities			3,051
Available for sale financial assets			
Equity Securities - Civic Assurance			47

(j) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to current risk, as it does not enter into foreign currency transactions.

(k) Sensitivity Analysis

The Council is exposed to interest rate risk arising from bonds, notes and cash investments held for trading as part of its managed funds held with ANZ Investments.

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 10% lower or higher and all other variables were held constant, the Council's:

- Surplus would decrease/increase by \$17,539 (2015: \$16,222). This is mainly attributable to the Council's exposure to interest rates on its investments within its managed funds held with ANZ Investments.
- Other equity reserves would remain unaffected.

The Council's sensitivity to interest rates has not changed significantly from the prior year.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONT

For the Financial Year ended 30 June 2016

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would remain unchanged.
- Other equity reserves would increase / decrease by \$40 (2015:\$38) as the equity investments are classified as available for sale investments.

The Council's sensitivity to equity prices has not changed significantly from the prior year.

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30TH JUNE 2016

What is the purpose of this statement?

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

The Council is required to include this statement in its annual report 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.

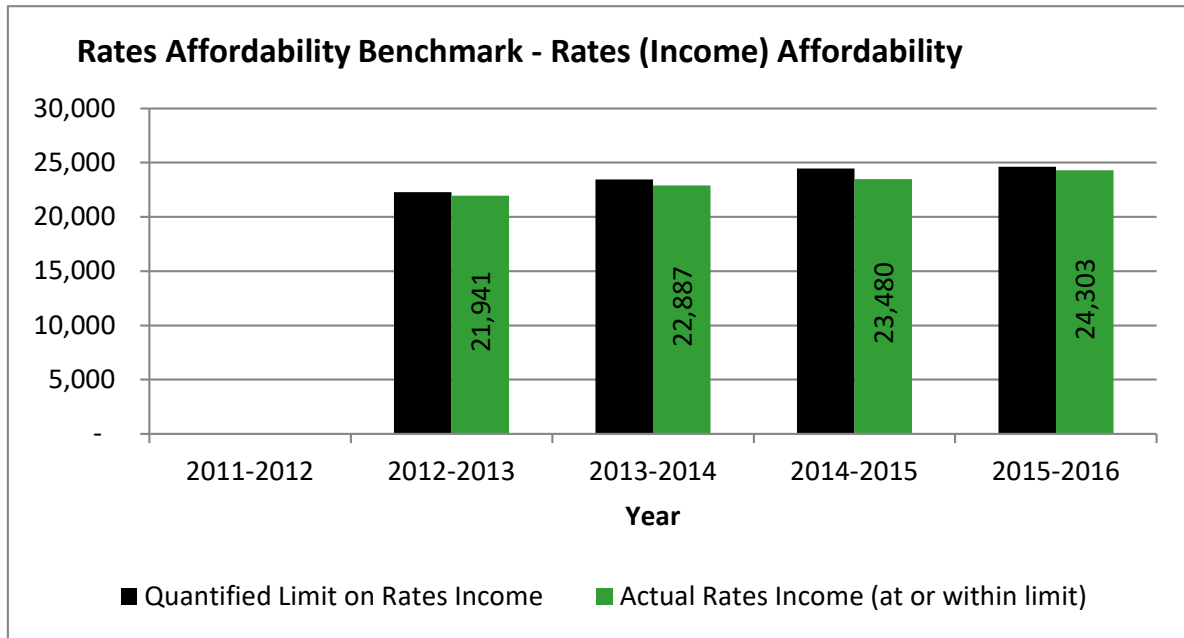
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if -

- Its actual rates revenue equals or is less than each quantified limit on rates; and
- Its actual rates revenue increases equal or are less than each quantified limit on rates increases.

RATES (REVENUE) AFFORDABILITY.

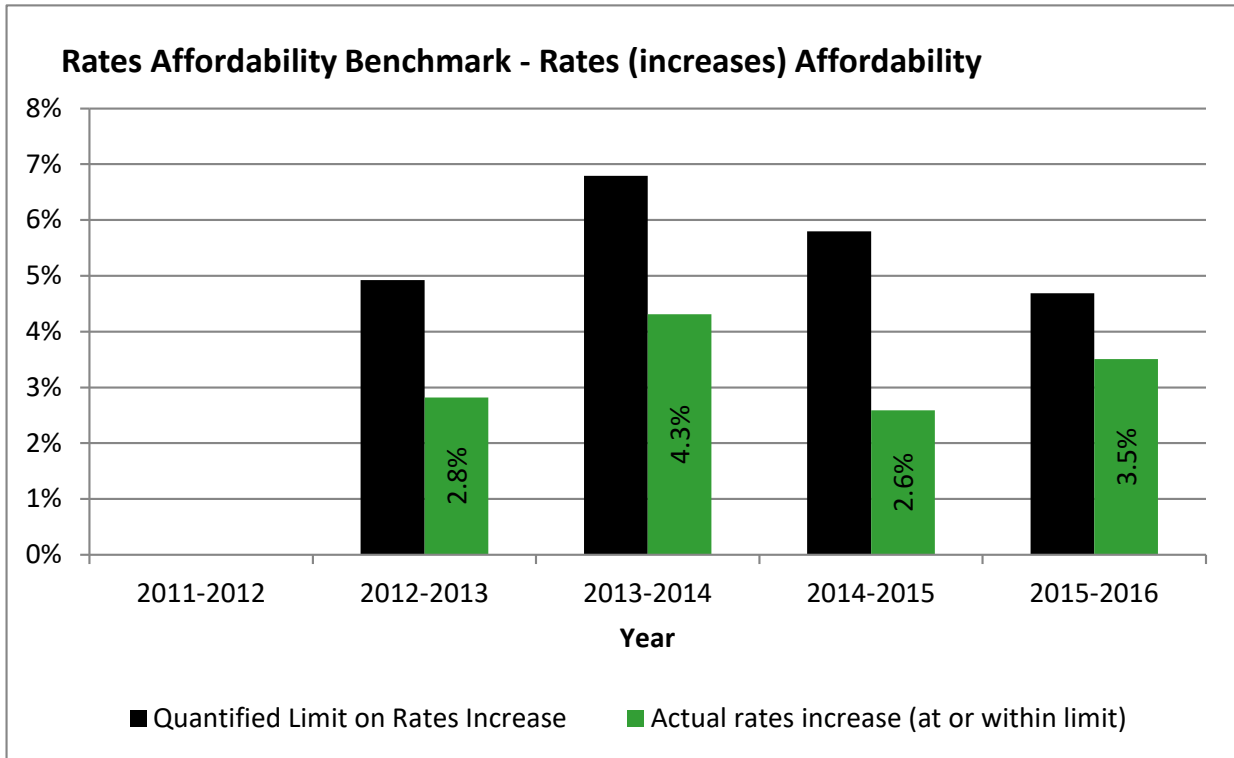
The following graph compares Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is that total rates will not exceed 1.5% of budgeted rates.



There was no rates limit set for the 2011-2012 period. Since Council set a benchmark in the financial strategy in Council's long term plan in 2012, benchmarks have been met as Council rates have not exceeded the rates revenue limits set.

RATES (INCREASES) AFFORDABILITY.

The following graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long term plan. The quantified limit is that rates increases will not exceed 1.5% of budgeted rates increases.

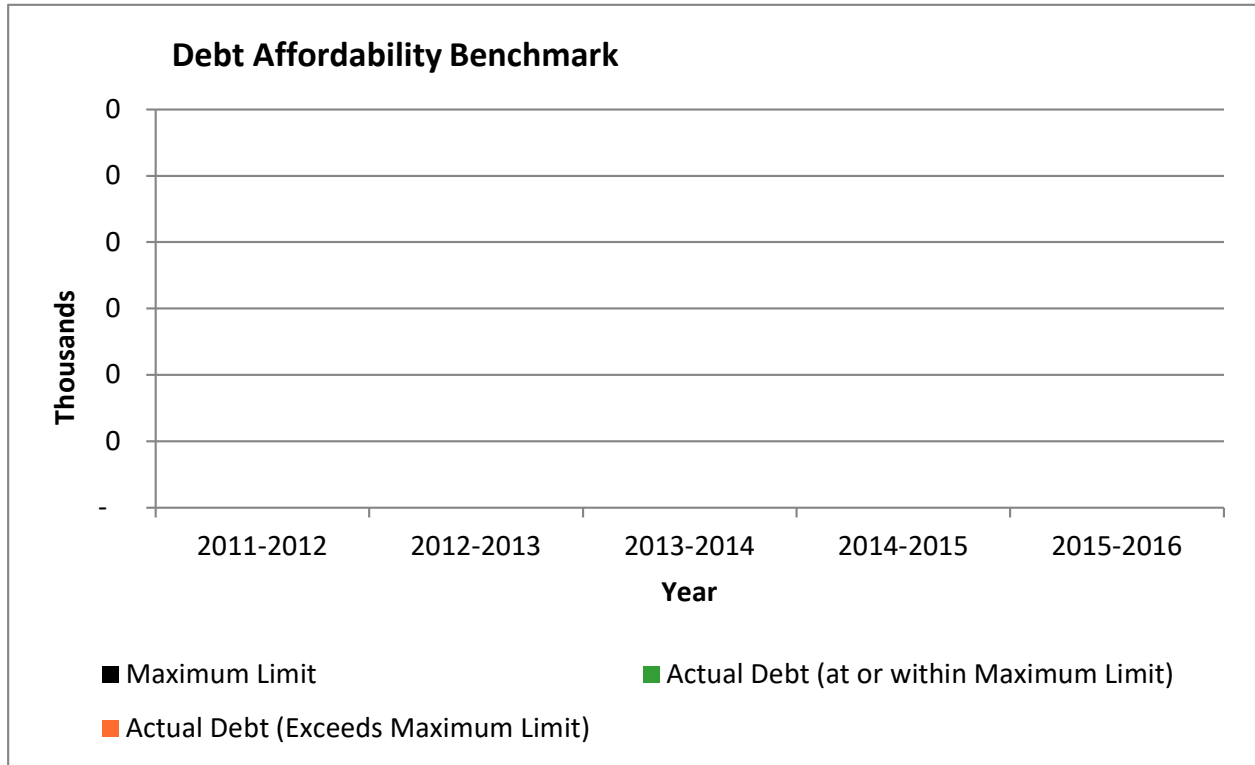


There was no rates limit set for the 2011-2012 period. Since Council set a benchmark in the financial strategy in Council's long term plan in 2012, benchmarks have been met as Council rates have not exceeded the percentage increase limits set.

DEBT AFFORDABILITY BENCHMARK

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

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

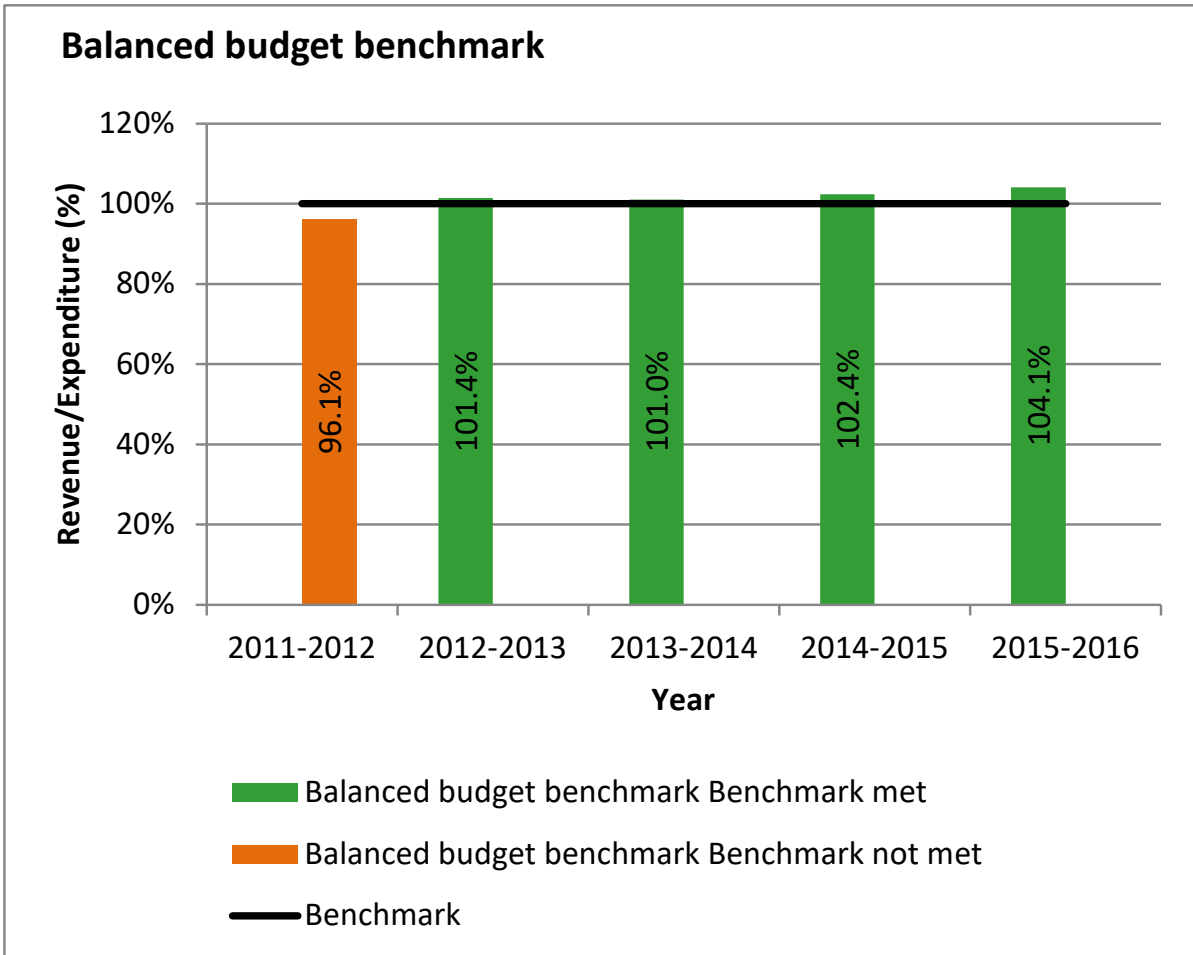


During the period 2011/12 to 2015/16, the Council has no external public debt, consequently the graph shows the net external debt as 0.

BALANCED BUDGET BENCHMARK

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

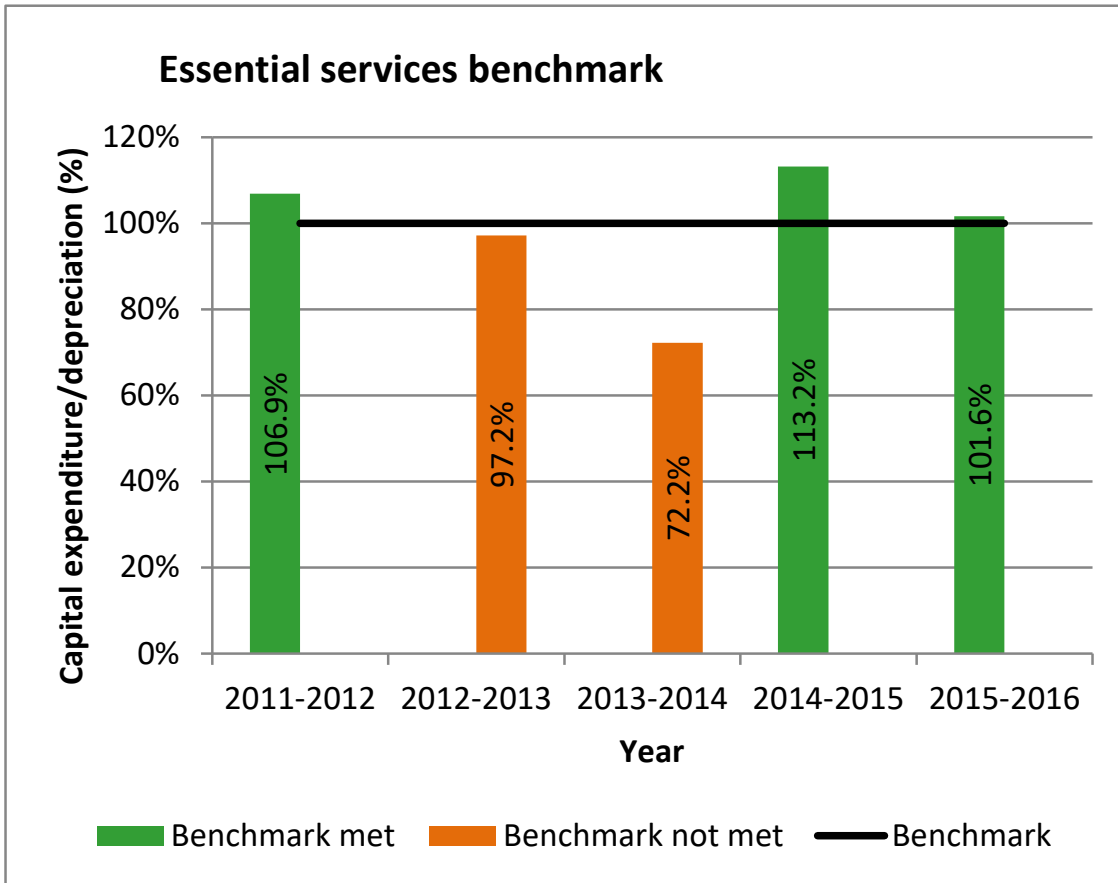
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Council met this benchmark in four of the reported years as its revenue was greater than its expenses. In the year the benchmark was not met, roading depreciation cost was significantly higher than expected.

ESSENTIAL SERVICES BENCHMARK

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

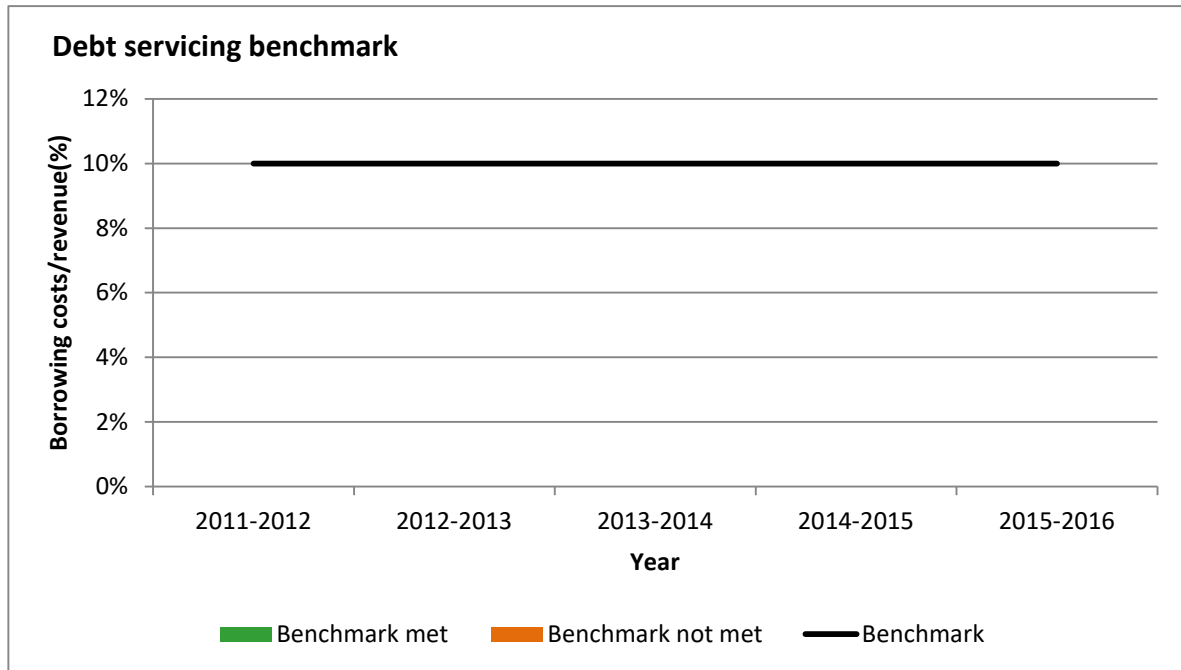


Council has not met this benchmark in two years as capital expenditure in those years was not as great as our depreciation expense, due to the timing of capital projects.

DEBT SERVICING BENCHMARK

The following graph displays the council's borrowing costs as a proportion of 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 growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



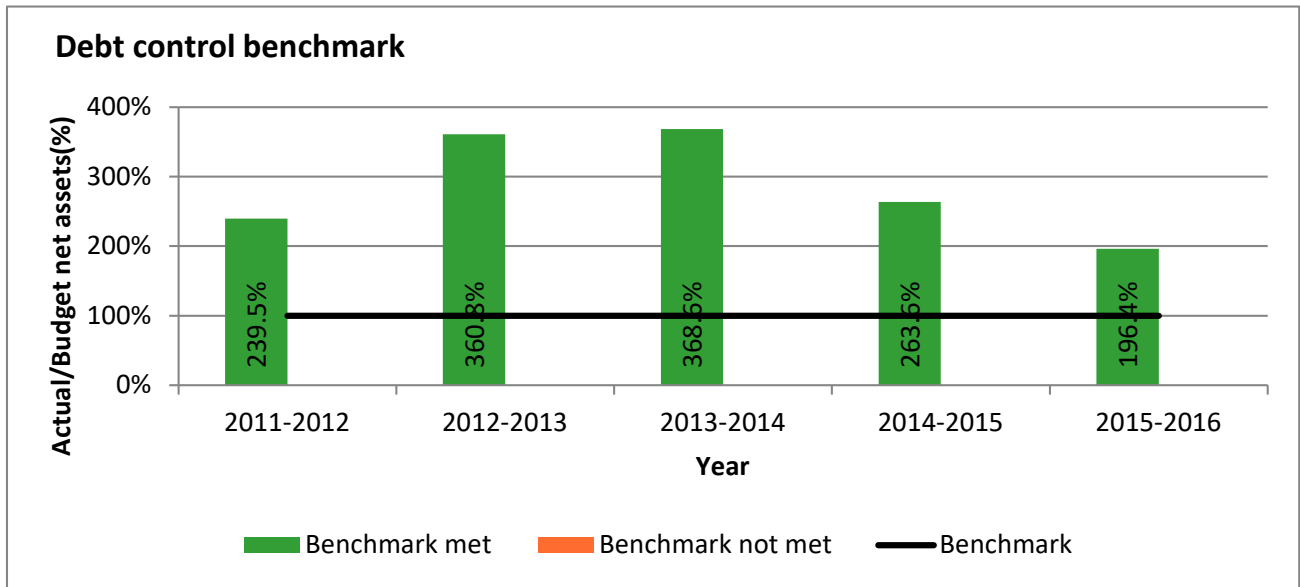
During the period 2011/12 to 2015/16, the Council has no external public debt, and consequently no borrowing costs.

DEBT CONTROL BENCHMARK

This benchmark is intended to report Council's performance in relation to net debt, which is defined in the Regulations as Financial Liabilities less Financial Assets (excluding Trade and Other Receivables).

Clutha District Council is in a Net Asset position, because its Financial Assets exceed its Financial Liabilities. For that reason, the benchmark has been inverted to report Council's performance on a Net Assets basis.

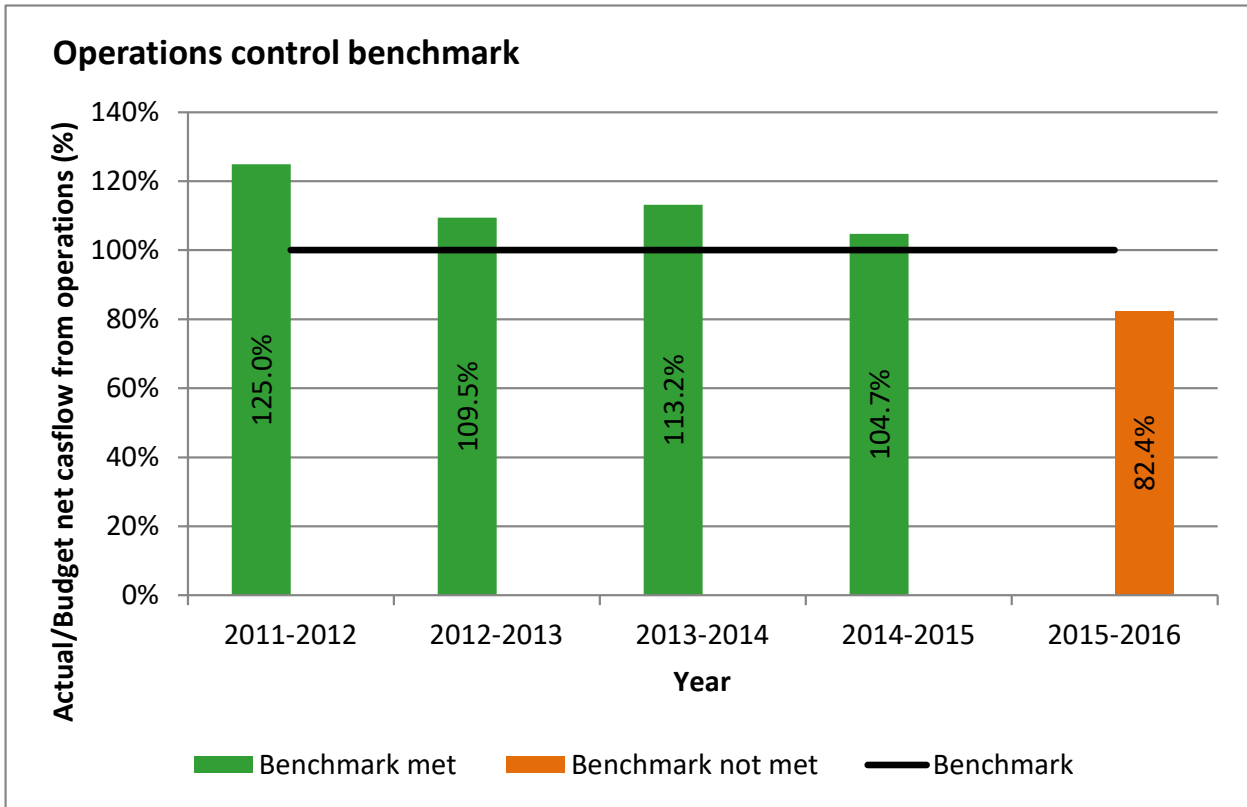
In this scenario, Council believes that it meets the debt control benchmark when actual Net Assets equal or exceed planned Net Assets.



OPERATIONS CONTROL BENCHMARK

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cashflow from operations.



This year Council did not meet this benchmark, mainly due to funding not being received from NZTA for sealing of the Nuggets road as this project has been deferred, and budgeted forestry income not being received owing to the decision to divest the forestry. Council has met this benchmark in the previous 4 years as its actual cashflow has been greater than that budgeted.

RATING BASE INFORMATION

	2015/16 Actual	Council 2014/15 Actual	2013/14 Actual
The number of rating units within the Clutha District at the end of the preceding financial year	11,998	12,076	12,052
The total capital value of rating units within the Clutha District at the end of the preceding financial year (\$000)	\$7,318,378	\$6,211,916	\$6,189,799
The total land value of rating units within the Clutha District at the end of the preceding financial year (\$000)	\$4,976,897	\$4,056,902	\$4,055,444

INSURANCE OF ASSETS

	2015/16 Actual \$000	Council 2014/15 Actual \$000	2013/14 Actual \$000
Total value of all assets of the local authority that are covered by insurance contracts	49,897	48,168	43,106
Maximum amount to which they are insured	148,351	82,882	90,496
Total value of all assets of the local authority that are covered by financial risk sharing arrangements	0	0	0
Maximum amount available to the local authority under those arrangements	0	0	0
Total value of all assets that are self-insured (Underground Assets)	72,627	73,860	80,236
Total value of funds maintained for self-insured assets (Underground Assets)	168	109	52

FUNDING IMPACT STATEMENT

For the Financial Year ended 30 June 2016

(\$000)	2015 Annual Plan	2015 Actual	2016 Annual Plan	2016 Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC's, rates penalties	4,675	4,559	4,677	4,754
Targeted rates	18,966	18,783	19,748	19,441
Subsidies and grants for operating purposes	2,713	3,404	3,049	3,443
Fees and charges	3,475	3,129	4,594	3,544
Interest and Dividends from Investments	641	270	691	135
Fuel tax, fines, infringement fees and other receipts	-	185	-	190
Total operating funding	30,470	29,135	32,759	31,507
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	24,530	22,951	24,182	22,550
Finance costs	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	24,530	22,951	24,182	22,550
SURPLUS (DEFICIT) OF OPERATING FUNDING	5,940	7,379	8,577	8,957
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	5,475	5,751	7,545	4,432
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	(4)	-	(1)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	5,475	5,748	7,545	4,431
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	632	508	-	932
Capital expenditure to improve the level of service	6,382	1,700	9,904	3,360
Capital expenditure to replace existing assets	13,318	11,424	12,013	8,979
(Increase) decrease in reserves	(264)	844	(52)	(782)
(Increase) decrease of investments	(8,653)	(1,350)	(5,743)	899
Total applications of capital funding	11,415	13,126	16,122	13,388
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(5,940)	(7,379)	(8,577)	(8,957)
FUNDING BALANCE	-	-	-	-