

As a result revenue from subsidies and grants would reduce by \$875,000, being Southland District Council's share of the project.

In addition to this total capital expenditure would fall by \$875,000 from \$9,888,000 to \$9,013,000.

The change only affects two of the financial prudence benchmarks, but both these benchmarks are still achieved. The effect on the benchmarks is shown below:

| Bench Mark | Target | Annual Plan adjusted | Planned | Met |
|------------------------------|--------|----------------------|---------|-----|
| Balanced budget benchmark | 100% | 102.14% | 106.20% | YES |
| Essential services benchmark | 100% | 157.67% | 181.00% | YES |

While the prospective accounts were circulated as part of the information document, nothing prevents the accounts being changed as they have not been adopted. The change in treatment does not impact on ratepayers, or on the Council's ability to meet any of the financial prudence tests.

The change will be reflected in the final 2018 Annual Plan document to be adopted at the Council meeting on 27 June.

RECOMMENDATION

THAT the report be received.