



# ANNUAL REPORT

For the year ended 30 June 2009



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# General Information

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

<b>Population:</b>		<u>2006 Census</u>	<u>2001 Census</u>
	Resident population	16,647	14,466
	Visitors	753	408
<b>Area:</b>	9,959km <sup>2</sup>		
<b>Wards:</b>	Vincent, Cromwell, Maniototo and Roxburgh		
<b>Main Towns:</b>	Alexandra, Clyde, Cromwell, Ranfurly and Roxburgh.		
<b>Capital Value:</b>	\$6,444,352,500 (gross, as at 30 June 2009)		

# Administration

<b>Main Office:</b>	1 Dunorling Street Alexandra	
<b>Service Centres:</b>	42 The Mall, Cromwell 120 Scotland Street, Roxburgh 15 Pery Street, Ranfurly	
<b>Executive Staff:</b>	Chief Executive Officer:	Phil Melhopt
	Corporate Services Manager:	Susan Finlay
	Manager, Planning and Environment:	Louise van der Voort
	Manager, Assets and Contracts:	Murray Washington
	District Development Manager:	Anne Pullar
<b>Auditor:</b>	Audit New Zealand Christchurch on behalf of: The Auditor General	
<b>Privacy Officer:</b>	Corporate Services Manager	

# Financial Statistics



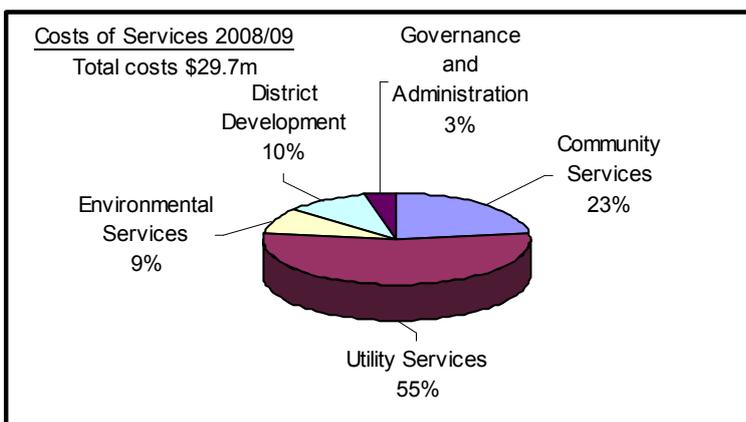
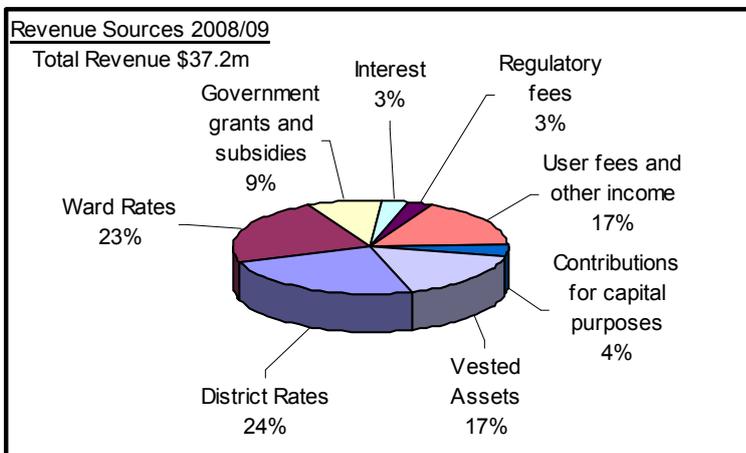
	Actual 2009	Estimate 2009	Actual 2008
Proportion of rates to total income	47%	64%	45%
Percentage of total assets owned by Council (Public equity/current assets + non current assets)	99%	99%	99%
Working Capital ratio (current assets : current liabilities)	3.5:1	1.6:1	3.1:1
Rate arrears (as a percentage of annual rates struck)	3.4%	n/a	3.1%

## Council Five Year Financial Performance Summary

	2009 \$000	2008 \$000	2007 \$000	2006 \$000	2005 \$000
Rates	17,614	15,798	14,148	11,561	11,273
Net surplus (deficit)*	7,458	7,468	3,644	2,903	4,839
Working capital (net)	10,323	9,307	8,670	11,899	12,673
Public debt	-	-	-	56	70
Total assets	612,476	504,394	493,716	407,379	336,464

\*Note: includes vested assets 6,265 2,746 1,885 2,801 3,418

\*Note: 2005 are not fully comparable to 2006-2009 as a result of the adoption of NZ IFRS accounting standards.





## **Audit Report To the readers of Central Otago District Council's financial statements and performance information for the year ended 30 June 2009**

The Auditor-General is the auditor of Central Otago District Council (the District Council). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out an audit. 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 2009, including the financial statements.

### **Unqualified Opinion**

In our opinion:

- The financial statements of the District Council on pages 6 to 40:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2009; 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 41 to 78 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 District 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 28 October 2009, 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. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2009. 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 New Zealand Institute of Chartered Accountant.

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



John Mackey  
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 2009 included on Central Otago District Council's website. Central Otago District Council is responsible for the maintenance and integrity of Central Otago District Council's website. We have not been engaged to report on the integrity of Central Otago District Council's website. 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 website.

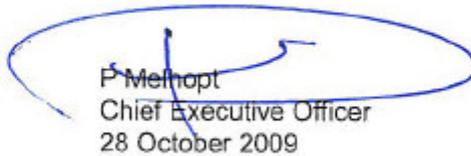
The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If 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 28 October 2009 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

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

# Statement of Compliance

Council and management of the Central Otago District Council confirm that all statutory requirements of the Local Government Act 2002 in relation to the annual report have been complied with.

  
M Macpherson  
Mayor  
28 October 2009

  
P Melhopt  
Chief Executive Officer  
28 October 2009

# Statement of Financial Performance



For the Year Ended 30 June 2009

Actual 2007/08 \$000's	REVENUE	Note	Actual 2008/09 \$000's	Estimate 2008/09 \$000's
			-	
15,798	Rates		17,614	17,511
3,401	Government grants and subsidies		3,310	3,057
1,174	Interest		1,095	570
5	Dividends		6	4
1,405	Regulatory fees		1,151	1,322
3,867	User fees and other income		3,510	3,209
3,376	Contributions for capital purposes		1,310	1,117
3,460	Profit on Sale of Assets		2,906	-
2,746	Vested Assets	1	6,265	560
46	Valuation gains	2	-	-
<b>35,278</b>	<b>Total Revenue</b>		<b>37,167</b>	<b>27,350</b>
	<b>EXPENDITURE</b>			
4,900	Employee benefit expenses	3	5,558	5,044
7,492	Depreciation and amortisation	11,12	8,325	8,273
-	Finance costs		-	216
38	Valuation losses	2	334	-
15,380	Other expenses	4	15,492	13,470
<b>27,810</b>	<b>Total Expenditure</b>		<b>29,709</b>	<b>27,003</b>
<b>7,468</b>	<b>Net Surplus</b>		<b>7,458</b>	<b>347</b>

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

# Statement of Changes in Equity

For the Year Ended 30 June 2009



Actual 2007/08 \$000's		Note	Actual 2008/09 \$000's	Estimate 2008/09 \$000's
<b>PUBLIC EQUITY</b>				
489,196	Opening balance 1 July		499,764	493,115
7,468	Net surplus		7,458	347
-	Transfer to/from reserves		-	(4)
-	Transfer of realised revaluation gains		143	-
-	Revaluation of roads		42,634	-
-	Revaluation of bridges		3,842	-
-	Revaluation of land		41,615	-
-	Revaluation of buildings		13,238	-
-	Revaluation of parks and reserves		(122)	-
2,435	Revaluation of water services		(1,101)	-
2,571	Revaluation of wastewater services		(1,825)	-
(1,897)	Revaluation of stormwater services		2,591	-
(18)	Revaluation of investment bonds		103	-
9	Revaluation of share equities		(28)	-
<u>10,568</u>	Total recognised revenue and expenses		<u>108,548</u>	<u>343</u>
<u>499,764</u>	Closing balance 30 June	5	<u>608,312</u>	<u>493,458</u>

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

# Statement of Financial Position

As at 30 June 2009



Actual 2007/08 \$000's		Note	Actual 2008/09 \$000's	Estimate 2008/09 \$000's
<b>PUBLIC EQUITY</b>				
327,737	Accumulated Funds	5	335,335	324,530
171,975	Revaluation Reserves	5	272,922	168,875
52	Trust and Bequest Funds	5	55	53
<u>499,764</u>			<u>608,312</u>	<u>493,458</u>
<b>REPRESENTED BY:</b>				
<b>CURRENT ASSETS</b>				
4,162	Cash and Cash Equivalents	6	9,812	3,156
6,893	Available for Sale Financial Assets	9	2,566	1,070
2,749	Debtors and Other Receivables	7	2,035	2,706
23	Inventories		13	118
<u>13,827</u>			<u>14,426</u>	<u>7,050</u>
<b>LESS CURRENT LIABILITIES</b>				
151	Agency and Deposits		542	251
4,369	Creditors and Other Payables	8	3,561	4,140
<u>4,520</u>			<u>4,103</u>	<u>4,391</u>
<u>9,307</u>	<b>WORKING CAPITAL</b>		<u>10,323</u>	<u>2,659</u>
<b>NON-CURRENT ASSETS</b>				
2,099	Available for Sale Financial Assets	9	2,164	2,472
912	Loans and Receivables	10	890	924
484,827	Property, Plant and Equipment	11	592,612	484,711
273	Intangible Assets	12	252	282
796	Forestry Assets	13	557	811
1,660	Investment Property	14	1,575	1,660
<u>490,567</u>			<u>598,050</u>	<u>490,860</u>
<b>LESS NON-CURRENT LIABILITIES</b>				
110	Landfill Aftercare Provision	16	61	61
<u>110</u>			<u>61</u>	<u>61</u>
<u>490,457</u>			<u>597,989</u>	<u>490,799</u>
<u>499,764</u>	<b>NET ASSETS</b>		<u>608,312</u>	<u>493,458</u>

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

# Statement of Cash Flows



For the Year Ended 30 June 2009

Actual 2007/08 \$000's		Actual 2008/09 \$000's	Estimate 2008/09 \$000's
	<b>Cash flows from operating activities</b>		
	Cash was provided from:		
28,280	Receipts from rates, fees and other revenue	28,430	26,216
1,194	Interest received	1,127	784
5	Dividends received	6	4
<u>29,479</u>		<u>29,563</u>	<u>27,004</u>
	Cash was applied to:		
20,811	Payments to suppliers and employees	22,120	18,993
192	Net GST	59	-
<u>21,003</u>		<u>22,179</u>	<u>18,993</u>
<b>8,476</b>	<b>Net cash inflow (outflow) from operating activities</b> (Note 23)	<b>7,384</b>	<b>8,011</b>
	<b>Cash flows from investing activities</b>		
	Cash was provided from:		
1,163	Withdrawal of investments	4,337	71
3,499	Sale of property, plant and equipment	2,983	4,215
24	Repayment of loans and receivables	33	-
<u>4,686</u>		<u>7,353</u>	<u>4,286</u>
	Cash was applied to:		
11,070	Purchase of property, plant and equipment	8,972	13,760
88	Purchase of intangibles	94	-
8	Purchase of forestry	9	-
-	Investment in loans and receivables	12	-
<u>11,166</u>		<u>9,087</u>	<u>13,760</u>
<b>(6,480)</b>	<b>Net cash inflow (outflow) from investing activities</b>	<b>(1,734)</b>	<b>(9,474)</b>
	<b>Cash flows from financing activities</b>		
	Cash was provided from:		
-	Loans raised	-	-
	Cash was applied to:		
-	Loans repaid	-	-
<u>-</u>	<b>Net cash inflow (outflow) from financing activities</b>	<u>-</u>	<u>-</u>
<b>1,996</b>	<b>Net increase (decrease) in cash held</b>	<b>5,650</b>	<b>(1,463)</b>
<b>2,166</b>	<b>Opening cash held 1 July</b>	<b>4,162</b>	<b>4,619</b>
<b>4,162</b>	<b>Closing cash held 30 June</b>	<b>9,812</b>	<b>3,156</b>

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 and Policies form part of and are to be read in conjunction with these statements*

# Statement of Capital Expenditure

For the Year Ended 30 June 2009



Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>ACTIVITY</b>		
	<b>Community Services</b>		
27	Cemeteries	60	73
91	Community buildings	176	85
91	Elderly persons housing	41	52
80	Emergency management	93	9
-	Clutha management	14	106
125	Libraries	151	192
311	Parks and reserves	621	137
3,109	Swim centres	205	85
	<b>District Development</b>		
6	Airports	-	-
1,512	Commercial and other property	490	4,264
31	Community	44	32
2	Economic development	-	-
5	Tourism - Visitor information centres	20	7
	<b>Utility Services</b>		
3,303	District roading	3,166	3,020
455	Footpaths, carparks and street cleaning	767	375
-	Public toilets	190	300
193	Stormwater	12	25
1,662	Water	1,769	2,571
944	Wastewater	940	1,820
20	Waste management	17	47
9	Utilities management	32	28
74	<b>Environmental Services</b>	1	26
	<b>Governance and Administration</b>		
2	Democracy	-	-
466	Administration	345	506
<b>12,518</b>	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>9,154</b>	<b>13,760</b>

Note: Vested assets are not included in this Statement

# Statement of Commitments



For the Year Ended 30 June 2009

Actual 2007/08 \$ 000's			Actual 2008/09 \$ 000's
	Capital Expenditure:- (approved and contracted)		
16	Building alterations		-
10	Water Supply		90
26			90
	Operational Expenditure:-		
	Utilities Services Contracts-		
1,976		- 12 months	1,976
3,953		- 1-2 years	3,953
3,953		- 2-5 years	1,976
5,302	Roading Maintenance	- 6 months	2,651
	Engineering Services Contracts		
270		- 12 months	-
	Parks Maintenance Contracts		
713		- 6 months	357
	Waste Management [see note under]		
943		- 12 months	1,111
3,246		- 2-5 years	3,371
12,987		- 6-24 years	12,175
	Non-cancellable operating leases		
9		- 12 months	11
15		- 1-2 years	9
33,367			27,590

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.

# Statement of Accounting Policies

## 1. Reporting Entity

The Central Otago District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled within New Zealand.

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

The financial statements comprise 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 2009. The financial statements were authorised for issue by the Council on 28 October 2009.

## 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. The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, with the exception of parks and reserves and property assets, which are now accounted for on a revaluation basis. The estimated increase in depreciation resulting from the revaluation of these assets is estimated to be \$531k.

The financial statements are prepared on a historical cost basis, as modified by the revaluation of:

- available-for-sale financial assets,
- forestry 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).

## 3. 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.

## 4. 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 when the significant risks and rewards of ownership have been transferred to the buyer.

**(iii) Interest Income**

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

**(iv) Rental Income**

Rental income from investment property is recognised 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**

Dividends are recognised when the right to receive payment has been established.

**(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**

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. 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".

## **5. Operating Leases**

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 as an expense on a straight-line basis over the term of the lease.

## **6. 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.

## **7. 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.

## **8. 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.

## **9. 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.

## **10. Debtors and Other Receivables**

Debtors and other receivables are stated at their cost less any provision for impairment (see Impairment policy 18).

## **11. 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.

## **12. Financial Assets**

Council classifies its financial assets as available-for-sale financial assets, and loans and receivables.

### **(i) Available for sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

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. Available for sale financial assets are to be derecognised when they mature.

### **(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets. 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. Gains or losses when the asset is impaired or derecognised are recognised in the Statement of Financial Performance.

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.

### 13. 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, buildings, parks and reserves 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 statement of financial performance 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

- structures	5-100 yrs
- external fabric	5-70 yrs
- services	5-50 yrs
- internal fit out	5-52 yrs
Equipment, furniture and fittings	3-10 yrs
Motor vehicles and plant	4-12 yrs
Library books	10 yrs
Parks and reserves	2-50 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	15-35 yrs
Sewerage reticulation networks	60-80 yrs

Stormwater networks	70 yrs
Water plant and equipment	10-35 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 statement of financial performance. 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.

#### **14. 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 statement of financial position. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

#### **15. 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 18).

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.

### **16. Forestry Assets**

Forestry assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the statement of financial position at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the statement of financial performance 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.

### **17. 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 statement of financial performance.

Rental income from investment property is accounted for as described in the Revenue policy (4), above.

### **18. Impairment of Non-financial Assets**

The carrying amounts of Council's assets, other than inventories (see Inventories policy 11), forestry assets (see Forestry assets policy 16), and investment property (see Investment property policy 17)) are reviewed at each balance 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 assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential. 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.

## **19. Third Party Transfer Payment Agencies**

Council collects and distributes monies for other organisations. Where collections are processed through Council's books, any monies held are shown as accounts payable in the statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

## **20. Creditors and Other Payables**

Creditors and other payables are recognised at cost.

## **21. 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 statement of financial position 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 statement of financial position 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.

## **22. 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.

Council has not capitalised borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as required under NZ IAS 23 Borrowing Costs, because it has chosen to apply the option to defer the adoption of NZ IAS 23 Borrowing Costs that is available to public benefit entities.

## **23. Provisions**

A provision is recognised in the statement of financial position 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.

## **24. 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.

## **25. 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.

## **26. 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.

## **27. Estimate Figures**

The estimate figures are those adopted at the beginning of the financial year in the Annual Plan or 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.

## **28. 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. 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.

### **New Standards and Interpretations Not Yet Adopted**

A number of new interpretations and standards are not yet effective for the year ended 30 June 2009, and have not been applied in preparing these financial statements:

'-NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with sub-totals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Council has not yet determined the potential effect of the revised standard.

'- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires 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). The Council has not yet determined the potential effect of the revised standard.

# Notes to the Financial Statements



For the year ended 30 June 2009

## 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.

<b>Asset Class</b>	<b><u>2008/09</u></b>	<b><u>2007/08</u></b>
	\$000's	\$000's
Reserves	137	49
Roading (including footpaths)	2,713	1,747
Stormwater	922	274
Wastewater	1,167	448
Water	1,326	228
	<u>6,265</u>	<u>2,746</u>

## 2. Valuation Gains and Losses

	<b><u>2008/09</u></b>	<b><u>2007/08</u></b>
	\$000's	\$000's
Gain (loss) in fair value of forestry assets	(248)	(3)
Gain (loss) in fair value of investment property	(85)	-
Gain (loss) in fair value of community loans	(1)	11
Total gains (losses)	<u>(334)</u>	<u>8</u>
Total gains as Statement of Financial Performance	-	46
Total losses as Statement of Financial Performance	<u>(334)</u>	<u>(38)</u>
	<u>(334)</u>	<u>8</u>

## 3. Employee Benefit Expenses

	<b><u>2008/09</u></b>	<b><u>2007/08</u></b>
	\$000's	\$000's
Salaries and wages	5,568	4,879
Defined contribution plan employer contributions*	20	9
Increase (decrease) in employee benefit liabilities	(30)	12
Total employee benefit expenses	<u>5,558</u>	<u>4,900</u>

\*include employer contributions to Kiwisaver and Jacques Martin superannuation scheme

#### 4. Other Expenses

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Audit fees	138	100
(09) 2009 LTCCP \$73,000, 2009 Accounts \$65,000		
(08) IFRS conversion \$29,000, 2007 Accounts \$7,000, 2008 Accounts \$64,000		
Audit fees disbursements	15	9
Accounts receivable written off	24	48
Increase (decrease) in provision for bad debts	8	32
Interest expense	Nil	Nil
Payments under operating lease agreements	15	26
Rates remissions in accordance with Council's policies for rates remissions	141	95
Loss on disposal of assets	183	Nil
Other operating expenses	14,968	15,070
Total other expenses	<u>15,492</u>	<u>15,380</u>

#### 5. Public Equity

##### **Accumulated Funds**

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Opening Balance 1 July	327,737	320,274
add surplus for year	7,458	7,468
add (less) movement in trust and bequest fund reserves	(3)	(5)
add transfer of realised revaluation gains	143	-
Closing Balance 30 June	<u>335,335</u>	<u>327,737</u>

##### **Revaluation Reserves**

	<u>2008/09</u>		
	Opening Balance	Net Movement	Closing Balance
	\$000's	\$000's	\$000's
Roading	132,531	42,634	175,165
Bridges	7,702	3,842	11,544
Water	17,980	(1,101)	16,879
Wastewater	11,592	(1,825)	9,767
Stormwater	2,147	2,591	4,738
Land	-	41,615	41,615
Buildings	-	13,238	13,238
Parks and Reserves	-	(122)	(122)
Shares	61	(28)	33
Investment bonds	(38)	103	65
<b>Total</b>	<u>171,975</u>	<u>100,947</u>	<u>272,922</u>

	Opening Balance	<u>2007/08</u> Net Movement	Closing Balance
	\$000's	\$000's	\$000's
Roading	132,531	-	132,531
Bridges	7,702	-	7,702
Water	15,545	2,435	17,980
Wastewater	9,021	2,571	11,592
Stormwater	4,044	(1,897)	2,147
Shares	52	9	61
Investment bonds	(20)	(18)	(38)
<b>Total</b>	<u>168,875</u>	<u>3,100</u>	<u>171,975</u>

Council uses RAMM (for roading) and Bizeassets (for utilities) asset management systems to derive asset valuations. The data held in these systems is being continually updated and validated, resulting in more accurate and complete values.

The increase in roading and bridges in 2008/09 is due to the 6.9% escalation in costs and an increased network length of 22.9km, since the 2006 valuation.

Changes in the Water and Wastewater revaluations cannot be attributed to any one specific valuation variable. Changes have occurred that both positively and negatively adjusted the values. Many of the changes have occurred in the Bizeasset asset register, particularly the asset attributes (i.e. diameter, material). Although the replacement costs and remaining lives have not changed significantly, the changes in asset attributes modified the overall valuation. The quantity of assets valued has remained reasonably static. This suggests that the confidence in the underlying existence of assets is starting to stabilise.

The Stormwater asset value has increased by \$2.6m. Much of the 2008/09 increase can be attributed to improvements in the Bizeasset asset register. The pipe length recorded in the asset register increased by 19.6%. The unit replacement costs have increased more than the impact on the valuation. This suggests that the average pipe diameter has reduced as asset knowledge improves.

Council's property and parks and reserves assets were revalued for the first time, with an effective date of 1 July 2008. The revaluation of property has resulted in large increases in both value and depreciated cost.

	<u>2008/09</u> \$000's	<u>2007/08</u> \$000's
<b>Trust and Bequest Fund Reserves</b>		
Opening Balance 1 July	52	47
Net Movement	3	5
Closing Balance 30 June	<u>55</u>	<u>52</u>

## 6. Cash and Cash Equivalents

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

	<u>2008/09</u> \$000's	<u>2007/08</u> \$000's
Cash and current accounts	91	264
On call deposits and deposits maturing within 3 months	9,721	3,898
	<u>9,812</u>	<u>4,162</u>

Of the total cash balance of \$9,812,000 (2008: \$4,162,000), an amount of \$55,000 (2008: \$52,000) is restricted in its use.

## 7. Debtors and Other Receivables

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Sundry Accounts Receivable	618	856
Goods and Services Tax	488	482
Rates Receivable	702	643
NZ Land Transport subsidy	310	914
Prepaid Expenses	117	47
	<hr/>	<hr/>
	2,235	2,942
Less provision for impairment receivables	(200)	(193)
	<hr/>	<hr/>
	<u>2,035</u>	<u>2,749</u>

Of the Rates Receivable, 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 rates receivable is detailed below.

	<u>Gross</u>	<u>2008/09</u> <u>Impairment</u>	<u>Net</u>
	\$000's	\$000's	\$000's
Rates Receivable			
Reporting year ended 30 June	545	(14)	531
Unpaid 1 year	62	(9)	53
Unpaid 2 years	21	(7)	14
Unpaid older	74	(64)	10
	<hr/>	<hr/>	<hr/>
	702	(94)	608

	<u>Gross</u>	<u>2007/08</u> <u>Impairment</u>	<u>Net</u>
	\$000's	\$000's	\$000's
Rates Receivable			
Reporting year ended 30 June	393	(21)	372
Unpaid 1 year	97	(18)	79
Unpaid 2 years	38	(15)	23
Unpaid older	115	(106)	9
	<hr/>	<hr/>	<hr/>
	643	(160)	483

As at 30 June 2009 and 2008, 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. 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. The age of outstanding sundry accounts receivable is detailed below.

	<u>Gross</u>	<u>2008/09</u> <u>Impairment</u>	<u>Net</u>
	\$000's	\$000's	\$000's
Sundry Accounts Receivable			
Current	292	-	292
Unpaid 1 month	45	-	45
Unpaid 2 months	32	-	32
Unpaid 3 months and older	249	(106)	143
	<hr/>	<hr/>	<hr/>
	618	(106)	512

	<u>Gross</u>	<u>2007/08</u> <u>Impairment</u>	<u>Net</u>
	\$000's	\$000's	\$000's
Sundry Accounts Receivable			
Current	447	-	447
Unpaid 1 month	66	-	66
Unpaid 2 months	23	-	23
Unpaid 3 months and older	320	(33)	287
	<hr/>	<hr/>	<hr/>
	856	(33)	823

## 8. Creditors and Other Payables

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Sundry Accounts Payable	3,067	3,852
Employee Entitlements	440	469
Other Provisions	54	48
	<u>3,561</u>	<u>4,369</u>

## 9. 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 2008.

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
<b>Current</b>		
Deposits maturing 3-12 months	585	50
Investment bonds	488	988
Promissory and Floating Rate Notes	1,492	5,875
	<u>2,565</u>	<u>6,913</u>
Add (less) fair value adjustment investment bonds	1	(20)
	<u>2,566</u>	<u>6,893</u>

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
<b>Non Current</b>		
Investment bonds	1,979	1,968
Share investments in unlisted public companies	120	148
	<u>2,099</u>	<u>2,116</u>
Add (less) fair value adjustment investment bonds	65	(17)
	<u>2,164</u>	<u>2,099</u>

### Interest Rates

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

	%	%
Corporate and bank bonds	8.02	7.86
Short-term deposits, promissory and floating rate notes	4.10	8.86

### Investment maturities

The following schedule gives maturities for all current and non current available for sale financial assets (excluding share investments) (\$000's) :-

	<u>2008/09</u>			
	Short term deposits	Promissory & floating rate notes	Corporate and bank bonds	Total
Less than 3 months	-	1,492	488	1,980
3 to 12 months	585	-	-	585
1 to 2 years	-	-	499	499
2 to 5 years	-	-	1,480	1,480
	<u>585</u>	<u>1,492</u>	<u>2,467</u>	<u>4,544</u>

	<u>2007/08</u>			
	Short term deposits	Promissory notes	Corporate and bank bonds	Total
Less than 3 months	-	5,875	-	5,875
3 to 12 months	50	-	988	1,038
1 to 2 years	-	-	500	500
2 to 5 years	-	-	1,468	1,468
	<u>50</u>	<u>5,875</u>	<u>2,956</u>	<u>8,881</u>

## 10. Loans and Receivables

Loans and receivables 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.

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Mortgages and other investments -		
Interest bearing	857	720
Non-interest bearing	54	212
	<u>911</u>	<u>932</u>
Less provision for impairment community loans	(21)	(20)
	<u>890</u>	<u>912</u>
<b>Interest Rates</b>	%	%
Mortgages and other investments (interest bearing)	6.33	8.64

## 11. 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 have been revalued as at 1 July 2008 and are as follows:

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Buildings	135	95
Bridges	552	158
Recreation and Cultural	13	4
	<u>700</u>	<u>257</u>

The infrastructural assets water, wastewater, and stormwater were revalued with an effective date of 1 July 2008. This valuation, dated 26 November 2008, using a depreciated replacement cost 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 Standards - NZIAS 16 Property, Plant and Equipment and NZIAS 36 Impairment of Assets.  
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 2008. This valuation, dated August 2008, using a depreciated replacement cost basis, was carried out by independent valuers MWH Ltd. Adam Jackson NZCE (Civil) was the principal valuer for this work.

The valuations have been completed in accordance with the following standards:  
NZ Equivalent to International Accounting Standards - NZIAS 16 Property, Plant and Equipment and NZIAS 36 Impairment of Assets.  
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.

Council's parks and reserves assets were revalued for the first time, with an effective date of 1 July 2008. This valuation, dated December 2008, using a depreciated replacement cost 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 Standards - NZIAS 16 Property, Plant and Equipment and NZIAS 36 Impairment of Assets.  
NZ Infrastructure Asset Valuation and Depreciation Guidelines Version 2 2006.

The valuations are based on accurate and substantially complete asset registers and appropriate replacement costs and effective lives. Only assets owned by CODC have been included in this valuation.

Council's property (land and buildings) assets were also revalued for the first time, with an effective date of 1 July 2008. This valuation, dated September 2008, using a current market value basis under a highest and best use scenario, was carried out by independent valuers Darroch Corporate Advisory. Kerry Stewart FPINZ, FNZIV, manager of Darroch Corporate Advisory, was the principal valuer for this work.

The valuations have been completed in accordance with the following standards:  
NZ Equivalent to International Accounting Standards - NZIAS 16 Property, Plant and Equipment, NZIFRS 5 Non-current Assets Held for Sale and Discontinued Operations and NZIAS 40 Investment Property.  
NZ Infrastructure Asset Valuation and Depreciation Guidelines Version 2 2006.  
Property Institute NZ Professional Practice Standard 2006

Land is valued on a fair market value basis determined from market based evidence and conditions that prevailed as at 1 July 2008. Buildings are valued on either a fair market value or depreciated replacement cost basis.

**Property, Plant and Equipment as at 30 June 2009**

	Accumulated Depreciation and			Current							Accumulated Depreciation and		
	Cost	Impairment	Carrying	Current	Year	Accum	Current	Current	Revaluation	Revaluation	Cost/	Impairment	Carrying
	Revaluation	Charges	Amount	Year	Disposals	Deprn on	Impairment	Year	Revaluation	Depreciation	Revaluation	Charges	Amount
	1-Jul-08	1-Jul-08	1-Jul-08	Additions	at Cost	Disposals	Charges	Depreciation	Recovered	30-Jun-09	30-Jun-09	30-Jun-09	
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
<b>Infrastructural Assets</b>													
Bridges	20,500	(1,294)	19,206	11	(147)	18	-	(531)	2,650	1,295	23,014	(512)	22,502
Roading	345,404	(6,409)	338,995	6,110	-	-	-	(3,467)	35,136	6,306	386,650	(3,570)	383,080
Under construction	-	-	-	500	-	-	-	-	-	-	500	-	500
Land Under Roads	8,687	-	8,687	6	-	-	-	-	1,193	-	9,886	-	9,886
Stormwater	13,265	(236)	13,029	929	-	-	-	(297)	2,355	236	16,549	(297)	16,252
Water Supply	41,929	(931)	40,998	2,628	-	-	-	(1,023)	(2,041)	940	42,516	(1,014)	41,502
Under construction	-	-	-	466	-	-	-	-	-	-	466	-	466
Wastewater	27,975	(832)	27,143	2,070	-	-	-	(826)	(2,728)	903	27,317	(755)	26,562
Under construction	-	-	-	37	-	-	-	-	-	-	37	-	37
	457,760	(9,702)	448,058	12,757	(147)	18	-	(6,144)	36,565	9,680	506,935	(6,148)	500,787
<b>Operational Assets</b>													
Equipment	2,318	(1,679)	639	229	(264)	253	-	(303)	-	-	2,283	(1,729)	554
Furniture and Fittings	1,001	(722)	279	39	-	-	-	(44)	-	-	1,040	(766)	274
Parks and Reserves	5,086	(999)	4,087	549	(105)	96	-	(295)	(1,123)	1,000	4,407	(198)	4,209
Under construction	-	-	-	25	-	-	-	-	-	-	25	-	25
Other	1,665	(511)	1,154	82	-	-	-	(49)	-	-	1,747	(560)	1,187
Plant and Machinery	1,207	(627)	580	223	(53)	14	-	(87)	-	-	1,377	(700)	677
Motor Vehicles	569	(263)	306	132	(105)	85	-	(83)	-	-	596	(261)	335
Land	7,048	(70)	6,978	(647)	(50)	-	-	(14)	41,655	-	48,006	(84)	47,922
Under construction	-	-	-	896	-	-	-	-	-	-	896	-	896
Buildings	28,573	(6,371)	22,202	808	-	-	-	(1,086)	6,875	6,371	36,256	(1,086)	35,170
Library Books	1,786	(1,242)	544	141	-	-	-	(109)	-	-	1,927	(1,351)	576
	49,253	(12,484)	36,769	2,477	(577)	448	-	(2,070)	47,407	7,371	98,560	(6,735)	91,825
<b>TOTAL FIXED ASSETS</b>	<b>507,013</b>	<b>(22,186)</b>	<b>484,827</b>	<b>15,234</b>	<b>(724)</b>	<b>466</b>	<b>-</b>	<b>(8,214)</b>	<b>83,972</b>	<b>17,051</b>	<b>605,495</b>	<b>(12,883)</b>	<b>592,612</b>

**Property, Plant and Equipment as at 30 June 2008**

	Accumulated Depreciation and			Current							Accumulated Depreciation and		
	Cost Revaluation 1-Jul-07 \$000's	Impairment Charges 1-Jul-07 \$000's	Carrying Amount 1-Jul-07 \$000's	Current Year Additions \$000's	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-Jun-08 \$000's	Impairment Charges 30-Jun-08 \$000's	Carrying Amount 30-Jun-08 \$000's
<b>Infrastructural Assets</b>													
Bridges	20,340	(640)	19,700	160	-	-	-	(654)	-	-	20,500	(1,294)	19,206
Roading	340,193	(3,099)	337,094	5,232	-	-	-	(3,318)	-	-	345,425	(6,417)	339,008
Land Under Roads	8,687	-	8,687	0	-	-	-	-	-	-	8,687	-	8,687
Stormwater	14,974	(289)	14,685	477	-	-	-	(236)	(2,186)	289	13,265	(236)	13,029
Water Supply	38,406	(793)	37,613	781	-	-	-	(934)	1,639	796	40,826	(931)	39,895
Under construction	-	-	-	1,103	-	-	-	-	-	-	1,103	-	1,103
Wastewater	24,669	(673)	23,996	1,028	-	-	-	(835)	1,895	676	27,592	(832)	26,760
Under construction	-	-	-	386	-	-	-	-	-	-	386	-	386
	447,269	(5,494)	441,775	9,167	-	-	-	(5,977)	1,348	1,761	457,784	(9,710)	448,074
<b>Operational Assets</b>													
Office Equipment	1,992	(1,433)	559	359	(142)	138	-	(315)	-	-	2,209	(1,610)	599
Furniture and Fittings	1,189	(774)	415	531	-	-	-	(59)	-	-	1,720	(833)	887
Recreation and Culture	4,549	(873)	3,676	332	(1)	1	-	(183)	-	-	4,880	(1,055)	3,825
Other	883	(337)	546	20	-	-	-	(29)	-	-	903	(366)	537
Plant and Machinery	2,679	(1,348)	1,331	342	(20)	15	-	(147)	-	-	3,001	(1,480)	1,521
Motor Vehicles	540	(232)	308	115	(86)	56	-	(87)	-	-	569	(263)	306
Land	6,489	(56)	6,433	562	-	-	-	(14)	-	-	7,051	(70)	6,981
Buildings	24,411	(5,075)	19,336	2,699	-	-	-	(482)	-	-	27,110	(5,557)	21,553
Library Books	1,666	(1,140)	526	120	-	-	-	(102)	-	-	1,786	(1,242)	544
	44,398	(11,268)	33,130	5,080	(249)	210	-	(1,418)	-	-	49,229	(12,476)	36,753
<b>TOTAL FIXED ASSETS</b>	491,667	(16,762)	474,905	14,247	(249)	210	-	(7,395)	1,348	1,761	507,013	(22,186)	484,827

As at the 1 July 2008, Property and Parks and Reserves were valued for the first time which resulted in the change of class of certain assets.

Examples are:

Recreation and Culture has now changed to Parks and reserves, with the result that assets that were not purely reserves have been reclassified as Equipment, Other or Plant and Machinery

Equipment was purely Office Equipment, the name of this class has changed to Equipment and it carries, transfers from Parks and Reserves and other classes.

Buildings have been split into 4 assets for componentisation (Structure, External Fabric, Internal Finish and Services) which has resulted in some assets previously in Plant and Machinery, Furniture and Fittings moving to Buildings. Buildings included any improvements, for example, Fences, cobblestones and other structure, these have now been reclassified generally to Parks and Reserves Other.

The result of the changes in classes has resulted in opening balances and accumulated depreciation changing from the 30 June 2008 closing balances. Below is the movement between the classes

	Cost Revaluation 1/07/2008 \$000's	Movement In Classes 2008/09 \$000's	Adjusted Opening Balance 1/07/2008 \$000's	Accum Depn and Impair Chgs 1/07/2008 \$000's	Movement In Accum Depn 2008/09 \$000's	Adjusted Accum Depn and ImpairChgs 1/07/2008 \$000's	Adjusted Carrying Amount 1/07/2008 \$000's
Bridges	20,500	-	20,500	(1,294)	-	(1,294)	19,206
Roading	345,425	(21)	345,404	(6,417)	8	(6,409)	338,995
Land Under Roads	8,687	-	8,687	-	-	-	8,687
Stormwater	13,265	-	13,265	(236)	-	(236)	13,029
Water Supply	41,929	-	41,929	(931)	-	(931)	40,998
Wastewater	27,978	(3)	27,975	(832)	-	(832)	27,143
	457,784	(24)	457,760	(9,710)	8	(9,702)	448,058
<b>Operational Assets</b>							
Equipment	2,209	109	2,318	(1,610)	(69)	(1,679)	639
Furniture and Fittings	1,720	(719)	1,001	(833)	111	(722)	279
Parks and Reserves	4,880	206	5,086	(1,055)	56	(999)	4,087
Other	903	762	1,665	(366)	(145)	(511)	1,154
Plant and Machinery	3,001	(1,794)	1,207	(1,480)	853	(627)	580
Motor Vehicles	569	-	569	(263)	-	(263)	306
Land	7,051	(3)	7,048	(70)	-	(70)	6,978
Buildings	27,110	1,463	28,573	(5,557)	(814)	(6,371)	22,202
Library Books	1,786	-	1,786	(1,242)	-	(1,242)	544
	49,229	24	49,253	(12,476)	(8)	(12,484)	36,769
<b>Reinstated O/Balances</b>	<b>507,013</b>	<b>-</b>	<b>507,013</b>	<b>(22,186)</b>	<b>-</b>	<b>(22,186)</b>	<b>484,827</b>

## 12. Intangible Assets

	Easements	Computer Software	Brandin g	To tal
<b>Balance at 1 July 2008</b>				
Cost	48	429	144	621
Accumulated amortisation and Impairment	-	(306)	(42)	(348)
Opening carrying amount	48	123	102	273
Year ending 30 June 2009				
Additions	1	93	-	94
Disposals	-	(38)	-	(38)
Amortisation charge	-	(97)	(14)	(111)
Amortisation recovered on disposal	-	34	-	34
Closing carrying amount	49	115	88	252
<b>Balance at 30 June 2009</b>				
Cost	49	484	144	677
Accumulated amortisation and Impairment	-	(369)	(56)	(425)
Closing carrying amount	49	115	88	252
<b>Balance at 1 July 2007</b>				
Cost	42	347	144	533
Accumulated amortisation and Impairment	-	(224)	(27)	(251)
Opening carrying amount	42	123	117	282
Year ending 30 June 2008				
Additions	6	82	-	88
Amortisation charge	-	(82)	(15)	(97)
Closing carrying amount	48	123	102	273
<b>Balance at 30 June 2008</b>				
Cost	48	429	144	621
Accumulated amortisation and Impairment	-	(306)	(42)	(348)
Closing carrying amount	48	123	102	273

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.

### 13. Forestry Assets

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Balance as at 1 July	796	791
Increases due to purchases	9	8
Gain (loss) arising from revaluation	(248)	(3)
Balance as at 30 June	<u>557</u>	<u>796</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

4.6 net stocked hectares in Naseby \*

10.3 net stocked hectares in Roxburgh

Alexandra - 20.8 ha of Radiata pine of an undetermined age ready to be harvested at any time, with the balance ranging from 15 - 24 years old.

Cromwell - 2.3 ha of Radiata pine of an undetermined age ready to be harvested with the balance ranging from 14 - 27 years old.

Ranfurly - 2 ha of Corsican pine 19 years old and 1.3 ha of Radiata pine 24 years old.

Naseby - 2 ha of Radiata pine 26 years old and 2.6 ha Corsican pine 29 years old.

Roxburgh - 10.3 ha of Radiata pine 25 years old.

Assumption: Radiata mature for clearfelling at 35 years of age and Corsican pine 60 years.

Central Otago District Council has 25% investment in a joint venture forest with Queenstown Lakes District Council which comprises of 44.75 net stock hectares of Douglas fir from 13 to 25 years old. The forest is planted entirely in Douglas fir.

There has been no change to stocked area since last valuation.

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

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June 2009. A pre tax discount rate of 8% has been used this year. This rate has been applied to real, pretax cash flows using the timing convention. This is the same discount rate as last year.

The value as at 30 June represents a 18.3% decrease in value over the same time last year. Much of the decrease is attributable to increasing costs and lower log prices.

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.

\* Extensive salvage of the Naseby forest has now taken place, resulting in a major change to the stocked area.

#### 14. Investment Property

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Balance as at 1 July	1,660	1,660
Gains (loss) arising from revaluation	(85)	-
Balance at 30 June	<u>1,575</u>	<u>1,660</u>
Rental income from investment property	122	121
Direct expenses from investment property generating income	29	68
Direct expenses from investment property not generating income	Nil	Nil

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.

#### 15. 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>2008/09</u>	<u>2007/08</u>
	000's	000's
Current assets	-	-
Non-Current assets	314	486
Current liabilities	3	4
Non-current liabilities	-	-
Income	-	-
Expenses	185	16

#### 16. 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 \$61,000 (2008 - \$110,000)

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Opening Balance	110	130
Less applied to operations	(52)	(26)
Add Interest time adjustment	3	6
Closing balance	<u>61</u>	<u>110</u>

## 17. Contingencies

### **Contingent Liabilities**

Council's public liability and professional indemnity cover provider, RiskPool, has advised it will be making a call on Council for a shortfall in the mutual pool's funds. This has been caused predominantly by the leaky building issue which has significantly impacted the sector, including RiskPool. Under the Fund's rules Councils are obligated to fund a call. RiskPool have advised that the first call of \$23k is likely to be made in the latter part of 2009, and this amount has been included in the Statement of Financial Performance. It is possible that further similar calls may be made but their timing and amount is uncertain and depends upon future events. (2008 Nil)

<b>Contingent Assets</b>	Nil	10,433,000
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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. Until this event occurs these assets are not recognised in the Statement of Financial Position. The values for 2007/08 are derived from the rating valuation dated 1 September 2007. For 2008/09, an assessment has been made that there is no probability of the community groups dissolving and the improvements vesting in Council, resulting in a disclosure of nil.

## 18. Disclosures (schedule 10 Local Government Act 2002, and Accounting Standards)

<b>Expenditure</b>	<u>2008/09</u>	<u>2007/08</u>
(a) Remuneration of elected members (including expenses)	\$	\$
<i>Mayor</i>		
J M Macpherson	63,633	59,357
<i>Councillors</i>		
G R Bell	22,229	19,550
S J Battrick	9,296	9,750
B A Becker	22,776	18,444
L J Claridge	11,071	10,563
G J Dillon	Nil	3,569
M V Dowling	Nil	14,742
T C Emmitt	23,446	32,365
N J Gillespie	27,087	22,206
C R Higginson	18,841	14,573
J T Lane	25,107	33,459
A B Lepper	25,771	24,367
E J Mcatamney	Nil	3,488
G M Smith	203	5,797
C Stevenson	Nil	4,286
G M Stewart	18,135	15,066

*Vincent Community Board*

J F Hall	Nil	1,484
M R Mcpherson	6,430	10,976
C M Withington	6,430	5,246
B J Wills	6,430	844
M T Flannery	7,045	5,070
J H Knapp	Nil	751
T M Moran	Nil	785
J D Shand (deceased)	90	3,362
T Cadogan (from September 2008)	5,195	Nil

*Cromwell Community Board*

V A Coster	6,430	3,811
C R Crawford	6,430	5,246
H E Hucklebridge	6,430	5,246
W M Macmillan	6,591	5,357
N G Trevathan	Nil	1,559

*Maniototo Community Board*

R J Smith	7,004	4,502
S L Duncan	3,215	2,623
M G Summers	3,215	505
S E Umbers	3,215	2,623

*Roxburgh Community Board*

S F Jeffery	7,922	4,331
J M Kerr	Nil	717
C R Parker	3,313	2,029
H L Pinder	3,215	2,623
T A Stevenson (deceased)	2,543	3,504
S J Wilson	Nil	420

## (b) Remuneration of Chief Executive Officer

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

	<u>2008/09</u>	<u>2007/08</u>
	\$	\$
Chief Executive – 1 July 2008 to cessation 29 May 2009:		
Salary (includes payment of outstanding leave commitments at date of cessation)	244,945	204,693
Motor vehicle	11,404	12,500
Chief Executive – from commencement 4 May 2009 to 30 June 2009:		
Salary	30,769	-
Motor vehicle	2,384	-

As at 30 June 2009, 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 \$200,000 (2008 - \$210,320).

## (c) Remuneration of Key Management

Salary range \$000's	No.	<u>2008/09</u>	No.	<u>2007/08</u>
		\$		\$
100-110	-	-	2	210,394
110-120	2	222,616	-	-
120-130	1	127,821	1	120,179
130-140	-	-	1	139,654
140-150	1	143,819	-	-
210-220	-	-	1	217,193
250-260	1	256,349	-	-

Key Management includes the Chief Executive and the four Managers, who form the Management Team. The Key Management remuneration is all short term benefits.

- (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 (2008 - Nil).

	<u>2008/09</u>	<u>2007/08</u>
	\$	\$
<b>Revenue</b>		
(e) Donations	26,756	44,750

## 19. 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:

			<u>2008/09</u>	<u>2007/08</u>
<b>Councillor</b>	<b>Supplier</b>	<b>Relationship</b>		\$
Cr Emmitt	Cromwell Promotions	Secretary	40,000	40,000
Cr Dowling	Mike Dowling	Principal	n/a	22,453
Cr Lane	Lanby Investments Ltd	Director	1,083	1,220
Cr Lepper	Earnsclough Irrigation Ltd	Director	140	136
<b>Community Board Member</b>				
B Wills	Central Environmental	Principal	200	n/a
H Pinder	Pinder Motors Ltd	Director	n/a	48

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. Other disclosures relate to purchases of goods.

## 20. Financial Instruments

The Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established and approved liability management and investment policies, as set out within the 2009-19 Long Term Council Community Plan adopted by Council at its June 2009 meeting.

### Credit Risk

Financial instruments which potentially subject the Council to credit risk principally are bank and cash, debtors and other receivables, and short term investments.

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. Council's investment policy limits the amount of credit exposure to any one financial institution or organisation.

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. 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 its investment policy, by holding investments with differing maturities and fixed returns.

### Liquidity Risk

To meet its liquidity requirements, Council maintains a target level of investments to mature with differing maturities in either the short term or long term, after taking into account projected cashflows.

### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to price risk in relation to its available for sale investments where the interest rate is fixed. The price risk arises due to interest rate movements. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's investment policy.

## 21. 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>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
Opening balance	3,145	3,544
Add new advances	1,745	125
Less principal paid	(518)	(524)
Closing balance	<u>4,372</u>	<u>3,145</u>

In accordance with accounting standards, internal interest is excluded from the Statement of Financial Performance. It remains included in the individual Cost of Service 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.

<b>Internal Interest</b>	<u>2008/09</u>	<u>2008/09</u>	<u>2007/08</u>
Activity	\$000's	\$000's	\$000's
	Actual	Estimate	Actual
Community Buildings	2	5	2
Elderly Persons Housing	78	76	80
Swim Centres	13	17	12
Airports	3	3	3
Commercial Property	6	4	3
Forestry	2	2	2
Local Roding	52	50	48
Stormwater	45	40	51
Wastewater	34	42	28
Water	203	203	122
Waste Management	19	25	20
	<u>457</u>	<u>467</u>	<u>371</u>

## 22. 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.

### 23. Statement of Cashflow

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

	<u>2008/09</u>	<u>2007/08</u>
	\$000's	\$000's
<b>Net surplus</b>	7,458	7,468
Add (less) non-cash items:		
Depreciation	8,214	7,395
Amortisation of intangible assets	111	97
Vested Assets	(6,265)	(2,746)
Valuation gains	-	(46)
Valuation losses	334	38
Add (less) movements in working capital items:		
Decrease (Increase) in debtors & other receivables	682	177
Increase (Decrease) in creditors & other payables	(312)	(570)
Decrease (Increase) in net GST receivable	(59)	(192)
Add (less) items included in investing activities:		
Net gain on sale of assets	(2,723)	(3,460)
Increase (Decrease) in fixed asset related payables	(7)	335
Add (less) item included in term liabilities		
Decrease in landfill aftercare liability	(49)	(20)
<b>Net cash inflow (outflow) from operating activities</b>	<u>7,384</u>	<u>8,476</u>

### 24. Estimates

The estimates in the 2008/09 Annual Plan Statement of Financial Performance included internal interest of \$214k. This internal interest has been extracted from those estimates when applied to the Statement of Financial Performance in this report.

### 25. 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 2008/09 \$495, Estimate 2008/09 \$631, Actual 2007/08 \$459.

### 26. Events Subsequent to Balance Date

There were no events arising since balance date relating to Council activities that require adjustment to these financial statements or inclusion in this Annual Report.

## 27. Expenditure Summary Cost of Services

	<u>2008/09</u> \$000's	<u>2007/08</u> \$000's
<b>Community Services</b>		
Cemeteries	66	72
Community Buildings	980	561
Clutha Management	64	83
Elderly Persons Housing	597	461
Emergency management	264	313
Grants	432	496
Libraries	855	830
Parks and reserves	1,964	1,671
Swim Centres	1,661	1,431
<b>District Development</b>		
Airports	35	86
Commercial and other property	962	860
Community	562	509
Economic development	177	154
Tourism - promotion groups	201	149
Tourism Central Otago	292	217
Tourism - visitor information centres	841	796
<b>Utility Services</b>		
District roading	7,524	7,747
Footpaths, carparks and street cleaning	595	556
Public toilets	225	124
Stormwater	421	358
Water	2,894	2,427
Wastewater	1,924	2,041
Waste management	2,447	2,160
Utilities management	407	307
<b>Environmental services</b>	2,602	2,820
<b>Governance and administration</b>		
Democracy	1,078	922
Overheads and other (includes internal interest recoveries)	(361)	(341)
<b>TOTAL EXPENDITURE</b>	<u>29,709</u>	<u>27,810</u>

## 28. Tax

CODC has unused tax losses of \$37,000 with a tax effect of \$11,000 that have not been recognised. (2008: tax losses \$35,000; tax effect \$11,000).

# 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		
<p>➤ 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.</p> <p>➤ 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.</p>	% satisfied parks and reserves		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	95	95
	Cromwell	97	93
	Earnsclough/Manuherikia	95	91
	Maniototo	95	91
	Roxburgh	100	100
	District	96	94
	% satisfied library services		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	98	99
	Cromwell	99	95
	Earnsclough/Manuherikia	98	99
	Maniototo	96	96
	Roxburgh	97	93
District	98	97	
% satisfied community housing			
	<u>2008/09</u>	<u>2007/08</u>	
	93	95	
<p>The satisfaction rating is based on 6 questions to tenants. The slight drop in satisfaction does appear out of step with condition of units. We have increased maintenance spend, insulated all but one block of flats, in Ranfurly, sealed carparks and responded to all requests for repairs. A turnover of tenants does mean each year that different tenants may have different subjective satisfaction levels.</p>			

PERFORMANCE MEASURES continued	ACHIEVEMENTS continued		
	% satisfied swim centres		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	92	95
	Cromwell	89	96
	Earnscliffe/Manuherikia	89	94
	Maniototo	92	93
	Roxburgh	76	83
	District	90	94
<p>➤ Attendance figures at Council managed swim centres.</p>	swimmer use		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	97,574	78,530
	Cromwell	23,773	17,073
	Ranfurly	3,508	5,046
	Roxburgh	1,259	1,699
	District	126,114	102,348
	<p>From June – November 2008 the Cromwell Pool was closed due to fire damage. The decrease in figures for Ranfurly and Roxburgh was due to the poor weather over the season.</p>		
<p>➤ The level of satisfaction with Council managed cemeteries will be maintained or improved upon as indicated by ratings obtained in the Resident Opinion Survey.</p>	% satisfied cemeteries		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	99	97
	Cromwell	93	91
	Earnscliffe/Manuherikia	97	89
	Maniototo	87	97
	Roxburgh	100	94
	District	96	94

## CEMETERIES

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
31	<b>Rates</b>	12	12
	<b>Other Income</b>		
45	Burial Fees	37	51
8	Lease	10	9
<hr/>		<hr/>	<hr/>
84	<b>TOTAL REVENUE</b>	59	72
	<b>EXPENDITURE</b>		
31	Alexandra	27	32
13	Cromwell	14	17
16	Earnsclough/Manuherikia	14	15
12	Maniototo	11	9
<hr/>		<hr/>	<hr/>
72	<b>TOTAL EXPENSE</b>	66	73
<hr/>		<hr/>	<hr/>
12	<b>NET SURPLUS (DEFICIT)</b>	(7)	(1)
<hr/>		<hr/>	<hr/>
27	<b>CAPITAL EXPENDITURE</b>	60	73
<hr/>		<hr/>	<hr/>

## CLUTHA MANAGEMENT

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
58	<b>Rates</b>	71	71
	<b>Other Income</b>		
3	Capital Donations	-	10
35	Interest	27	23
<hr/>		<hr/>	<hr/>
96	<b>TOTAL REVENUE</b>	98	104
	<b>EXPENDITURE</b>		
54	Operating	56	84
9	Administration	8	10
20	Grants	-	-
<hr/>		<hr/>	<hr/>
83	<b>TOTAL EXPENSE</b>	64	94
<hr/>		<hr/>	<hr/>
13	<b>NET SURPLUS (DEFICIT)</b>	34	10
<hr/>		<hr/>	<hr/>
-	<b>CAPITAL EXPENDITURE</b>	14	106
<hr/>		<hr/>	<hr/>

## COMMUNITY BUILDINGS

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
425	<b>Rates</b>	423	423
	<b>Other Income</b>		
91	Rentals and Hires	90	90
83	Capital Donations	43	35
-	Development Contributions	5	15
5	Interest	6	6
<hr/> 604	<b>TOTAL REVENUE</b>	<hr/> 567	<hr/> 569
	<b>EXPENDITURE</b>		
507	Community Buildings	898	499
46	Museums	65	54
8	Other Property	17	14
<hr/> 561	<b>TOTAL EXPENSE</b>	<hr/> 980	<hr/> 567
<hr/> 43	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (413)	<hr/> 2
<hr/> <hr/> 91	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> 176	<hr/> <hr/> 85

## ELDERLY PERSONS' HOUSING

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
23	<b>Rates</b>	19	19
	<b>Other Income</b>		
455	Rentals and Hires	463	450
<hr/> 478	<b>TOTAL REVENUE</b>	<hr/> 482	<hr/> 469
	<b>EXPENDITURE</b>		
461	Elderly Persons Housing	597	449
<hr/> 461	<b>TOTAL EXPENSE</b>	<hr/> 597	<hr/> 449
<hr/> 17	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (115)	<hr/> 20
<hr/> <hr/> 91	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> 41	<hr/> <hr/> 52

## EMERGENCY MANAGEMENT

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
227	<b>Rates</b>	243	243
<b>Other Income</b>			
30	Grants and Subsidies	9	-
65	Other Income	-	8
-	Profit on Sale Assets	37	-
<hr/>		<hr/>	<hr/>
322	<b>TOTAL REVENUE</b>	289	251
<b>EXPENDITURE</b>			
54	Civil Defence	61	61
259	District Rural Fire	203	190
<hr/>		<hr/>	<hr/>
313	<b>TOTAL EXPENSE</b>	264	251
<hr/>		<hr/>	<hr/>
9	<b>NET SURPLUS (DEFICIT)</b>	25	-
<hr/>		<hr/>	<hr/>
80	<b>CAPITAL EXPENDITURE</b>	93	9
<hr/>		<hr/>	<hr/>

## GRANTS

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
226	<b>Rates</b>	336	336
<b>Other Income</b>			
20	Grants and Subsidies	22	23
19	Other Income	3	2
<hr/> 265	<b>TOTAL REVENUE</b>	<hr/> 361	<hr/> 361
<b>EXPENDITURE</b>			
200	District	190	190
133	Vincent	147	129
134	Cromwell	58	28
23	Maniototo	23	12
6	Roxburgh	14	7
<hr/> 496	<b>TOTAL EXPENSE</b>	<hr/> 432	<hr/> 366
<hr/> (231)	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (71)	<hr/> (5)

## LIBRARIES

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
774	<b>Rates</b>	807	807
<b>Other Income</b>			
58	User Fees and Other Income	54	64
6	Donations	3	-
<hr/> 838	<b>TOTAL REVENUE</b>	<hr/> 864	<hr/> 871
<b>EXPENDITURE</b>			
88	District	91	96
391	Alexandra	387	406
246	Cromwell	259	246
14	Clyde	17	16
38	Maniototo	43	48
53	Roxburgh	58	59
<hr/> 830	<b>TOTAL EXPENSE</b>	<hr/> 855	<hr/> 871
<hr/> 8	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 9	<hr/> -
<hr/> <hr/> 125	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> 151	<hr/> <hr/> 192

## PARKS AND RESERVES

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
1,265	<b>Rates</b>	1,321	1,321
<b>Other Income</b>			
302	User Fees and Other Income	307	198
15	Interest	25	17
3	Donations	20	2
14	Other Capital Contributions	32	3
49	Vested Assets	137	-
<hr/> 1,648	<b>TOTAL REVENUE</b>	<hr/> 1,842	<hr/> 1,541
<b>EXPENDITURE</b>			
(12)	District	(1)	-
499	Alexandra	608	466
570	Cromwell	619	527
341	Earnsclough/Manuherikia	408	272
170	Maniototo	201	177
103	Roxburgh	129	105
<hr/> 1,671	<b>TOTAL EXPENSE</b>	<hr/> 1,964	<hr/> 1,547
<hr/> (23)	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (122)	<hr/> (6)
<hr/> <hr/> 311	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> 621	<hr/> <hr/> 137

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

## SWIM CENTRES

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
784	<b>Rates</b>	1,064	1,064
	<b>Other Income</b>		
166	Admissions	182	145
90	Concession Tickets	97	96
8	Rentals and Hires	13	16
1	Interest	2	4
106	Other Income	109	94
6	Developers Contributions	14	34
1,961	Capital Contributions	30	-
<hr/> 3,122	<b>TOTAL REVENUE</b>	<hr/> 1,511	<hr/> 1,453
	<b>EXPENDITURE</b>		
876	Alexandra	867	755
33	Clyde	54	43
394	Cromwell	611	650
101	Maniototo	85	82
27	Roxburgh	44	29
<hr/> 1,431	<b>TOTAL EXPENSE</b>	<hr/> 1,661	<hr/> 1,559
<hr/> 1,691	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (150)	<hr/> (106)
<hr/> 3,109	<b>CAPITAL EXPENDITURE</b>	<hr/> 205	<hr/> 85

# 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			
<ul style="list-style-type: none"> <li>➤ 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.</li> </ul>	% satisfied Tourism Central Otago			
		<u>2008/09</u>	<u>2007/08</u>	
	Alexandra	79	82	
	Cromwell	85	86	
	Earnscliffe/Manuherikia	88	88	
	Maniototo	90	98	
	Roxburgh	86	87	
District			84	87
<ul style="list-style-type: none"> <li>➤ Satisfaction with the service received from Council Visitor Information Centres will be rated “at or better” than levels indicated in previous Resident Opinion Surveys.</li> </ul>	% satisfied visitor information centres			
		<u>2008/09</u>	<u>2007/08</u>	
	Alexandra	96	96	
	Cromwell	98	98	
	Earnscliffe/Manuherikia	91	100	
	Maniototo	97	98	
	Roxburgh	97	97	
District			96	97
<ul style="list-style-type: none"> <li>➤ 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.</li> </ul>	% awareness of the brand “Central Otago – A World of Difference”			
		<u>2008/09</u>	<u>2007/08</u>	
	Alexandra	83	80	
	Cromwell	85	79	
	Earnscliffe/Manuherikia	88	79	
	Maniototo	93	83	
	Roxburgh	73	77	
District			85	80

## AIRPORTS

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
25	<b>Rates</b>	30	30
	<b>Other Income</b>		
21	Rentals and Hires	21	25
<hr/> 46	<b>TOTAL REVENUE</b>	<hr/> 51	<hr/> 55
	<b>EXPENDITURE</b>		
82	Alexandra airport	31	36
4	Other airports	4	5
<hr/> 86	<b>TOTAL EXPENSE</b>	<hr/> 35	<hr/> 41
<hr/> (40)	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 16	<hr/> 14
<hr/> <hr/> 6	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> -	<hr/> <hr/> -

## COMMERCIAL AND OTHER PROPERTY

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
(111)	<b>Rates</b>	(75)	(75)
	<b>Other Income</b>		
476	Rentals and Hires	440	357
43	Interest	34	32
3,424	Profit on Sale of Assets	2,840	-
35	Valuation Gains	-	-
<hr/>	<b>TOTAL REVENUE</b>	<hr/>	<hr/>
3,867		3,239	314
	<b>EXPENDITURE</b>		
89	District	123	78
179	Vincent	434	130
191	Cromwell	257	167
380	Maniototo	91	86
21	Roxburgh	57	19
<hr/>	<b>TOTAL EXPENSE</b>	<hr/>	<hr/>
860		962	480
<hr/>	<b>NET SURPLUS (DEFICIT)</b>	<hr/>	<hr/>
<u>3,007</u>		<u>2,277</u>	<u>(166)</u>
<hr/>	<b>CAPITAL EXPENDITURE</b>	<hr/>	<hr/>
<u>1,512</u>		<u>490</u>	<u>4,264</u>

## COMMUNITY

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
497	<b>Rates</b>	575	575
10	<b>Other Income</b>	5	-
<hr/> 507	<b>TOTAL REVENUE</b>	<hr/> 580	<hr/> 575
<b>EXPENDITURE</b>			
424	District Development	433	418
59	Regional Identity	101	95
13	Communications	9	29
13	Community Planner	19	33
<hr/> 509	<b>TOTAL EXPENSE</b>	<hr/> 562	<hr/> 575
<hr/> <u>(2)</u>	<b>NET SURPLUS (DEFICIT)</b>	<hr/> <u>18</u>	<hr/> <u>-</u>
<hr/> <u>31</u>	<b>CAPITAL EXPENDITURE</b>	<hr/> <u>44</u>	<hr/> <u>32</u>

## ECONOMIC DEVELOPMENT

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
173	<b>Rates</b>	157	157
	<b>Other Income</b>		
7	Other income	7	-
4	Profit on sale of assets	-	-
<hr/> 184	<b>TOTAL REVENUE</b>	<hr/> 164	<hr/> 157
	<b>EXPENDITURE</b>		
61	Operating Costs	79	72
93	Administration and Staff Costs	98	85
<hr/> 154	<b>TOTAL EXPENSE</b>	<hr/> 177	<hr/> 157
<hr/> 30	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (13)	<hr/> -
<hr/> 2	<b>CAPITAL EXPENDITURE</b>	<hr/> -	<hr/> -

## PROMOTION GROUPS

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
186	<b>Rates</b>	183	183
<hr/>		<hr/>	<hr/>
186	<b>TOTAL REVENUE</b>	183	183
<b>EXPENDITURE</b>			
25	Alexandra	79	61
90	Cromwell	90	90
10	Earnscliffe/Manuherikia	10	10
20	Maniototo	18	18
4	Roxburgh	4	4
<hr/>		<hr/>	<hr/>
149	<b>TOTAL EXPENSE</b>	201	183
<hr/>		<hr/>	<hr/>
37	<b>NET SURPLUS (DEFICIT)</b>	(18)	-

## TOURISM CENTRAL OTAGO AND VISITOR INFORMATION CENTRES

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
713	<b>Rates</b>	907	907
	<b>Other Income</b>		
258	Other Income	295	244
<hr/> 971	<b>TOTAL REVENUE</b>	<hr/> 1,202	<hr/> 1,151
	<b>EXPENDITURE</b>		
217	Tourism Central Otago	292	290
103	District	117	126
286	Alexandra	297	292
206	Cromwell	220	219
153	Maniototo	151	162
48	Roxburgh	56	62
<hr/> 1,013	<b>TOTAL EXPENSE</b>	<hr/> 1,133	<hr/> 1,151
<hr/> (42)	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 69	<hr/> -
<hr/> <hr/> 5	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> 20	<hr/> <hr/> 7

# 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																										
<p>➤ 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.</p> <p>➤ 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.</p>	<ul style="list-style-type: none"> <li>Water availability across all schemes was 99.99%, with this 3 schemes were 100% being Ranfurly, Patearoa and Pisa Village.</li> <li>747 water tests were taken</li> <li>There were 2 failed tests; 1 at Alexandra and 1 at Omakau. Both were sampling errors.</li> </ul> <p>The New Zealand Fire Service tested 122 hydrants in the following towns:</p> <table border="1" data-bbox="801 1099 1453 1391"> <thead> <tr> <th>Town</th> <th>No. of hydrants</th> <th>Failed</th> </tr> </thead> <tbody> <tr> <td>Alexandra</td> <td>0</td> <td>0</td> </tr> <tr> <td>Cromwell</td> <td>38</td> <td>0</td> </tr> <tr> <td>Clyde</td> <td>0</td> <td>0</td> </tr> <tr> <td>Omakau</td> <td>4</td> <td>0</td> </tr> <tr> <td>Roxburgh</td> <td>10</td> <td>1</td> </tr> <tr> <td>Ranfurly</td> <td>10</td> <td>0</td> </tr> <tr> <td>Naseby</td> <td>19</td> <td>1</td> </tr> </tbody> </table>			Town	No. of hydrants	Failed	Alexandra	0	0	Cromwell	38	0	Clyde	0	0	Omakau	4	0	Roxburgh	10	1	Ranfurly	10	0	Naseby	19	1
Town	No. of hydrants	Failed																									
Alexandra	0	0																									
Cromwell	38	0																									
Clyde	0	0																									
Omakau	4	0																									
Roxburgh	10	1																									
Ranfurly	10	0																									
Naseby	19	1																									
<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>	<p>1 hydrant was reported to have a fault.</p> <p>There were 24 breaches of resource consent conditions across the district.</p> <ul style="list-style-type: none"> <li>1 in Alexandra</li> <li>4 in Bannockburn</li> <li>9 in Cromwell</li> <li>1 in Lake Roxburgh Village</li> <li>4 in Naseby</li> <li>2 in Omakau</li> <li>1 in Ranfurly</li> <li>2 in Roxburgh</li> </ul> <table border="1" data-bbox="801 1832 1453 2063"> <thead> <tr> <th colspan="3">% satisfied waste collection</th> </tr> <tr> <th></th> <th>2008/09</th> <th>2007/08</th> </tr> </thead> <tbody> <tr> <td>Alexandra</td> <td>99</td> <td>98</td> </tr> <tr> <td>Cromwell</td> <td>96</td> <td>91</td> </tr> <tr> <td>Earnsclough/Manuherikia</td> <td>96</td> <td>97</td> </tr> <tr> <td>Maniototo</td> <td>94</td> <td>94</td> </tr> <tr> <td>Roxburgh</td> <td>98</td> <td>96</td> </tr> <tr> <td>District</td> <td>97</td> <td>95</td> </tr> </tbody> </table>			% satisfied waste collection				2008/09	2007/08	Alexandra	99	98	Cromwell	96	91	Earnsclough/Manuherikia	96	97	Maniototo	94	94	Roxburgh	98	96	District	97	95
% satisfied waste collection																											
	2008/09	2007/08																									
Alexandra	99	98																									
Cromwell	96	91																									
Earnsclough/Manuherikia	96	97																									
Maniototo	94	94																									
Roxburgh	98	96																									
District	97	95																									

PERFORMANCE MEASURES continued	ACHIEVEMENTS continued			
<p>➤ The weight of material diverted by Central Otago Wastebusters is “at or better” than the previous year.</p>	% satisfied waste disposal (transfer stations)			
		<u>2008/09</u>	<u>2007/08</u>	
	Alexandra	97	96	
	Cromwell	98	92	
	Earnsclough/Manuherikia	96	97	
	Maniototo	86	90	
	Roxburgh	81	97	
District	95	94		
	tonnage diverted from landfill			
	<u>2008/09</u>	<u>2007/08</u>		
	2,429 tonnes	1,871 tonnes		
	This reflects 20% of the total waste stream to Victoria Flats landfill. These figures do not include diversions to WasteBuster’s resale shop or diversions at transfer stations for cleanfill, greenwaste and scrap metal.			
<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>➤ 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> <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>➤ 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>	Conroys Road has only been given possible approval for funding from NZTA in the 2009-12 NZ Transport Programme and further investigation and funding approval is now required from NZTA before subsidy can be confirmed. This will delay the project until at least 2010/11. If subsidy is not available Council may proceed with the project as an unsubsidised seal extension in 2010/11.			
	% satisfied gravel roads			
		<u>2008/09</u>	<u>2007/08</u>	
	Alexandra	84	88	
	Cromwell	86	78	
	Earnsclough/Manuherikia	74	70	
	Maniototo	48	42	
	Roxburgh	63	67	
	District	77	74	
		There were 7 crashes which had a road factor identified, but this was not the primary cause of the crash.		
	% satisfied footpaths			
		<u>2008/09</u>	<u>2007/08</u>	
	Alexandra	76	70	
Cromwell	83	77		
Earnsclough/Manuherikia	77	82		
Maniototo	62	70		
Roxburgh	74	69		
District	77	74		
% satisfied cycleways				
	<u>2008/09</u>	<u>2007/08</u>		
Alexandra	82	65		
Cromwell	71	68		
Earnsclough/Manuherikia	76	65		
Maniototo	85	85		
Roxburgh	71	65		
District	77	70		

## DISTRICT ROADING

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
2,981	<b>Rates</b>	3,142	3,142
<b>Other Income</b>			
3,333	Government Grants and Subsidies	3,255	3,015
130	Fuel Taxes	127	125
5	Donations	-	-
418	Developers Contributions	591	424
96	User Fees and Other Income	104	134
32	Profit on Sale of Assets	17	-
1,486	Vested Assets	2,221	-
<hr/> 8,481	<b>TOTAL REVENUE</b>	<hr/> 9,457	<hr/> 6,840
<b>EXPENDITURE</b>			
3,433	Pavement Maintenance	3,106	2,579
706	Bridge maintenance	701	686
220	Safety/Traffic Services	207	282
4	Emergency work	46	58
147	Roading Policy	160	138
3,237	Roading Depreciation	3,304	3,749
<hr/> 7,747	<b>TOTAL EXPENSE</b>	<hr/> 7,524	<hr/> 7,492
<hr/> 734	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 1,933	<hr/> (652)
<hr/> <hr/> 3,303	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> 3,166	<hr/> <hr/> 3,020

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

## FOOTPATHS, CARPARKS AND STREET CLEANING

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
658	<b>Rates</b>	653	654
	<b>Other Income</b>		
12	Carpark Revenue	7	6
22	Interest	16	19
261	Vested Assets	492	-
<hr/> 953	<b>TOTAL REVENUE</b>	<hr/> 1,168	<hr/> 679
	<b>EXPENDITURE</b>		
205	Alexandra	203	227
236	Cromwell	263	268
45	Earnscliffe/Manuherikia	50	46
39	Maniototo	48	44
31	Roxburgh	31	27
<hr/> 556	<b>TOTAL EXPENSE</b>	<hr/> 595	<hr/> 612
<hr/> 397	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 573	<hr/> 67
<hr/> <hr/> 455	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> 767	<hr/> <hr/> 375

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

## PUBLIC TOILETS

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
150	<b>Rates</b>	176	176
	<b>Other Income</b>		
1	Other income	-	1
<hr/> 151	<b>TOTAL REVENUE</b>	<hr/> 176	<hr/> 177
	<b>EXPENDITURE</b>		
116	Operating	204	163
8	Administration	21	13
<hr/> 124	<b>TOTAL EXPENSE</b>	<hr/> 225	<hr/> 176
<hr/> 27	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (49)	<hr/> 1
<hr/> -	<b>CAPITAL EXPENDITURE</b>	<hr/> 190	<hr/> 300

## STORMWATER

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
376	<b>Rates</b>	349	349
<b>Other Income</b>			
8	Interest	9	12
275	Vested Assets	921	-
<hr/> 659	<b>TOTAL REVENUE</b>	<hr/> 1,279	<hr/> 361
<b>EXPENDITURE</b>			
133	Alexandra	130	123
155	Cromwell	203	161
5	Earnsclough/Manuherikia	6	7
39	Maniototo	54	55
26	Roxburgh	28	29
<hr/> 358	<b>TOTAL EXPENSE</b>	<hr/> 421	<hr/> 375
<hr/> 301	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 858	<hr/> (14)
<hr/> 193	<b>CAPITAL EXPENDITURE</b>	<hr/> 12	<hr/> 25

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

## UTILITIES MANAGEMENT

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
208	<b>Rates</b>	219	219
	<b>Other Income</b>		
28	Other Income	3	35
-	Profit on Sale of Assets	7	-
<hr/> 236	<b>TOTAL REVENUE</b>	<hr/> 229	<hr/> 254
	<b>EXPENDITURE</b>		
307	Expenditure	407	254
<hr/> 307	<b>TOTAL EXPENSE</b>	<hr/> 407	<hr/> 254
<hr/> <hr/> <hr/> (71)	<b>NET SURPLUS (DEFICIT)</b>	<hr/> <hr/> <hr/> (178)	<hr/> <hr/> <hr/> -
<hr/> <hr/> <hr/> 9	<b>CAPITAL EXPENDITURE</b>	<hr/> <hr/> <hr/> 32	<hr/> <hr/> <hr/> 28

## WATER

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
1,968	<b>Rates</b>	2,334	2,348
<b>Other Income</b>			
3	Connection Fees	2	13
208	Metered water sales	203	227
231	Developers Contributions	202	359
18	Govt Grants and Subsidies	24	19
90	Interest	54	36
(7)	Other Income	12	-
228	Vested Assets	1,326	330
<hr/> 2,739	<b>TOTAL REVENUE</b>	<hr/> 4,157	<hr/> 3,332
<b>EXPENDITURE</b>			
771	Alexandra	1,050	882
617	Cromwell	715	680
58	Pisa Village	65	64
169	Clyde	202	209
108	Omakau	130	111
98	Patearoa	98	117
259	Ranfurly	219	289
137	Naseby	158	171
210	Roxburgh	257	221
<hr/> 2,427	<b>TOTAL EXPENSE</b>	<hr/> 2,894	<hr/> 2,744
<hr/> 312	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 1,263	<hr/> 588
<hr/> 1,662	<b>CAPITAL EXPENDITURE</b>	<hr/> 1,769	<hr/> 2,571

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

## WASTEWATER

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
1,751	<b>Rates</b>	1,874	1,892
<b>Other Income</b>			
2	Connection Fees	1	15
1	Trade Waste Charges	-	25
431	Developers Contributions	222	165
147	Interest	126	88
32	Other Income	(3)	-
448	Vested Assets	1,167	230
<hr/> 2,812	<b>TOTAL REVENUE</b>	<hr/> 3,387	<hr/> 2,415
<b>EXPENDITURE</b>			
983	Alexandra	808	955
2	Clyde	9	12
667	Cromwell	726	716
44	Omakau	52	46
55	Naseby	57	59
130	Ranfurly	120	127
160	Roxburgh	152	151
<hr/> 2,041	<b>TOTAL EXPENSE</b>	<hr/> 1,924	<hr/> 2,066
<hr/> 771	<b>NET SURPLUS (DEFICIT)</b>	<hr/> 1,463	<hr/> 349
<hr/> 944	<b>CAPITAL EXPENDITURE</b>	<hr/> 940	<hr/> 1,820

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

## WASTE MANAGEMENT

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
1,618	<b>Rates</b>	1,925	1,926
<b>Other Income</b>			
9	Refuse Collection	11	10
425	Refuse Disposal	393	443
<hr/> 2,052	<b>TOTAL REVENUE</b>	<hr/> 2,329	<hr/> 2,379
<b>EXPENDITURE</b>			
104	Refuse Policy	118	107
1,016	Refuse Collection	1,079	1,178
52	Litter Bins	53	53
988	Refuse Disposal	1,197	1,056
<hr/> 2,160	<b>TOTAL EXPENSE</b>	<hr/> 2,447	<hr/> 2,394
<hr/> (108)	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (118)	<hr/> (15)
<hr/> 20	<b>CAPITAL EXPENDITURE</b>	<hr/> 17	<hr/> 47

# Environmental Services

This group of activities consists of regulatory services, i.e. 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	% 2008/09	% 2007/08
	Non-notified – 20 working days	310	267	86	76
	Non-notified with hearing 40 working days	25	12	48	38
	Notified (no hearing) – 50 working days	1	0	0	33
	Notified with hearing – 70 working days	42	33	79	72
➤ Resource and Building Consent processing times will be reduced through improvement of processes.	Building consent processing				
	Number of Consents received	<u>2008/09</u>		<u>2007/08</u>	
	Required processing timeframe for issuing consents (working days)	847		945	
	Number processed within required time	20		20	
	Processed within required time %	843		823	
	Average processing time in working days	99.53		87.09	

Improvement is evident in both resource and building consent processing times. Improvements are continuing to be much through Systems Thinking work.

PERFORMANCE MEASURES continued	ACHIEVEMENTS continued		
<ul style="list-style-type: none"> <li>➤ 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.</li>   <li>➤ Reported issues relating to unsatisfactory or unsafe building practices requiring referral to a higher authority for resolution are maintained or reduced.</li>   <li>➤ Negative feedback received in relation to District Plan and resource consent processes is reduced when compared with previous years.</li> </ul>	% satisfied dog control		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	67	67
	Cromwell	62	61
	Earnscliffe/Manuherikia	60	65
	Maniototo	66	67
Roxburgh	79	85	
District	65	66	
<p data-bbox="790 533 1449 600">One claim resolved through mediation. No new claims in 2008/09.</p> <p data-bbox="790 712 1449 779">Currently working on systems thinking approach to processing. Feedback is very positive.</p>			

## ENVIRONMENTAL SERVICES

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
	<b>REVENUE</b>		
485	<b>Rates</b>	563	563
	<b>Other Income</b>		
1,921	User Fees and Charges	1,507	1,618
5	Interest	5	6
139	Other Income	88	48
-	Profit on Sale Assets	3	-
<hr/> 2,550	<b>TOTAL REVENUE</b>	<hr/> 2,166	<hr/> 2,235
	<b>EXPENDITURE</b>		
12	Abandoned Land	19	2
123	Dog Control and Impounding	125	121
1,119	Environmental Health and Building	1,117	1,022
49	Liquor Licencing	52	63
1,517	Resource Management	1,289	997
<hr/> 2,820	<b>TOTAL EXPENSE</b>	<hr/> 2,602	<hr/> 2,205
<hr/> <u>(270)</u>	<b>NET SURPLUS (DEFICIT)</b>	<hr/> <u>(436)</u>	<hr/> <u>30</u>
<hr/> <u>74</u>	<b>CAPITAL EXPENDITURE</b>	<hr/> <u>1</u>	<hr/> <u>26</u>

# 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> <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>	% satisfied with council		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	80	78
	Cromwell	94	89
	Earnscliffe/Manuherikia	82	81
	Maniototo	84	94
	Roxburgh	86	84
	District	86	84
		% satisfied with community boards	
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	80	80
	Cromwell	89	87
	Earnscliffe/Manuherikia	84	84
	Maniototo	83	94
	Roxburgh	86	81
District	84	84	
	% satisfied with clarity of consultation		
	<u>2008/09</u>	<u>2007/08</u>	
Alexandra	71	70	
Cromwell	82	73	
Earnscliffe/Manuherikia	67	74	
Maniototo	63	75	
Roxburgh	67	74	
District	72	73	
	% satisfied with effectiveness of consultation		
	<u>2008/09</u>	<u>2007/08</u>	
Alexandra	71	68	
Cromwell	78	74	
Earnscliffe/Manuherikia	71	71	
Maniototo	64	78	
Roxburgh	68	74	
District	72	72	
<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>2008/09</u>	<u>2007/08</u>
	Alexandra	91	89
	Cromwell	89	88
	Maniototo	94	94
	Roxburgh	96	96
District	91	90	

PERFORMANCE MEASURES continued	ACHIEVEMENTS continued		
	% satisfied admin issues dealt with effectively		
		<u>2008/09</u>	<u>2007/08</u>
	Alexandra	84	78
	Cromwell	87	80
	Maniototo	80	87
	Roxburgh	96	88
District	86	80	
NOTE: Alexandra and Earnscliffe/Manuherikia are served by the same service centre			

## DEMOCRACY

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
765	<b>Rates</b>	800	800
<b>Other Income</b>			
82	User Fees and Other Income	-	-
8	Interest	6	5
<hr/> 855	<b>TOTAL REVENUE</b>	<hr/> 806	<hr/> 805
<b>EXPENDITURE</b>			
426	District Council	664	397
135	District Elections	13	-
145	Vincent	146	122
102	Cromwell	127	130
60	Maniototo	67	68
54	Roxburgh	61	61
<hr/> 922	<b>TOTAL EXPENSE</b>	<hr/> 1,078	<hr/> 778
<hr/> (67)	<b>NET SURPLUS (DEFICIT)</b>	<hr/> (272)	<hr/> 27
<hr/> 2	<b>CAPITAL EXPENDITURE</b>	<hr/> -	<hr/> -

## OVERHEADS

Cost of Services Statement for the Year Ended 30 June 2009

Actual 2007/08 \$ 000's		Actual 2008/09 \$ 000's	Estimate 2008/09 \$ 000's
<b>REVENUE</b>			
<b>Other Income</b>			
26	Rates Enquiries	17	26
(25)	Other Income	(17)	(26)
-	Profit on Sale of Assets	2	-
<hr/>		<hr/>	<hr/>
1	<b>TOTAL REVENUE</b>	2	-
<b>EXPENDITURE</b>			
306	Administration Alexandra	328	348
279	Chief Executive Officer	400	289
872	Corporate Services Manager	905	750
133	Information Technology	190	257
185	Service Centres	186	204
<hr/>		<hr/>	<hr/>
1,775	<b>TOTAL EXPENSE</b>	2,009	1,848
(1,784)	Overheads Allocated	(1,950)	(1,837)
<hr/>		<hr/>	<hr/>
10	<b>NET SURPLUS (DEFICIT)</b>	(57)	(11)
<hr/>		<hr/>	<hr/>
466	<b>CAPITAL EXPENDITURE</b>	345	506
<hr/>		<hr/>	<hr/>

# Variance Report

## STATEMENT OF FINANCIAL PERFORMANCE

(Excludes internal transactions)	Actual 2008/09	Estimate 2008/09	Variance 2008/09	
	\$000's	\$ 000's	\$000's	
<b>REVENUE</b>				
Rates	17,614	17,511	103	F
Government grants and subsidies	3,310	3,057	253	F
Interest and dividends	1,101	574	527	F
Regulatory fees	1,151	1,322	(171)	U
User fees and other income	3,510	3,209	301	F
Contributions for capital purposes	1,310	1,117	193	F
Profit on Sale of Assets	2,906	-	2,906	F
Vested Assets	6,265	560	5,705	F
<b>Total Revenue</b>	<b>37,167</b>	<b>27,350</b>	<b>9,817</b>	<b>F</b>
<b>EXPENDITURE</b>				
<b>Community Services</b>				
Cemeteries	66	73	7	F
Community Buildings	977	562	(415)	U
Clutha Management	64	94	30	F
Elderly Persons Housing	519	373	(146)	U
Emergency management	264	251	(13)	U
Grants	432	366	(66)	U
Libraries	855	871	16	F
Parks and reserves	1,964	1,546	(418)	U
Swim Centres	1,649	1,542	(107)	U
<b>District Development</b>				
Airports	32	38	6	F
Commercial and other property	954	474	(480)	U
Community	562	575	13	F
Economic development	177	157	(20)	U
Tourism - promotion groups	201	183	(18)	U
Tourism Central Otago	292	290	(2)	U
Tourism - visitor information centres	841	861	20	F
<b>Utility Services</b>				
District roading	7,524	7,492	(32)	U
Footpaths, carparks and street cleaning	543	562	19	F
Public toilets	225	176	(49)	U
Stormwater	376	334	(42)	U
Water	2,691	2,540	(151)	U
Wastewater	1,890	2,024	134	F
Waste management	2,429	2,368	(61)	U
Utilities management	407	254	(153)	U
<b>Environmental Services</b>	2,602	2,205	(397)	U
<b>Governance and Administration</b>				
Democracy	1,078	778	(300)	U
Overheads and other	95	14	(81)	U
<b>Total Expenditure</b>	<b>29,709</b>	<b>27,003</b>	<b>(2,706)</b>	<b>U</b>
<b>Net Surplus</b>	<b>7,458</b>	<b>347</b>	<b>7,111</b>	<b>F</b>

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

## EXPLANATION OF VARIANCES - REVENUE

**Government grants and subsidies.** Additional roading expenditure attracted \$240k extra New Zealand Transport Agency subsidy.

**Interest and dividends.** The increase in interest earned is a result of a higher level of funds on deposit than was estimated, mainly due to under expenditure on capital projects last financial year.

**Regulatory fees:** Income is less than estimated reflecting reduced applications for building consent fees (-\$89k), LIM fees (-\$16k), land use consents (-\$13k) and subdivision consents (-\$42k).

**User fees and Other Income:** Income is higher than estimated, including additional property rental and other income due to an increase in the number of leases, and rent reviews achieving higher rental income than budgeted (\$64k), additional commission on Visitor Information Centre sales (+\$22k), additional camping ground fees (+\$90k), and additional fees recovered (+\$59k). In addition, \$31k timber sales from Naseby forest were not estimated.

**Profit on Sale of Assets:** The major contribution to this surplus over book value was the sale of land in Cromwell. The profit on sale was not estimated.

**Vested Assets:** The value of assets vested in Council in the form of reserves, footpaths, roading, stormwater, water supply and wastewater, exceeds budget, reflecting a greater level of subdivision activity than estimated.

## EXPLANATION OF VARIANCES - EXPENSES

**Community Buildings:** The major components of the unfavourable variance are depreciation on revalued assets \$249k, which was not budgeted, and additional building maintenance costs incurred \$146k, in particular the Alexandra Community Centre repairs and painting.

**Parks and Reserves:** The major components of the unfavourable variance are additional depreciation on revalued assets \$145k which was not budgeted, additional parks contract costs due to more work carried out and cost escalations \$135k, and additional camping ground costs which are offset by additional camping ground revenue \$87k.

**Commercial and Other Property:** The major components of the unfavourable variance are the loss on forestry revaluation \$248k, loss on investment property revaluation \$85k, loss on sale of assets \$39k, and additional depreciation on revalued assets \$30k, all of which were not budgeted.

**District Roothing:** The overall budget for roading maintenance is overspent by around \$350k for the year. This is due to higher than budgeted expenditure on repairs to sealed roads, which was required to reduce large areas of failure and resulting future replacement of large sections of sealed roads. In addition, street lighting costs are higher than budget due to higher than expected electricity costs. Expenditure on environmental maintenance, which includes ice control and snow clearing is higher than budget due to weather conditions. Depreciation is \$436k less than budget following the revaluation of roads as at 1 July 2008.

**Environmental Services:** Resource Management costs exceed budget for the year, including costs related to the wind farm appeal of \$128k which are not recoverable, and advertising (\$10k), and legal expenses (\$6k). Recoverable professional fees exceed budget by \$53k. Note that in relation to the wind farm appeal, options were explored for Ministry of Environment funding, however the application was declined. The following additional costs were incurred and approved by Council/Committee: \$50k making the District Plan operative, \$30k extending consultation of landscape assessment, \$12k amendments to Kawarau Conservation Order. Further, processing of Council initiated plan changes 2, 3, 4 and 5 resulted in District Plan budget being exceeded, and cost of appeals to the Environment Court exceeded previous years due to number and complexity.

**Democracy:** The over expenditure is mainly due to \$279k of consultants costs for system review work charged for the year, which were not budgeted. These costs will be allocated to the activities under review on completion of the review work.

## STATEMENT OF CHANGES IN EQUITY

1. Council does not include the estimated increase or decrease arising from the revaluation of Council assets in preparing its estimates.
2. Council's property and parks and reserves assets were revalued for the first time, with an effective date of 1 July 2008. The revaluation of property has resulted in large increases in both value and depreciated cost.
3. The upward revaluation of roading and bridges assets is due to the 6.9% escalation in costs and an increased network length of 22.9km, since the 2006 valuation.

The upward revaluation of the Stormwater Asset is directly attributed to the known length of pipe on the network increasing by 19.6%, coupled with the unit cost of the diameter pipe most commonly used also increasing.

Changes in the Water and Wastewater revaluations cannot be attributed to any one specific valuation variable. Changes have occurred that both positively and negatively adjusted the values. Many of the changes have occurred in the Bizeasset asset register, particularly the asset attributes (i.e. diameter, material). Although the replacement costs and remaining lives have not changed significantly, the changes in asset attributes modified the overall valuation. The quantity of assets valued has remained reasonably static. This suggests that the confidence in the underlying existence of assets is starting to stabilise.

## STATEMENT OF FINANCIAL POSITION

1. Cash and Cash Equivalents and Current Available for Sale Financial Assets are higher than estimate due to the net cash outflow from investing activities being lower than estimated, partially offset by the net cash inflow from operating activities being lower than estimated. The significant variances can be seen in the Statement of Cash Flows. The increase in Cash and Cash Equivalents at 30 June 2009 is a result of more short term deposits maturing within 3 months of balance date, compared to balance date last year.
2. Property, Plant and Equipment is higher than estimate principally due to Council not including the estimated increase or decrease arising from the revaluation of Council assets in preparing its estimates.

# Consultation with Maori

The 2006 census identified the Maori population of the Central Otago District as being 7.2 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 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 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.