



**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

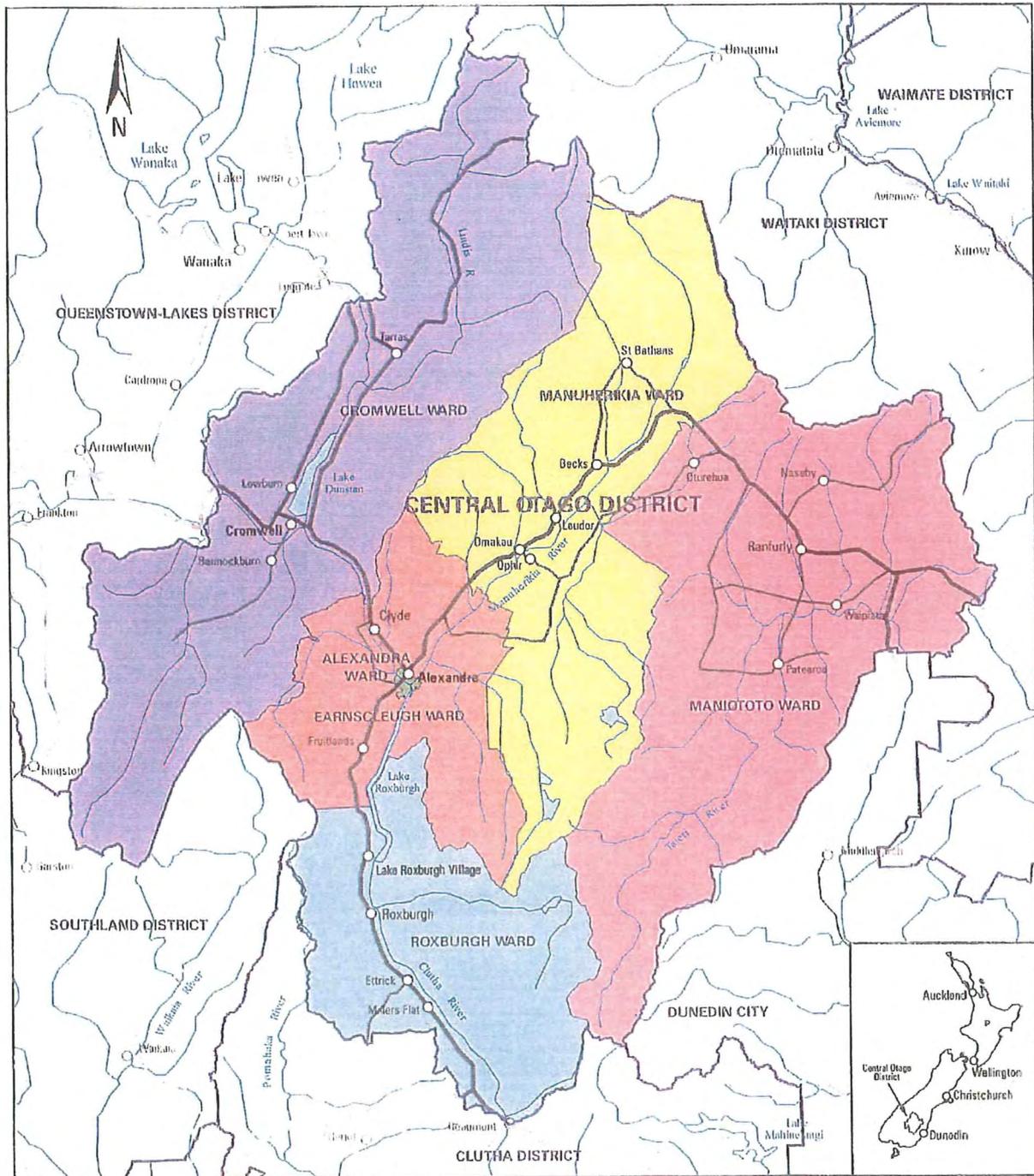
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Central Otago District Ward Boundaries



GENERAL INFORMATION

CENTRAL OTAGO DISTRICT

Central Otago District Council is a territorial local authority created by statute in New Zealand.

Population:	<u>2006 Census</u>	<u>2001 Census</u>
Resident Population	16,647	14,466
Visitors	753	408
Area:	9,959km ²	
Wards:	Alexandra, Cromwell, Earnscliffe, Manuherikia Maniototo, and Roxburgh	
Main Towns:	Alexandra, Clyde, Cromwell, Ranfurly and Roxburgh.	
Capital Value:	\$4,969,685,000 (gross, as at 30 June 2007)	

ADMINISTRATION

Administration Headquarters:	1 Dunorling Street ALEXANDRA	
Service Centres:	42 The Mall, Cromwell 120 Scotland Street, Roxburgh 15 Pery Street, Ranfurly	
Executive Staff:	Chief Executive Officer:	John G Cooney
	Corporate Services Manager:	Heather Kinsey
	Manager, Planning and Environment:	Louise A van der Voort
	Manager, Assets and Contracts:	Murray F Washington
	District Development Manager:	Anne E Pullar
Auditor:	Audit New Zealand CHRISTCHURCH on behalf of: The Auditor General	
Privacy Officer:	Corporate Services Manager	

VISION

A district of strong and vibrant communities supported by an infrastructure which enables people to enjoy the recreational and cultural opportunities and a comfortable lifestyle within the breathtaking landscape which is Central Otago.

MISSION STATEMENT

To provide excellent leadership for the people of Central Otago in:

- * planning for the future needs of the community
- * promoting quality services
- * sustaining the environment

OPERATIONAL VALUES

<i>Participation</i>	Council decision making will be open and accessible seeking participation and feedback from the community.
<i>Consultation</i>	Council will consult with Tangata Whenua and other interested parties when developing plans and policies.
<i>Customer Satisfaction</i>	Council will respond to individuals, groups and organisations with understanding and fairness.
<i>Efficiency</i>	Council will use resources in a manner that will optimise current long term and social benefits to the community.
<i>Services</i>	Manage Council operations efficiently and provide core services and community facilities where appropriate.
<i>Leadership</i>	Council will be a leader in providing for the future needs of the district and in doing so act responsibly, reasonably and fairly.

CENTRAL OTAGO DISTRICT COUNCIL FINANCIAL STATISTICS

	Actual 2007	Estimate 2007	Actual 2006
Proportion of rates to total income	50%	51%	35%
Percentage of total assets owned by Council (Public equity/current assets + non current assets)	99%	99%	99%
Working Capital ratio (current assets:current liabilities)	3.0:1	2.8:1	3.9:1
Interest cost (as a percentage of total income)	0.0%	0.0%	0.0%
Rate arrears (as a percentage of annual rates struck)	3.1%	n/a	3.1%

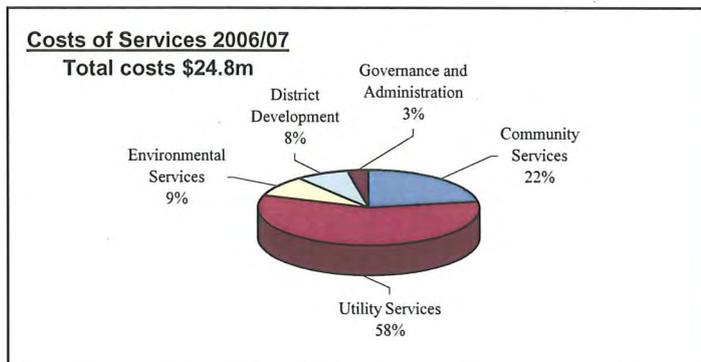
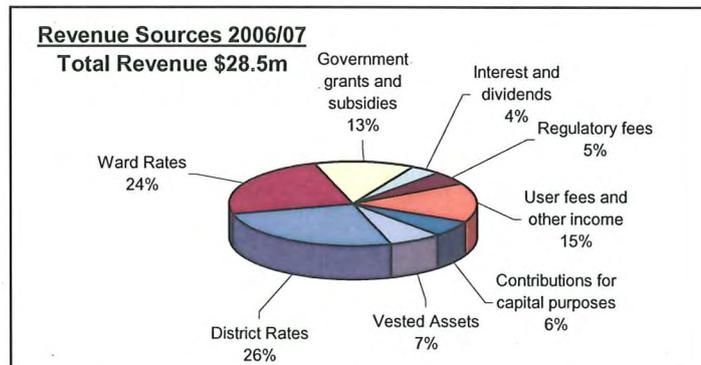
[Note: Actual 2006 figures may vary from the 2006 Annual report as a result of adopting NZ IFRS accounting standards.]

COUNCIL FIVE YEAR FINANCIAL PERFORMANCE SUMMARY

	2007 \$000	2006 \$000	2005 \$000	2004 \$000	2003 \$000
Rates	14,148	12,581	11,561	11,273	10,696
Net surplus (deficit)*	3,644	12,407	2,903	4,839	1,988
Working capital (net)	8,670	9,865	11,899	12,673	8,268
Public debt	-	-	56	70	656
Total assets	493,716	446,822	407,379	336,464	331,496

*Note: includes vested assets 1,885 11,165 2,801 3,418 34

*Note:2003-2005 are not fully comparable to 2006-2007 as a result of the adoption of NZ IFRS accounting standards.



MAYOR'S REPORT

I am pleased to introduce the Central Otago District Council's Annual report, a record of our performance for the 2006/2007 financial year.

Financial Overview

The Council's rate take was \$14.148m, up \$1.567m from the previous year, and the proportion of rates to total income was 50%, an increased proportion from the 35% in 2006, reflecting the reduced income from vested assets. Our net surplus for the year was \$3.644m (of which \$1.885m was vested assets), down markedly from \$12.407m (which also included vested assets) in the previous year. Our net working capital was \$8.670m, our working capital ratio was 3.0:1, and total assets were \$493m up from \$447m in 2006, from \$407m in 2005, and \$329m in 2002. Our rate arrears were 3.1%, exactly the same as last year, and with no external (public) debt, our cost of interest was 0.0%.

Of our total revenues of \$28.5m, the four largest contributors were ward and district rates (50%, as above), user fees and other income (15%), government grants and subsidies (13%) and vested assets (7%). Our services cost \$24.8m, broken down into utility services (58%), community services (22%), environmental services (9%), district development (8%) and governance and administration (3%).

We receive substantial support from community funders, for essential facilities that small communities would otherwise struggle to fund, and special mention is due the **Community Trust of Otago**, who gave \$100,000 to Roxburgh Entertainment Centre, and the **Central Lakes Trust**, who donated \$200,000 to the same project.

Community Board financial activities

The district's five community boards are accountable for a substantial portion of our income and expenditure. In the 2006/2007 year, the Cromwell Board spent \$3.326m, and collected \$1.802m in rates specifically for activities over which the Board has control through the annual estimates process. Alexandra and Earnscliffe-Manuherikia (to be established as the combined Vincent Board after the 2007 elections) together spent \$4.379, and collected \$3.425m. Maniototo's figures were \$1.347m and \$1.004m; and Roxburgh's were \$0.716m and \$0.578m.

Water

Central Otago District Council has become a member of the Otago Water Resource Users Group. This group consists mainly of irrigation company interests as well as some large commercial water users. The intention of being a member is so that we can participate as part of the water users' community. This does not preclude a separation if appropriate. The Council will still speak with its own voice where appropriate.

The Council has also established a water issues working group. We have a multi-faceted interest in water issues. One of the first steps has been to develop guidelines for approaches for financial support for water infrastructure development or maintenance. The approach could best be described as triple bottom line, where community and environmental impacts are given significant consideration as well as economic factors.

Economic activity and population

The Business and Economic Research Ltd (BERL) economic profile of Central Otago showed strong economic performance in the 12 months to March 2006. Central Otago district was ranked 6th in terms of performance of all territorial authorities for the year. GPD per capita growth, business unit growth and productivity growth were all ranked in the top ten nationally.

The number and value of building consents issued within Central Otago continues to increase. The 2006/07 year saw the value of building undertaken in Central Otago increase by 11% over the preceding year to \$92M. Year to date in the current year the number and value of consents is over 20% ahead of this time last year. Despite the increased workload, the average days to process building applications has continued to decrease and is currently sitting at just over 10 days.

Property values in Central Otago continue to increase. The latest QV report shows the average house price in Central Otago in September was \$307,000, an increase of 13% in the preceding 12 months. Average house prices in Cromwell, Alexandra and surrounds are closer to \$400,000. Indicative building prices are currently in the order of \$2,000 per square metre. A survey undertaken by the Otago Chamber of Commerce indicated that the majority of surveyed business owners in the district believe that the cost of housing is impacting on the economic and social development of the District.

The latest estimate from Statistics New Zealand indicates that the population of Central Otago has continued to grow, now at an estimated 17,450; up from 16,647 at the 2006 census 18 months ago.

MALCOLM MACPHERSON

MAYOR

STRUCTURE OF THE COUNCIL

Citizens of Central Otago District



**Council
(Mayor and Councillors)**



Council Committees

- Operations
- Planning and Environment
- Awards Selection
- Clutha Resource Consent
- District Development
- Executive
- Funding Assessment
- Hearings Panel
- Clutha Management
- Joint Library (with QLDC)
- Roading Sub
- Infrastructure Sub



Community Boards

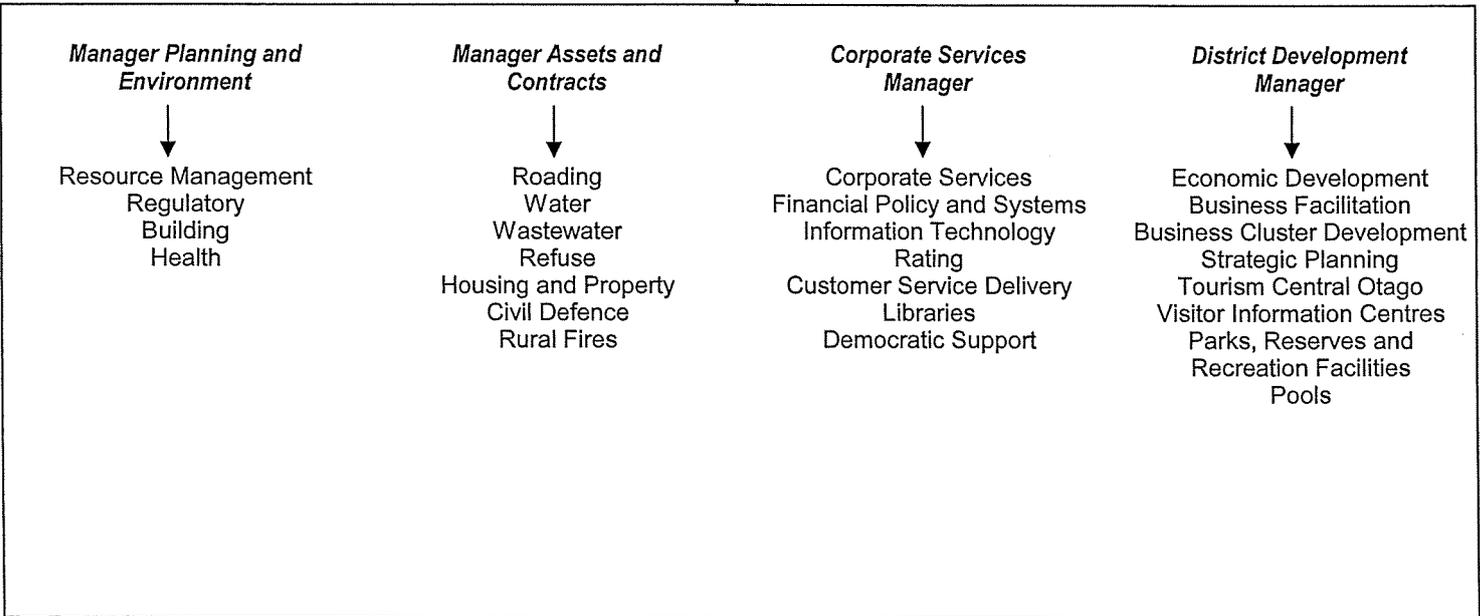
- Alexandra
- Cromwell
- Earnsclough Manuherikia
- Maniototo
- Roxburgh



Local Reserves Committees
and Other Committees



Chief Executive Officer



MEMBERS OF THE CENTRAL OTAGO DISTRICT COUNCIL

(as at 30 June 2007)

His Worship the Mayor, Dr J Malcolm Macpherson JP

Chairperson of
Executive Committee;
Awards Selection Committee;
District Development Committee;
Member of
Clutha Resource Consent Committee;
Operations Committee;
Planning and Environment Committee;
Joint Economic Development Committee;
Regional Emergency Management Committee;
Hearings Panel;
Rooding Sub Committee;
Infrastructure Sub Committee.

Deputy Mayor, Cr Tony Lepper

Chairperson of
Rooding Sub Committee;
Infrastructure Sub Committee;
Joint CODC/QLDC Library Committee;
Operations Committee;
Member of
District Development Committee;
Planning and Environment Committee;
Executive Committee;
Clutha Management Committee.
Regional Council Land Transport Committee;

Cr Graeme Bell: Member of District Development Committee, Operations Committee, Planning and Environment Committee, Infrastructure Sub Committee and Rooding Sub Committee.

Cr Lynley Claridge: Chairperson of Funding Assessment Committee; Member of District Development Committee, Operations Committee, Planning and Environment Committee, Executive Committee.

Cr Graham Dillon: Member of District Development Committee; Clutha Management Committee, Operations Committee, Planning and Environment Committee, Executive Committee, Rooding Sub Committee, Infrastructure Sub Committee and Joint Central Otago District Council/Queenstown Lakes District Council Road Safety Committee.

Cr Michael Dowling: Chairperson of Maniototo Community Board; Member of District Development Committee, Operations Committee, Planning and Environment Committee, Hearings Panel, Awards Selection Committee.

Cr Terry Emmitt: Member of District Development Committee, Operations Committee, Planning and Environment Committee, Hearings Panel, and Clutha Management Committee.

Cr Neil Gillespie: Chairperson of Cromwell Community Board; Member of District Development Committee, Operations Committee, Planning and Environment Committee, Executive Committee, Awards Selection Committee, Clutha Management Committee, Infrastructure Sub Committee and Roothing Sub Committee.

Cr John Lane: Chairperson of Planning and Environment Committee, Member of Operations Committee, Hearings Panel; District Development Committee and Roxburgh Community Board.

Cr Edna McAtamney: Member of District Development Committee, Operations Committee, Planning and Environment Committee, Executive Committee, Infrastructure Sub Committee and Roothing Sub Committee.

Cr Martin McPherson: Member of District Development Committee, Operations Committee, Planning and Environment Committee, Clutha Management Committee, Hearings Panel and Funding Assessment Committee.

Cr Graeme Smith: Chairperson of Earnsclough Manuherikia Community Board; Member of District Development Committee, Operations Committee, Planning and Environment Committee, Executive Committee, Hearings Panel, Awards Selection Committee, Clutha Management Committee, Clutha Resource Consents Committee and Reference Negotiation Sub Committee.

Cr Colin Stevenson: Member of District Development Committee, Operations Committee, Planning and Environment Committee, Hearings Panel, Infrastructure Sub Committee and Roothing Sub Committee.

Cr Gordon Stewart: Chairperson of Clutha Management Committee; Member of District Development Committee, Operations Committee, Planning and Environment Committee and Joint Library Committee.

MEMBERS OF COMMUNITY BOARDS

ALEXANDRA COMMUNITY BOARD

Stephen Battrick (Chairperson), Lynley Claridge (Deputy), Graeme Bell, Judy Hall, Jeffery Hill,, Martin McPherson, Cam Withington.

MANIOTOTO COMMUNITY BOARD

Michael Dowling (Chairperson), Edna McAtamney (Deputy), Barry Becker, Stuart Duncan, Richard Smith, Sue Umbers.

ROXBURGH COMMUNITY BOARD

Sue Wilson (Chairperson), John Kerr (Deputy), Graham Dillon, John Lane, Helen Pinder, Tom Stevenson.

EARNSCLEUGH-MANUHERIKIA COMMUNITY BOARD

Graeme Smith (Chairperson), Colin Stevenson (Deputy), Mary Flannery, Tony Lepper, Clair Higginson, John Knapp, Thomas Moran, John Shand.

CROMWELL COMMUNITY BOARD

Neil Gillespie (Chairperson), Helen Hucklebridge (Deputy), Cliff Crawford, Terry Emmitt, Murray MacMillan, Gordon Stewart, Noel Trevathan.

AUDIT REPORT
TO THE READERS OF
CENTRAL OTAGO DISTRICT COUNCIL'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Central Otago District Council (the District Council). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council for the year ended 30 June 2007, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 13 to 89:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 49 to 85 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 19 December 2007, and 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 the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2007. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of an amendment to the Long Term Council Community Plan, we have no relationship with or interests in the District Council.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the audited financial statements, performance information and the other requirements

This audit report relates to the financial statements, performance information and the other requirements of Central Otago District Council for the year ended 30 June 2007 included on Central Otago District Council's web site. The Council of Central Otago District Council is responsible for the maintenance and integrity of Central Otago District Council's web site. We have not been engaged to report on the integrity of the Central Otago District Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the web site.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 19 December 2007 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

Council and management of the Central Otago District Council confirm that all the statutory requirements of the Local Government Act 2002 (the Act) in relation to the annual report have been complied with, with the exception of not adopting the Annual Report by 31 October 2007 as required by S98(3) of the Act.

Responsibility

The Council and management of the Central Otago District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of the Central Otago 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 Central Otago District Council, the annual Financial Statements for the year ended 30 June 2007 fairly reflect the financial position of the operations of the Central Otago District Council.

M Macpherson
Mayor
19/12/07

J G Cooney
Chief Executive Officer
19/12/07

CENTRAL OTAGO DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$000's	REVENUE	Note	Actual 2006/07 000's	Estimate 2006/07 \$ 000's
12,581	Rates		14,148	14,096
3,001	Government grants and subsidies		3,845	3,531
1,004	Interest		1,056	687
5	Dividends		-	4
1,076	Regulatory fees		1,362	1,093
2,877	User fees and other income		3,500	2,780
1,091	Contributions for capital purposes		1,710	4,487
2,602	Profit on Sale of Assets		874	0
11,165	Vested Assets	1	1,885	930
-	Unrealised gain on development land		0	0
126	Valuation gains	23	115	0
35,528	Total Revenue		28,495	27,608
	EXPENDITURE			
3,879	Employee benefit expenses	17	4,422	3,965
6,867	Depreciation and amortisation	9,10	6,721	6,727
3	Finance costs		0	36
-	Valuation losses	23	78	-
12,372	Other expenses	18	13,630	11,915
23,121	Total Expenditure		24,851	22,643
12,407	NET SURPLUS (DEFICIT)		3,644	4,965

The accompanying Notes and Policies form an integral part of and are to be read in conjunction with these statements.

CENTRAL OTAGO DISTRICT COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$000's		Actual 2006/07 \$000's	Estimate 2006/07 \$000's
	Note		
PUBLIC EQUITY			
403,809		443,292	413,163
12,407		3,644	4,965
9		11	0
0		40,452	0
0		274	0
14,437		1,108	0
9,645		(624)	0
2,985		1,059	0
0		(20)	0
<u>39,483</u>		<u>45,904</u>	<u>4,965</u>
<u>443,292</u>	2	<u>489,196</u>	<u>418,128</u>

The accompanying Notes and Policies form part of and are to read in conjunction with these statements.

CENTRAL OTAGO DISTRICT COUNCIL
BALANCE SHEET
AS AT 30 JUNE 2007

Actual 2005/06 \$000's		Note	Actual 2006/07 \$000's	Estimate 2006/07 \$000's
	PUBLIC EQUITY			
316,633	Ratepayers Equity	2	320,274	318,002
126,615	Revaluation Reserves	2	168,875	100,079
44	Trust and Bequest Funds	2	47	47
<u>443,292</u>			<u>489,196</u>	<u>418,128</u>
	REPRESENTED BY:			
	CURRENT ASSETS			
1,811	Cash and Cash Equivalents	3	2,166	2,180
9,048	Available for Sale Financial Assets	7	8,070	3,959
2,269	Trade and Other Receivables	4	2,706	1,610
118	Inventory		118	1,863
<u>13,246</u>			<u>13,060</u>	<u>9,612</u>
	LESS CURRENT LIABILITIES			
211	Agency and Deposits		251	401
3,170	Trade and Other Payables	5	4,139	3,036
0	Provisions for Other Liabilities			17
<u>0</u>	Current Portion of Term Loans	6	<u>0</u>	<u>0</u>
3,381			4,390	3,454
<u>9,865</u>			<u>8,670</u>	<u>6,158</u>
	WORKING CAPITAL			
	NON-CURRENT ASSETS			
2,622	Available for Sale Financial Assets	7	2,094	3,726
834	Loans and Receivables	8	924	712
427,441	Property, Plant and Equipment	9	474,905	405,257
264	Intangible Assets	10	282	131
830	Biological Assets	11	791	794
1,585	Investment Property	12	1,660	1,481
<u>433,576</u>			<u>480,656</u>	<u>412,101</u>
	LESS NON-CURRENT LIABILITIES			
0	Term Loans	6	0	0
149	Landfill Aftercare Provision	14	130	131
<u>149</u>			<u>130</u>	<u>131</u>
<u>433,427</u>			<u>480,526</u>	<u>411,970</u>
<u>443,292</u>	NET ASSETS		<u>489,196</u>	<u>418,128</u>

The accompanying Notes and Policies form an integral part of and are to be read in conjunction with these statements.

CENTRAL OTAGO DISTRICT COUNCIL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$000's		Actual 2006/07 \$000's	Estimate 2006/07 \$000's
	Cash flows from operating activities		
	Cash was provided from:		
22,421	Receipts from rates, fees and other revenue	24,628	26,302
1,017	Interest received	1,049	688
5	Dividends	0	4
	Net GST	104	
2,600	Sale of property, plant and equipment	962	6,310
26,043		26,743	33,304
	Cash was applied to:		
17,776	Payments to suppliers and employees	18,207	16,251
4	Interest paid	0	
59	Net GST	0	
17,839		18,207	16,251
8,204	Net cash inflow (outflow) from operating activities (Note 3)	8,536	17,053
	Cash flows from investing activities		
	Cash was provided from:		
0	Withdrawal of investments	1,506	50
0		1,506	50
	Cash was applied to:		
8,196	Purchase of property, plant and equipment	9,496	19,487
	Purchase of intangibles	101	
2,174	Purchase of investments	0	1,000
10,370	Investment in loans and receivables	90	90
(10,370)	Net cash inflow (outflow) from investing activities	(8,181)	(20,437)
	Cash flows from financing activities		
	Cash was provided from:		
0	Loans raised	0	0
	Cash was applied to:		
56	Loans repaid	0	0
(56)	Net cash inflow (outflow) from financing activities	0	0
(2,222)	Net increase (decrease) in cash and cash equivalents held	355	(3,384)
4,033	Plus cash and cash equivalents at start of year (1 July)	1,811	9,523
1,811	Balance of cash and cash equivalents at end of year (30 June)	2,166	* 6,139

* comprising: cash and cash equivalent	2,180
available for sale financial assets	3,959
	6,139

The Goods and Services Tax (GST) (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying Notes form an integral part of and are to read in conjunction with these statements.

CENTRAL OTAGO DISTRICT COUNCIL

STATEMENT OF CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
	ACTIVITY		
	Community Services		
137	Cemeteries	15	51
74	Community buildings	545	1,309
34	Elderly persons housing	28	64
45	Emergency management	73	54
0	Clutha management	0	33
133	Libraries	268	131
299	Parks and reserves	292	542
111	Swim centres	628	2,816
	District Development		
1,676	Commercial and other property	1,173	6,052
0	Community	8	4
1	Economic development	1	0
126	Tourism Central Otago	0	0
12	Tourism - Visitor information centres	47	16
	Utility Services		
2,825	District roading	4,887	5,087
359	Footpaths, carparks and street cleaning	331	384
6	Public toilets	0	80
89	Stormwater	0	0
1,003	Water	834	1,493
410	Wastewater	612	861
61	Waste management	34	6
27	Utilities management	34	34
4	Environmental Services	38	5
	Governance and Administration		
317	Administration	317	466
7,749	TOTAL CAPITAL EXPENDITURE	10,165	19,488

Note: Vested assets are not included in this Statement

CENTRAL OTAGO DISTRICT COUNCIL

STATEMENT OF COMMITMENTS FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's
	Capital Expenditure:- (approved and contracted)	
189	Building alterations	12
0	Cromwell pool	2,831
0	Roading and Bridging Contracts	517
0	Water Supply	192
0	Wastewater	127
<u>189</u>		<u>3,679</u>
	Operational Expenditure:-	
	Physical Services Contracts-	
1,153	- 12 months	1,350
1,350	- 1-2 years	
2,551	Roading Maintenance - 12 months	2,551
5,102	- 1-2 years	2,551
	Engineering Services Contracts	
564	- 12 months	564
	Parks Maintenance Contracts	
636	- 12 months	636
636	- 1-2 years	
	Buildings Cleaning Contract	
111	- 12 months	111
	Waste Management [see note under]	
1,111	- 12 months	1,111
3,678	- 2-5 years	3,678
14,610	- 6-24 years	13,798
	Non-cancellable operating leases	
31	- 12 months	23
24	- 1-2 years	2
2	- 2-5 years	0
<u>31,559</u>		<u>26,375</u>

The commitment for Waste Management operation is based on the 1999/00 Annual Plan, extended out for the remainder of the 30 year period of the agreement with Queenstown Lakes District Council. The agreement is based on volumes transferred and disposed of at the landfill. The Council has adopted a Waste Management Strategy, which has as a goal the reduction of waste being disposed of at the landfill. The achievement of this goal will result in lowered tonnages of waste at the landfill, which will reduce the commitment. This reduction is not quantifiable.

**CENTRAL OTAGO DISTRICT COUNCIL
STATEMENT OF ACCOUNTING POLICIES
(for reporting periods commencing 1/7/06)**

1. Reporting entity

The Central Otago District Council (the Council) is a territorial local authority governed by the Local Government Act 2002, and is a public benefit entity within the definition of International Financial Reporting Standard NZ IAS 1. Its primary objective is to provide goods or services for the community or social benefit rather than making a financial return

The Annual Report comprises the activities of the Council. The Council does not have a significant interest in any other entities.

The financial statements of the Council are for the year ended 30 June 2007. The financial statements were authorised for issue by Council on 19 December 2007.

2. Basis of financial statement preparation

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2006 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed in note 29.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS Balance Sheet as at 1 July 2005 for the purposes of the transition to NZ IFRS.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of:

- available-for-sale financial assets,
- biological assets,
- certain classes of property, plant and equipment,
- investment property.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Council is New Zealand dollars.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

3. Property, plant and equipment

The following infrastructural assets are shown at fair value, based on annual valuations by external independent valuers.

- Stormwater
- Water
- Wastewater

Revaluations of roads are completed on a periodic basis by external independent valuers.

Revaluations will be undertaken by independent valuers, suitably qualified in the category and location of the assets. The valuation process shall include verification of asset registers, application of rates representing current replacement cost or market value (if any), asset optimisation and adjustments for asset condition and performance.

Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

Where Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading "Revaluation Reserve". However, the net revaluation increase is recognised in profit or loss to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

Operational Assets:

Buildings	50 yrs
Office equipment, furniture and fittings	3-10 yrs
Motor vehicles and plant	4-12 yrs
Library books	10 yrs
Recreation equipment	2-25 yrs

Infrastructure Assets:

Bridges	30-125 yrs
Footpaths and cycle ways	50-100 yrs
Kerb and channel	70-100 yrs
Roads – sealed	3-70 yrs
Roads – unsealed	8-17 yrs
Roads – land and formation	Not depreciated
Sewerage plant and equipment	30-35 yrs
Sewerage reticulation networks	60-70 yrs
Stormwater networks	70 yrs
Water plant and equipment	30-35 yrs
Water reticulation networks	60-100 yrs

Restricted Assets are included in the asset register in the same categories as other assets of a similar nature.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Assets under construction are not depreciated. The total cost of the project is transferred to the relevant asset when it is available for use, and then depreciated.

4. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount.

5. Intangible assets

(i) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years using the straight line method.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(ii) Other intangible assets

Other intangible assets that are acquired by Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment policy 11). Easements are not amortised. Branding assets are amortised over their estimated useful lives of 10 years using the straight line method.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(iv) Amortisation

An intangible asset with a finite useful life is amortised over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

6. Biological assets and agricultural produce

A biological asset is a living animal or plant.

Forest assets

Forest assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the balance sheet at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the income statement together with the change in fair value for each accounting period.

The valuation of forests is based on discounted cash flow models where the fair value is calculated using cash flows from continued operations; that is, based on sustainable forest management plans taking into account growth potential. The yearly harvest from forecast tree growth is multiplied by expected wood prices and the costs associated with forest management, harvesting and distribution are then deducted to derive annual cash flows.

The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational and market restrictions. Forest assets are valued separately from the underlying freehold land.

The forestry assets are revalued annually by D W Guild MNZIF of Guild Forestry as at 30 June.

7. Investments

Council classifies its investments as available-for-sale financial assets. These are non-derivatives that are either designated in this category or not classified in any of the other categories.

(i) Investments in debt and equity securities

Loans are designated as loans and receivables. They are measured at initial recognition at fair value, and subsequently carried at amortised cost using the effective interest method, subject to a test for impairment.

Other financial instruments held by Council are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss flowing through the equity statement.

Financial instruments classified as available-for-sale investments are recognised / derecognised by Council on the date it commits to purchase / sell the investments.

(ii) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity. Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised in the income statement.

Rental income from investment property is accounted for as described in the Revenue policy (15), below.

8. Trade and other receivables

(i) Other trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see Impairment policy 11).

(i) Community loans

Loans, including loans to community organisations made by Council at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Financial Performance as a grant.

9. Inventories

Land being developed for resale

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

10. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

11. Impairment of non-financial assets

The carrying amounts of Council's assets, other than biological assets (see Biological Assets policy 6), investment property (see Investments policy 7(ii)) and inventories (see Inventories policy 9), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and 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.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in

statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of financial performance.

12. Provisions

A provision is recognised in the balance sheet when Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

13. Employee entitlements

Provision is made in respect of Council's liability for the following short and long-term employee entitlements.

(i) Short term entitlements

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Liabilities for annual leave are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g., sick leave), where material, are measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the balance sheet date, that Council anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

(ii) Long term entitlements

Where (for historical reasons) a retirement gratuity entitlement exists, where material, liability is assessed on an actual entitlement basis using current rates of pay taking into account years of service. All remaining staff with this provision in their contracts have completed the qualifying conditions.

Where (for historical reasons) a long service leave entitlement exists in an individual's employment agreement, the value of the entitlement will be recognised on an actual basis for staff who have completed the service entitlement, but not yet taken the leave, and on a discounted basis for the staff members who have not yet completed the qualifying service.

(iii) Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

Defined benefit schemes

Council had a single staff member (now retired) participating in the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. Council has no

ongoing liability to the scheme. The scheme is therefore accounted for as a defined contribution scheme.

15 Trade and other payables

Trade and other payables are recognised at cost.

15. Revenue

(i) Rates

Rates are set annually by resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

(ii) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(iii) Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(iv) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(v) Government grants

Grants from the government are recognised at their fair value when the grant has been received, and Council has complied with all attached conditions.

(vi) Dividend income

Dividend income is recognised when the payment is received.

(vii) Water billing revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

(viii) Vested Assets

Vested assets are recognised at the point when Council has issued the certificate prescribed under the Resource Management Act 1991 S224(c), relating to the respective subdivisions.

(ix) Development contributions

Development and financial contributions revenue is recognised at the point where Council has issued an invoice in respect of the development demand notice.

Development contributions are classified as part of "Contributions for capital purposes".

16. Expenses - Operating lease payments

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

17. Third party transfer payment agencies

Council collects monies for other organisations. Where collections are processed through Council's books, any monies held are shown as Accounts Payable in the Balance Sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

18. 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 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 Council's decision.

19. Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

20. Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the user of a service can be identified, the cost recovery is made by way of a direct charge. Where this has not been possible, the costs are allocated by way of general overhead, on the basis of expenditure incurred within the activity.

21. Landfill post closure costs

Council has a number of closed landfills. The resource consents for these include a legal obligation to provide ongoing maintenance and monitoring services throughout the life of the consent. The provision is measured on the present value of future cash flows expected, taking into account future events, including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

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

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for post-closure treatment.

22. Estimate figures

The estimate figures are those adopted at the beginning of the year in the Long Term Council Community Plan. The estimate figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of financial statements.

23. Borrowings

Borrowings are recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

The cost of borrowing is recognised as an expense in the period in which it is incurred.

24. Equity

Equity is the community's interest in Council, and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified to the extent that the use of trust funds is legally restricted, and to reflect unrealised revaluations.

25. Joint ventures

A joint venture is a contractual arrangement whereby two parties undertake an economic activity that is subject to joint control. For jointly controlled operations Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture, Council currently has jointly controlled operations with Queenstown Lakes District Council in respect to forestry.

26. Restricted and Council created reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

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

Also included in restricted reserves are reserves created by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at Council's discretion.

27. Critical judgements

Significant assumptions and risks (critical judgements) related to the Long Term Council Community Plan (LTCCP) are identified at various points within the LTCCP.

Explanation of transition to NZ IFRS

Transition to NZ IFRS

Council's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. Council has applied NZ IFRS 1 in preparing these financial statements.

Council's transition date is 1 July 2005. Council prepared its opening NZ IFRS Balance Sheet at that date. The reporting date of these financial statements is 30 June 2007. Council's NZ IFRS adoption date is 1 July 2006.

In preparing these financial statements in accordance with NZ IFRS 1, Council has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by Council

Council is required to make the following mandatory exception from retrospective application:
Estimates exception - Estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.

New standard and interpretation not yet adopted

A number of new interpretations and standards are not yet effective for the year ended 30 June 2007, and have not been applied in preparing these financial statements:

'-NZ IAS 1 Presentation of financial statements – Capital Disclosures. Mandatory for reporting periods beginning on or after 1 January 2007. The amendments to NZ IAS 1 require entities to disclose its objectives, policies and processes for managing capital. The Council has not yet determined the potential effect of the interpretation.

'- NZ IAS 23 Borrowing Costs (revised 2007). NZ IAS 23 (revised 2007) supercedes the previous version of NZ IAS 23 Borrowing Costs (issued 2004). NZ IAS 23 (revised 2007) mandates the capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The benchmark treatment of NZ IAS 23 (issued 2004) of expensing borrowing costs for qualifying assets is no longer permissible under NZ IAS 23 (revised 2007). NZ IAS 23 Borrowing Costs (revised 2007) is mandatory for reporting periods beginning on or after 1 January 2009. The Council has not yet determined the potential effect of the interpretation.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. VESTED ASSETS

Subdivision developers are required to install services as a condition of resource consent approval. These services, (roading, sewerage, water supply and footpaths) subsequently vest in the Council as part of its infrastructure. The value of these is identified as income (non-cash) in the Statement of Financial Performance, and is distributed within the following asset classes.

Asset Class	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Reserves	Nil	876
Roading (including footpaths)	1,014	4,680
Stormwater	229	1,039
Wastewater	373	1,946
Water	269	2,624
	<u>1,885</u>	<u>11,165</u>

2. PUBLIC EQUITY

Ratepayers Equity	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Opening Balance 1 July	316,633	304,229
add surplus for year	3,644	12,407
add (less) movement in trust and bequest fund reserves	(3)	(3)
Closing Balance 30 June	<u>320,274</u>	<u>316,633</u>

Revaluation Reserves

	Opening	<u>2006/07</u>	Closing Balance
	Balance	Net	
	\$000's	Movement	\$000's
Roading	92,079	40,452	132,531
Bridges	7,428	274	7,702
Water	14,437	1,108	15,545
Wastewater	9,645	(624)	9,021
Stormwater	2,985	1,059	4,044
Shares	41	11	52
Community loans	-	-	-
Investment bonds	-	(20)	(20)
Total	<u>126,615</u>	<u>42,260</u>	<u>168,875</u>

	Opening	<u>2005/06</u>	Closing Balance
	Balance	Net	
	\$000's	Movement	\$000's
Roading	92,079	-	92,079
Bridges	7,428	-	7,428
Water	-	14,437	14,437
Wastewater	-	9,645	9,645
Stormwater	-	2,985	2,985
Shares	32	9	41
Total	<u>99,539</u>	<u>27,076</u>	<u>126,615</u>

Trust and Bequest Fund Reserves	<u>2006/07</u> \$000's	<u>2005/06</u> \$000's
Opening Balance 1 July	44	41
Net Movement	3	3
Closing Balance 30 June	<u>47</u>	<u>44</u>

3. STATEMENT OF CASH FLOW

Reconciliation of net cash flows from operating activities with reported net operating surplus.

	<u>2006/07</u> 000's	<u>2005/06</u> 000's
Net surplus (deficit)	3,644	12,407
Add (less) non-cash items:		
Depreciation	6,638	6,800
Amortisation of intangible assets	83	67
Vested Assets	(1,885)	(11,165)
Valuation gains	(115)	(126)
Add (less) movements in working capital items:		
Decrease (Increase) in accounts receivable	(429)	(584)
Increase (Decrease) in accounts payable	(199)	1,856
Decrease (Increase) in inventory	962	2,600
Decrease (Increase) in net GST receivable	104	(59)
Add (less) items included in investing activities:		
Net gain on sale of assets	(874)	(2,602)
Increase (Decrease) in fixed asset related payables	626	(968)
Add (less) item included in term liabilities		
Decrease in landfill aftercare liability	(19)	(22)
Net cash inflow (outflow) from operating activities	<u>8,536</u>	<u>8,204</u>

Of the total cash balance of \$2,166,000, an amount of \$47,000 is restricted in its use.

Cash and Cash equivalents comprise cash and current accounts, and on call deposits as detailed under:

	<u>2006/07</u> \$000's	<u>2005/06</u> \$000's
Cash and current accounts	180	235
On call deposits and deposits maturing within 3 months.	1,986	1,576
	<u>2,166</u>	<u>1,811</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2006/07</u> \$000's	<u>2005/06</u> \$000's
Sundry Accounts Receivable	1,009	1,025
Goods and Services Tax	233	253
Rates Receivable	574	567
Transfund NZ subsidy	982	487
Prepaid Expenses	69	116
	<u>2,867</u>	<u>2,448</u>
Less provision for impairment receivables	(161)	(179)
	<u>2,706</u>	<u>2,269</u>

Of the Trade and Other Receivables, Council has within its district certain properties where the owners have formally or informally abandoned the land. Outstanding rates on these properties are treated as being impaired. Other outstanding rates receivables are not impaired as Council has access to various powers under the Local Government (Rating) Act 2002 for collection. The age of outstanding, but unimpaired, rates is detailed below.

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Rates outstanding (unimpaired)		
Reporting year ended 30 June	331	337
Unpaid 1 year	83	50
Unpaid 2 years	16	4
Unpaid older	2	2
	<u>432</u>	<u>393</u>
Rates outstanding (impaired)		
Reporting year ended 30 June	18	22
Unpaid 1 year	15	13
Unpaid 2 years	10	13
Unpaid 3 years	10	9
Unpaid older	89	116
	<u>142</u>	<u>173</u>

As at 30 June 2007 and 2006, all overdue receivables, apart from rates receivable, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. Council has taken the full value of rates receivable in respect to abandoned land as impaired.

The impairment provision for non-rates receivables has been calculated by a review of specific debtors.

There is no concentration of credit risk with respect to receivables due to the dispersed customer base.

5. TRADE AND OTHER PAYABLES

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Trade Accounts Payable	3,648	2,625
Employee Entitlements	457	509
Other Provisions	34	36
	<u>4,139</u>	<u>3,170</u>

6. TERM LOANS

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Opening Balance	0	56
Raised during the year	0	0
	<u>0</u>	<u>56</u>
Less repaid during the year		56
	<u>0</u>	<u>0</u>

7. AVAILABLE FOR SALE FINANCIAL ASSETS

Investment bonds were held as corporate and bank bonds, and are valued at fair value.

The value of the unlisted shares in NZ Local Government Insurance Corporation Ltd was established using a net assets basis from the Annual Report of the Company for the year ended 31 December 2006.

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Current		
Deposits maturing 3-12 months	655	1,613
Investment bonds	1,500	2,520
Promissory Notes	5,889	4,915
	<u>8,044</u>	<u>9,048</u>
Add (less) fair value adjustment investment bonds	26	
	<u>8,070</u>	<u>9,048</u>

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Non Current		
Investment bonds	2,000	2,494
Share investments in unlisted public companies	139	128
	<u>2,139</u>	<u>2,622</u>
Add (less) fair value adjustment investment bonds	(45)	
	<u>2,094</u>	<u>2,622</u>

Interest Rates

The weighted average effective interest rates on investments (current and non-current) were:-

	%	%
Corporate and bank bonds	7.23	7.17
Short-term deposits (bank + promissory notes)	8.12	7.47

Investment maturities

The following schedule gives maturities for all investments (\$000's) :-

	<u>2006/07</u>			
	Short term deposits	Promissory notes	Corporate and bank bonds	Total
Less than 3 months		5,889	1,000	6,889
3 to 12 months	655		500	1,155
1 to 2 years			1,005	1,005
2 to 5 years			995	995
	<u>655</u>	<u>5,889</u>	<u>3,500</u>	<u>10,044</u>

	<u>2005/06</u>			
	Short term deposits	Promissory notes	Corporate and bank bonds	Total
Less than 3 months		4,915	1,015	5,930
3 to 12 months	1,613		1,506	3,119
1 to 2 years			1,496	1,496
2 to 5 years			998	998
	<u>1,613</u>	<u>4,915</u>	<u>5,015</u>	<u>11,543</u>

8. LOANS AND RECEIVABLES

Mortgage and other investments consist of lending to recreation and cultural clubs and bodies, vendor mortgages on sale of land and community lending to local clubs and bodies. The fair value of investments is equal to the holding value, apart from community loans which have been determined using the effective interest method for low interest or interest free loans.

Mortgages and other investments -		
Interest bearing	745	670
Non-interest bearing	211	210
	<u>956</u>	<u>880</u>
Less provision for impairment community loans	32	46
	<u>924</u>	<u>834</u>

Interest Rates

Mortgages and other investments (interest bearing)	8.38	8.37
--	------	------

9. PROPERTY, PLANT AND EQUIPMENT

Restricted Assets

Some properties have various restrictions placed on them which affect Council's ability to freely deal with those properties. For example, a number of properties, while having a Certificate of Title on issue in Council's name, have been vested under the Reserves Act and may revert to the Crown should the purpose for which the properties were vested cease to be relevant. It is not currently practical to quantify these properties.

"Endowment" properties can be freely divested. The only known restrictions apply to the purpose to which the proceeds received from such divestments may be utilised. Another example is property held in trust by the Council for particular purposes as a result of bequests.

Heritage Assets

Heritage assets are included in the asset register in the same categories as non-heritage assets of similar nature. The book values of heritage assets included within the asset classes are as follows:

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Buildings	100	100
Bridges	128	1,165
Recreation and Cultural	3	3
	<u>231</u>	<u>1,268</u>

The infrastructural assets water, wastewater, and stormwater were revalued with an effective date of 1 July 2006. This valuation, dated 25 October 2007, using a depreciated replacement value basis, was carried out by independent valuers Rationale Ltd. Edward Guy BE (Civil), BCom, managing director of Rationale Ltd, was the principal valuer for this work.

The valuations have been completed in accordance with the following standards:
NZ Equivalent to International Accounting Standard 16 *Property plant and Equipment*
NZ Infrastructure Asset Valuation and depreciation Guidelines Version 2 2006.

Pipe and point unit rates have been reviewed to ensure that they are representative of the current replacement costs being observed in the market, including a review of recent Council contracts for schedule rates.

The roading infrastructural asset was revalued with an effective date of 1 July 2006. This valuation, dated August 2006, using a depreciated replacement value basis, was carried out by independent valuers MWH Ltd. Michael Duggan NZCE (Civil)(Part) was the principal valuer for this work.

The valuations have been completed in accordance with the following standards:
NZ Equivalent to International Accounting Standard 16 *Property plant and Equipment*
NZ Infrastructure Asset Valuation and depreciation Guidelines Version 2 2006.

Replacement rates and engineering fees have been reviewed to ensure that they are representative of the current replacement costs being observed in the market, including a review of recent Council contracts for schedule rates.

9. PROPERTY, PLANT AND EQUIPMENT - AS AT 30 JUNE 2007

	Accumulated Depreciation and		Current										Accumulated Depreciation and	
	Cost Revaluation 1/07/2006 \$000's	Impairment Charges 1/07/2006 \$000's	Carrying Amount 1/07/2006 \$000's	Current Year Additions \$000's	Current Year Disposals at Cost \$000's	Accum Depn on Disposals \$000's	Current Impairment Charges \$000's	Current Year Depreciation \$000's	Revaluation \$000's	Revaluation Depreciation Recovered \$000's	Cost/Revaluation 30/06/2007 \$000's	Impairment Charges 30/06/2007 \$000's	Carrying Amount 30/06/2007 \$000's	
Infrastructural Assets														
Bridges	20,837	(1,117)	19,720	308	-	-	-	(604)	(805)	1,081	20,340	(640)	19,700	
Roading	299,947	(5,995)	293,952	5,403	-	-	-	(3,017)	34,540	5,923	339,890	(3,099)	336,791	
Under construction	-	-	-	303	-	-	-	-	-	-	303	-	303	
Land Under Roads	8,687	-	8,687	-	-	-	-	-	-	-	8,687	-	8,687	
Stormwater	13,948	(263)	13,685	229	-	-	-	(289)	797	263	14,974	(289)	14,685	
Water Supply	37,115	(905)	36,210	464	-	-	-	(791)	204	903	37,783	(793)	36,990	
Under construction	-	-	-	623	-	-	-	-	-	-	623	-	623	
Wastewater	24,984	(714)	24,270	484	-	-	-	(617)	(1,282)	658	24,186	(673)	23,513	
Under construction	-	-	-	483	-	-	-	-	-	-	483	-	483	
	405,518	(8,994)	396,524	8,297	-	-	-	(5,318)	33,454	8,828	447,269	(5,494)	441,775	
Operational Assets														
Office Equipment	2,037	(1,498)	539	290	(335)	335	-	(270)	-	-	1,992	(1,433)	559	
Furniture and Fittings	1,101	(722)	379	93	(5)	4	-	(56)	-	-	1,189	(774)	415	
Recreation and Culture	4,090	(706)	3,384	459	-	-	-	(167)	-	-	4,549	(873)	3,676	
Other	854	(306)	548	29	-	-	-	(31)	-	-	883	(337)	546	
Plant and Machinery	2,563	(1,214)	1,349	121	(5)	5	-	(139)	-	-	2,679	(1,348)	1,331	
Motor Vehicles	510	(173)	337	65	(35)	21	-	(80)	-	-	540	(232)	308	
Land	5,638	(42)	5,596	925	(74)	-	-	(14)	-	-	6,489	(56)	6,433	
Buildings	22,878	(4,609)	18,269	857	-	-	-	(466)	-	-	23,735	(5,075)	18,660	
Under construction	-	-	-	676	-	-	-	-	-	-	676	-	676	
Library Books	1,559	(1,043)	516	107	-	-	-	(97)	-	-	1,666	(1,140)	526	
	41,230	(10,313)	30,917	3,622	(454)	365	-	(1,320)	-	-	44,398	(11,268)	33,130	
TOTAL FIXED ASSETS	446,748	(19,307)	427,441	11,919	(454)	365	-	(6,638)	33,454	8,828	491,667	(16,762)	474,905	

PROPERTY, PLANT AND EQUIPMENT - AS AT 30 JUNE 2006

	Accumulated Depreciation and Impairment Charges		Carrying Amount 1-Jul-05 \$000's	Current Year				Revaluation Recovered \$000's	Accumulated Depreciation and Impairment Charges		Carrying Amount 30-Jun-06 \$000's
	Cost Revaluation 1-Jul-05 \$000's	1-Jul-05 \$000's		Disposals at Cost \$000's	Disposals \$000's	Accum Depn on Disposals \$000's	Current Depreciation Year \$000's		Revaluation \$000's	Cost/Revaluation 30-Jun-06 \$000's	
Infrastructural Assets											
Bridges	20,559	(581)	19,978	278	-	-	(536)	-	20,837	(1,117)	19,720
Roading	291,572	(2,842)	288,730	8,083	(2)	-	(3,153)	-	299,653	(5,995)	293,658
Under construction	-	-	-	294	-	-	-	-	294	-	294
Land Under Roads	8,687	-	8,687	-	-	-	-	-	8,687	-	8,687
Stormwater	11,474	(1,952)	9,522	1,443	-	-	(263)	1,031	13,948	(263)	13,685
Water Supply	22,901	(4,307)	18,594	3,305	-	-	(899)	10,441	36,647	(905)	35,742
Under construction	-	-	-	468	-	-	-	-	468	-	468
Wastewater	16,141	(3,451)	12,690	2,306	-	-	(670)	6,254	24,701	(714)	23,987
Under construction	-	-	-	283	-	-	-	-	283	-	283
	371,334	(13,133)	358,201	16,460	(2)	-	(5,521)	17,726	405,518	(8,994)	396,524
Operational Assets											
Office Equipment	1,846	(1,248)	598	195	(4)	-	(254)	-	2,037	(1,498)	539
Furniture and Fittings	1,050	(673)	377	54	(3)	-	(52)	-	1,101	(722)	379
Recreation and Culture	2,584	(559)	2,025	1,478	-	-	(147)	(2)	4,060	(706)	3,354
Under construction	-	-	-	30	-	-	-	-	30	-	30
Other	796	(273)	523	58	-	-	(33)	-	854	(306)	548
Plant and Machinery	2,578	(1,085)	1,493	37	(12)	-	(134)	(40)	2,563	(1,214)	1,349
Motor Vehicles	420	(101)	319	125	(35)	-	(72)	-	510	(173)	337
Land	5,212	(28)	5,184	451	(25)	-	(14)	-	5,638	(42)	5,596
Buildings	22,736	(4,154)	18,582	185	-	-	(455)	(212)	22,709	(4,609)	18,100
Under construction	-	-	-	169	-	-	-	-	169	-	169
Library Books	1,442	(952)	490	117	-	-	(91)	-	1,559	(1,043)	516
	38,664	(9,073)	29,591	2,899	(79)	-	(1,252)	(254)	41,230	(10,313)	30,917
TOTAL FIXED ASSETS	409,998	(22,206)	387,792	19,359	(81)	-	(6,773)	17,472	446,748	(19,307)	427,441

Comparative figures as reported in the Council's to 30 June 2006 may differ due compliance with IFRS requiring reclassification specific assets.

10. INTANGIBLE ASSETS

	Easements	Computer Software	Branding	Total
Balance at 1 July 2006				
Cost	32	256	144	432
Accumulated amortisation and Impairment	-	(155)	(13)	(168)
	<u>32</u>	<u>101</u>	<u>131</u>	<u>264</u>
Year ending 30 June 2007				
Additions	10	91	-	101
Amortisation charge	-	(69)	(14)	(83)
Closing carrying amount	<u>42</u>	<u>123</u>	<u>117</u>	<u>282</u>
Balance at 30 June 2007				
Cost	42	347	144	533
Accumulated amortisation and Impairment	-	(224)	(27)	(251)
	<u>42</u>	<u>123</u>	<u>117</u>	<u>282</u>
Balance at 1 July 2005				
Cost	-	166	18	184
Reclassified assets	23	34	-	57
Accumulated amortisation and Impairment	-	(92)	-	(92)
	<u>23</u>	<u>108</u>	<u>18</u>	<u>149</u>
Year ending 30 June 2006				
Additions	9	56	126	191
Amortisation charge	-	(63)	(13)	(76)
	<u>32</u>	<u>101</u>	<u>131</u>	<u>264</u>
Balance at 30 June 2006				
Cost	32	256	144	432
Accumulated amortisation and Impairment	-	(155)	(13)	(168)
	<u>32</u>	<u>101</u>	<u>131</u>	<u>264</u>

Easements are not cash generating in nature as they give the right to access across private land. As such impairment of easements is determined by considering the future service potential of the easement and its assessed replacement cost. No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed as less than their replacement cost.

Branding has been amortised over a period of 10 years which reflects the estimated life of the impact of the brand. No impairment losses have been recognised.

Computer software is amortised over 3 years and no impairment losses have been recognised.

11. BIOLOGICAL ASSETS (Forestry)

	<u>2006/07</u> \$000's	<u>2005/06</u> \$000's
Balance as at 1 July	830	764
Increases due to purchases	13	10
Gains and losses arising from revaluations	(52)	56
Decreases due to sales	-	-
Decreases due to Harvest	-	-
	<u>791</u>	<u>830</u>

The Central District Council has forest investments of:

- 20.8 net stocked hectares in Alexandra
- 11.4 net stocked hectares in Alexandra
- 2.3 net stocked hectares in Cromwell
- 93.1 net stocked hectares in Cromwell
- 3.3 net stocked hectares in Ranfurly
- 13.6 net stocked hectares in Naseby
- 10.3 net stocked hectares in Roxburgh

Central Otago District Council has 25% investment in a joint venture forest with Queenstown-Lakes District Council which comprises 44.75 net stock hectares of Douglas fir from 18 to 23 years old.

Alexandra - 20.8 ha of radiata pine of an undetermined age ready to be harvested at any time, with the balance ranging from 10 - 20 years old.

Cromwell - 2.3 ha of radiata pine of an undetermined age ready to be harvested with the balance ranging from 12 - 24 years old.

Ranfurly - 2 ha of Corsican pine 17 years old and 1.3 ha of Radiata 22 years old

Naseby - 11 ha of radiata pine 24 years old and 2.6 ha Corsican pine 27 years old

Roxburgh - 13.3 ha radiata pine 23 years old.

Assumption: Radiata mature for clear felling at 35 years of age and Corsican pine 60 year

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June 2007. A pre tax discount rate of 9% has been used in discounting the present value of expected cash flows.

The value as at 30 June represent a 17% decrease in value over the same time last year.

Much of the decrease is attributable to a wind event in September 2006 that blew down all of one stand at Naseby and a significant part of another. The stocked area has been reduced to reflect this.

No forests have been harvested during the period.

Central Otago District Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices.

Assumption: Douglas fir mature for clearfelling at an average age of 45.

12. INVESTMENT PROPERTIES

	<u>2006/07</u> 000's	<u>2005/06</u> 000's
Balance as at 1 July	1,585	1,515
Additions from acquisitions	-	-
Disposals	-	-
Fair value gains/(losses) on valuation	75	70
Balance at 30 June	<u>1,660</u>	<u>1,585</u>
Rental Income	115	110

Central Otago District Council investment properties are valued annually at fair values effective 30 June. All properties were valued on open market evidence. The valuation was performed by QV Valuations who are experienced in property valuation in the local market.

There are no contractual obligations in relation to investment properties at balance date

13. JOINT VENTURE

Council has a one quarter interest in the Coronet Forest accounted for as a jointly controlled operation with Queenstown Lakes District Council. Council's interests in the jointly controlled operation are as follows:

	<u>2006/07</u> 000's	<u>2005/06</u> 000's
Current assets	-	2
Non-Current assets	491	470
Current liabilities	7	6
Non-current liabilities	-	-
Income	-	-
Expenses	3	-

14. LANDFILL AFTERCARE PROVISION

The Council has a number of resource consents for closed landfills. The Council has a responsibility under these consents to provide ongoing maintenance and monitoring of the landfill sites.

These responsibilities include:-

treatment and monitoring of leachate

groundwater and surface monitoring

monitoring of air quality

ongoing maintenance of cover and monitoring bores.

The cash outflows are expected to continue through to 2031 when the last of the current resource consents expires. Future monitoring requirements past this date are not quantifiable. No reimbursements are expected.

The long term nature of this liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using existing technology and is discounted at a rate of 6%.

The landfill liability is estimated at \$130,000 (2006 - \$149,000)

	<u>2006/07</u> \$000's	<u>2005/06</u> \$000's
Opening Balance	149	171
Less applied to operations	(26)	(30)
Add Interest time adjustment	7	8
Closing balance	<u>130</u>	<u>149</u>

15. CONTINGENT LIABILITIES/ASSETS

	<u>2006/07</u>	<u>2005/06</u>
	\$	\$
Contingent Liabilities	Nil	Nil
Contingent Assets	9,169,000	8,569,000

Contingent assets comprise the value of lessees' improvements on land leased from Council where a term of the lease provides for the improvements to vest in Council on the dissolution of the community group leasing that part of the reserve. Because of the lack of certainty in respect to the life of such groups, it is not practical to estimate the financial effects of these contingent assets. The values are derived from the rating valuation dated 1 September 2004, completed by Quotable Value NZ Ltd.

16. DISCLOSURES (Schedule 10 LOCAL GOVERNMENT ACT 2002, and Accounting Standards)

Expenditure	<u>2006/07</u>	<u>2005/06</u>
(a) Remuneration of elected members (including expenses)	\$	\$
<i>Mayor</i>		
J M Macpherson	54,150	54,119
<i>Councillors</i>		
G R Bell	9,978	8,466
L J Claridge	8,643	8,344
G J Dillon	7,725	8,108
M V Dowling *	26,505	13,143
T C Emmitt *	27,017	14,006
N J Gillespie	14,137	13,607
J T Lane *	27,848	13,492
A B Lepper	16,977	15,216
E J Mcatamney	8,897	11,285
M R Mcpherson	16,264	12,626
G M Smith	17,393	14,332
C Stevenson	9,844	7,804
G M Stewart	10,646	10,936
* Member Project Hayes Hearings Panel		
<i>Alexandra Community Board</i>		
S J Battrick	8,317	8,068
J F Hall	3,988	3,933
J R Hill	3,933	3,933
C M Withington	3,988	3,933
<i>Cromwell Community Board</i>		
C R Crawford	3,988	3,933
H E Hucklebridge	3,988	4,000
W M Macmillan	4,118	4,082
N G Trevathan	4,329	4,212
<i>Earnsclough/Manuhherikia Community Board</i>		
M T Flannery	2,262	2,105
C R Higginson	1,994	1,966
J H Knapp	1,994	2,133
T M Moran	2,314	2,487
J D Shand	2,081	2,022
<i>Maniototo Community Board</i>		
B A Becker	1,994	2,063
SL Duncan	1,994	1,966
R J Smith	2,010	1,982
S E Umbers	1,994	1,966
<i>Roxburgh Community Board</i>		
J M Kerr	1,994	1,966
H L Pinder	1,994	2,028
T A Stevenson	2,025	1,966
S J Wilson	5,573	5,820

(b) Remuneration of Chief Executive Officer

The Chief Executive of the Central Otago District Council, appointed under section 42 (1) of the Local Government Act 2002, received a salary and benefits as detailed below.

	<u>2006/07</u>	<u>2005/06</u>
	\$	\$
Salary	179,253	167,133
Additional benefits:		
Motor vehicle	12,500	12,267

As at 30 June 2007, the annual cost, including fringe benefit tax, to the Central Otago District Council of the remuneration package being received by the Chief Executive is calculated at \$191,200 (2006 - \$180,267).

(c) Remuneration of Key Management

Salary range \$000's	No.	<u>2006/07</u>		<u>2005/06</u>
		\$	No.	\$
90-100	2	193,449	2	186,868
100-110	1	102,836	1	107,580
120-130			1	127,519
130-140	1	130,031		

(d) Severance agreements

Pursuant to Schedule 10 Part 3 (19) of the Local Government Act 2002, the Council is required to disclose the cost of any severance agreement with an employee. No such severance agreements occurred (2006 - Nil).

	<u>2006/07</u>	<u>2005/06</u>
	\$	\$
Revenue		
(e) Donations	79,977	31,949

17. EMPLOYEE BENEFIT EXPENSES

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Salaries and wages	4,459	3,818
Superannuation scheme contributions:		
- defined benefit scheme contributions disclosed as defined contribution schemes	Nil	Nil
- defined contribution schemes	15	15
Increase (decrease) in employee benefit liabilities	(52)	46
Total employee benefit expenses	<u>4,422</u>	<u>3,879</u>

18. OTHER EXPENSES

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Audit fees	80	91
([07] LTCCP Amend. \$5000, IFRS conversion \$12,000 Accounts \$63,000)		
([06] LTCCP \$35,200, Accounts \$55,320)		
Accounts receivable written off	0	31
Increase (decrease) in provision for bad debts	18	19
Interest expense	Nil	3
Payments under lease agreements	39	67
Rates remissions in accordance with Council's policies for rates remissions	104	43
Direct expenses from investment property generating income	15	13
Direct expenses from investment property not generating income	Nil	Nil
Other operating expenses	<u>13,374</u>	<u>12,105</u>
	<u>13,630</u>	<u>12,372</u>

19. EXPENDITURE SUMMARY COST OF SERVICES

	<u>2006/07</u>	<u>2005/06</u>
	<u>\$000's</u>	<u>\$000's</u>
Community Services		
Cemeteries	71	66
Community Buildings	544	474
Clutha Management	52	46
Elderly Persons Housing	433	415
Emergency management	270	209
Grants	794	761
Libraries	731	621
Parks and reserves	1,449	1,404
Swim Centres	1,242	1,161
District Development		
Airports	43	18
Commercial and other property	416	333
Community	437	15
Economic development	137	156
Tourism - promotion groups	165	168
Tourism Central Otago	252	316
Tourism - visitor information centres	552	469
Utility Services		
District roading	6,962	7,024
Footpaths, carparks and street cleaning	690	799
Public toilets	188	141
Stormwater	421	385
Water	2,311	2,309
Wastewater	1,763	1,444
Waste management	1,995	1,839
Utilities management	313	214
Environmental services		
	2,193	1,860
Governance and administration		
Democracy	749	737
Overheads and other	(322)	(263)
(includes internal interest recoveries)		
TOTAL COST	<u><u>24,851</u></u>	<u><u>23,121</u></u>

20. RELATED PARTY TRANSACTIONS

During the year Councillors, Community Board members and key management staff, as part of a normal customer relationship, were involved in minor transactions with the Council, such as payment of rates and transfer station fees. In addition, Council purchased specific services from Councillors and Board members, as follows:

Councillor	Supplier	Relationship	<u>2006/07</u>	<u>2005/06</u>
			\$	\$
Cr Emmitt	TC Emmitt & Associates	Principal	1,573	4,204
	Cromwell Promotions	Secretary	40,000	40,000
Cr Dowling	Mike Dowling	Principal	26,847	24,758
Cr Lane	Lanby Investments Ltd	Director	753	500
Cr McAtamney	Decollectables	Principal	196	365
	Moyola Art Deco	Principal	1,847	1,027
Community Board Member				
J H Knapp	JH and OJ Knapp Ltd	Director	357	638
H Pinder	Pinder Motors Ltd	Director	267	Nil

These services were provided on normal commercial terms. Cr Emmitt provides contracted services to Cromwell and Districts Promotions Inc which receives funding from the Council. Cr Dowling provides roading gravel, other disclosures relate to purchases of goods.

21. FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially subject the Council to credit risk principally are bank and cash, accounts receivable, short term investments and financial guarantees.

The Council's main bank accounts are held with the Bank of New Zealand. The credit risk is reduced by ensuring the balances in the accounts are at sufficient levels to fund the day to day operations of the Council. Surplus funds are invested in accordance with Council policy with a number of approved trading banks, building societies, local authorities, state owned enterprises, regional health entities, corporates or in NZ Government stock. The exposures are net of any recognised provision for losses on these financial instruments. The level and spread of accounts receivable minimises the Council's exposure to risk.

Collateral held: Rates as a charge on the property pursuant to the Local Government (Rating) Act 2002.

Maximum Exposure to Credit Risk and Fair Values

The maximum exposure to credit risk and fair value of financial instruments is the equivalent to the carrying amount in the Statement of Financial Position. The Council manages the credit risk by spreading its investments across several institutions that have approved credit ratings.

Currency Risk

The Council is not exposed to any direct currency risk as all transactions are in New Zealand dollars.

Interest Rate Risk

The Council manages its investments to minimise interest rate risk, in accordance with the investment policy within the 2006-16 long Term Council Community Plan adopted by Council at its June 2006 meeting, by holding investments with differing maturities and fixed returns. Term loans are all at fixed rates of interest (see Note 6).

22. INTERNAL LOANS

The Council has used available cash reserves to finance debt internally rather than using external funding. These loans are not represented in the Statement of Financial Position.

	<u>2006/07</u>	<u>2005/06</u>
	\$000's	\$000's
Opening balance	4,048	4,380
Add new advances	-	145
Less principal paid	(504)	(477)
Closing balance	<u>3,544</u>	<u>4,048</u>

In accordance with accounting standards, internal interest is excluded from the Statement of Financial Performance. It remains included in the individual Cost of Services Statements to recognise the actual cost to ratepayers of that particular activity. The following table details the amount of internal interest included within the respective Cost of Service Statements.

Internal Interest	<u>2006/07</u>	<u>2006/07</u>	<u>2005/06</u>
Activity	\$000's	\$000's	\$000's
	Actual	Estimate	Actual
Community Buildings	3	6	3
Elderly Persons Housing	75	78	75
Parks and Recreation	1	1	1
Airports	2	3	3
Commercial Property	1	1	1
Forestry	2	2	2
Local Rooding	44	47	48
Stormwater	55	59	61
Wastewater	29	31	32
Water	75	82	68
Waste Management	11	10	3
	<u>298</u>	<u>320</u>	<u>297</u>

23. VALUATION GAINS and LOSSES

	<u>2006/07</u> \$000's	<u>2005/06</u> \$000's
Gain (loss) in fair value of forestry assets	(52)	56
Gain (loss) in fair value of investment property	75	70
Gain (loss) in fair value of community loans	14	-
Total gains/losses	37	126
Total gains as Statement of Financial Performance	115	126
Total losses as Statement of Financial Performance	(78)	-
	37	126

24. CAPITAL EXPENDITURE

Assets were acquired in accordance with the Statement of Capital Expenditure. These assets were for normal replacements apart from property, where investment in land development in Cromwell was made.

The following capital expenditure projects were either not commenced or not completed in the 2006/07 financial year ($k=\$1,000$, $m=\$1,000,000$):

Commercial Property: Land development at Alexandra (\$1.5m), Cromwell (\$3.382m) and Ranfurly (\$250k)
Facilities: Alexandra - Molyneux Stadium upgrading (\$500k), Cromwell - Pool development (\$2.2m), Naseby - Town Hall improvements (\$367k). **Reserves:** Alexandra - reserve land reorganisation (\$200k), Cromwell - irrigation and landscaping (\$141k). **Roading:** seal extension (\$1.6m). **Wastewater:** Alexandra - UV treatment (\$175k), Cromwell - overflow protection and treatment upgrade (\$110k). **Water:** Cromwell - reticulation extensions (\$399k), Clyde - new reservoir (\$402k), Omakau - new reservoir (\$50k). **Public Toilets:** Cromwell - upgrade to Mall toilets (\$80k).
Administration: Information Technology hardware(\$122k).

These projects have been affected by the construction boom in the Central/Lake area, with difficulties experienced in getting construction work undertaken. Work is expected to be completed in the 07/08 financial year. The information technology hardware was held back pending successful testing of enhanced server software. All projects have been reviewed by Council and the respective Community Boards for continued viability.

25. CAPITAL MANAGEMENT

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

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are 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 in 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 classes of assets detailing 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 Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And 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 in the Council's LTCCP.

The Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

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

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

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.

26. ESTIMATES

The estimates in the LTCCP Statement of Financial Performance retained some internal content. This internal content,(\$000's) interest (\$34) and gross value of commission sales (\$313) has been extracted from those estimates when applied to the Statement of Financial Performance in this report. A change in income classification group for development contributions (\$000's) (\$1,457) from user fees to contributions for capital purposes is also reflected.

27. COST OF SERVICE STATEMENTS

"Rates" as shown in the Cost of Service statements, represents the rates applicable to that activity plus external revenue applied in support of rates.

The amount of the difference, between the sum of "Rates" in the Cost of Service statements and the Rates revenue in the Statement of Financial Performance, is (\$000's) Actual 06/07 \$536, Estimate 06/07 \$574, Actual 05/06 \$519.

28. STATEMENT OF SERVICE PERFORMANCE

(1) Resident Opinion Survey

The Resident Opinion Survey (ROS) was conducted by Advanced Business Research. 2,400 names were randomly selected from the electoral roll and used as a basis for the sample list. For a sampling error of 5% a sample size of 385 was required. The final response was 644 which represented a sampling error of 3.5%. The required 5% sampling error was met with the samples obtained from each of the wards.

(2) Service Request Response Times

Response times were not achieved in some instances due to the need to gain funding approvals for requests relating to works not previously estimated for in the Annual Plan e.g. a request for a new footpath.

29. **TRANSITION TO NZ EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (NZ IFRS)**

Reconciliation of Equity 1 July 2005

		Previous NZ GAAP		Restated NZ IFRS
	Explanatory notes	Actual <u>1/07/05</u> \$000's	Amendments	Actual <u>1/7/05</u> \$000's
PUBLIC EQUITY				
Ratepayers Equity	d,e,i,l,n	303,595	634	304,229
Revaluation Reserves	l	100,079	(540)	99,539
Trust and Bequest Funds		41		41
		<u>403,715</u>	<u>94</u>	<u>403,809</u>
REPRESENTED BY:				
CURRENT ASSETS				
Cash and cash equivalents	a	5,646	(1,613)	4,033
Short term investments	f	6,401	(6,401)	
Inventory			1,300	1,300
Available for sale financial assets	f		8,014	8,014
Trade and other receivables		1,610		1,610
Properties held for sale	n	1,725	(1,725)	
		<u>15,382</u>	<u>(425)</u>	<u>14,957</u>
LESS CURRENT LIABILITIES				
Agency and deposits		401		401
Trade and other payables	d	3,036	20	3,056
Current portion of term debt		46		46
		<u>3,483</u>	<u>20</u>	<u>3,503</u>
WORKING CAPITAL		<u>11,899</u>	<u>(445)</u>	<u>11,454</u>
NON-CURRENT ASSETS				
Investments	e	2,362	(2,362)	
Available for sale financial assets g/h			1,604	1,604
Loans and receivables			712	712
Intangible assets	c		149	149
Biological assets	b		764	764
Investment properties	j		1,515	1,515
Property, plant and equipment	c,b	389,635	(1,843)	387,792
		<u>391,997</u>	<u>539</u>	<u>392,536</u>
LESS NON-CURRENT LIABILITIES				
Term loans		10		10
Landfill aftercare provision		171		171
		<u>181</u>		<u>181</u>
		<u>391,816</u>	<u>539</u>	<u>392,355</u>
NET ASSETS		<u>403,715</u>	<u>94</u>	<u>403,809</u>

Reconciliation of Equity 30 June 2006

	Explanatory notes	Previous NZ GAAP		Restated NZ IFRS
		Actual <u>2005/06</u> \$000's	Amendments	Actual <u>2005/06</u> \$000's
PUBLIC EQUITY				
Ratepayers equity	d,e,k,l,m,n	317,367	(734)	316,633
Revaluation reserves	k,l	127,211	(596)	126,615
Trust and bequest funds		44		44
		<u>444,622</u>	<u>(1,330)</u>	<u>443,292</u>
REPRESENTED BY:				
CURRENT ASSETS				
Cash and cash equivalents	a	3,424	(1,613)	1,811
Short term investments	f	4,914	(4,914)	
Available for sale financial assets	a,f		9,048	9,048
Accounts receivable		2,268	1	2,269
Properties held for sale	m,n	2,038	(2,038)	
Inventory			118	118
		<u>12,644</u>	<u>602</u>	<u>13,246</u>
LESS CURRENT LIABILITIES				
Agency and deposits		211		211
Trade and other payables	e	3,151	19	3,170
		<u>3,362</u>	<u>19</u>	<u>3,381</u>
WORKING CAPITAL		<u>9,282</u>	<u>583</u>	<u>9,865</u>
NON-CURRENT ASSETS				
Investments	g	6,023	(6,023)	
Available for sale financial assets	h		2,622	2,622
Loans and receivables	e,i		834	834
Intangible assets	c		264	264
Biological assets	b		830	830
Investment properties	j,o		1,585	1,585
Property, plant and equipment	b,c,o,l	429,466	(2,025)	427,441
		<u>435,489</u>	<u>(1,913)</u>	<u>433,576</u>
LESS NON-CURRENT LIABILITIES				
Landfill aftercare provision		149		149
		<u>149</u>		<u>149</u>
		<u>435,340</u>	<u>(1,913)</u>	<u>433,427</u>
NET ASSETS		<u>444,622</u>	<u>(1,330)</u>	<u>443,292</u>

**Changes in the Statement of Financial Performance year ending 30 June 2006
as a result of the transition to NZ IFRS and reconciliation of surplus.**

REVENUE	Previous NZ GAAP		Restated NZ
	Actual <u>2005/06</u> \$000's		IFRS Actual <u>2005/06</u> \$000's
Rates	12,581		12,581
Government grants and subsidies	3,001		3,001
Interest	1,009	(5)	1,004
Dividends		5	5
Regulatory fees	1,076		1,076
User fees and other income	2,877		2,877
Contributions for capital purposes	1,091		1,091
Profit on sale of assets	n 2,389	212	2,602
Vested assets	11,165		11,165
Unrealised gain on development land	m 1,707	(1,707)	
Valuation gains	k,l	126	126
Total Revenue	36,896	(1,369)	35,528
EXPENDITURE			
Employee benefit expenses	3,879		3,879
Depreciation and amortisation	6,867		6,867
Finance costs	3		3
Other expenses	12,372		12,372
Total Expenditure	23,121		23,121
NET SURPLUS (DEFICIT)	13,775	(1,369)	12,407

Explanatory notes – Reconciliation of equity

(\$k=\$1,000) [A detailed explanation of adjustments is not provided for adjustments of less than 2k]
2005 values are shown in italics.

a). Cash and cash equivalents

Those term deposits with maturities greater than three months have been reclassified as other investments - \$1,613k.

b). Biological assets (forests) disaggregated from property, plant and equipment, \$830k (\$764k).

c). Intangible assets (software applications) disaggregated from property, plant and equipment \$264k (\$149k).

d). Annual leave

Potential additional leave entitlement after 7 years service was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires Council to recognise the potential level of additional leave to which existing employees could reasonably be expected to become eligible. A historic entitlement to extended leave after 20 years service was also not recognised under NZ GAAP. The effect of this is a reduction in ratepayers equity and the recognition of an increased employee entitlements liability, of \$20k.

e). Community loans

Under previous NZ GAAP community loans at nil or lower than market interest had been valued at the original loan principal amount, less any loan repayments made. NZ IAS 39 requires receivables to be initially recognised at fair value and subsequently measured at amortised cost. In accordance with NZ IAS 39

community loans have been valued at the net present value of expected future repayments, using market interest rates for instruments with a similar credit rating as the discount factor. The effect of this has been a reduction in the receivable carrying value of \$46k, and a reduction of equity of \$46k.

f). Short term investments reclassified as Available for Sale Financial Assets \$4,914k (\$6,401k).

g). Non Current investments under NZ GAAP \$6,023 (\$2,362k) reclassified as:

h) Available For Sale Financial Assets **h**, \$5,143k (\$1,650k) and

i) Community Loans \$880k (\$712k).

Investment property

j). Investment property was classified as part of property, plant and equipment, and measured at cost, less accumulated depreciation. At transition to NZ IFRS this was valued at \$1,585k (\$1515k) and has been disaggregated to this amount.

k). NZ IFRS 40 requires investment property to be measured at its fair value. The change in the measurement basis of investment property on transition to NZ IFRS has been an increase in the value of investment property of \$305k and \$350k, and a valuation gain of \$70k for the year ended 30 June 2006 is recorded through the Statement of Financial Performance.

l). Forestry

Under NZ GAAP, forestry assets were valued to fair value each year with the change in value being credited or debited to equity through a forestry revaluation reserve. NZ IAS 41 requires the change in value to be booked through the Statement of Financial Performance. At transition to NZ IFRS the revaluation reserve balance at 1 July 2005 of \$596k has been transferred to equity. The valuation gain of \$56k for the year to 30 June 2006 is recognised through the Statement of Financial Performance in that year whereas it had previously been recognised within the forestry revaluation reserve.

Revenue recognition

m). Unrealised gains on property development were required under existing NZ GAAP to be recognised at the point when contracts for sale became unconditional. Under NZ IAS 18, revenue is recognised only when title passes to the buyer. This change required the de-recognition of previously recognised but unrealised gains, \$1,707k as a debit to equity and a reduction in the value of inventory (land held for sale).

n). Inventory (land held for sale) had title pass during the 2005/06 financial year, which allowed the recognition of the gain in that year \$212k to be disclosed through the Statement of Financial Performance. This transaction was previously recognised as unrealised gain through equity, and this is reversed to comply with the new standard.

o). Revaluation of investment property

Valuations carried out for investment property as at 30 June 2005 and 30 June 2006 identified a valuation gain \$350k and \$305k (\$585k). Previously this was valued at cost less accumulated depreciation. NZ IAS 40 requires investment property to be measured at fair value. This adjustment is necessary to comply with the standard, with the effect being a valuation gain recorded in the Statement of Financial Performance and an increase in the booked value of the asset.

30. Late adoption of Annual Report

This report was adopted by Council on 12 December 2007. This was later than the statutory deadline of 31 October 2007. The delay was caused by the requirement to have infrastructure and investment property valuations carried out which complied with NZ IFRS standards and other work associated with the adoption of these standards.

COMMUNITY SERVICES

CEMETERIES

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
20	Rates	3	3
Other Income			
41	Burial Fees	48	46
-	Lease	-	10
<u>61</u>	TOTAL REVENUE	<u>51</u>	<u>59</u>
EXPENDITURE			
36	Alexandra	34	22
12	Cromwell	16	15
11	Earnsclough/Manuherikia	12	15
7	Maniototo	9	8
<u>66</u>	TOTAL EXPENSE	<u>71</u>	<u>60</u>
<u>(5)</u>	NET SURPLUS (DEFICIT)	<u>(20)</u>	<u>(1)</u>
<u>137</u>	CAPITAL EXPENDITURE	<u>15</u>	<u>51</u>

COMMUNITY SERVICES

CLUTHA MANAGEMENT

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
56	Rates	69	69
Other Income			
22	Interest	26	17
<u>78</u>	TOTAL REVENUE	<u>95</u>	<u>86</u>
EXPENDITURE			
37	Operating	45	92
9	Administration	7	14
<u>46</u>	TOTAL EXPENSE	<u>52</u>	<u>106</u>
<u>32</u>	NET SURPLUS (DEFICIT)	<u>43</u>	<u>(20)</u>
<u>-</u>	CAPITAL EXPENDITURE	<u>-</u>	<u>33</u>

COMMUNITY SERVICES

COMMUNITY BUILDINGS

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
363	Rates	379	379
Other Income			
83	Rentals and Hires	90	84
-	Capital Donations	488	951
2	Interest	5	2
<u>448</u>	TOTAL REVENUE	<u>962</u>	<u>1,416</u>
EXPENDITURE			
423	Community Buildings	469	460
46	Museums	47	48
5	Other Property	28	6
<u>474</u>	TOTAL EXPENSE	<u>544</u>	<u>514</u>
<u>(26)</u>	NET SURPLUS (DEFICIT)	<u>418</u>	<u>902</u>
<u>74</u>	CAPITAL EXPENDITURE	<u>545</u>	<u>1,309</u>

Note: Vested assets are not included within the capital expenditure in this Statement

COMMUNITY SERVICES

ELDERLY PERSONS HOUSING

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
91	Rates	8	8
Other Income			
376	Rentals and Hires	409	405
-	Interest	1	-
<u>467</u>	TOTAL REVENUE	<u>418</u>	<u>413</u>
EXPENDITURE			
415	Elderly Persons Housing	433	413
<u>415</u>	TOTAL EXPENSE	<u>433</u>	<u>413</u>
<u>52</u>	NET SURPLUS (DEFICIT)	<u>(15)</u>	<u>-</u>
<u>34</u>	CAPITAL EXPENDITURE	<u>28</u>	<u>64</u>

COMMUNITY SERVICES

EMERGENCY MANAGEMENT

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
193	Rates	213	213
Other Income			
8	Grants and Subsidies	9	5
3	Other Income	32	5
0	Capital Contributions	10	0
<u>204</u>	TOTAL REVENUE	<u>264</u>	<u>223</u>
EXPENDITURE			
43	Civil Defence	53	44
166	District Rural Fire	217	179
<u>209</u>	TOTAL EXPENSE	<u>270</u>	<u>223</u>
<u>(5)</u>	NET SURPLUS (DEFICIT)	<u>(6)</u>	<u>0</u>
<u>45</u>	CAPITAL EXPENDITURE	<u>73</u>	<u>54</u>

COMMUNITY SERVICES

GRANTS

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
149	Rates	187	187
Other Income			
52	Grants and Subsidies	116	21
24	Other Income	66	2
<u>225</u>	TOTAL REVENUE	<u>369</u>	<u>210</u>
EXPENDITURE			
240	District Council	275	85
86	Alexandra	121	100
371	Cromwell	352	109
29	Earnscliffe/Manuherikia	9	12
26	Maniototo	27	8
9	Roxburgh	10	18
<u>761</u>	TOTAL EXPENSE	<u>794</u>	<u>332</u>
<u>(536)</u>	NET SURPLUS (DEFICIT)	<u>(425)</u>	<u>(122)</u>

COMMUNITY SERVICES

LIBRARIES

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
570	Rates	687	687
Other Income			
67	User Fees and Other Income	62	55
0	Donations	2	0
637	TOTAL REVENUE	751	742
EXPENDITURE			
81	District	106	84
303	Alexandra	348	360
169	Cromwell	189	186
8	Clyde	13	14
23	Maniototo	32	40
37	Roxburgh	43	59
621	TOTAL EXPENSE	731	743
16	NET SURPLUS (DEFICIT)	20	(1)
133	CAPITAL EXPENDITURE	268	131

COMMUNITY SERVICES

PARKS and RECREATION

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
1,059	Rates	1,097	1,097
Other Income			
280	User Fees and Other Income	285	185
12	Interest	13	13
6	Donations	6	2
41	Other Capital Contributions	56	
8	Profit on Sale of Assets	-	-
876	Vested Assets	-	-
2,282	TOTAL REVENUE	1,457	1,297
EXPENDITURE			
55	District	6	-
420	Alexandra	434	410
407	Cromwell	432	421
279	Earnscliffe/Manuherikia	320	239
150	Maniototo	165	151
93	Roxburgh	92	94
1,404	TOTAL EXPENSE	1,449	1,315
878	NET SURPLUS (DEFICIT)	8	(18)
299	CAPITAL EXPENDITURE	292	542

Note: Vested assets are not included within the capital expenditure in this Statement

COMMUNITY SERVICES

SWIM CENTRES

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
610	Rates	639	639
Other Income			
125	Admissions	140	136
92	Season Tickets	82	97
12	Rentals and Hires	12	13
71	Other Income	89	96
2	Capital Contributions	2	2,000
<u>912</u>	TOTAL REVENUE	<u>964</u>	<u>2,981</u>
EXPENDITURE			
786	Alexandra	825	671
279	Cromwell	288	283
64	Maniototo	96	57
32	Roxburgh	33	32
<u>1,161</u>	TOTAL EXPENSE	<u>1,242</u>	<u>1,043</u>
<u>(249)</u>	NET SURPLUS (DEFICIT)	<u>(278)</u>	<u>1,938</u>
<u>111</u>	CAPITAL EXPENDITURE	<u>628</u>	<u>2,816</u>

Community Services

This relates to activities which make a positive difference to the well-being of the community, albeit in different ways. For example, civil defence and rural fire contribute to a safe community, whereas cemeteries provision assists with peace of mind for people, knowing their loved ones will rest in peaceful, well kept environments.

Council also provides facilities and services which have a social and cultural benefit to the community, such as halls, libraries and parks.

A healthy community is sustained by provision of swim centres and parks.

Finally, Council enhances the social well-being of the district by providing elderly persons' housing and grants, both ensuring that all sections of the community benefit from living in Central Otago.

Performance Measures	Achievements		
➤ Satisfaction with the condition and availability of the District's parks and reserves, libraries and swim centres is maintained or improved upon from previous Resident Opinion Surveys.	% satisfied parks and reserves		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	95	96
	Cromwell	94	98
	Earnsclough/Manuherikia	94	100
	Maniototo	100	97
	Roxburgh	87	100
	District	94	98
	➤ Parks and Reserves include playgrounds, open spaces, sports grounds and walkways. Satisfaction rates with existing service remains high.		
	% satisfied library services		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	99	98
	Cromwell	96	96
	Earnsclough/Manuherikia	97	95
Maniototo	95	100	
Roxburgh	97	100	
District	97	97	
➤ Library satisfaction rates are very high. Service levels were achieved so no change is proposed.			
% satisfied swim centres			
	<u>2006/07</u>	<u>2005/06</u>	
Alexandra	96	98	
Cromwell	94	81	
Earnsclough/Manuherikia	92	99	
Maniototo	91	75	
Roxburgh	81	72	
District	93	89	

Performance Measures ctd	Achievements ctd		
	➤ Swim Centres overall, shows satisfaction is increasing and greater use is being made. This indicates the focus on quality of water and supervision are adequate and improving for Alexandra and Maniototo. Both Cromwell and Roxburgh have planned upgrades.		
➤ An "at current level or better" standard of community housing will be provided to contribute to the need for social housing in the community with annual surveys of tenants completed to confirm satisfaction levels. ➤ Attendance figures at Council managed swim centres.	% satisfied community housing		
	<u>2006/07</u>		<u>2005/06</u>
	93		89
	➤ The same number of units were made available as previous years and an annual inspection identified improvements that have been programmed. The regular maintenance of décor, parking areas and grounds is recognised in the improving satisfaction.		
	swimmer use		
Alexandra Cromwell† Ranfurly § ‡ Roxburgh §	<u>2006/07</u> 78,122 19,416 7,311 1,506	<u>2005/06</u> 74,696 22,231 3,270 2,502	
	106,355	102,699	
➤ The level of satisfaction with Council managed cemeteries will be maintained or improved upon as indicated by ratings obtained in the Resident Opinion Survey.	% satisfied cemeteries		
	<u>2006/07</u>		<u>2005/06</u>
	Alexandra	97	100
	Cromwell	92	95
	Earnscliffe/Manuherikia	85	82
Maniototo	87	97	
Roxburgh	92	91	
District	92	94	
➤ Survey results for Maniototo suggest the programmed work to improve local cemeteries is supported. Otherwise feedback supports the status quo.			

† It has been established that the attendance figure of 35,470 reported for Cromwell pool last year was incorrect. The figure has been corrected in this report.

§ Roxburgh and Ranfurly pools have a key holder system for use of the pool outside of supervised times, making actual usage difficult to ascertain.

‡ The Ranfurly pool attendance numbers rose considerably during the 2006/07 summer, as the pool supervisor was employed to open the pool for an average of 24 extra hours per week.

DISTRICT DEVELOPMENT

AIRPORTS

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
12	Rates	20	20
Other Income			
21	Rentals and Hires	17	20
<u>33</u>	TOTAL REVENUE	<u>37</u>	<u>40</u>
EXPENDITURE			
18	Administration	43	27
<u>18</u>	TOTAL EXPENSE	<u>43</u>	<u>27</u>
<u>15</u>	NET SURPLUS (DEFICIT)	<u>(6)</u>	<u>13</u>

DISTRICT DEVELOPMENT

COMMERCIAL PROPERTY

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
(84)	Rates	(132)	(132)
Other Income			
321	Rentals and Hires	958	337
30	Interest	32	27
2,381	Profit on Sale of Assets	1,049	-
1,707	Unrealised Gain on Development Property	-	-
126	Valuation Gains	101	-
<u>4,481</u>	TOTAL REVENUE	<u>2,008</u>	<u>232</u>
EXPENDITURE			
179	District	91	69
68	Alexandra	66	97
70	Cromwell	115	128
(4)	Earnscliffe/Manuherikia	11	8
15	Maniototo	121	46
5	Roxburgh	12	14
<u>333</u>	TOTAL EXPENSE	<u>416</u>	<u>362</u>
<u>4,148</u>	NET SURPLUS (DEFICIT)	<u>1,592</u>	<u>(130)</u>
<u>1,676</u>	CAPITAL EXPENDITURE	<u>1,173</u>	<u>6,052</u>

DISTRICT DEVELOPMENT

COMMUNITY

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
16	Rates	422	422
0	Other Income	5	0
<hr/>	16 TOTAL REVENUE	<hr/>	<hr/>
		427	422
EXPENDITURE			
0	District Development	350	323
1	Regional Identity	63	62
0	Communications	20	28
14	Community Planner	4	9
<hr/>	15 TOTAL EXPENSE	<hr/>	<hr/>
		437	422
<hr/>	1 NET SURPLUS (DEFICIT)	<hr/>	<hr/>
		(10)	0
<hr/>	0 CAPITAL EXPENDITURE	<hr/>	<hr/>
		8	4

Note: Vested assets are not included within the capital expenditure in this Statement

DISTRICT DEVELOPMENT

ECONOMIC DEVELOPMENT

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
218	Rates	166	166
	Other Income		
2	Other income	1	0
<hr/>		<hr/>	<hr/>
220	TOTAL REVENUE	167	166
EXPENDITURE			
67	Operating Costs	56	77
89	Administration and Staff Costs	81	89
<hr/>		<hr/>	<hr/>
156	TOTAL EXPENSE	137	166
<hr/>		<hr/>	<hr/>
64	NET SURPLUS (DEFICIT)	30	0

DISTRICT DEVELOPMENT

PROMOTION GROUPS

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
165	Rates	182	181
	Other Income		
-	Other Income	-	-
<hr/>		<hr/>	<hr/>
165	TOTAL REVENUE	182	181
EXPENDITURE			
54	Alexandra	45	61
90	Cromwell	90	90
6	Earnscliffe/Manuherikia	10	10
13	Maniototo	16	16
5	Roxburgh	4	4
<hr/>		<hr/>	<hr/>
168	TOTAL EXPENSE	165	181
<hr/>		<hr/>	<hr/>
(3)	NET SURPLUS (DEFICIT)	17	-

DISTRICT DEVELOPMENT

TOURISM CENTRAL OTAGO and VISITOR INFORMATION CENTRES

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
671	Rates	654	654
Other Income			
191	Other Income	181	126
<u>862</u>	TOTAL REVENUE	<u>835</u>	<u>780</u>
EXPENDITURE			
316	Tourism Central Otago	252	238
20	District	28	36
165	Alexandra	199	207
173	Cromwell	189	176
74	Maniototo	88	69
37	Roxburgh	48	54
<u>785</u>	TOTAL EXPENSE	<u>804</u>	<u>780</u>
<u>77</u>	NET SURPLUS (DEFICIT)	<u>31</u>	<u>-</u>
<u>138</u>	CAPITAL EXPENDITURE	<u>47</u>	<u>16</u>

District Development Services

Council has an important role to play in achieving a thriving, diverse, sustainable economy. Indirectly it contributes to economic growth through the provision of infrastructure and services that make the district attractive to businesses, residents and visitors. It also has a direct role to play as a funder for economic development initiatives and promoter of the district.

Council aims to achieve this through its District Development unit that encompasses Tourism Central Otago, supported by Visitor Information Centres and local promotion groups, economic and community development functions. And, of course, Council recently launched an exciting new initiative – the regional identity – to assist in this.

This group of activities also includes Council's investment properties (such as the National Bank building, Alexandra) and the airports.

While recognising that economic growth is important to the district, Council is also conscious that the community has other outcomes it is seeking to achieve, and so economic well-being will be balanced with environmental, social and cultural well-being.

PERFORMANCE MEASURES	ACHIEVEMENTS		
<p>➤ Satisfaction with how the region is marketed as a tourism destination by residents and ratepayers of the District will be rated as "at or better" than levels indicated in previous Resident Opinion Surveys.</p> <p>➤ Satisfaction with the service received from Council Visitor Information Centres will be rated "at or better" than levels indicated in previous Resident Opinion Surveys.</p> <p>➤ Resident awareness of, use of, and satisfaction with, the "Central Otago - A World of Difference" brand will be improved upon each year as shown through results obtained in the Resident Opinion Survey.</p>	% satisfied Tourism Central Otago		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	86	88
	Cromwell	92	89
	Earnscliffe/Manuherikia	91	81
	Maniototo	93	97
	Roxburgh	88	85
	District	89	87
	% satisfied visitor information centres		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	98	95
	Cromwell	99	99
	Earnscliffe/Manuherikia	93	98
	Maniototo	84	85
	Roxburgh	85	93
District	96	96	
% awareness of the brand "Central Otago – A World of Difference"			
	<u>2006/07</u>	<u>2005/06</u>	
Alexandra	74	66	
Cromwell	75	66	
Earnscliffe/Manuherikia	84	66	
Maniototo	85	73	
Roxburgh	84	67	
District	78	67	

PERFORMANCE MEASURES ctd	ACHIEVEMENTS ctd
	<p>➤ Other achievements :-</p> <p>Community Plans were completed and implementation assisted for:</p> <ul style="list-style-type: none"> - Alexandra-Clyde, Naseby, Patearoa, Maniototo, Roxburgh, Teviot Valley and St Bathans. <p>and in progress for:</p> <ul style="list-style-type: none"> - Cromwell, Tarras, and Waipiata.

UTILITY SERVICES

DISTRICT ROADING

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
2,974	Rates	2,863	2,863
Other Income			
2,916	Government Grants and Subsidies	3,700	3,487
128	Fuel Taxes	125	125
2	Donations	-	-
81	QLDC/Clutha Road Safety Contribution	116	134
240	Other Income	348	657
-	Profit on Sale of Assets	36	-
3,840	Vested Assets	707	-
10,181	TOTAL REVENUE	7,895	7,266
EXPENDITURE			
2,480	Pavement Maintenance	2,560	2,025
647	Bridge maintenance	754	659
563	Safety/Traffic Services	447	452
12	Pedestrian Services	57	48
108	Roading Policy	180	115
3,214	Roading Depreciation	2,964	2,816
7,024	TOTAL EXPENSE	6,962	6,115
3,157	NET SURPLUS (DEFICIT)	933	1,151
2,825	CAPITAL EXPENDITURE	4,887	5,087

Note: Vested assets are not included within the capital expenditure in this Statement

UTILITY SERVICES

FOOTPATHS, CARPARKS AND STREET CLEANING

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
	REVENUE		
601	Rates	667	672
	Other Income		
7	Carpark Revenue	6	6
3	Interest	12	2
-	Other Capital Contributions	27	-
839	Vested Assets	307	-
1,450	TOTAL REVENUE	1,019	680
	EXPENDITURE		
209	Alexandra	196	243
474	Cromwell	394	500
55	Earnsclough/Manuherikia	42	58
32	Maniototo	30	31
29	Roxburgh	28	29
799	TOTAL EXPENSE	690	861
651	NET SURPLUS (DEFICIT)	329	(181)
359	CAPITAL EXPENDITURE	331	384

Note: Vested assets are not included within the capital expenditure in this Statement

UTILITY SERVICES

PUBLIC TOILETS

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
162	Rates	143	143
Other Income			
-	Other income	-	2
<u>162</u>	TOTAL REVENUE	<u>143</u>	<u>145</u>
EXPENDITURE			
127	Operating	174	131
14	Administration	14	12
<u>141</u>	TOTAL EXPENSE	<u>188</u>	<u>143</u>
<u>21</u>	NET SURPLUS (DEFICIT)	<u>(45)</u>	<u>2</u>
<u>6</u>	CAPITAL EXPENDITURE	<u>-</u>	<u>80</u>

UTILITY SERVICES

STORMWATER

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
313	Rates	345	346
Other Income			
-	Interest	1	-
-	User fees and other	1	-
1,039	Vested Assets	229	-
<u>1,352</u>	TOTAL REVENUE	<u>576</u>	<u>346</u>
EXPENDITURE			
151	Alexandra	148	146
153	Cromwell	180	165
11	Earnscliffe/Manuherikia	10	12
38	Maniototo	48	40
32	Roxburgh	35	34
<u>385</u>	TOTAL EXPENSE	<u>421</u>	<u>397</u>
<u>967</u>	NET SURPLUS (DEFICIT)	<u>155</u>	<u>(51)</u>
<u>89</u>	CAPITAL EXPENDITURE	-	-

UTILITY SERVICES

WATER

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
1,563	Rates	1,849	1,837
Other Income			
4	Connection Fees	5	13
148	Metered water sales	206	112
366	Developers Contributions	269	546
24	Govt Grants and Subsidies	20	18
52	Interest	40	21
4	Other Income	49	-
2,624	Vested Assets	269	530
<u>4,785</u>	TOTAL REVENUE	<u>2,707</u>	<u>3,077</u>
EXPENDITURE			
677	Alexandra	705	624
731	Cromwell	683	693
163	Clyde	162	160
87	Omakau	93	98
100	Patearoa	90	114
231	Ranfurly	244	230
131	Naseby	140	135
189	Roxburgh	194	197
<u>2,309</u>	TOTAL EXPENSE	<u>2,311</u>	<u>2,251</u>
<u>2,476</u>	NET SURPLUS (DEFICIT)	<u>396</u>	<u>826</u>
<u>1,003</u>	CAPITAL EXPENDITURE	<u>834</u>	<u>1,493</u>

Note: Vested assets are not included within the capital expenditure in this Statement

UTILITY SERVICES

WASTEWATER

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
1,170	Rates	1,436	1,426
Other Income			
	Government grants		
12	Connection Fees	5	13
3	Trade Waste Charges	4	24
280	Developers Contributions	311	252
87	Interest	117	74
6	Other Income	19	-
1,946	Vested Assets	373	400
3,504	TOTAL REVENUE	2,265	2,189
EXPENDITURE			
641	Alexandra	801	763
-	Clyde	1	1
504	Cromwell	580	570
36	Omakau	43	41
43	Naseby	50	59
95	Ranfurly	126	118
125	Roxburgh	162	139
1,444	TOTAL EXPENSE	1,763	1,691
2,060	NET SURPLUS (DEFICIT)	502	498
410	CAPITAL EXPENDITURE	612	861

Note: Vested assets are not included within the capital expenditure in this Statement

UTILITY SERVICES

WASTE MANAGEMENT

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
1,155	Rates	1,453	1,453
Other Income			
11	Refuse Collection	7	3
370	Refuse Disposal	386	320
<u>1,536</u>	TOTAL REVENUE	<u>1,846</u>	<u>1,776</u>
EXPENDITURE			
66	Refuse Policy	86	90
910	Refuse Collection	972	871
47	Litter Bins	48	48
816	Refuse Disposal	889	816
<u>1,839</u>	TOTAL EXPENSE	<u>1,995</u>	<u>1,825</u>
<u>(303)</u>	NET SURPLUS (DEFICIT)	<u>(149)</u>	<u>(49)</u>
<u>61</u>	CAPITAL EXPENDITURE	<u>34</u>	<u>6</u>

Note: Vested assets are not included within the capital expenditure in this Statement

UTILITY SERVICES

UTILITIES MANAGEMENT

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
80	Rates	163	163
Other Income			
41	Other Income	54	84
0	Profit on Sale of Assets	(2)	0
<u>121</u>	TOTAL REVENUE	<u>215</u>	<u>247</u>
EXPENDITURE			
214	Expenditure	313	247
<u>214</u>	TOTAL EXPENSE	<u>313</u>	<u>247</u>
<u>(93)</u>	NET SURPLUS (DEFICIT)	<u>(98)</u>	<u>0</u>
<u>27</u>	CAPITAL EXPENDITURE	<u>34</u>	<u>34</u>

Utilities Services

This group relates to services Council provides and assets it manages to assist the district continue to function effectively and safely.

Roading ensures people can travel safely and business can function, contributing to the economic well-being of the district.

Water, wastewater, stormwater and waste management contribute towards a sustainable environment, and contribute to social well-being by assisting with keeping the community healthy.

Public toilets do the same, plus assist economic well-being by ensuring tourists and other visitors are well catered for.

PERFORMANCE MEASURES	ACHIEVEMENTS
<ul style="list-style-type: none"> ➤ Reliable, potable drinking water supplies with adequate fire fighting capacity will be provided, measured by Drinking Water Standards 2005 assessed by pass/fail rates of tests to NZ Drinking Water Standards, Fire Service hydrant tests, and the percentage of time water is available, all at or above current levels. ➤ Public health will be protected by providing a reliable wastewater disposal network that complies with Resource Consent requirements, measured by full compliance with ORC discharge resource consent conditions. ➤ Public property will be protected by providing a reliable stormwater disposal network, measured by the number of complaints received from the public. 	<ul style="list-style-type: none"> ➤ 676 drinking water tests taken 3 failed results – 1 each at Naseby, Omakau and Clyde. ➤ No Central Otago fire hydrants were tested by the New Zealand Fire Service during 2006/07. ➤ Water availability across all schemes was 99.14%. Within this, water availability over 3 schemes was 100%. ➤ No consent breaches were recorded. There were 31 breaches of resource consent across the district, with 24 of the breaches being reported for Cromwell. The Cromwell breaches were as a result of elevated nutrient levels in the outflow from oxidation ponds. This results in only localised environmental decline through plant growth choking normal habitat. A long term solution may take some years to design and implement, so these breaches are likely to continue. Of the 93 stormwater service requests received, 82% were actioned in the required response time.

PERFORMANCE MEASURES ctd	ACHIEVEMENTS ctd		
<p>➤ Satisfaction with Council waste management facilities (transfer stations, collection services and landfills) is "at or better" than indicated in previous Resident Opinion Surveys.</p>	% satisfied waste collection		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	99	99
	Cromwell	96	96
	Earnsclough/Manuherikia	92	97
	Maniototo	98	95
	Roxburgh	98	98
	District	97	98
	% satisfied waste disposal (transfer stations)		
	<u>2006/07</u>	<u>2005/06</u>	
Alexandra	97	96	
Cromwell	94	98	
Earnsclough/Manuherikia	93	95	
Maniototo	97	92	
Roxburgh	85	95	
District	94	96	
<p>➤ The weight of material diverted by Central Otago Wastebusters is "at or better" than the previous year.</p>	tonnage diverted from landfill		
	<u>2006/07</u> 1,562 tonnes	<u>2005/06</u> 1,331 tonnes	
<p>➤ A smooth and safe sealed roading network will be provided, where all roads with a daily average traffic of over 200 vehicles per day are sealed.</p>	<p>All roads with over 200 users per day are sealed. Roughness counts were not undertaken in 2006/07 to gauge smoothness trend.</p>		
<p>➤ Gravel roads will be maintained to provide a smooth safe riding surface, where regular evasive action is not required owing to potholes, corrugations and excessive or large loose aggregate. The pavement will be shaped with consistent and adequate camber to shed water. Measurement will be via benchmarking surveys and the Resident Opinion Survey.</p>	% satisfied gravel roads		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	90	85
	Cromwell	84	80
	Earnsclough/Manuherikia	66	58
Maniototo	47	34	
Roxburgh	66	65	
District	77	70	
<p>Cyclic inspections on the network record specific defects on each length of road. 510 defects were visible on unsealed roads during 2006/07 inspections, with 4.9% of the total length of gravel roads inspected showing corrugations outside the levels of service nominated in maintenance contracts.</p>			

PERFORMANCE MEASURES ctd	ACHIEVEMENTS ctd		
<p>➤ Activities within the roading corridor will be managed through analysis of causative factors and overall crash data to ensure the road environment is not a contributing cause to crashes, measured as the percentage of crashes where road environment is not a contributing factor.</p>	<p>One crash where road environment was a contributing factor was recorded. Total crashes - 44 Percentage of crashes where road is not a contributing factor - 98%</p>		
<p>➤ Safe, convenient and attractive footpaths and cycleways will be provided as appropriate, as measured by satisfaction and usage statistics from the Resident Opinion Survey.</p>	% satisfied footpaths		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	77	73
	Cromwell	82	84
	Earnsclough/Manuherikia	80	79
	Maniototo	56	60
	Roxburgh	61	70
District	76	75	
% satisfied cycleways			
	<u>2006/07</u>	<u>2005/06</u>	
Alexandra	83	83	
Cromwell	75	76	
Earnsclough/Manuherikia	75	76	
Maniototo	77	88	
Roxburgh	69	73	
District	77	79	

ENVIRONMENTAL SERVICES

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
309	Rates	423	423
Other Income			
1,347	User Fees and Charges	1,768	1,375
2	Interest	4	2
42	Other Income	137	45
-	Govt Grants and Subsidies	-	-
-	Profit on Sale Assets	-	-
1,700	TOTAL REVENUE	2,332	1,845
EXPENDITURE			
9	Abandoned Land	11	2
-	Futures Blueprint	-	-
8	Clutha Resource Consents	3	22
90	Dog Control and Impounding	110	132
806	Environmental Health and Building	901	797
51	Liquor Licencing	49	52
896	Resource Management	1,119	947
1,860	TOTAL EXPENSE	2,193	1,952
(160)	NET SURPLUS (DEFICIT)	139	(107)
4	CAPITAL EXPENDITURE	38	5

Environmental Services

This group of activities consists of regulatory services, ie things Council must do by law. They contribute strongly to Council's three community outcomes:

- thriving economy
- sustainable environment
- safe and healthy community

because the activities are:

- dog control and registration
- liquor licensing
- environmental health
(such as checking restaurants, hairdressers etc.)
- building control
- planning

PERFORMANCE MEASURES	ACHIEVEMENTS				
➤ Resource and Building Consent processing times will be reduced through improvement of processes.	Resource consent processing times				
	Application Type	Total number of applications	Number processed within time	% 2006/07	% 2005/06
	Non-notified – 20 working days	284	241	85	89
	Non-notified with hearing 40 working days	19	13	68	80
	Notified (no hearing) – 50 working days	4	2	50	0
	Notified with hearing – 70 working days	49	37	76	94
➤ Resource and Building Consent processing times will be reduced through improvement of processes.					
			Building consent processing		
			2006/07	2005/06	
	Number of Consents received	900	917		
	Required processing timeframe for issuing consents (working days)	20	10		
	Number processed within required time	849	553		
	Processed within required time %	94.33	60		
Average processing time in working days	11	16			
Council has adopted a lean service approach to consent processing which has resulted in improvements in consent processing times.					

PERFORMANCE MEASURES ctd	ACHIEVEMENTS ctd		
<ul style="list-style-type: none"> ➤ Improved satisfaction with public safety in relation to dogs will be achieved by an improvement in dog enforcement, evidenced by results obtained through the Resident Opinion Survey. ➤ Reported issues relating to unsatisfactory or unsafe building practices requiring referral to a higher authority for resolution are maintained or reduced. ➤ Negative feedback received in relation to District Plan and resource consent processes is reduced when compared with previous years. 	% satisfied dog control		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	66	64
	Cromwell	57	62
	Earnscliffe/Manuherikia	53	51
	Maniototo	47	44
Roxburgh	78	75	
District	61	60	
	<p>No formal claims in 2006/07</p> <p>One negotiated outcome carried over to 2007/08</p>		
	<p>Consent processing times have improved as a result of lean service approach, and therefore less negative feedback has been received in this area.</p>		

GOVERNANCE AND ADMINISTRATION

DEMOCRACY

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
743	Rates	749	749
	Other Income		
4	Interest	7	6
747	TOTAL REVENUE	756	755
EXPENDITURE			
415	District Council	365	405
1	District Elections	24	15
81	Alexandra	90	87
91	Cromwell	101	100
49	Earnsclough/Manuherikia	58	52
52	Maniototo	58	58
48	Roxburgh	53	52
737	TOTAL EXPENSE	749	769
10	NET SURPLUS (DEFICIT)	7	(14)

ADMINISTRATION

OVERHEADS

COST OF SERVICES STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual 2005/06 \$ 000's		Actual 2006/07 \$ 000's	Estimate 2006/07 \$ 000's
REVENUE			
	Other Income		
27	Rates Enquiries	39	18
(27)	Other Income	(39)	(18)
-	TOTAL REVENUE	-	-
EXPENDITURE			
385	Administration Alexandra	385	387
379	Chief Executive Officer	230	256
975	Corporate Services Manager	800	818
358	Information Technology	144	247
178	Service Centres	189	197
2,275	TOTAL EXPENSE	1,748	1,905
(2,275)	Overheads Allocated	(1,747)	(1,891)
-	NET SURPLUS (DEFICIT)	(1)	(14)
344	CAPITAL EXPENDITURE	350	500

Governance and Administration Services

This group consists of the functions that enable the service departments to perform their duties.

It includes the administration buildings in which staff are housed, plus support services such as word processing, computing and customer services, as well as finance, rates, the Chief Executive Officer etc.

Another important component of this group is the cost of running the political processes of the Council, its Committees and the Community Boards.

PERFORMANCE MEASURES	ACHIEVEMENTS		
<p>➤ Satisfaction with Council and Community Board decision making is "at or better" than indicated in previous Resident Opinion Surveys.</p>	% satisfied with council		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	80	90
	Cromwell	94	91
	Earnscliffe/Manuherikia	84	84
	Maniototo	96	93
	Roxburgh	83	90
	District	86	89
	% satisfied with community boards		
		<u>2006/07</u>	<u>2005/06</u>
Alexandra	78	87	
Cromwell	94	91	
Earnscliffe/Manuherikia	90	84	
Maniototo	93	91	
Roxburgh	81	83	
District	86	87	
<p>➤ Satisfaction with the levels and content of communications from Council and Community Boards, is "at or better" than indicated in previous Resident Opinion Surveys.</p>	<p>➤ Council exceeded minimum decision making process through actively seeking input from community planning process and youth involvement in Community Board meetings. Nothing came to Council's attention that indicated statutory decision making processes were not complied with.</p>		
	% satisfied with clarity of consultation		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	77	83
	Cromwell	87	83
	Earnscliffe/Manuherikia	75	77
	Maniototo	81	84
	Roxburgh	81	83
District	80	82	

PERFORMANCE MEASURES ctd	ACHIEVEMENTS ctd		
	% satisfied with effectiveness of consultation		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	77	80
	Cromwell	87	82
	Earnsclough/Manuherikia	73	82
	Maniototo	85	84
	Roxburgh	76	83
	District	80	82
<p>➤ Council Service Centres provide prompt, courteous and competent service at levels "at or better" than levels indicated in previous Resident Opinion Surveys.</p>	% satisfied customer service		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	90	90
	Cromwell	89	89
	Earnsclough/Manuherikia	90	90
	Maniototo	98	96
	Roxburgh	100	100
	District	92	91
	% satisfied admin issues dealt with effectively		
		<u>2006/07</u>	<u>2005/06</u>
	Alexandra	85	81
	Cromwell	86	82
Earnsclough/Manuherikia	85	81	
Maniototo	91	89	
Roxburgh	91	90	
District	87	83	
NOTE: Alexandra and Earnsclough/Manuherikia figures are the same as they use the same service centre			

STATEMENT OF FINANCIAL PERFORMANCE VARIANCE REPORT
(Differences between actual and estimated results)

STATEMENT OF FINANCIAL PERFORMANCE

(Excludes internal transactions)	Actual	Estimate	Variance	
	2006/07	2006/07	2006/07	
	\$000's	\$ 000's	\$000's	
REVENUE				
Rates	14,148	14,096	52	F
Government grants and subsidies	3,845	3,531	314	F
Interest and dividends	1,056	691	365	F
Regulatory fees	1,362	1,093	269	F
User fees and other income	3,500	2,780	720	F
Contributions for capital purposes	1,710	4,487	(2,777)	U
Profit on Sale of Assets	874	-	874	F
Vested Assets	1,885	930	955	F
Unrealised gain on development land	-	-	-	F
Valuation gains	115	-	115	F
TOTAL OPERATING REVENUE	28,495	27,608	887	F
Less EXPENSES				
Community Services				
Cemeteries	71	60	(11)	U
Community Buildings	541	508	(33)	U
Clutha Management	52	106	54	F
Elderly Persons Housing	358	335	(23)	U
Emergency management	270	223	(47)	U
Grants	794	332	(462)	U
Libraries	731	743	12	F
Parks and reserves	1,448	1,314	(134)	U
Swim Centres	1,242	1,043	(199)	U
District Development				
Airports	41	24	(17)	U
Commercial and other property	413	359	(54)	U
Community	437	422	(15)	U
Economic development	137	166	29	F
Tourism - promotion groups	165	181	16	F
Tourism Central Otago	252	238	(14)	U
Tourism - visitor information centres	552	542	(10)	U
Utility Services				
District roading	6,962	6,115	(847)	U
Footpaths, carparks and street cleaning	646	814	168	F
Public toilets	188	143	(45)	U
Stormwater	366	338	(28)	U
Water	2,236	2,169	(67)	U
Wastewater	1,734	1,660	(74)	U
Waste management	1,984	1,815	(169)	U
Utilities management	313	247	(66)	U
Environmental services	2,193	1,952	(241)	U
Governance and administration				
Democracy	749	769	20	F
Overheads and other	(24)	25	49	F
Total Expenditure	24,851	22,643	(2,208)	
NET SURPLUS (DEFICIT)	3,644	4,965	(1,321)	U

Note: "F" = favourable, "U" = unfavourable

EXPLANATION OF VARIANCES - REVENUE

Government grants and subsidies. Additional roading expenditure attracted \$212k extra Land Transport New Zealand subsidy. In addition, \$90k from EECA for the healthy homes project was not budgeted.

Interest and dividends. The increase in interest earned is a result of a higher level of funds on deposit than was estimated, and also a higher actual average interest rate than was budgeted.

Regulatory fees:

The major components of the favourable variance are: (000's)

Income greater than estimated	
Building consent fees	168
Land use consents	46
LIM fees	32
Recovery fire costs	32
Other	(9)
	<u>269</u>

User fees and Other Income:

The major components of the favourable variance are: (000's)

Income not estimated	
CLT grants for Healthy Homes project	60
Income greater than estimated	
Recoverable professional fees	218
Commission	33
Transfer station income	60
Roading fees and costs recovered	75
Camp fees	86
Metered water sales and connections	128
Recreation facilities	21
Other	39
	<u>720</u>

Contributions for Capital Purposes:

The major components of the unfavourable variance are: (000's)

Estimated income not received	
Donations for capital projects delayed	(2,398)
Subdividers contributions towards existing infrastructure	(610)
Other	(8)
Income greater than estimated	
Reserves contributions	242
	<u>(2,774)</u>

Profit on Sale of Assets: The major contribution to this surplus over book value was the sale of land in Cromwell.

Vested Assets: This is the value of assets vested in Council by subdividers in the form of footpaths, stormwater, roading, water supply and wastewater, and is recorded as income in the Council's records.

EXPLANATION OF VARIANCES - EXPENSES

Grants

Grants made by Council and Community Boards to community groups and projects exceed the estimated amounts for the year, with the major items being (\$000's); contribution to Healthy Homes project \$180 and Cromwell Race Course future grants brought forward \$222.

Parks and Reserves

The major components of the unfavourable variance are: (000's)

Asset Management plans	(9)
Works contract	(37)
Remuneration	(36)
Repairs and maintenance	(13)
Security	(13)
Rental	(7)
Other	(19)
	<u>(134)</u>

Swim Centres

The major components of the unfavourable variance are: (000's)

Maintenance	(54)
Electricity and coal	(9)
Staff remuneration	(91)
Other	(45)
	<u>(199)</u>

District Roothing

The major components of the unfavourable variance are: (000's)

Depreciation	(273)
Contracts	(589)
Road stopping	(51)
Road safety projects	21
Professional Fees	(12)
Overheads	12
Other	45
	<u>(847)</u>

Footpaths, carparks and street cleaning

The main reason for the under expenditure is less costs incurred than budgeted for underground services in Cromwell.

Water

The major components of the unfavourable variance are: (000's)

Depreciation	117
Electricity	(51)
Contracts	(98)
Other	(35)
	<u>(67)</u>

Wastewater

The major components of the unfavourable variance are: (000's)

Depreciation - on revaluation	57
Electricity	(20)
Contracts	(69)
Insurance	(12)
Other	(30)
	<u>(74)</u>

Waste management

The major components of the unfavourable variance are: (000's)

Landfill charges	(109)
Transfer station costs	(44)
Contracts	(37)
Other	21
	<u>(169)</u>

Utilities Management

The over expenditure is mainly due to consultants costs incurred in relation to the development contributions policy, which was not estimated.

Environmental Services

The major components of the unfavourable variance are: (000's)

Recoverable fees	(128)
District Plan changes	90
Contracts	(70)
Consent hearing costs	(68)
Staff remuneration	(54)
Members meeting remuneration	(29)
Photocopying and advertising	(21)
Consultants	18
Other	21
	<u>(241)</u>

CONSULTATION WITH MAORI

The 2001 census identified 96.5 percent of the population of Central Otago District as being of European decent. This indicates the Maori population of the Central Otago District as being in the order of 3.5 percent of the District total. In addition there are 13 Runanga in Otakau that have indicated they have an interest in Central Otago District.

Council recognises its obligations under the Local Government Act 2002 (Part 6 Section 81) to establish and maintain processes to provide opportunities for Maori contribute to its decision-making processes and make information available to them.

Council is currently considering ways in which to foster the development of Maori capacity to contribute to decision making processes and is seeking to consult with and involve Maori in the process.

For consultation under the Resource Management Act, Council has entered into a protocol with Kai Tahu Ki Otago in 1997, which remains extant. The Council consults with Kai Tahu Ki Otago on decision-making, notably if the decision is significant and relates to land or a body of water.

For other areas where consultation with Maori is appropriate, Council intends to contact the Runanga, who will in their turn, if necessary, refer the issue to the iwi of Ngai Tahu. The consultation process is made more complex by the fact that there is no Runanga covering the Central Otago area.

The opportunity is also taken to use the local Maori network - Te Roopu Awhina Maori - to obtain the views of the District's Maori citizens.