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INTRODUCTION



COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

2008/9 ANNUAL REPORT

The past year has been a challenging one for Council, with the District feeling the effects of the global recession, resulting in a tightening of the local economy and causing Council to focus even more strongly on the effective delivery of core services and the elimination of non-essential costs.

Preparation of a new Long Term Council Community Plan (LTCCP), and the ongoing review of the District Plan have required Council to make a number of significant strategic decisions during the course of the year, which will have an important role in shaping the future of the District.

Amongst the decisions made through the District Plan Review has been in-principle agreement to a significantly modified planning framework, which better recognises the requirements of the Resource Management Act and associated case law in respect of property development. The associated discussions have required Council representatives to come to grips with difficult and complex issues, such as the balance between environmental protection and economic growth, and extensive guidance has been sought from relevant parties, including landowners, to assist in this process. Significant progress has been made towards a new District Plan, but much more - including further public consultation - remains to be done.

Issues of affordability have also had a high profile during the year, and this is likely to continue for the foreseeable future. The buoyant national economy that persisted through the middle years of this decade fuelled a trend of steadily increasing costs of materials, labour and services, which has in some respects only started to abate well after the recessionary cycle was entered. The resultant combination of increasing costs to Council and decreasing ratepayer ability to pay has, and will, continue to create challenges.

Council has a history of prudent financial management, and provision of efficient 'no frills' services. Such an approach does however reduce the range of options that are available in circumstances such as those faced at present, since the absence of 'luxuries' in Council's budgets means that any further significant cost reductions are likely to be difficult without reducing the levels of core services, which we know the community values highly.

This focus on affordability was reflected in Council's LTCCP in the form of reduced expenditure on roading improvements, and also through emphasis on 'making the most of what we have' in respect of the District's people, economy and environment.

The most notable example of such an approach being successful is the range of youth training initiatives in Otorohanga, which are delivering both direct social and economic benefits for the youth and employers involved, and which are also having a much broader benefit in respect of establishing a very positive national profile for the community.

The positive profile of the Otorohanga community has also been recognised through Otorohanga being judged the best town of under 10,000 population in the national 2009 'Keep NZ Beautiful'/'Four Square' best town awards. This result is testament to the sustained and coordinated efforts of community groups such as the Otorohanga District Development Board, Project Kiwiana, the Otorohanga Business Association and the Otorohanga Community Board, which have been supported by a positive attitude amongst residents.

A greater emphasis on the promotion of the District, through support of an initiative coordinated by Hamilton International Airport and other means, is another way in which Council is seeking to extract greater value from the assets of our District at relatively low cost. It is believed that there is much in the District that could be more effectively promoted, including the increasingly vibrant Kawhia community, with its rich history and 'authentic' bach culture.



SIGNIFICANT WORKS

No particularly large physical works were scheduled for completion in the 2008/9 year, but as in 2007/8 a much larger unscheduled project had to be completed, in this case to remedy a very large drop-out failure on Waipapa Road. The additional unscheduled cost of over \$400,000 provided a further difficulty in an already financially challenging year.

Some of the other significant works carried out in the 2008/9 year included -

- * Seal extension on Ranginui Road
- * Unsealed improvements to Loop and Bromley Roads
- * Sealed improvements to Te Tahī Road
- * Renewal of sewer on Haerehuka Street, Otorohanga
- * Construction of Ed Hillary walkway in Otorohanga

FINANCIAL POSITION

Council's Financial Position continues to be sound. The operating surplus of \$203,782 was significantly lower than forecast. The biggest contributor to this was increased operating expenditure, related to the preparation of the LTCCP, as well as the emergency works associated with the slip of Waipapa Road in August 2008.

Public Debt was \$12,966,082 at 30 June 2009. This was \$580,000 down on the previous financial year. The Council is keenly aware of the high level of public debt, relative to our peers. Our projections demonstrate that debt levels are likely to increase slightly in the medium term, but in the long term will decrease substantially.

Debt is an important financial mechanism. It helps to ensure that ratepayers enjoying the benefits of a capital project over time also assist in paying for it. The Council will continue to use debt to ensure intergenerational equity, as it has in the past.

FUTURE GOVERNANCE ARRANGEMENTS

Council recognises that the formation of the Auckland 'Super City' may be just a first step in a central government plan for broader reform of local government, and is not afraid to consider alternative governance models, recognising that there is invariably scope for improvement in almost every situation.

For any alternative governance model to be supported by the Council it would however be essential that this model offers real and significant benefits for ratepayers over the current arrangements, and thus far no presented proposal has satisfied these criteria.

CONCLUSION

Council, like most other organisations, is currently facing a range of challenges, but remains confident that it can deliver satisfactory outcomes for the District.

Dale Williams
MAYOR

Dave Clibbery
CHIEF EXECUTIVE



DISTRICT PERSONNEL

OTOROHANGA DISTRICT COUNCIL

		Telephone
Mayor:	Dale Williams	(07) 873 6779
Deputy Mayor:	Hugh Earwaker	(07) 871 1761
Councillors:	Andrew Ormsby	(07) 873 8300
	Robert Prescott	(07) 873 8941
	Steve Adam	(07) 871 9963
	Deborah Pilkington	(07) 871 0654
	Sue Blackler	(07) 872 2760
	Leveson Gower	(07) 872 2825

OTOROHANGA COMMUNITY BOARD

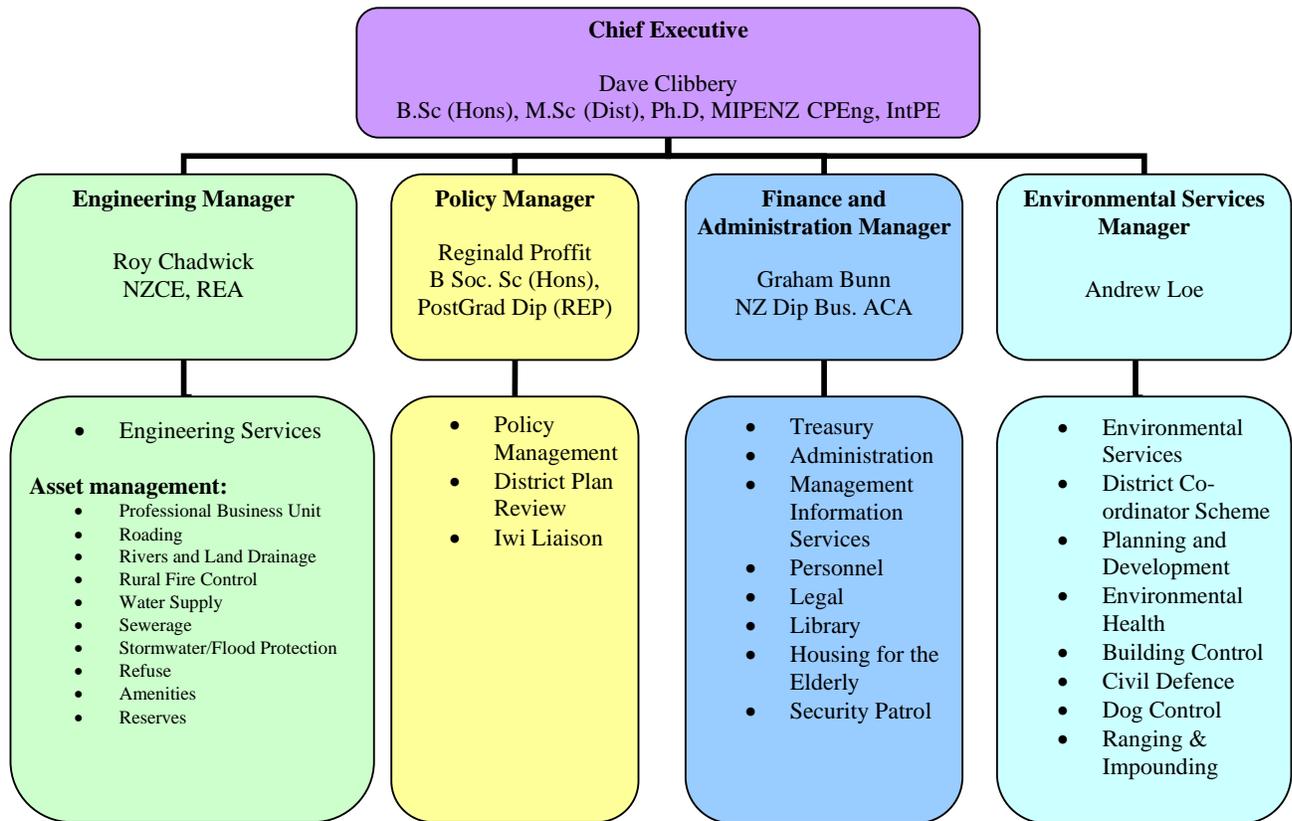
Chairperson:	Elisabeth Cowan	(07) 873 0849
Deputy Chairperson:	Tim Jones	(07) 873 8380
Members:	Brendon McNeil	(07) 873 7842
	Phil Tindle	(07) 873 8810
	Andrew Ormsby	(07) 873 8300
	Robert Prescott	(07) 873 8941

KAWHIA COMMUNITY BOARD

Chairperson:	Lou Sherman	(07) 871 0782
Deputy Chairperson:	Hano Ormsby	(07) 871 0822
Members:	Deborah Pilkington	(07) 871 0654
	Jan Bennett	(07) 871 0276
	Kit Jeffries	(07) 873 7615
	Kathy Workman-Beal	(07) 871 0759



MANAGEMENT STRUCTURE



Postal Address: PO Box 11, Otorohanga 3900

Council Chambers: Maniapoto Street, Otorohanga

Telephone Number: 07 - 873 4000

0800 Number: 0800 734 000

Fax Number: 07 - 873 4300

Email: Info@otodc.govt.nz

Bankers: Bank of New Zealand

Auditors: Deloitte, on behalf of the Office of the Auditor General

Solicitors: Gallie Miles, Te Awamutu



DISTRICT BACKGROUND

Otorohanga District is located some 50 kilometres south of Hamilton. The area administered by the Council covers 1976 sq.km. and extends from the Kawhia and Aotea Harbours on the west coast for a distance of 90 km to the eastern extremity near Mangakino. Included within the District are the urban communities of Otorohanga and Kawhia.

Geographically, the District comprises three distinct areas of approximately equal size. The eastern and western areas have predominantly more hills than the central area which is the southern limit of the Waikato Basin. Farming is the dominant industry with sheep and cattle farming in the hill country and intensive dairy farming in the central area. Horticulture and cropping are lesser but developing activities.

The original Otorohanga County was formed on 1 April 1922 and arose out of the amalgamation of the former Wharepapa and Mangaorongo Roads Board and part of the Waitomo County. The northern half of the former Kawhia County was amalgamated into the District on 1 April 1956. On 1 November 1971, the County of Otorohanga and the Borough of Otorohanga were united to form a new County of Otorohanga. At the time of the union there was no provision for a "District" Council status which only became available in 1978 following an amendment to the Local Government Act. The change in designation from a County Council to a District Council took place on 1 April 1979 and was made primarily to give recognition to the fact that Council is a rural-urban council with the urban area an integral part of the organisation.

The Council believes that it is able to function as an effective and independently viable unit of the local government with adequate staff and resources to administer a comprehensive range of services for its constituent ratepayers and residents.

A roading network, totalling 901.5 km in length, provides access. State Highways 3, 31 and 39 account for 94.5km of this and are maintained by Transfield under contract to Transit New Zealand at no cost to Council. The balance of 807km comprises 514km of sealed pavements of varying widths and 293km of metalled roads. Of these 28km of sealed roads are within the urban Communities of Otorohanga and Kawhia as is 0.5km of the unsealed roads. Within the Council maintained roading network are 154 bridges totalling 1995m in length and including 28 stock access structures. Since the Otorohanga County was first constituted, the prime aim of Council has been extension and improvement of the roading system as a means of encouraging land development and stimulating primary production.

The Council Office is located in the Community of Otorohanga which is situated on the Main Trunk Railway and at the junction of State Highway No.3, No. 31 and No. 39. The Town has good shopping facilities, three modern primary schools and a College, good medical facilities and caters for a wide range of sporting and cultural activities.

Otorohanga is centrally placed, being within easy driving distance of Auckland, Hamilton, Tauranga, Rotorua, Taupo and New Plymouth. The town has a population of 2,661 and is an important focus for tourist activities in the North King Country area. Being 16 kilometres north-west of Waitomo, Otorohanga is the closest town to the world famous glow worm caves.

Kawhia, a small holiday resort on the west coast, is also within the District. It is located on the shores of the Kawhia Harbour some 57 kilometres west of Otorohanga via State Highway 31, and has a permanent population of 384 with this increasing to over 3000 at peak holiday periods. Kawhia is the home of the Tainui people who settled there 600 to 700 years ago. The Kawhia Harbour covers more than 6000 hectares, with five rivers feeding into it. It is a popular and productive fishing spot.



STATISTICS

Area and Population

Area (Square kilometres)	1,976
Population (2006 Census figures)	9,516

Communities

	Area	Population
Otorohanga	507 ha	2,661
Kawhia	161 ha	384
Rural	196,932 ha	6,471
	<u>197,600 ha</u>	<u>9,516</u>

Valuation

Rateable Properties (No. of)	5,189
Non Rateable Properties (No. of)	228
Rateable Capital Value	\$3,598,766,700
Date of Last revision of Values	1 September 2007

Rates and Rating 2008/09

Total Rates (Excluding GST)	\$8,712,134
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/09

Public Debt Outstanding	\$12,966,082
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Date of Constitution of District

1 November 1989



FINANCIAL STATEMENTS



**OTOROHANGA DISTRICT COUNCIL
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

Actual 30 June 2008	Note	Budget 30 June 2009	Actual 30 June 2009
Income			
8,260,195	Rates revenue 2	8,577,009	8,712,134
6,108,527	Other income 3	5,469,882	5,681,531
397,757	Others gains/(losses) on asset disposal 4	-	(212,945)
14,766,479	Total income	14,046,891	14,180,720
Expenditure			
2,650,307	Employee benefit expenses 5	2,752,760	2,781,467
2,884,653	Depreciation and amortisation 6	2,936,291	3,402,081
6,012,329	Other expenses 7	5,993,292	6,908,626
936,757	Finance costs 8	878,884	884,764
12,484,046	Total operating expenditure	12,561,227	13,976,938
2,282,434	Profit before income tax expense	1,485,663	203,782
-	Tax expense	-	-
2,282,434	Profit for the year	1,485,663	203,782

The accompanying notes on pages 14-56 form part of these financial statements.



**OTOROHANGA DISTRICT COUNCIL
BALANCE SHEET
AS AT 30 JUNE 2009**

Actual 30 June 2008	Note	Budget 30 June 2009	Actual 30 June 2009
	Assets		
	Current assets		
1,272,173	Cash and cash equivalents 9	1,150,000	1,387,518
2,133,114	Trade and other receivables 10	1,750,000	1,656,661
225,431	Development property held for sale 12	1,250,000	199,007
3,630,718	Total current assets	4,150,000	3,243,186
	Non-current assets		
163,066	Equity Investments 11	161,044	533,843
198,014,752	Property, plant and equipment 13	217,946,082	245,076,745
41,727	Intangible assets 14	23,604	48,223
198,219,545	Total non-current assets	218,130,730	245,658,811
201,850,263	Total assets	222,280,730	248,901,997
	Liabilities		
	Current Liabilities		
2,157,863	Trade and other payables 15	1,775,000	2,785,650
4,000	Provisions 16	-	1,920
270,324	Employee benefit liabilities 17	162,710	302,937
4,588,093	Borrowings 18	4,500,000	7,018,962
7,020,280	Total current liabilities	6,437,710	10,109,469
	Non-current liabilities		
22,752	Provisions 16	-	27,793
61,970	Employee benefit liabilities 17	-	38,671
8,962,936	Borrowings 18	9,592,078	5,947,120
9,047,658	Total non-current liabilities	9,592,078	6,013,584
16,067,938	Total liabilities	16,029,788	16,123,053
185,782,325	Net Assets	206,250,942	232,778,944
	Equity		
150,725,012	Retained earnings 19	150,846,421	151,286,832
35,057,313	Other reserves 19	55,404,521	81,492,112
185,782,325	Total equity attributable to ODC	206,250,942	232,778,944

The accompanying notes on pages 14-56 form part of these financial statements.



OTOROHANGA DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Actual 30 June 2008	Notes	Budget 30 June 2009	Actual 30 June 2009
183,496,912	Balance at 1 July	184,528,988	185,782,325
2,979	Available for sale investments gain/(loss) taken to equity	-	(4,223)
-	Gain/(loss) on asset revaluation	20,236,290	46,797,060
2,282,434	Surplus/(deficit) for the year	1,485,664	203,782
2,285,413	Total recognised income/(expense) for the year ended 30 June	21,721,954	46,996,619
185,782,325	Balance at 30 June	206,250,942	232,778,944

The accompanying notes on pages 14-56 form part of these financial statements.



**OTOROHANGA DISTRICT COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009**

Actual 30 June 2008	Notes	Budget 30 June 2009	Actual 30 June 2009
	Cash flows from operating activities		
9,288,884	Receipts from rates revenue	8,577,009	9,807,867
4,321,850	Receipts from other revenue	5,384,882	4,359,805
175,431	Interest received	85,000	98,014
3,820	Dividends received	-	3,520
(9,071,488)	Payments to suppliers and employees	(8,590,328)	(8,848,067)
(919,865)	Interest paid	(880,000)	(873,749)
3,798,632	Net cash provided by Operating Activities 20	4,576,563	4,547,390
	Cash flows from investing activities		
365,274	Proceeds from Sale of Property, Plant and Equipment	362,500	75,093
651,478	Proceeds from sale of development property held for sale	-	67,846
(4,652,228)	Purchase of property, plant and equipment	(5,685,500)	(3,759,923)
-	Purchase of investments	-	(375,000)
(17,823)	Purchase of intangible assets	-	(6,495)
(3,653,299)	Net cash (used in) Investing Activities	(5,323,000)	(3,998,479)
	Cash flows from financing activities		
2,285,886	Proceeds from borrowings	753,789	4,000,000
-	Proceeds from revaluation movements	-	151,382
(2,140,641)	Repayment of borrowings	(7,352)	(4,584,948)
145,245	Net cash provided by/(used in) Financing Activities	746,437	(433,566)
290,578	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	-	115,345
981,595	Cash, cash equivalents and bank overdrafts at the beginning of the year	1,150,000	1,272,173
1,272,173	Cash and cash equivalents at the end of the year. 9	1,150,000	1,387,518

A change in policy has meant that the comparatives have been restated to remove the GST portion from income and expenditure from the Statement of Cashflows. The effect of this change in policy has resulted in a \$2,151,469 decrease in receipts from other revenue and payments to suppliers and employees. The reason for this change is that ODC is no longer required to include GST figures in the Statement of Cashflows.

The accompanying notes on pages 14-56 form part of these financial statements.



OTOROHANGA DISTRICT COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

1. Summary of significant accounting policies.

Reporting Entity

Otorohanga District Council (ODC) is a territorial local authority governed by the Local Government Act 2002.

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

The financial statements of ODC are for the year ended 30 June 2009. The financial statements were authorised for issue by Council on 27 October 2009. These financial statements comprise solely of the ODC financial results.

Statement of Compliance

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

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

Standards and Interpretations issued and not yet effective

At the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet effective.

Application of the following Standards, Amendments and Interpretations is not expected to have a material impact on the financial statement account balances of ODC.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 8 'Operating Segments'	1 January 2009	30 June 2010
NZ IAS 1 'Presentation of Financial Statements' – Revised Standard	1 January 2009	30 June 2010
Amendments to NZ IFRS-4 'Insurance Contracts' – The Scope of Insurance Activities and Differential Reporting Concessions	1 January 2009	30 June 2010
NZ IFRIC 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
NZ IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010
NZ IFRIC 17 'Distributions of Non-Cash Assets to Owners'	1 July 2009	30 June 2010
NZ IFRIC 18 'Transfers of Assets from Customers'	1 July 2009	30 June 2010
NZ IAS 23 'Borrowing Costs' – revised 2007	1 January 2009	30 June 2010
Amendments to NZ IFRS-2 'Share-Based Payment' – Vesting Conditions and Cancellations	1 January 2009	30 June 2010
NZ IFRS 3 'Business Combinations' – revised 2008	1 July 2009	30 June 2010
NZ IAS 27 'Consolidated and Separate Financial Statements' – revised 2008	1 July 2009	30 June 2010
Revised Amendments to NZ IAS 32 'Financial Instruments: Presentation' and NZ IAS 1 'Presentation of Financial Statements' – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008	Various*	30 June 2010
Amendments to NZ IFRS 1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' and NZ IAS 27 'Consolidated and Separate Financial Statements' – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	30 June 2010
Omnibus Amendments (2008)	1 January 2009	30 June 2010
Amendments to NZ IAS 39 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items	1 July 2009	30 June 2010
Improving Disclosures about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures)	1 January 2009	30 June 2010
Omnibus Amendments (2009)	1 July 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	**	30 June 2011
Amendments to IFRS 2 'Share-Based Payment' – Group Cash-Settled Share-Based Payment Transactions	1 January 2010	30 June 2011

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and they are to be applied retrospectively.

**The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

Basis of Preparation

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

During the year ODC changed its accounting policies around lease income disclosures and the recognition of GST in the Statement of Cashflows. The change to the disclosure of leases was done to more accurately reflect the expected future income from leasing of Council properties, as renewals are discretionary and may not be taken up. The change for GST in the Statement of Cashflows was done to bring the ODC annual report into line with standard practices.

The financial statements have been prepared on a historical cost basis, apart from the revaluation of land and buildings, certain infrastructural assets and financial instruments, which are stated at their fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional and reporting currency of ODC is New Zealand dollars.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from 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 invoices are issued.

Other income

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

ODC receives government grants from Land Transport New Zealand, which subsidises part of ODC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in ODC are recognised as income when control over the asset is obtained.

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time the Council provides, or is able to provide, the service. Development contributions are classified as part of "Other Income"

Borrowing costs

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

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.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

Discretionary grants are those grants where ODC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the ODC's decision.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities in the Balance Sheet.

Financial Assets

ODC classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available for sale financial assets. ODC currently only has loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. Financial assets are initially recognised at fair value plus transaction costs except for those financial assets classified as fair value through profit and loss. Financial liabilities are recognised initially at fair value net of transaction costs.

Purchases and sales of investments are recognised on trade-date, the date on which ODC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the ODC has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for an asset held or liability to be issued is the current bid price and for an asset to be acquired or liability held, the asking price.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost.

The categories of financial assets held by ODC are:

- **Loans and receivables**
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of a financial asset or where appropriate, a shorter period to the carrying amount of the financial asset.

Gains and losses when the asset is impaired or derecognised are recognised in the Income Statement. 'Trade and other receivables' and 'Rural Housing loans' are classified as loans and receivables.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

A provision for impairment of receivables is established when there is objective evidence that ODC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

- Available for sale financial assets
Available for sale financial assets are those that do not fall into any other financial instrument category.

This category encompasses:

- Investments that ODC intends to hold long-term but which may be realised before maturity; and
- Shareholdings that ODC holds for strategic purposes.

After initial recognition the shareholdings in listed companies are measured at their fair value. Where no fair value is available then the assets are valued at cost.

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Income Statement. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in Income Statement even though the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the Income Statement.

Impairment of financial assets

At each balance sheet date ODC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Income Statement.

Development Property Held For Sale

Development Property Held for Sale is measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of Development Property Held For Sale are recognised in the Income Statement.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted assets – Restricted assets are parks and reserves owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by ODC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item or property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to ODC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Income Statement. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to ODC and the cost of the item can be measured reliably.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

Depreciation

Depreciation is provided on a straight-line basis or diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Useful Life (Years)	Depreciation Rate
Buildings – Concrete	100	1%
Buildings – Wooden	40	2.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixtures	10	10% DV
Library Books	6.6	15% DV
Plant and Machinery	2.5-3	33.33 – 40%
<u>Water Treatment</u>		
Piping	36-80	1.25-2.7%
Equipment	2-50	2-50%
Other	20	5%
<u>Water Reticulation</u>		
Piping	5-80	1.25-20%
Equipment	5-30	3.33-20%
Other	25	4%
<u>Wastewater</u>		
Piping	14-80	1.25-7.14%
Equipment	3-60	1.66-33%
Other	19-37	2.7-5.26%
<u>Stormwater</u>		
Piping	13-80	1.25-7.7%
Equipment	8-60	1.66-12.5%
Other	25	4%
<u>Roading</u>		
<u>Pavement (Basecourse)</u>		
- Sealed	1-60	1.66-100%
- Unsealed	1-6	16.5-100%
Seal	1-15	6.7-100%
Culverts	10-80	1.25-10%
Bridges	12-94	1-8.5%
Kerb & Channel/ Catchpits	45	2.2%
Footpaths	20-55	1.8-5%
Streetlights	5-46	2-20%
Signposting	5-20	5-20%
Delineators/ RPMs	3-7	14.3 -33.3%



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Operational land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value (Registered Valuers) and the valuation took effect in the financial year ended 30 June 2009.

Restricted land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value (Registered Valuers), and the valuation took effect in the financial year ended 30 June 2009.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems:

At fair value determined on a depreciated replacement cost basis by sufficiently experienced in-house engineering staff. The valuation was independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the financial statements by Maunsell (Registered Valuers). The most recent valuation took effect in the financial year ended 30 June 2009.

Land under roads

Land under roads, was valued based on land value of land within the ward the road is in. This valuation was performed by sufficiently experienced in-house engineering staff, based on information obtained from Quotable Value (Registered Valuers), and the average for each ward is used as the basis of the valuation of land under roads. This valuation was independently reviewed by Maunsell (Registered Valuers). The most recent valuation took effect in the financial year ended 30 June 2009.

Accounting for revaluations

ODC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this amount is rather expensed in the Income Statement. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Income Statement will be recognised first in the Income Statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

Intangible assets

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in Income Statement.

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

Computer software	3 years	33.3%
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Impairment of non-financial assets

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 assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets 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 its remaining future economic benefits or service potential.

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

If an assets 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 Income Statement.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Income Statement.

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 Income Statement, a reversal of the impairment loss is also recognised in the Income Statement.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Income Statement.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

Employee benefits

Short-term benefits

Employee benefits that ODC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at the rates expected to apply at the time of settlement.

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.

ODC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that ODC anticipates it will be used by staff to cover those future absences.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 8.25%, and an inflation factor of 2.5% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Retirement leave is recorded at the time of entitlement of staff, as this represents the amount that can be claimed at any time after entitlement.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Income Statement as incurred. Defined contribution schemes include Kiwisaver, where legislation states that Council must contribute a matching contribution to the employee of 2%.

Provisions

ODC recognise a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

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

Equity

Equity is the community's interest in ODC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves
- Available for sale revaluation reserve

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 ODC.

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

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party of the Courts. Transfers to and from these reserves are at the discretion of the Council.

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets. Where a revalued land, building or infrastructural asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Available for sale revaluation reserve arises on the revaluation of investments held. Where a revalued investment is sold, that portion of the available for sale revaluation reserve which relates to that investment, and is effectively released, is transferred directly to retained earnings.

ODC's objectives, policies and processes for managing capital are described in note 30.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

Landfill post-closure costs

ODC, as operator of the Otorohanga and Kawhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. A provision for post-closure costs is recognised as a liability.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology.

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

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Commitment and contingencies are disclosed exclusive of GST.

Budget figures

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

Cost Allocation

ODC has derived the cost of service for each significant activity of ODC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Trade and other payables

Trade and other accounts payable are recognised when ODC becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other accounts payable are recorded at amortised cost.

Financial Instruments issued by the Council

Debt and Equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instrument.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair value and are subsequently measured at the higher of the amount of the obligation under the contract, as determined in accordance with NZ IAS-37 'Provisions, Contingent Liabilities and Contingent Assets'; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with NZ IAS 18 'Revenue'.

Statement of Cashflows

Cashflows from operating activities are presented using the direct method. Definitions of terms used in the Statement of cashflows:

- Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.
- Investing activities comprise the purchase and sale of property, plant & equipment and investments.
- Financing activities comprise the change in equity and debt capital structure of ODC
- Operating activities include all transactions and events that are not investing or financing activities.

Critical accounting estimates and assumptions

In preparing these financial statements ODC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumption that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

The assumptions related to the provision for landfill aftercare is that the costs involved in monitoring the landfills will be recognised within the 30 year period used for calculating the discounted cashflows.

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating and obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

consumption of the benefits of the asset, then ODC could be over or under estimating the annual depreciation charge recognised as an expense in the Income Statement. To minimise this risk ODC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the ODC's asset management planning activities, which gives ODC further assurance over its useful life estimates.

During the year, management reconsidered the recoverability of its infrastructural assets, which are included in the balance sheet as at 30 June 2009 at \$218,296,203.

Critical judgements in applying ODC's accounting policies

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2009:

1. Classification of property

ODC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the ODC's social housing policy. These properties are accounted for as property, plant and equipment.

2. Classification of investments

ODC owns a number of investments in other companies. The dividends received from these investments are incidental to holding the investments. These investments are held for strategic purposes, and are intended to be held for the long term. As such these investments have been classified as available for sale financial assets.

3. Useful lives of Property, Plant and Equipment

The useful lives of fixed assets have been determined based on the asset management plans used during the creation of the LTCCP. For infrastructural assets this has been based on the information provided by the National Asset Management Steering Group (NAMS) regarding the useful life of infrastructural assets. For all other property, plant and equipment, the depreciation schedules included in the Income Tax Act have been used as a basis for setting the useful lives.

4. Fair value of Property, Plant and Equipment

The values of Operational Land & Buildings, Restricted Assets and infrastructural assets as at 1 July 2005 have been taken as the deemed cost of these items on transition to NZ IFRS. These assets were revalued during the year ended 30 June 2009. The current carrying value of property, plant and equipment is recorded in note 13.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued

2. Rates revenue

	Actual 2008	Actual 2009
General Rates	3,123,687	3,337,685
Targeted rates attributable to activities		
Water	467,161	420,871
Sewerage	395,171	386,803
Refuse	203,334	234,072
Land Transport	3,849,002	4,100,846
Security	75,490	73,633
Erosion Protection	32,444	30,931
CBD Development	15,755	25,661
Halls	22,215	22,150
Rates penalties	75,936	79,482
Total revenue from rates	8,260,195	8,712,134

3. Other Income

	Actual 2008	Actual 2009
User charges	1,194,527	1,191,817
Metal Royalties	25,299	19,041
Land Transport NZ government grants	3,292,926	3,144,789
Regulatory revenue	773,925	722,625
Petrol tax	98,555	89,103
Vested assets revenue	515,811	391,339
Donations	8,000	26
Interest income for financial assets not at fair value through profit and loss		
- cash and cash equivalents	175,283	98,014
- loans and receivables	148	-
Dividend income	3,820	3,520
Other	20,233	21,257
Total other income	6,108,527	5,681,531



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued

4. Other gains/(losses) on asset disposals

	Actual 2008	Actual 2009
Gain/(loss) on disposal of development property held for sale	398,751	(3,709)
Gain/(loss) on disposal of property, plant and equipment	(993)	(209,236)
Total other gains/(losses) on asset disposal	397,758	(212,945)

5. Employee Benefit Expenses

	Actual 2008	Actual 2009
Salaries and wages	2,608,596	2,726,265
Employer contributions to defined contribution plans	46,467	45,884
Increase/(decrease) in employee benefit liabilities	(4,757)	9,314
Total employee benefit expenses	2,650,306	2,781,467

No additional liability exists to ODC related to the defined contribution plans.

6. Depreciation and Amortisation

	Actual 2008	Actual 2009
Depreciation	2,858,769	3,373,908
Amortisation	25,884	28,173
Total depreciation and amortisation	2,884,653	3,402,081

7. Other Expenses

	Actual 2008	Actual 2009
Audit fees for financial statement audit	93,920	96,840
Audit fees for LTCCP/Annual Plan audit	-	68,850
Audit fees for NZ IFRS transition	14,000	-
Donations	-	-
Impairment of receivables	(24,336)	(1,535)
Impairment of property, plant and equipment	-	-
Minimum lease payments under operating leases	40,036	48,854
Activity Operation	926,173	1,106,188
Asset Maintenance	516,327	599,697



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

Road Maintenance	2,680,144	3,271,772
Other expenses	1,783,392	1,717,960
Total other expenses	6,012,329	6,908,626

Otorohanga District Council is exempt from tax under the Income Tax Act 2007.

The impairment of receivables relates to the writing off of rates debtors after the statutory deadline of 7 years, as well as writing off rates debtors that were deemed to be uncollectible.

8. Finance costs

	Actual 2008	Actual 2009
Interest expense		
Interest on bank borrowings	936,756	884,764
	936,756	884,764

9. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cashflow statement are reconciled to the related items in the balance sheet as follows:

	Actual 2008	Actual 2009
Cash and cash equivalents	1,272,173	1,387,518
Total cash and cash equivalents	1,272,173	1,387,518

Cash at the bank and in hand includes two amounts which have restrictions on what the money can be used for. These are:

- Subdivision reserve fund \$103,547 (2008: \$132,063)
- Otorohanga Community Charitable Trust Deposit \$50,000 (2008: \$50,000)

The money held in the subdivision reserve fund can only be used to fund capital expenditure related to district parks and reserves.

The money from the Otorohanga Community Charitable Trust is a deposit held by ODC, which provides a return to the trust on a quarterly basis. This money can be called by the Trust at any time. A corresponding liability exists for this deposit, and this is included in the Trade and other payables balance – refer Note 15



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued

10. Trade and other receivables

	Actual 2008	Actual 2009
Rates receivables	237,481	286,098
Other receivables	1,427,449	1,191,338
Sundry debtors	69,912	77,819
Property sale receivables	380,555	50,000
Work In Progress	115,578	150,782
	2,230,975	1,756,037
Less provision for impairment of receivables	(97,841)	(99,376)
	2,133,134	1,656,661

Rates are struck on the 1st of July each year, and are charged in two instalments. In the year ended 30 June 2009 these instalments were due on 1st August 2008 and 9th January 2009. A charge of 10% is added to all rates levied and due for the 2008/09 year that remains unpaid after 29th August 2008 and 30th January 2009. A further 10% charge is added to all rates that have been levied in any financial year previous to 1 July 2008 which remained unpaid as at that date.

Property sale receivables have differing terms depending on the terms of the sale and purchase agreement. No interest is payable on any property sale receivables.

All other receivables have standard terms of 30 days from the date of the invoice. No interest is charged for other receivables that remain unpaid after the completion of the term. There are no impairment issues with other receivables.

Impairment

Movements in the provision for impairment of receivables are as follows:

	Actual 2008	Actual 2009
Balance at beginning of the year	(73,506)	(97,841)
Impairment losses recognised on receivables		
Amounts written off as uncollectible	54,783	48,465
Amounts recovered during the year		
Increase in provision	(79,118)	(50,000)
Unwind of discount		
Balance at end of the year	(97,841)	(99,376)



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

Ageing of Trade and other receivables

	2008			2009		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	1,964,111	-	1,964,111	1,027,497	-	1,027,497
Past due 1-60 days	-	-	-	288,608	-	288,608
Past due 61-90 days	12,301	-	12,301	11,379	-	11,379
Past due > 90 days	254,563	(97,841)	156,722	428,553	(99,376)	329,177
Total	2,230,975	(97,841)	2,133,134	1,756,037	(99,376)	1,656,661

The impairment relates entirely to rates receivables.

11. Equity Investments

	Actual 2008	Actual 2009
Available for sale Financial Assets		
Unlisted shares – Waikato Regional Airport Ltd	89,375	464,374
Unlisted shares – Balance Agrinutrients	12,221	12,221
Listed shares – King Country Energy	46,453	42,230
Unlisted shares – NZ Local Government Insurance Corporation Ltd	15,018	15,018
Total equity investments	163,066	533,843

The fair value of listed shares is determined by reference to published price quotations in an active market. The market value of ODC's King Country Energy shares as at 30 June 2009 was \$42,230 (2008: \$46,453).

Unlisted shares

The fair value of unlisted shares of Waikato Regional Airport Ltd, Balance Agrinutrients and the NZ Local Government Insurance Corporation Ltd are not able to be determined reliably and as such have been measured at cost. A range of estimates within which the fair values would be likely to lie are unable to be determined. Refer to note 22 for discussion regarding the increase in the Waikato Regional Airport Ltd value.

ODC holds a 7.69% shareholding in Local Authority Shared Services Limited, a company established by the 13 territorial and regional councils in the Waikato region. This share has a cost of \$1,000, but the capital has not been called yet, and therefore no investment has been recognised in the balance sheet. Refer to note 22 – Contingencies for a discussion of the uncalled capital.

Maturity analysis and effective interest rates

Refer to note 29 – Financial Instruments Risk



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

12. Development Property Held For Sale

	Actual 2008	Actual 2009
Westridge	26,425	-
Progress park	199,006	199,007
	225,431	199,007

These development properties held for sale represent properties within the Progress Park and Westridge subdivisions, which were developments done by Otorohanga District Council. The Progress Park development was an industrial park development and was completed in 2005 and comprised of 25 lots. Currently only 3 lots remain unsold (2008: 3 unsold). These properties are expected to be sold within the year ended 30 June 2010, and these sales are expected to occur through regular real estate transactions.

The Westridge development was a residential development and was completed in 2006. Westridge comprises of 36 lots and a right of way, of which all lots have been sold at balance date (2008: 1 unsold).

No development properties held for sale were recognised as expenses during the year, and there were no write-downs of development properties held for sale. No development properties held for sale have been pledged as securities against any liabilities ODC holds.

Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 – continued

13. Property, plant and equipment
2009

	Cost /revaluation 1 July 2008	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus	Cost /revaluation 30 June 2009	Accumulated depreciation	Carrying amount
Council Operational assets											
Land	8,476,974	-	8,476,974	15,702	70,000	-	-	171,034	8,422,676	-	8,422,676
Buildings	5,313,100	-	5,313,100	74,847	-	-	130,065	250,901	5,387,947	130,207	5,257,740
Plant & Machinery/ Motor Vehicles	617,120	206,082	411,038	118,604	29,872	-	65,474	-	677,256	229,960	434,296
Furniture & Equipment/ Library Books	1,764,602	1,135,785	628,817	155,243	1,888	-	147,385	-	1,856,996	1,222,211	634,786
Total operational assets	16,171,796	1,341,867	14,829,929	364,396	101,760	-	342,924	421,935	16,344,875	1,582,378	14,749,498
Council infrastructural assets											
Sewerage system	5,218,739	-	5,218,739	97,035	29,217	-	154,236	(985,454)	5,285,241	152,919	5,132,321
Water system	4,796,419	-	4,796,419	52,970	4,206	-	140,946	(1,502,222)	4,844,697	140,461	4,704,236
Rural water supply	5,675,237	-	5,675,237	19,913	851	-	145,275	(1,175,653)	5,694,154	145,130	5,549,024
Drainage network	4,099,778	-	4,099,778	29,381	13,377	-	65,465	(1,680,821)	4,115,745	65,427	4,050,318
Stopbanks	1,089,000	-	1,089,000	-	-	-	-	-	1,089,000	-	1,089,000
Roading network	170,486,626	-	170,486,626	2,526,238	102,553	-	1,962,170	(36,126,054)	172,874,836	1,926,695	170,948,140
Bridges and culverts	26,658,440	-	26,658,440	684,610	32,496	-	487,390	(4,348,506)	27,310,408	487,245	26,823,164
Total infrastructural assets	218,024,239	-	218,024,239	3,410,147	182,700	-	2,955,482	(45,818,710)	221,214,081	2,917,877	218,296,203
Council restricted assets											
Land	7,546,900	-	7,546,900	91,850	-	-	-	(141,996)	7,638,750	-	7,638,750
Buildings	4,415,500	-	4,415,500	52,296	-	-	75,502	(1,263,004)	4,467,796	75,502	4,392,294
Total restricted assets	11,962,400	-	11,962,400	144,146	-	-	75,502	(1,405,000)	12,106,546	75,502	12,031,044
Total ODC property, plant and equipment	246,158,435	1,341,867	244,816,568	3,918,689	284,460	-	3,373,908	(46,801,775)	249,665,502	4,575,757	245,076,745

Land under roads included in Roothing network totals \$29,385,911.

Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 – continued

2008

	Cost /revaluation 1 July 2007	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus	Cost /revaluation 30 June 2008	Accumulated depreciation	Carrying amount
Council Operational assets											
Land	8,674,104	-	8,674,104	4,067	30,163	-	-	-	8,648,008	-	8,648,008
Buildings	5,529,480	207,432	5,322,048	356,795	-	-	114,842	-	5,886,275	322,274	5,564,001
Plant & Machinery/ Motor Vehicles	587,017	201,075	385,942	148,937	65,151	-	58,690	-	617,120	206,082	411,038
Furniture & Equipment/ Library Books	1,679,790	1,046,440	633,350	157,990	22,348	-	140,177	-	1,764,602	1,135,785	628,817
Total operational assets	16,470,391	1,454,947	15,015,444	667,789	117,662	-	313,709	-	16,916,005	1,664,141	15,251,864
Council infrastructural assets											
Sewerage system	4,616,213	252,284	4,363,929	7,697	8,787	-	129,554	-	4,615,120	381,835	4,233,285
Water system	3,539,382	224,088	3,315,295	90,907	2,558	-	109,447	-	3,626,790	332,593	3,294,197
Rural water supply	4,864,393	253,264	4,611,129	30,151	7,599	-	134,097	-	4,886,534	387,106	4,499,428
Drainage network	2,383,458	72,281	2,311,177	144,695	-	-	36,915	-	2,528,153	109,196	2,418,957
Stopbanks	1,089,000	-	1,089,000	-	-	-	-	-	1,089,000	-	1,089,000
Roading network	136,844,206	3,386,529	133,457,677	2,760,073	147,657	-	1,709,445	-	139,398,800	5,038,113	134,360,687
Bridges and culverts	22,140,534	773,368	21,367,166	1,361,349	29,874	-	388,708	-	23,234,529	924,596	22,309,933
Total infrastructural assets	175,477,186	4,961,814	170,515,373	4,394,872	196,475	-	2,508,166	-	179,378,926	7,173,440	172,205,487
Council restricted assets											
Land	7,448,445	-	7,448,445	7,145	50,686	-	-	-	7,404,904	-	7,404,904
Buildings	3,244,658	73,172	3,171,486	17,905	-	-	36,894	-	3,262,563	110,066	3,152,497
Total restricted assets	10,693,103	73,172	10,619,931	25,050	50,686	-	36,894	-	10,667,467	110,066	10,557,401
Total ODC property, plant and equipment	202,640,680	6,489,933	196,150,748	5,087,711	364,823	-	2,858,769	-	202,962,398	8,947,646	198,014,752

Land under roads included in Roading network totals \$18,830,374.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

An independent valuation of the entity's land and buildings was performed by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the land and buildings. The valuation was performed in January 2009 and does not materially differ from the value at 30 June 2009. The total fair value of Land and Building's valued by Quotable Value at balance date after the revaluation was \$25,711,460. The carrying amount prior to the revaluation was \$25,809,265.

The infrastructural assets were valued by sufficiently experienced in-house engineering staff. The valuations were independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the financial statements by Maunsell (Registered Valuers). The valuation was performed in January 2009 and does not materially differ from the value at 30 June 2009. The total fair value of Infrastructural assets valued by in-house engineering staff at balance date after the revaluation was \$218,296,203. The carrying amount prior to the revaluation was \$172,205,487.

As at balance date no items of property, plant and equipment were temporarily idle. No items of property, plant and equipment were retired from active use and not classified as held for sale.

Rental property held by the Council is held to provide housing for the elderly, and the carrying amount as at 30 June 2009 is \$1,594,056 (2008: \$1,493,049).

14. Intangible assets – Computer Software

	Actual 2008	Actual 2009
Balance as at 1 July		
Cost	420,112	454,521
Accumulated amortisation	(396,508)	(412,793)
Opening carrying amount	23,604	41,728
Year ended 30 June		
Additions	39,306	34,668
Disposals – cost	(4,900)	-
Disposals – accumulated amortisation	4,900	-
Amortisation charge	(21,185)	(28,173)
Closing carrying amount	41,728	48,223
Balance at 30 June		
Cost	454,521	489,189
Accumulated amortisation	(412,793)	(440,966)
Closing carrying amount	41,728	48,223

Amortisation of intangibles is included in the depreciation and amortisation line within the Income Statement. Refer to note 6 for a breakdown of this item.

Some items of software have been fully amortised but are still in use by the entity. These items include operating systems and other key software used in the day-to-day running of council.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

Other intangibles

ODC has a number of easements over properties, giving Council access to inspect and maintain items of infrastructural importance. These easements hold no commercial value, and therefore no amount has been recorded for these easements.

15. Trade and other payables

	Actual 2008	Actual 2009
Trade payables	851,003	943,031
Deposits and bonds	539,929	604,274
Accrued expenses	425,623	823,501
Rates in advance	341,308	414,844
Total trade and other payables	2,157,863	2,785,650

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. The entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. Provisions

	Actual 2008	Actual 2009
Opening Balance	30,752	26,752
Increase in Landfill Aftercare Liability	-	4,755
Maintenance and Monitoring Costs	(4,000)	(1,794)
Closing balance	26,752	29,713
Represented by:		
Current portion	4,000	1,920
Non-current provisions	22,752	27,793
	36,752	29,713

Landfill aftercare provision

ODC gained resource consents to operate its Otorohanga and Kawhia landfills. ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the sites are closed.

Both landfills are closed. There are closure and post-closure responsibilities such as the following:



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

Closure responsibilities

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for water quality monitoring
- Completing facilities for monitoring and recovery of gas.

Post-closure responsibilities

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control of systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

Capacity of the Site

The Otorohanga and Kawhia landfill's have been capped.

The cash outflows for landfill post-closure are expected to occur between 2007 and 2033. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.00% (2008: 7.00%).

17. Employee benefit liabilities

	Actual 2008	Actual 2009
Accrued pay	60,037	74,595
Annual leave	205,399	227,973
Long service leave	19,611	23,202
Retirement gratuities	42,360	15,470
Sick leave	4,887	368
Total employee benefit liabilities	332,294	341,608
Comprising:		
Current	270,324	302,937
Non-current	61,970	38,671
Total employee benefit liabilities	332,294	341,608



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

18. Borrowings

	Actual 2008	Actual 2009
Current		
Secured loans	4,588,093	7,018,962
Total current borrowings	4,588,093	7,018,962
Non-current		
Secured loans	8,962,937	5,947,120
Total non-current borrowings	8,962,937	5,947,120

Fixed-rate debt

ODC's secured debt of \$12,966,082 (2008: \$13,551,030) is issued at fixed rates of interest ranging from 5.47% - 9.00% (2008: 5.47% - 9.00%).

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2008: \$200,000). There are no restrictions on the use of this facility.

ODC's loans are secured over either separate or general rates of the district.

Refinancing

ODC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of the ODC's Long-Term Council Community Plan (LTCCP).

Maturity analysis

Refer to note 29 – Financial Instruments Risk

Fair value is disclosed in Note 29.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

19. Equity

	Actual 2008	Actual 2009
Retained earnings		
As at 1 July	148,737,681	150,725,012
Transfer from:		
Revaluation reserves	76,133	151,382
Restricted reserves	-	206,656
Transfers to:		
Restricted reserves	(371,236)	-
Surplus/(deficit) for the year	2,282,434	203,782
As at 30 June	150,725,012	151,286,832
Restricted reserves		
As at 1 July	697,174	1,068,410
Transfer from:		
Retained earnings	371,236	-
Transfers to:		
Retained earnings	-	206,656
As at 30 June	1,068,410	861,754
Restricted reserves consist of:		
Subdivision reserve	146,143	103,547
General funds reserves	922,267	758,207
Available for sale Revaluation Reserve		
As at 1 July	10,703	13,682
Revaluation gains/(losses)	2,979	(4,223)
As at 30 June	13,682	9,459



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued

Asset revaluation reserves		
As at 1 July	34,051,354	33,975,221
Revaluation gains/(losses)	-	46,797,060
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	(76,133)	(151,382)
As at 30 June	33,975,221	80,620,899
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	5,817,061	5,599,412
Buildings	1,055,776	804,875
<i>Infrastructural assets</i>		
Sewerage system	784,113	1,759,433
Water system	523,940	2,024,180
Drainage network	258,784	1,933,259
Rural Water Supply	517,603	1,692,959
Bridges and Culverts	1,903,997	6,216,723
Roading network	17,900,547	53,971,658
<i>Restricted assets</i>		
Land	3,930,660	4,072,656
Buildings	1,282,740	2,545,744
Total Asset Revaluation Reserves	33,975,221	80,620,899
Restricted Reserves	1,068,410	861,754
Available for Sale Revaluation Reserve	13,682	9,459
Asset Revaluation Reserves	33,975,221	80,620,899
Total Reserves	35,057,313	81,492,112

Restricted reserves relate to:

- Subdivision reserves, which are used to record financial contributions on subdivisions. These financial contributions are accepted in lieu of the developer creating a reserve, and the money is used by Council for work on reserves within the area.
- General funds reserve, which is used for specific purposes that Council elects to use it for. Any use of money from this reserve has to be designated within the LTCCP or Annual Plan. This reserve is typically used for one-off non operational items.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued

20. Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Actual 2008	Actual 2009
Surplus/(deficit) after tax	2,282,434	203,782
Add/(less) non-cash items:		
Depreciation and amortisation	2,884,653	3,405,488
Net (gain)/loss on sale of property, plant and equipment	(397,757)	212,945
Impairment of receivables	(24,336)	(1,535)
Vested assets	(515,811)	(391,339)
Add/(less) movements in working capital items:		
Trade and other receivables	(122,890)	513,192
Trade and other payables	(414,021)	640,061
Work In Progress	96,360	(35,204)
Net cash inflow/(outflow) from operating activities	3,798,632	4,547,390

Trade and other payables includes the movement in creditors, accruals, provisions and employee entitlements.

Trade and other receivables include the movement in trade and other receivables (excluding work in progress) and other financial assets.

21. Capital commitments and operating leases

	Actual 2008	Actual 2009
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	31,058	185,670
Other Expenditure Commitments		
Maintenance Contracts	4,083,121	3,300,456

Operating leases as lessee

ODC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2008	Actual 2009
Non-cancellable operating leases as lessee		
Not later than one year	48,929	48,854
Later than one year and not later than two years	48,929	33,814
Later than two year and not later than five years	63,638	29,899
Later than five years	-	-
Total non-cancellable operating leases	161,496	112,567



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2009 – continued

Operating leases as lessor

ODC leases its property under operating leases. The majority of these leases have non-cancellable terms of 5 years, with lease terms ranging from 2 years up to 21 years in selected cases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2008	Actual 2009
Non-cancellable operating leases as lessor		
Not later than one year	206,376	193,778
Later than one year and not later than two years	149,143	55,511
Later than two year and not later than five years	67,813	60,987
Later than five years	149,186	131,151
Total non-cancellable operating leases	572,518	441,427

The comparative figures for 2007/08 financial year have been restated to reflect a change in the method of recognition of leases. In previous years the renewal periods of leases were included, while in the current year the renewal terms have been excluded from the minimum lease payments calculation. The total impact of this change is \$86,522 (2008: \$269,774)

22. Contingencies

Contingent Liabilities

	Actual 2008	Actual 2009
Guarantees	112,000	112,000
Uncalled Capital – Waikato Regional Airport Limited	675,000	300,000
Uncalled Capital – Local Authority Shared Services	1,000	1,000
	788,000	413,000

Guarantees

The value of guarantees disclosed as contingent liabilities reflects ODC's assessment of the undiscounted portion of financial guarantees that are not recognised in the Balance Sheet. At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contract.

Uncalled Capital

During May 2004, the shareholders of Waikato Regional Airport Ltd (WRAL) of which ODC has a 3.125% shareholding, authorised the company issuing further shares totalling \$21.6m to existing shareholders. This capital restructure is part of the WRAL Airport Development and allows WRAL to borrow at commercially favourable interest rates. Since that time suspension of international services to Hamilton, together with the economic environment, resulted in a need for equity. The directors of WRAL approved in March 2009 to make a call on the shareholders, with the Otorohanga District Council share being \$375,000 which was paid by the due date of 14 July 2009. The Statement of Financial Position includes the increased investment in WRAL and a provision for the payment of the call has been recognised in accrued expenses. The contingent liability for the remaining uncalled capital reduced to \$300,000. There are no plans to call up the remaining capital.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

The uncalled share capital for Local Authority Shared Services amounts to \$1,000 as at 30 June 2009. At present ODC is not aware of any plan to call the capital in the near future.

23. Related party transactions

The following transactions were carried out with related parties:

Key management personnel

Key management personnel include the Mayor, Councillor's, Chief Executive and other senior management personnel.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with ODC (such as payment of rates, dog registrations etc).

ODC also had transactions with Waikato Regional Airport Limited, but these were conducted as part of a normal customer relationship (such as payment of departure taxes and parking charges).

During the year Council had transactions with Whip Limited, of which the Mayor was a director. These transactions were arms length transaction managed by the management team, and not the Council. This transaction related to the sale of Lot 1 at Westridge, which was sold through a tender process, of which Whip Limited was the winning tender.

No provision has been required, nor any expense recognised for impairment of receivables to related parties (2008: \$nil).

Key management personnel compensation

	Actual 2008	Actual 2009
Salaries and other short term employee benefits	748,636	806,460
Post employment benefits (defined contribution plan)	8,954	9,740
Other long term benefits	-	-
Termination benefits	-	-
	757,590	816,200



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

24. Remuneration

Chief Executive

The Chief Executive of ODC appointed under section 42 of the Local Government Act 2002 received a salary per their contract of \$150,790 (2008: \$157,706). The previous Chief Executive, who left in August 2008, received a salary of \$157,706 per annum.

In terms of his contract, the Chief Executive also received the following benefits:

	Cost during the financial year	
	Actual 2008	Actual 2009
Motor Vehicle	-	4,815
Telephone rental	740	740
Memberships	600	600
Superannuation Contribution	3,154	1,332
Fringe Benefit Tax	-	2,935

For the year ended 30 June 2009, the total annual cost including fringe benefit tax to the ODC of the remuneration package being received by the Chief Executive is calculated at \$165,519 (2008 \$162,200). This included an amount of \$44,774 for the previous Chief Executive, who left in August 2008. Due to the change of Chief Executives during the year, and payment of outstanding leave balances for the departing Chief Executive, the above figures may not agree directly to the contracted figures.

Elected representatives

	Total remuneration	
	Actual 2008	Actual 2009
Dale Williams, Mayor	58,565	59,618
Hugh Earwaker, Deputy Mayor	25,811	32,261
Graham Wilshier	6,400	-
Kit Jeffries	6,072	-
Doreen De Haan	3,711	-
Deborah Pilkington	17,381	19,523
Sue Blackler	12,652	13,084
Leveson Gower	12,244	12,628
Robert Prescott	13,348	19,450
Steve Adam	8,552	12,745
Andrew Ormsby	13,355	19,444



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

25. Severance payments

For the year ended 30 June 2009 ODC made no (2008: none) severance payments to employees.

26. Transit NZ Amendment Act Disclosure

	Actual 2008	Actual 2009
ODC Professional Engineering Services Business Unit		
In-House Professional Services for TNZ Works	443,970	423,509
In-House Professional Services for other Works	178,893	229,343
Total Works/Services provided	622,763	652,852
Total Operating Costs	(654,689)	(676,353)
Net Gain/ (Loss) on Operations	(31,926)	(23,501)

The gain or loss on the operation of the Engineering Business Unit is represented in the operating surplus for the year.

The above information is presented in accordance with Section 31 of the Transit New Zealand Act.

27. Statement of Financial Involvement in Council Controlled Organisations (CCO's)

Waikato Regional Airport Limited (WRAL)

This Company, established in 1989, operated the Airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former shareholding to secure the retention of the airport as a major infrastructural facility important to the economy of the Waikato.

The objective of the airport company is to operate a successful commercial business, providing safe, appropriate and efficient services for the transportation of people and freight in and out of the port of Hamilton.

Council holds 3.125% of the airport company's shares. The remaining shares are owned by Hamilton City Council, Matamata-Piako, Waipa and Waikato District Councils.

Waikato Regional Airport Ltd reported a net loss of \$1.8m for the year ended 30 June 2009 (2008: \$3.9m surplus).

No dividend was paid in 2009 (2008: nil).

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

A comparison of the company's financial and performance measures for the year ended 30 June 2009 is shown below:

Waikato Regional Airport Limited (WRAL)
Targets and Achievements

	Actual to 30 June 2009	Statement of Corporate Intent
Operating Surplus after Taxation to Average Shareholders' Funds	(2.20%)	0.50%
Operating Surplus before tax/interest to total assets	(0.68%)	2.28%
Operating Surplus after taxation to total assets	(1.51%)	0.32%
Operating Surplus before tax/interest to average shareholders' funds	(1.00%)	3.49%
Percentage of Non Landing Charges Revenue to Total Revenue	73.76%	81.42%
Earnings before Interest, Taxation and Depreciation	\$2,432k	\$2,878k
Interest Rate Cover	2.11	2.4:1
Total Liabilities/Shareholders Funds: (Debt/Equity Ratio)	26:74	26:74

Local Authorities Shared Services (LASS)

	Ownership Interest	
	Actual 2008	Actual 2009
Local Authority Shared Services	7.69%	7.69%

The contingent liability arising from ODC's interest is disclosed in note 22. There are no capital commitments arising from ODC's interest in the LASS.

The Local Authority Shared Service Ltd (LASS) CCO was incorporated in December 2005.

LASS objective

The objective of the company is to provide Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

Introduction

Local Authority Shared Service Ltd (LASS) was developed as a joint initiative between the 13 councils of the Waikato region. Its evolution can be traced from a range of projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

LASS provides an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council owns an equal number of shares in LASS and as such has an equal say in its development.

The LASS governance structure enables the directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the directors.

28. Events after balance sheet date

There were no significant events after balance date

29. Financial instrument risks

Financial instruments categories

	Actual 2008	Actual 2009
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents	1,272,173	1,387,518
Trade and other receivables	2,133,114	1,656,661
<i>Total loans and receivables</i>	3,405,287	3,044,179
Available for sale financial assets		
Listed shares	46,453	42,230
Unlisted shares	116,613	491,613
<i>Total available for sale financial assets</i>	163,066	533,843
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Trade and other payables	2,157,863	2,785,650
Borrowings		
- secured loans	13,551,029	12,996,082
<i>Total financial liabilities at amortised cost</i>	15,708,892	15,781,732



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

Otorohanga District Council has a series of policies to manage the risks associated with financial instruments. ODC is risk averse and seeks to minimise exposure from its treasury activities. ODC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Fair values of Financial Instruments

The carrying amounts and the fair values of financial instruments are as follows:

	Carrying Value		Fair Value	
	2008	2009	2008	2009
Cash and Cash Equivalents	1,272,173	1,387,518	1,272,173	1,387,518
Trade and other receivables	2,133,114	1,656,661	2,133,114	1,656,661
Other financial assets	-	-	-	-
Trade and other payables	2,157,863	2,785,650	2,157,863	2,785,650
Employee Entitlements	332,294	341,608	332,294	341,608
Secured loans - current	4,588,093	7,018,962	4,588,093	7,018,962
Secured loans - term	8,962,936	5,947,120	8,530,323	6,274,358

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents, receivables, other financial assets, employee entitlements and short term payables and accruals: The carrying value of these items is equivalent to the fair value
The fair values of term secured loans are based on cash flows discounted using a rate based on the official cash rate of 2.50% (2008: 8.25%).

The carrying amounts of borrowings repayable within one year approximate their fair value.

Market risk

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. ODC is exposed to price risk through its listed and unlisted securities.

Currency risk

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

Interest rate risk

The interest rates on ODC's investments and borrowings are disclosed below.

Fair value interest risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes ODC to fair value interest rate risk. ODC's Treasury Management policy outlines the level of borrowing that is to be secured using fixed rate instruments.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose ODC to cash flow interest rate risk.

ODC does not have any significant cashflow interest rate risk on financial liabilities or financial assets, as they do not have significant variable interest borrowings or investments, except for short-term bank deposits that are at floating rates.

Credit risk

Credit risk is the risk that a third party will default on its obligation to ODC, causing ODC to incur a loss. ODC has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and ODC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

ODC has a credit risk related to the two financial guarantees given for loans taken by local community organisations. As at 30 June 2009 one of these loans, totalling \$42,000, had been repaid, with the guarantee remaining in effect for two years. The other loan, guaranteed for \$70,000, is not likely to be defaulted on. The guarantee for the loan of \$42,000 includes a clause that means ODC will guarantee any future loans unless requested in writing to be removed from this guarantee. At the time of the annual report ODC is currently in the process of having this guarantee in perpetuity removed.

In the normal course of its business, ODC incurs credit risk from trade receivables. The extent of concentration of credit risk lies in trade receivables. This is explained in the table below.

Except as currently provided for, ODC does not expect the non performance in respect of any outstanding obligations at balance date.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses represents ODC's maximum exposure to credit risk without taking into account of any collateral obtained. No security is held on any of the above amounts.

ODC invests funds only in deposits with registered banks and local authority stock and its Treasury Management policy limits the amount of credit exposure to any one institution or organisation.

Maximum exposure to credit risk

ODC's maximum credit exposure for each class of financial instrument is as follows:

	Actual 2008	Actual 2009
Cash at bank and term deposits	1,272,173	1,387,518
Trade and other receivables	2,133,114	1,656,661
Financial guarantees	112,000	112,000
	3,517,287	3,156,179



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued**

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Actual 2008	Actual 2009
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA	1,272,173	1,387,518
<i>Total cash at bank and term deposits</i>	1,272,173	1,387,518
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Trade and other receivables		
Existing counterparties with no defaults in the past	2,133,114	1,656,661
Community loans		
Existing counterparty with no defaults in the past	-	-
	2,133,114	1,656,661

Trade and other receivables mainly arise from ODC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. ODC has no significant concentrations of credit risk in relation to trade and other receivables, as it has a large number of credit customers, mainly ratepayers, and ODC has powers under the Local Government (rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Liquidity risk is the risk that ODC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. ODC aims to maintain flexibility in funding by keeping committed credit lines available.

ODC manages its borrowings in accordance with its funding and financial policies, which includes a Treasury Management policy. These policies have been adopted as part of the ODC's Long Term Council Community Plan.

ODC has a maximum amount that can be drawn down against its overdraft facility of \$200,000 (2008: \$200,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses ODC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date of the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2009 –
continued

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2009						
Trade and other payables	2,785,650	2,785,650	2,785,650	-	-	-
Secured loans	12,966,082	14,182,788	7,401,268	3,943,009	2,390,898	447,613

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2008						
Trade and other payables	2,157,863	2,157,863	2,157,863	-	-	-
Secured loans	13,551,029	15,006,348	4,761,614	7,947,970	1,849,152	447,613

Contractual maturity analysis of financial assets

The table below analyses ODC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2009						
Cash and cash equivalents	1,387,518	1,387,518	1,387,518	-	-	-
Trade and other receivables	1,656,661	1,656,661	1,656,661	-	-	-

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2008						
Cash and cash equivalents	1,272,173	1,272,173	1,272,173	-	-	-
Trade and other receivables	2,133,114	2,133,114	2,133,114	-	-	-



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

3. Listed shares

ODC holds listed equity instrument in King Country Energy, which are publicly traded. If there was a movement of plus or minus 10% in the share price the effect would have a movement in the revaluation reserve of \$4,223 (2008 \$4,645).

30. Capital management

The Council's capital is 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 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.

ODC has the following restricted reserves:

- Subdivision reserve
- General funds reserve

Subdivision reserves, which are used to record financial contributions on subdivisions. These financial contributions are accepted in lieu of the developer creating a reserve, and the money is used by Council for work on reserves within the area.

General funds reserve, which is used for specific purposes that Council elects to use it for. Any use of money from this reserve has to be designated within the LTCCP or Annual Plan. This reserve is typically used for one-off non operational items.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2009 – continued

31. Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2008-2009 Annual Plan are as follows:

Income Statement

Rates revenue is higher than estimates by \$135,125 due to the rates being struck on the values as at 1 July each year, which can differ from the values used when the estimates were created due to new subdivisions.

Other gains/losses were \$212,945 under budget. This comprised of loss on sales of Westridge and properties of \$3,709 and losses on disposal of property, plant and equipment of \$209,236. Given the nature of property sales and asset disposals the gains and losses were not estimated.

Depreciation and amortisation was \$469,197 over budget due to the effects of the revaluation of property, plant and equipment.

Other expenses, excluding finance costs and employee benefit expenses are \$911,927 over budget, which is due to a number of factors. The main increase has been in land transport due to emergency works after the slip of Waipapa Road in August 2008. There have also been increased corporate planning costs associated with LTCCP work.

Balance Sheet

Development property held for sale is down on the budgeted figure by \$1,050,993. This is due to the Waiwera Street development not being completed during the year, which was budgeted for.

Property, plant and equipment is up on budget by \$27,130,663 due to the movement as a result of the revaluation being larger than budgeted for.

Equity investments are up on the budget for other financial assets as a result of the payment of some of the uncalled capital of the Waikato Regional Airport Limited.

Current borrowings are up on the estimate due to the timing of repaying of loans being underestimated. Overall borrowings are down on the total borrowings estimate by \$1,125,996, which is due to the loans for Waiwera Street not being raised, as well as less borrowings required during the year.

Trade and other payables is \$1,010,649 over budget, which is a result of the timing of works performed and payment of invoices.

Retained earnings are \$440,411 over budget, while the other reserves are up on budget by \$26,087,591. This is due to the revaluation increase, as well the timing of the budgeting cycle.

Statement of Cashflows

Purchase of property, plant and equipment is under budget by \$1,925,077, which is in part attributable to the Waiwera Street development, with the rest related to underspending in Land Transport as a result of the increase in operating expenditure for the Waipapa slip.

Cashflows from financing activities is \$1,180,003 under budget due to the Waiwera St development not going ahead, as well as better cashflow management requiring less borrowing.



PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY



PERFORMANCE DURING 2008/09

Statement of Service Performance

The Local Government Act 2002 contains a requirement for Council to report on non-financial information in the Annual Report. In developing its LTCCP for the 2008/09 year, Council set a number of performance measures which are reported on by activity.

These performance measures contain elements of quality, quantity, timeliness and location (where applicable).

Quality Management

The Council is committed to the principles of quality service and continuous improvement and, to this end, has controls in place for monitoring and improving the quality of the service it provides.

Capital Works

Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers and progress is reported on a regular basis to the Council.

Project Management

The Engineering Management Department undertakes the functions of planning, programming, supervision and technical audit of professional services and physical contracts let for the council, either through the in-house Business Unit or through independent consulting engineers. Substantial works are undertaken by consultants and contractors under separate contracts. For all professional services or physical contracts monies are retained until after a satisfactory maintenance period, when the contract is deemed complete.



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Statement of Compliance

The Council and Management of Otorohanga District Council confirm that all the statutory requirements of Part 3, Schedule 10, Clause 20(1) of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Statement of Responsibility

The Council and Management of Otorohanga District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and Management of Otorohanga District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of Otorohanga District Council, the annual Financial Statements for the year ended 30 June 2009 fairly reflect the financial position and operations of Otorohanga District Council.

Dale Williams
MAYOR

Dave Clibbery
CHIEF EXECUTIVE

Graham Bunn
FINANCE AND
ADMINISTRATION MANAGER



REPORT ON LONG-TERM COUNCIL COMMUNITY PLAN AND POLICIES

Introduction

Each local authority is required to prepare and adopt a long-term council community plan, funding policy, investment policy, and Borrowing and Investment Policy.

Section 98(2) of the Local Government Act 2002 specifies that every local authority must provide, in its Annual Report, sufficient information about each of the documents listed above to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year.

Overview

During 2008/09 the Council made significant progress toward the achievement of objectives and policies for the year as set out in the Long-term council community plan, Funding Policy and Borrowing and Investment Policy. Details of achievement against the objectives and policy are set out below.

Long-Term Council Community Plan

Background

The Long-Term Council Community Plan (LTCCP) identifies significant activities of the Council and provides for the associated estimated future expenses, revenues, cashflows and other movements in the Balance Sheet. The general aim of the LTCCP is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles.

- Prudent management of Council activities in the interest of the District and its inhabitants.
- Adequate provision for expenditure needs of the council.
- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all operating expenses.

The 2008/09 year was the third year of the 2006/16 LTCCP. During the year the 2009/19 LTCCP was developed and put out for public consultation. A total of 19 submissions were received, and the final LTCCP was adopted on the 23rd of June 2009. This LTCCP takes affect from 1 July 2009.



BORROWING AND INVESTMENT POLICY

Background

The Borrowing and Investment Policy incorporates the Investment and Borrowing Policies. The investment policy sets the parameters within which investment activity can occur, approved organisations for investment, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the borrowing policy is to ensure that Council's debt and associated risks are maintained at prudent levels. It sets the parameters within which debt may be raised and the types of debt instruments available. Refer to the Annual Plan for an outline of the policy.

Overall Performance

There are no significant variations or material departures from the Councils' Borrowing and Investment Policy as reported in the 2006/07 LTCCP.

Performance Measures

	Actual	Maximum per Policy
Interest Expense / Rates Revenue	10.2%	20%
Term Liabilities per Capita	\$632	\$1,000
Term Liabilities/ Total Assets	2.4%	7.5%

OPPORTUNITIES FOR MAORI TO CONTRIBUTE TO COUNCILS' DECISION-MAKING PROCESSES

The Council is committed to acting cooperatively and in good faith showing flexibility and responsiveness and a desire to engage with Maori for the good governance of the District. This is done in a manner that is inclusive and makes the best use of the resources of both Maori and the Council.

Various mechanisms to enhance current practices were considered, and have been discussed with Maori. These include the development of a Consultative Committee, ongoing meetings with representative groups such as the Nehenehenui and Nga Tai O Kawhia Regional Management Committees, the holding of Council meetings on Marae, and the provision of information concerning resource management processes. Council is committed to continuing investigation of these opportunities.

The commitments contained in Council's Policy on Maori Involvement in Decision Making were also observed.



SIGNIFICANT ACTIVITIES



COMBINED COST OF SERVICE STATEMENT For the Year ended 30 June 2009

2008 Actual \$		2009 Estimate \$	2009 Actual \$
	EXPENDITURE		
5,895,422	Land Transport	5,970,083	6,896,557
1,957,308	Drainage & Utility Services	1,965,879	2,059,491
1,368,855	Community Services	1,306,849	1,396,811
1,633,989	Environmental Services	1,727,312	1,731,718
1,097,687	Democratic Process	1,039,946	1,113,149
1,327,815	Other Activities	1,497,532	1,714,818
2,035,732	Support Services	2,056,138	2,048,941
654,689	Professional Engineering Services Business Unit	720,181	676,351
15,971,497	TOTAL ACTIVITY EXPENDITURE	16,283,920	17,637,836
(3,610,963)	Less Internal Charges	(3,722,693)	(3,739,367)
123,512	Other Expenditure	-	291,414
12,484,046	TOTAL EXPENDITURE	12,561,227	14,189,883
	INCOME		
	User Fees and Charges, Funding Assistance		
3,412,174	Land Transport	3,387,538	3,238,949
714,790	Drainage & Utility Services	908,391	787,479
159,411	Community Services	138,539	102,432
773,925	Environmental Services	665,746	722,625
190	Democratic Process	200	260
431,088	Other Activities	275,371	368,926
22,311	Support Services	29,100	19,155
1,877	Professional Engineering Services Business Unit	15,000	1,936
5,515,767		5,419,885	5,241,762
	Internal Recoveries		
183,362	Environmental Services	219,600	252,431
283,845	Democratic Process	266,834	294,656
509,450	Other Activities	509,221	511,578
2,013,421	Support Services	2,027,038	2,029,786
620,886	Professional Engineering Services Business Unit	700,000	650,916
3,610,963		3,722,693	3,739,367
9,126,730	TOTAL ACTIVITY INCOME	9,142,578	8,981,129
(3,610,963)	Less Internal Recoveries	(3,722,693)	(3,739,367)
8,260,195	Rates	8,577,009	8,712,134
990,518	Other income	49,995	439,769
14,766,480	TOTAL INCOME	14,046,889	14,393,665
2,282,434	NET SURPLUS	1,485,662	203,782

Internal Expenditure and Income

Each significant activity is stated gross of internal costs and revenues. In order to fairly reflect the total external operations for the Council in the statement of Financial Performance, these transactions are eliminated as shown above.



LAND TRANSPORT

Goal

To develop and maintain a roading network that provides for the safe and efficient operation of district roading.

This is the largest single activity of Council, both in scope and expenditure. The activity provides for the undertaking of road improvement and reconstruction projects, together with other roading works such as general maintenance, pavement reseals, bridge repairs, emergency restoration, signposting and pavement marking (traffic services), street lighting, street cleaning, minor safety projects and footpath work. 779 kilometres of rural road and 28 kilometres of urban road are maintained in accordance with Council and Transfund standards.

Performance Targets

- Implement and maintain regular inspections, routine and intervention maintenance in accordance with contract specifications.

Ongoing routine inspections carried out in accordance with specifications by the contractor and Council staff. Council staff carry out cyclic inspections as per programs, program is designed to achieve eight drive over inspections of every road within the district per annum. 62.5% of target program achieved in 2008/09.

- Review and implement safety improvements where appropriate to achieve a reducing crash trend on roads managed by the District.

MSP funding maximised, forward program of safety projects maintained and prioritised. Significant positive feedback from public on completed MSP works. Ongoing program of site identification, now termed Deficiency Database with 50 sites identified to be confirmed.

- Aim to provide a footpath on one side of each urban street and both sides in high traffic and business areas.

Council is working towards this in line with the Footpath Construction Programme.

- Provide annual construction and improvements programme in accordance with budget allocations.

Planned improvements completed as per programme. Completed projects include Ranganui Road seal extension, Bromley Road, Loop Road and Owhiro Road unsealed smoothing with Owhiro deferred due to weather and yet to be completed.



SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Routine general pavement and bridge Maintenance	Various technical standards, as per requirements of ODC Contract 863 – Road Maintenance.	95% compliance from random inspections.	<i>Not achieved</i> 84.97% compliance overall for contract 863 performance review. Bridge maintenance achieved. Inspection program completed. Inspection program in place for 2009-10.
Response to hazardous or other identified defects requiring urgent action	Immediate signposting, temporary repairs within 48 hours, permanent repairs within one month.	100% compliance from service requester records.	<i>Not achieved</i> Exact timeframe not measured. All hazards signposted immediately after identification. Temporary and permanent repairs completed within acceptable timeframe.
Delineator Devices	As per requirements of ODC Contract 863 – Road Maintenance.	95% compliance from random inspections. Contractor records also to support standards being achieved.	<i>Achieved</i> Regular cyclic inspections and night inspections by Council staff and contractors. Regular programme of cleaning and replacing delineators as required.
Pavement Marking	Markings renewed once or twice per annum, depending on location.	95% compliance, based on marking contract schedules.	<i>Achieved</i> 100% of marking contract schedule completed as required.
Maintenance Chip Reseals	Significant continuous pavement lengths remain waterproof and with adequate skid resistance.	100% compliance, based on assessment using Roading Asset Management Maintenance data & visual inspections.	<i>Partially achieved</i> Visual inspections completed, but no formal skid testing completed during the year.
Pavement Rehabilitation – Sealed Roads	Average National Association of Australian State Roading Authorities (NAASRA) Roughness < 150.	95% of lane km. Assessed by bi-annual roughness survey.	No assessment as Bi-annual survey only.



SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Pavement Rehabilitation – Unsealed Roads	Prioritised improvement program based on objective criteria.	80% of annual programmed works completed by 30 June.	<i>Achieved</i> 85% of programmed works completed by 30 June 2009. Owhiro USS deferred due to weather and Consents.
'Functional' (Customer Service) Aspects	Respond to all enquiries, requests or complaints Written responses provided to written enquiries, requests or complaints.	100% compliance, based on Service Requestor records 100% within 3 weeks of receipt, from Service Requester records.	<i>Not achieved – 74%</i> Requests, enquiries and complaints responded to but cannot confirm time frames from service request records.



**Statement of Cost of Service – Land Transport
For the Year ended 30 June 2009**

2008 Actual \$		2009 Estimate \$	2009 Actual \$
	EXPENDITURE		
	Otorohanga District		
	<u>Funding Assisted Works</u>		
	<u>Structural Maintenance</u>		
403,993	Sealed Pavement Maintenance	-	585,075
321,709	Unsealed Pavement Maintenance	-	276,611
-	General Pavement Maintenance	1,780,000	-
50,838	Emergency Reinstatements	62,500	490,902
111,914	Structures Maintenance	115,000	74,779
336,652	Routine Drainage Maintenance	-	233,230
637,007	Environmental Maintenance	-	866,505
-	Amenity/ Safety Maintenance	350,000	-
-	Street Cleaning	-	-
2,932	Level Crossing Maintenance	2,000	1,424
216,642	Traffic Services Maintenance	190,000	225,473
-	Carriageway Lighting	-	-
574	Operations Maintenance	-	6,034
340,920	Network and Asset Management	105,500	357,901
	<u>Renewals</u>		
84,744	Routine Drainage Maintenance	-	1,961
2,098,152	Depreciation	2,075,000	2,450,511
	<u>Other Works</u>		
1,289,345	General Expenses	1,290,083	1,326,151
5,895,422	TOTAL EXPENDITURE	5,970,083	6,896,557
	INCOME		
	Otorohanga District		
3,29,976	NZTA Assistance	3,221,600	3,144,789
98,555	Petrol Tax	102,600	89,103
20,643	User Fees and Charges	13,338	5,057
-	Development Contributions	50,000	-
3,412,174	TOTAL INCOME	3,387,538	3,238,949
2,483,248	NET COST OF SERVICE	2,582,545	3,673,608
3,605,610	Capital Expenditure (Note 13)	3,812,376	2,819,457

Significant Capital Projects

Subsidised

	<u>2009 Estimate</u>	<u>2009 Actual</u>
Sealed Road Resurfacing	1,245,000	895,757
Pavement Rehabilitation	360,000	615,372
Drainage Renewals	175,000	145,609
Unsealed Road Metalling	425,000	351,527

Non- Subsidised

Bus Park Upgrade Covered Walkway	50,000	131,629
Miscellaneous Improvements (USS)	75,000	-



DRAINAGE AND UTILITY SERVICES

1. Solid Waste

Goal

To provide an adequate, environmentally sustainable and cost effective solid waste collection and recycling service.

Council provides a weekly collection of recyclable and non-recyclable refuse from properties at Otorohanga, Kawhia and Aotea.

The operation of recycling, solid waste collection and disposal has been contracted out.

Council is committed to the principles of the Zero Waste New Zealand philosophy aimed at sustainable management of solid waste and reduction of waste to landfill.

Performance Targets

- Services delivery contracts remain efficient and cost effective.
Relatively high overall annual performance ratings (91.75%, 89.75% and 80.75%) for the relevant contracts. Cost of services believed to remain low relative to other comparable councils.
- Quantities of waste taken from the district for landfill disposal are progressively reduced.
No exact figures but quantity appeared uniform throughout year.
- Achievement of compliance with Resource Consent conditions for closed solid waste facilities.
Compliance with Otorohanga Consent achieved except for one medium priority non compliance and one low priority non compliance. Overall partial compliance with Kawhia Consents. Most of the issues have been addressed with Environment Waikato.
- Awareness and attitudes of residents towards 'zero waste' principles are progressively improved.
A survey of Otorohanga residents on refuse removal and recycling was conducted in 2008. There has been assistance with the Ngutunui School Recycling Centre, and council has received funding from the Ministry for the Environment to install RIPPI recycling bins in Otorohanga CBD. These are being well utilised.
- The extent of illegal dumping is reduced.
Little apparent changes in extent of dumping, only an infrequent problem.
- A review of Council's Solid Waste Management Strategy and Zero Waste Implementation Plan is undertaken.
A Draft Waste policy is being prepared during 2009/10



2. Water Supplies

Goal

To provide potable water within Council's defined water supply areas which meet agreed standards for quality and reasonable expectations of consumers for volume and pressure.

Council's water assets consist of six separate water supplies, established to meet the needs of the communities of our district. These are;

Otorohanga Community
Kawhia Community
Waipa Rural Water Supply Scheme
Tihiroa Rural Water Supply Scheme
Arohena Rural Water Supply Scheme
Ranginui Rural Water Supply Scheme

Community supplies are a fully reticulated pressure supply with fire protection. The Rural Water Supply Schemes cover large areas and are generally by means of a trickle feed into 24 hour storage facilities on each property.

Performance Targets

- Monitoring compliance of water testing results within relevant standards.

Compliance is currently to 1984 Drinking Water Standards and is un-graded (U). The Department of Health are currently grading the Otorohanga reticulation (only) under 2000 Drinking Water Standards. Our hope is to achieve a grade (C). The Water Treatment Plant will not undergo grading until the Upgrade is complete.

- Monitoring compliance with resource consent conditions.

Arohena Rural Water Supply consent application for Huirimu has been accepted (permission received for continual use until new consent is granted). Continuing non-compliance at Kawhia in respect of excessive water take, a change to existing consent not granted by Environment Waikato, new resource consent application in progress.

- Analysis of service records and contractor performance audits.

Contractor performance for year satisfactory at 61.58% down from 70.2% mostly due to stringent monitoring of performance.



SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Water Quality	Compliance with NZ Drinking water standard (1984).	100% compliance, based on water testing results.	Monitoring conducted as required, 1 confirmed instances of non-compliance.
Quantity of Water Taken	Compliance with resource consent conditions.	100% compliance, based on consent reports.	<i>Partially achieved</i> Continuing non-compliance at Kawhia in respect of excessive water take, requiring urgent action.
Flow and Pressure Adequacy – Urban Supplies	>15 l/min flow, > 200 kPa pressure (residential connections).	100% compliance from random testing.	<i>Partially achieved</i> No sub-standard results from random tests, though 18 complaints of low water pressure.
Flow and Pressure Adequacy – Urban Supplies	Flow > 80% of peak property daily demand, >100 kPa pressure (rural supplies).	100% compliance from random testing.	<i>Achieved</i> No sub-standard results from random tests.
Fire Fighting Capacity (Urban supplies only)	Compliance with NZ Fire Service Code of Practice.	>90% compliance, based on random hydrant tests.	<i>Not achieved</i> One test of fire hydrants was carried out in 2008/09, good pressure and flow.
Frequency of Reticulation Failure	Pipe bursts annually per 10km of reticulation.	<3, based on analysis of service records and contract reports.	<i>Achieved</i> 15 failures during the year on 175km of reticulation. This equals 1.26 bursts per 10km.



SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Contractor Work Quality	Average annual contractor performance rating.	>80%, based on average of monthly performance assessments.	<i>Not achieved</i> Contractor performance for year satisfactory (61.6% average).
Supply Reliability	Number of high priority (urgent) service requests issued annually.	<100, based on ODC and contractor service request records.	<i>Achieved</i> Total of 33 high priority service requests received for the year for the 'three waters' (Water Supply, Wastewater and Storm water)
Timeliness of Contractor Response	Proportion of service requests completed within specified timeframes.	>90%, based on ODC and contractor service request records.	<i>Not achieved</i> 82% of service requests completed within specified timeframes.
Responses to Public Enquiries	Respond to enquiries about water pressure or flow within 5 days. Respond to enquiries about water pressure or flow within 10 days.	100% compliance, from Service Requester records. 100% within 3 weeks of receipt, from Service Requester records.	<i>Not achieved</i> 46% responded to within 3 weeks.

3. Waste Water

Goal

To provide for the collection, treatment and disposal of waste water to provide protection to the communities' health with minimal effects on the environment.

Council provides a waste water service in Otorohanga to prevent nuisance and health risk, and to meet the community expectation that it do so. This system consists of 11 pump stations, 25km of reticulation and oxidation pond treatment facilities.

Performance Targets

- Analysis of service records and contractor performance audits.

Contractor performance for year satisfactory (61.58% average).

- Monitoring of compliance with Trade Waste consent conditions.



Monitoring completed, and a High level of compliance with consent conditions.

- Monitoring of compliance with resource consent conditions.

Medium level of compliance with monitoring achieved, and significant issues of non-compliance with consent conditions. This issues are being addressed on a priority basis as funding is available.

SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Availability	Proportion of allotments for which gravity sewer connections are available.	>99%, based on service records.	<i>Not achieved</i> 97% of properties connected.
Odours or other adverse aesthetic effects	Annual incidents of adverse odour.	<2, based on Service Requester records.	<i>Not Achieved</i> 2 complaints of adverse odour received during the year.
Environmental effects – effluent disposal & sludge management	Compliance with Resource Consent Conditions.	100% compliance based on Resource Consent reports.	<i>Partially achieved</i> 80% compliance achieved, and full compliance with consent conditions targeted for next review.
Planned Service Disruption	Duration less than 8 hours.	>100% compliance, based on observed performance and contractor reports.	<i>Achieved</i> 100% compliance – no non-compliant instances noted.
Frequency of System Failure	Frequencies of system failures affecting private properties, pump stations and other public property.	< once per 200 properties per year, < once per 5 years and < once per 10km of main per year respectively – from Service Requester records .	<i>Achieved</i> No significant system failures recorded that affected properties or the pump station.
Contractor Work Quality	Average annual contractor performance rating.	>80%, based on average of monthly performance assessments.	<i>Not achieved</i> Contractor performance for year is 61.58% average.
System Reliability	Number of high priority (urgent) service requests issued annually	<100, based on ODC and contractor service request records	<i>Achieved</i> Total of 8 emergency service requests received for the year for Wastewater



SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Timeliness of Contractor Response	Proportion of service requests completed within specified timeframes	>90%, based on ODC and contractor service request records	<i>Not achieved</i> 83% of service requests completed within specified timeframes.
Responses to Public Enquiries	Respond to enquiries within 5 days	100% compliance, from Service Requester records	<i>Not achieved</i> 80% of general requests through service requester responded to within 5 days for Storm water and Waste Water 100% of phone enquires not recorded through the service requester were dealt with within 5 days.



4. Flood Protection/Stormwater

Goal

To minimise surface flooding in the Otorohanga and Kawhia communities, ensuring protection of public health, property and infrastructure.

Flood Protection - Council's primary focus of this activity is the maintenance of the river channels, stopbanks and associated pumping equipment.

Stormwater - Drainage systems are operated in Otorohanga and Kawhia. Ongoing maintenance of the reticulation and public drains is carried out as required.

Performance Targets

- Analysis of service records and contractor performance audits.

Satisfactory, cost effective service generally provided, though monitoring of floodwater pump stations on occasion inadequate

- Monitoring compliance of infrastructural development with stormwater management plan criteria.

Compliance achieved for all recent subdivisions and other developments.

- Monitoring compliance with stormwater discharge consent conditions.

Previous issues in respect of Otorohanga stormwater management plan are now largely addressed. No recent report in respect of consent compliance has been received from Environment Waikato, but the overall level of compliance is considered satisfactory.

- Recording and analysis of flooding events.

No reports of flooding within the district.

- Observation of water quality in relevant bodies of water for recreational purposes.

No instances of significant poor quality observed.

SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Availability	Proportion of allotments for which gravity stormwater connections are available	>99%, based on service records	<i>Not available</i> This measure is difficult to quantify, as there is no information available.
Environmental effects – stormwater discharge	Compliance with Resource Consent Conditions	100% compliance based on Resource Consent reports	<i>Achieved</i> 100% compliance



SERVICE CATEGORY	SERVICE CRITERIA	TARGET LEVEL & MEASUREMENT METHOD	PERFORMANCE
Planned Service Disruption	Duration less than 8 hours	>100% compliance, based on observed performance and contractor reports.	<i>Achieved</i> 100% compliance – no non-compliant instances noted.
Flooding due to Public Drainage Fault	Frequencies of system failures affecting private properties, pump stations and stopbanks	< once per 200 properties per year, < once per year and < once per 100 years respectively – from service records	<i>Achieved</i> No instances of flooding noted during the year.
Contractor Work Quality	Average annual contractor performance rating	>80%, based on average of monthly performance assessments	<i>Not achieved</i> Contractor performance for year satisfactory (61.58% average).
System Reliability	Number of high priority (urgent) service requests issued annually	<100, based on ODC and contractor service request records	<i>Achieved</i> Total of 1 urgent service requests received for the year for Storm water
Timeliness of Contractor Response	Proportion of service requests completed within specified timeframes	>90%, based on ODC and contractor service request records	<i>Not achieved</i> 80% of service requests completed within specified timeframes.
Responses to Public Enquiries	Respond to enquiries within 5 days	100% compliance, from Service Requester records	<i>Not achieved</i> 100% of general requests through service requester responded to within 5 days for Storm water and Waste Water 100% of phone enquiries not recorded through the service requester were dealt with within 5 days.



**Statement of Cost of Service - Drainage and Utility Services
For the Year ended 30 June 2009**

2008 Actual \$		2009 Estimate \$	2009 Actual \$
	EXPENDITURE		
	Otorohanga Rural		
17,789	District Refuse Collection	9,250	9,247
444,079	Water Supplies	437,119	468,530
5,232	Drainage Districts	5,000	6,009
467,100		451,369	483,786
	Otorohanga Community		
136,627	Refuse Collection and Disposal	134,698	150,692
504,678	Water Supply	509,320	509,641
430,845	Sewerage Treatment and Reticulation	413,743	431,122
63,843	Stormwater Drainage	77,918	96,850
81,806	Flood Protection	92,362	98,035
1,217,799		1,228,041	1,286,340
	Kawhia Community		
102,654	Refuse Collection and Disposal	116,423	114,818
135,189	Water Supply	137,061	137,242
34,566	Stormwater Drainage	32,985	37,305
272,409		286,469	289,365
1,957,308	TOTAL EXPENDITURE	1,965,879	2,059,491
	INCOME		
	Otorohanga Rural		
437,068	User Fees and Charges	443,766	420,052
437,068		443,766	420,052
	Otorohanga Community		
-	Development Contributions	169,000	-
269,981	User Fees and Charges	260,544	357,461
269,981		429,544	357,461
	Kawhia Community		
-	Development Contributions	22,000	-
7,740	User Fees and Charges	13,082	9,966
7,740		35,082	9,966
714,790	TOTAL INCOME	908,391	787,479
1,242,518	NET COST OF SERVICE	1,057,488	1,272,012
277,683	Capital Expenditure (Note 13)	708,738	202,937

Significant Capital Projects

	<u>2009 Estimate</u>	<u>2009 Actual</u>
Renewal Expenditure – Tihiroa Rural Water Supply	93,000	-
Mains Renewal Strategy Expenditure	110,000	91,563



COMMUNITY SERVICES

The amenities of our district include Parks and Reserves, Libraries, Swimming Pools, Community Halls, Wharf, Public Conveniences and Cemeteries.

1. Parks & Reserves

Goal

To provide and promote services, facilities and an environment in which the people of our district can enjoy education, recreation and good health.

Performance Targets

- Maintenance of all amenities to standards appropriate for their intended uses.
High level of satisfaction continues to be shown by the public following the community survey of May 2007 and indicated by the few complaints arising during 2008/09.
- No more than two public complaints per month regarding presentation of Council administered reserves and toilets.
The performance target was met for all facilities.
- Progressive development of reserves in Otorohanga and Kawhia in accordance with landscape plan documents.
Further development was completed according to the Otorohanga and Kawhia Landscape Plan proposals. The works, although on a small scale for 2008/09, included the maintenance of the netball court parking and fencing, street tree maintenance, landscaping of the surrounds of the Corbett Pavilion in the Domain Reserve and the establishment of the Huiputea Reserve Development Plan. Maintenance of the reserves and facilities continued in the Kawhia Community.

2. Library

Goal

To provide high quality library services available to all people in the District.

A wide range of library and information services are provided from the District Library situated at the Otorohanga Reserve, Otorohanga. Other library service points include volunteer libraries at Kawhia, Hauturu, Ngutunui, Arohena, Maihihi and Ngaroma.

Performance Targets

- Comparison with Standards for New Zealand Public Libraries (2004)



The following figures relating to library usage are taken from the "NZ Public Library Statistics 2007/08", as sponsored by the LIANZA Public Libraries Special Interest Group, as at 15 January 2009.

	Otorohanga District Library	National Mean (Level 3 libraries – popn. <30,000)
Registered patrons as % of population	37.0%	43.6%
Material expenditure per capita	\$4.63	\$5.23
Holdings per capita	2.93	3.34
Issues per capita	6.43	9.82
Stock turnover	2.20	3.08

- Library to provide holiday programmes for children.
 - Activity programmes held during each school holidays*
 - Winter warmers programme held July-August 2008 (30 children completed)*
 - EC Read’N summer reading programme held December/January 2008/09 (25 children completed)*

- Library to produce quarterly newsletter.
 - Not undertaken (printed newsletter not regarded cost-effective format to promote library services. Future upgrade to Symphony library management system would facilitate online posting of news/events on Council website).*

- Library to promote use of the libraries through at least four activities such as class visits, displays, visiting speakers and special events.
 - Junior Book Group established October 2008 – monthly meetings held during term time.*
 - Regular class visits from St Mary’s senior and junior classes. Visits from Annie’s Childcare Centre, Hopscotch Early Learning Centre and Otorohanga Kindergarten.*
 - Display of artwork by Otorohanga schools – October 2008.*
 - Display of artwork to mark opening of Edmund Hillary walkway – December 2008.*
 - Display for Well Child week – March 2009.*

3. Swimming Pools

Goal

To provide a high quality pool complex for recreational and sporting activities that is available for use by the general public and organised groups.

The complex in Otorohanga comprises of the outdoor Memorial Pool for summertime use and the heated Indoor Centennial pool for other times of the year.



- Contractor reports on pool water usage and monitoring of key quality indicators.
The contractor generates reports on pool usage and water quality testing records at the quarterly review meeting with the Council
Water testing for chemicals and biological content are tested regularly each week and the water biological content by testing laboratories on a quarterly basis.

- Positive feedback from users through annual surveys to public.
Of the 24% who responded to the survey, 73% of customers satisfied, a number of minor operational complaints received.

4. Cemeteries

Goal

To provide appropriate Cemetery facilities for people of the District.

Performance Targets

- Compliance of cemetery management and maintenance with the requirements of the Burial and Cremation Act 1964, and associated Regulations and Bylaws.
No known non-compliance.

- Maintaining facilities to standards in accordance with operational contracts, with less than 10 justified complaints per annum.
Performance target has been achieved. During the year, complaints were solely related to weed growth in the cemetery grounds and the graves. This issue has been resolved.

5. Security Patrol

Consists of provision of a nightly security patrol service, for eight hours per night, by a registered officer. The Security Patrol activity is carried out in the central business area of Otorohanga.

Performance Targets

- To ensure that the terms of the contract are fulfilled.
Nightly patrols being carried out for at least 8 hours per night. Relatively low crime rate in District.



6. District Sports Co-ordinator Scheme

Goal

For the promotion of better communication for sport throughout the whole district, run educational seminars and co-ordinate a holiday sports programme for the children.

Council's role in this scheme satisfies part of its' Mission Statement to "serve its people by operating progressive and caring policies which meet social needs", and community expectation.

Performance Targets

To serve its people by operating progressive and caring policies which meet social needs and community expectation.

- By ensuring that the District Sports Co-ordinator reports to Council on activities undertaken.
Achieved – quarterly reports provided to Council.

7. Kawhia Wharf

Situated at Kawhia, it provides a service that enables boat operators access to the Kawhia area for commercial activities and to enable leisure activities in the District.

8. Public Halls

Council owned halls include Kawhia (Kawhia Community Centre), KioKio and Honikiwi. Kiokio and Honikiwi halls, although owned by Council, are operated through hall committees, and therefore have not been considered for the purpose of this document.



**Statement of Cost of Service - Community Services
For the Year ended 30 June 2009**

2008		2009	2009
Actual		Estimate	Actual
\$		\$	\$
	EXPENDITURE		
	Otorohanga Rural		
502,805	Sundry District Reserves	56,319	62,537
30,878	Halls	30,721	29,652
62,080	District Co-ordinator Scheme	68,250	68,168
595,763		155,290	160,357
	Otorohanga Community		
291,270	Pools	308,987	320,401
-	Parks & Reserves	236,239	236,185
-	Public Conveniences	53,296	52,635
46,023	Cemetery	37,741	42,847
276,385	Library	254,486	292,218
91,586	Security Patrol	89,000	89,940
705,265		979,749	1,034,226
	Kawhia Community		
40,706	Harbour Services	27,700	44,799
-	Parks & Reserves	73,616	78,322
-	Public Conveniences	41,483	47,845
12,098	Cemetery	12,700	15,507
15,023	Community Centre	16,311	15,755
67,827		171,810	202,228
1,368,855	TOTAL EXPENDITURE	1,306,849	1,396,811
	INCOME		
	Otorohanga Rural		
89,474	User Fees and Charges	51,809	33,193
-	Development Contributions	-	-
89,474		51,809	33,193
	Otorohanga Community		
59,909	User Fees and Charges	74,219	56,214
-	Development Contributions	-	-
59,909		74,219	56,214
	Kawhia Community		
13,028	User Fees and Charges	12,511	13,025
159,411	TOTAL INCOME	138,539	102,432
1,209,444	NET COST OF SERVICE	1,168,310	1,294,379
122,817	Capital Expenditure (Note 13)	226,679	205,678

Significant Capital Projects

	<u>2009</u>	<u>2009</u>
	<u>Estimate</u>	<u>Actual</u>
Netball Court Carpark Sealing	18,000	18,391
Library Books and Videos	46,000	56,177
Front Wall Lining/ Windows – Swimming Pools	10,000	27,172



ENVIRONMENTAL SERVICES

1. Planning & Development

Goal

To ensure that land use, development, protection and subdivision does not adversely affect the physical and cultural environment.

Planning is a statutory function of the Council under the Resource Management Act 1991. The Act deals with the use, development, subdivision and protection of the land in the District. The primary emphasis is on dealing with the effects of activities in the District.

Planning staff ensure that buildings, subdivisions and land uses meet the effects levels agreed by the community in the District Plan. Staff also provide planning advice to the public and professional advice to Council on policy matters at a local, regional and national level.

Performance Targets

Resource Consents & District Plan Administration

Resource Consents and District Plan Administration.

- Issue 95% of non-notified land use and subdivision consents within 15 working days from the date that advice is received from all agencies external to the planning division.
Not achieved; 50 consents out of a total of 93 consents were issued within 20 working days – 53% within time.
The Planning service was provided by Consultants engaged on a part time contract. They were available in the office for three days per week. In May 2009 a Planner was employed as a full time staff member.

2. Building Control

Goal

To protect and promote the health and well being of the present and future population of the District.

It is the responsibility of Council and staff to safeguard people and property by monitoring, inspecting and controlling all new building construction, modifications and additions to existing buildings in accordance with the Building Act 2004 and other legislative controls and codes.



Performance Targets

- To process 95% of the estimated 300 building consents applications received by the council within 15 working days.

Achieved; 97.9% of 376 consents were issued within 20 days. The average processing time for all consents was 9 days

- *Focussed effort to improve processing times in order to obtain accreditation by International Accreditation New Zealand*
- *The Otorohanga District Council gained accreditation and was registered as a building consent authority on 20 November 2008*
- *Building activity slowed with a 14% decrease in consents issued. There was a marked slow down in the second half of the year*

- All premises are inspected at appropriate times during their construction.

Achieved; During the year the building team carried out 2547 inspections. All buildings under construction were inspected in accordance with Council procedure.

3. Civil Defence

Goal

Maintain an Otorohanga District Civil Defence organization ready to respond to any natural or man-made emergency and to improve public awareness and preparedness.

The Council provides this activity to fulfil its legal obligation under the Civil Defence Emergency Management Act 2002, and to fulfil the Community's expectations that this service will be provided within the District. This activity is about the maintenance of a state of readiness for civil emergencies and natural disasters so as to be better prepared for the impact of, and the response to, civil emergencies and disasters.

Performance Targets

- Staff to have undertaken NZ Co-ordinated incident Management System level 2 training.
Achieved; Six staff attended CIMS 2 training in September 2008. Two people attended MCDEM training for Controllers and Information Managers in April 2009
- The Council has appropriate documentation in place to ensure correct procedures are followed in an emergency.
Achieved; Local Civil Defence Plans are up to date and regularly amended as revised documents are received from National and Regional Emergency Management Headquarters
- Civil Defence is ready to respond to any natural or man-made emergency.
Achieved; Local Emergency Operations Centre can be operational within a short time. The EOC was activated for two local exercises 'Choking Ash' in October 2008 and 'Light Plane' in March 2009.



4. Dog Control

Goal

To implement and carry out the functions of the Dog Control Act 1996.

Council's animal control services include the registration of dogs, the provision of a dog impounding service, the investigation of dog complaints, the education of dog owners and the general public, and the performance of enforcement activities. These services are provided by contract to meet the Community's expectation for health, order and safety, and to meet the Council's statutory obligations under the Dog Control Act 1996.

Performance Targets

- Promote the control of dogs in public places and prevent them from menacing people or wildlife
Achieved
- Registration of 100% of known and locatable dogs.
Achieved; All known dogs are registered. Enforcement action is taken against the owners of unregistered dogs to ensure the dogs are registered or surrendered to Council

5. Stock Ranging & Impounding

Goal

To implement and carry out the functions of the Impounding Act 1955.

The law relating to the establishment and management of public pounds, trespassing and wandering stock, and the impounding of stock is provided under the provisions of the Impounding Act 1955. Council's policy in administering the Act is to respond to complaints received.

Performance Targets

- To ensure wandering stock do not endanger traffic
Achieved; During the year a total of 84 callouts were made for stock wandering on roads within the District. All callouts were actioned immediately and no traffic incidents were reported in relation to these callouts.
- Respond to complaints within 24 hours.
Achieved - All complaints are actioned and the response to all complaints is recorded



6. Environmental Health

Goal

To protect and promote the health and well being of the present and future population of the District.

Environmental Health is concerned with the maintenance of appropriate standards in those aspects of the environment that affect health and well being. Advice and assistance is given, together with the use of appropriate legislation, to discharge Councils statutory responsibilities and enable the achievement of suitable standards in many aspects including:

To meet the requirements of the Health Act 1956, Local Government Act 2002 and Resource Management Act 1991.

- the water we drink or use for recreation
- the food we consume
- the air we breath, including indoor air quality
- the sale of liquor and the reduction of liquor abuse
- the sound levels we experience
- housing conditions
- drainage and the disposal of sewage
- reduction and suitable disposal of solid waste
- prevention of pollution
- management of hazardous substances

Performance Targets

Environmental , public health and safety standards are complied with.

To limit the spread of infectious disease.

- All cases of communicable disease notified, within 24 hours and reporting the results of the investigation together with action taken, to the Medical Officer of Health with 7 working days.

Achieved; A total of 15 cases were reported back to the Medical officer of Health during the year.

To test the quality of Council's public water supplies.

- Council's drinking water supplies are monitored for microbiological determinants, in compliance with the criteria of the 1984 NZ Drinking Water Standards.

Achieved; regular monitoring of Councils water supplies is undertaken.

To control the effects of new on-site sewage systems.

- All new on-site disposal systems meet the criteria of the Regional Council's Rules, resulting in no degradation of the environment or risk to public health.

Achieved; All applications for new on-site disposal systems are approved in accordance with Regional Rule 3.5 Discharges. All new systems are inspected during construction to ensure compliance with approved design.



To provide a safe environment for the consumption of liquor:

- a) A liquor licence is held in respect of all premises at which liquor is sold or supplied.

Achieved; All premises hold current liquor licences.

- a) By ensuring that every premise licensed for the sale or supply of liquor is managed by an appropriately qualified person.

Achieved; The management of licenced premises are subject to regular surveillance by NZ Police and Liquor Licensing Inspectors. These officers meet quarterly as the Liquor Liaison Group. Poor management of any licenced premise is identified and action taken.

- All premises in which food is sold or processed before sale complies with relevant food safety standards.

Achieved; All premises hold current food licences, and are inspected at least once a year. In addition random inspections are conducted during the year.

Otorohanga District Council has joined with the New Zealand Food Safety Authority in the Voluntary Implementation Programme. The new food safety verification will be formally adopted in 2010. Local businesses have been encouraged to join the programme before it becomes mandatory.

To monitor the safe disposal of waste water.

- Trade Waste Bylaw requirements are implemented and monitored.

Achieved; All known premises and businesses generating Trade Waste have been registered. Staff and waste collection contractors check records to ensure all relevant properties are captured by the provisions of this Bylaw. Trade Waste licences have been issued for these businesses, which are subject to regular inspection.



**Statement of Cost of Service - Environmental Services
For the Year ended 30 June 2009**

2008		2009	2009
Actual		Estimate	Actual
\$		\$	\$
	EXPENDITURE		
202,363	Environmental Services Manager	168,812	160,626
480,273	Planning & Development	394,313	527,397
199,689	Policy Manager	442,255	296,607
449,839	Building Control	407,590	472,724
36,003	Civil Defence	44,400	41,161
150,879	Environmental Health	149,267	111,404
105,879	Dog Control	114,200	111,702
6,055	Ranging & Impounding	6,475	10,097
1,633,989	TOTAL EXPENDITURE	1,727,312	1,731,718
	INCOME & INTERNAL RECOVERIES		
50	Funding Assistance	2,000	-
773,875	User Fees and Charges	663,746	722,625
183,362	Internal Recoveries	219,600	252,431
957,287	TOTAL INCOME & INTERNAL RECOVERIES	885,346	975,056
	NET COST OF SERVICE		
676,702	NET COST OF SERVICE	841,966	756,662
0	Capital Expenditure	0	7,803



DEMOCRATIC PROCESS

Goal

To facilitate the democratic process through providing support to the Mayor, Councillors and Community Board members.

This activity provides for the costs of the democratic or decision-making process. This includes meetings, public consultations, communication, elected members remuneration and civic functions.

Council currently operates with a Mayor, seven Councillors and two Community Boards.

Performance Targets

Ensure all democratic procedures meet all statutory requirements.

- Ensure all democratic procedures meet all statutory requirements.
Achieved.

- All meetings held in accordance with the provisions of the Local Government Official Information and Meetings Act 1987.
Achieved.



**Statement of Cost of Service - Democratic Process
For the Year ended 30 June 2009**

2008		2009	2009
Actual		Estimate	Actual
\$		\$	\$
	EXPENDITURE		
	Otorohanga District		
158,207	Members Remuneration & Allowances	146,100	168,177
10,856	Members Expenses	17,100	5,000
392,883	Support Costs	407,212	418,712
63,318	General Expenses	42,000	56,446
283,845	General Managers Expenses	266,834	294,655
909,109		879,246	942,990
	Otorohanga Community		
48,267	Members Remuneration	47,300	48,228
33,720	General Expenses	24,000	25,508
451,423	Support Costs	52,500	51,277
133,409		123,800	125,013
	Kawhia Community		
11,983	Members Remuneration	11,200	10,720
12,544	General Expenses	700	924
30,643	Support Costs	25,000	33,502
55,169		36,900	45,146
1,097,687	TOTAL EXPENDITURE	1,039,946	1,113,149
	INCOME & INTERNAL RECOVERIES		
190	User Fees and Charges	200	260
283,845	Internal Recoveries	266,834	294,656
283,845	TOTAL INCOME & INTERNAL RECOVERIES	267,034	294,916
813,652	NET COST OF SERVICE	772,912	818,233
0	Capital Expenditure	0	0



OTHER ACTIVITIES

1. Property Development

Council owns various types of property, which are managed in the interest of the residents and ratepayers of the District.

These properties are classified as commercial or community investments.

Performance Targets

Provide and maintain property for the benefit of our community members.

- That all sections, both residential and industrial, are sold within the set timeframe as indicated by the Financial Forecast.

Council sold 1 residential section at the Westridge during the 2008/09 financial year.

As at 30th June 2009 there were no sections unsold at Westridge and 3 at Progress Park.

2. Pensioner Housing

Goal

To provide suitable accommodation for the elderly and other qualifying persons that is affordable, and to ensure the activity is self supporting.

Council owns and operates elderly persons housing, comprising 28 units; 22 in Otorohanga and 6 at Kawhia. Council has provided this service for many years in response to the community's expectation that it do so. Council accepts responsibility for the social well being of elderly residents by ensuring there is a good standard of affordable rental accommodation available to them.

Goal

To maintain Council owned property and maximise overall benefits to the District.

These properties have been obtained and retained by Council because there was a Community need. Some properties have constraints as to what Council can do with it. Council has a range of properties, some of which could be considered as surplus.



Performance Targets

Provide and maintain property for the benefit of our community members.

- For housing units to have an occupancy rate of at least 95%.
Occupancy rate from 1 July 2008 to 30 June 2009 is 98.3% for Otorohanga Pensioner Units and 95.5% for Kawhia Pensioner Units.
- Units to be maintained to reasonable standards.
All flats inspected annually and a maintenance programme defined and implemented.
- Rentals to be maintained at affordable levels.
Rentals have been maintained at affordable levels.
- Respond to enquiries, complaints and requests for maintenance within 24 hours.
Requests for maintenance are responded to as they are received.

3. Other Property

Other property comprises of Kawhia Museum and Fire Station, Pits and Quarry Reserves, Otorohanga & Kawhia Depots, Truck Wash, Stopped Roads, Otorohanga Support House, Otorohanga Information Centre, Local Purpose Reserves, Vacant Land, Otorohanga Bus Park, Service Lanes, Car Parks, former Water Works Reserve and Kawhia Medical Centre.

Performance Targets

- These facilities are continually maintained by the Council and upgrade plans have been developed for the Kawhia Museum, Otorohanga Depot, Truck Wash, Support House, Otorohanga Bus Park and Service lanes and Car parks..

4. Litter Control

Goal

To provide a clean and litter free environment.

This activity evolved as an employment scheme, and progressed to a separate Council function, as Council and the public could see the immediate and long term benefits of a clean and litter free District. This service is outside the scope of the refuse collection contract and the main focus is one of picking up litter on the roadside and in Parks and Reserves.

The current staff resource is seen as a critical component in the provision of this activity. If the current staff member was unable to continue with this activity, a process of recruitment and training of a replacement would be required as the service has created a high public profile.

Income is received from the State highway operators for the work done on those roads.



Performance Targets

Provide litter collection from the roadside verges, parks and reserves within the district.

- No justifiable adverse comment received from Transfield regarding litter on our districts' sections of SH3, SH31 and SH39.

All feedback received from Transfield regarding litter on SH3, SH31 and SH39 has been positive.

- No justifiable adverse written comments regarding litter on roadside verges, parks and reserves within the district.

No adverse written comments regarding litter within the district have been received, though there have at times been localised litter problems within the Otorohanga Community.

5. Rural Fire

Goal

To provide a rural fire fighting capability, administer fire control, promote fire prevention and maintain fire fighting equipment.

Council is involved in the Rural Fire service to fulfil its obligations under the Forest and Rural Fires Act 1977 and the Fire Service Amendment Act. The public's expectation is that Council will provide rural fire protection and rural prevention services.

The provision of physical fire fighting response services is contracted to the New Zealand Fire Service in terms of Section 15 of the Forest and Rural Fires Act 1977.

Performance Targets

Provide a rural fire fighting capability, in conjunction with the New Zealand Fire Service.

- Issue permits for controlled burns of a minor nature, during restricted fire seasons within 3 working days.

95% of 62 Permits successfully issued within 3 working days.



6. District Promotion & Development

Goal

To provide for future growth and the overall development of the District.

Council supports this activity by providing funding to the Otorohanga District Development Board, whose main role is to promote tourism and business development within the district.

Performance Targets

Provide financial assistance to and monitor the performance of the Otorohanga District Development Board.

- Provide allocated budget of not less than \$150,000.
Achieved.
- Otorohanga District Development Board to provide 6 monthly reports to Council, of services provided to justify existing levels of funding.
Achieved.

7. Council Grants

Goal

To meet the Councils Mission of “operating caring policies which meet social needs”

Councils' policy is to grant funds to various organisations based on factors presented to Council at the time. Organisations include Civic Ceremonies, Otorohanga Support House, Te Riakina, Kawhia Beach Warden, Anzac Day and rate remissions to community organisations.

Performance Targets

- By reviewing the yearly budget in order to maintain or improve the value of the Grants allocation where possible.

Current grants are approved on a case by case basis



8. Corporate Planning

Goal

To effectively manage the affairs of Council and meet statutory requirements for planning and reporting.

This activity includes Council's Annual Plan and Annual report, Budget Reporting, Long Term Financial Strategy and Asset Management Plans.

Performance Targets

Prepare Annual Plan and Annual Report for the consideration of Council.

- Draft Long Term Council Community Plan or Annual Plan adopted by 30 June in each year.
Achieved.

- Annual Report adopted by 31 October in each year.
Achieved.



**Statement of Cost of Service - Other Activities
For the Year ended 30 June 2009**

2008		2009	2009
Actual		Estimate	Actual
\$		\$	\$
	EXPENDITURE		
	Otorohanga Rural		
145,855	District Promotion and Development	149,900	149,539
80,725	Council Grants	96,500	103,612
234,336	Corporate Planning	310,500	396,787
177,323	Building Operation	207,814	193,496
114,732	Furniture and Fittings	110,950	124,947
45,909	Litter Control	49,400	52,565
37,033	Rural Fire Control	34,000	37,603
6,393	Rural Housing	-	-
159,568	Administration Plant	147,900	192,371
5,144	Aotea Erosion Protection	14,150	12,625
11,912	Aotea Erosion Protection Loan	9,615	10,583
85,971	Rural Property	82,121	98,930
1,104,901		1,212,850	1,373,058
	Otorohanga Community		
98,321	Property	49,721	175,995
77,805	Housing for the Elderly	91,580	120,978
7,181	Industrial/Community Park	4,750	5,126
183,307		146,051	302,099
	Kawhia Community		
12,918	Property	7,545	10,448
-	Waiwera Street Subdivision	99,513	-
18,024	Housing for the Elderly	21,107	18,470
8,665	Medical Centre	10,466	10,743
39,607		138,631	39,661
1,327,815	TOTAL EXPENDITURE	1,497,532	1,714,818
	INCOME & INTERNAL RECOVERIES		
	Otorohanga Rural		
7,440	Funding Assistance	9,000	12,171
268,828	User Fees and Charges	113,109	193,611
509,450	Internal Recoveries	509,221	511,578
785,718		631,330	717,360
	Otorohanga Community		
122,267	User Fees and Charges	120,303	128,944
	Kawhia Community		
32,553	User Fees and Charges	32,959	34,200
940,538	TOTAL INCOME & INTERNAL RECOVERIES	784,592	880,504
387,277	NET COST OF SERVICE	712,941	834,314
605,098	Capital Expenditure (Note 13)	1,886,958	326,088

Significant Capital Projects

	<u>2009</u> <u>Estimate</u>	<u>2009</u> <u>Actual</u>
Carport Construction – Housing for the Elderly	20,000	24,860
Furniture and Fittings	116,500	118,536
Kawhia Medical Centre Exterior Painting	9,500	8,245



SUPPORT SERVICES

Finance
Administration
Management Information Systems
Personnel
Engineering Administration
Engineering Services

This activity effectively manages Council's affairs and provides administration and information services to Council and Council divisions.

The main functions of the Finance Section are financial accounts and estimates preparation, funds management and cash flow, audit and internal system control, revenue collection and expenditure operation.

Management Information Systems ensure that the computer and record systems are effective for storage, retrieval and distribution of information.

Secretarial and Office Services are the main functions of the Administration section, whereas the Personnel section is involved in developing policies that will encourage staff to carry out their duties in a responsible and effective manner.

Engineering Services administers programme preparation and implementation for works and services delivery.

Performance Targets

- Financial accounts and estimates preparation, funds management and cash flow, audit and internal system control, revenue collection and expenditure operation are prepared on time.
Achieved.
- Management Information Systems ensure that the computer and record systems are effectively storing, retrieving and distributing information as requested.
Achieved.
- Development of policies that will encourage staff to carry out their duties in a responsible and effective manner, by periodical reviews and recommendations as required.
Achieved.
- Engineering Services administers programme preparation and implementation for works and services within set time frames.
All works and services were completed within set timeframes except for some capital projects amounting to \$185,670 that were carried forward into the 2009/10 financial year. This work was deferred due to a variety of reasons.



Statement of Cost of Service - Support Services
For the Year ended 30 June 2009

2008		2009	2009
Actual		Estimate	Actual
\$		\$	\$
	EXPENDITURE		
1,253,264	Finance & Administration	1,254,094	1,297,106
782,467	Engineering & Administration	802,044	751,835
2,035,731	TOTAL EXPENDITURE	2,056,138	2,048,941
	INCOME & INTERNAL RECOVERIES		
22,311	User Fees and Charges	29,100	19,155
2,013,421	Internal Recoveries	2,027,038	2,029,786
2,035,732	TOTAL INCOME & INTERNAL RECOVERIES	2,056,138	2,048,941
-	NET COST OF SERVICE	-	-
-	Capital Expenditure	-	-



PROFESSIONAL ENGINEERING BUSINESS UNIT

Goal

Councils' general aim is for the Unit to provide a Civil Engineering service that is efficient, technically competent and achieves effective results.

This unit is a separate group within Councils Engineering division and provides professional and technical consultancy services for carrying out works and utility service operations planned by Council (over 90% of programme currently).

This unit is responsible for investigation, design, contracting and supervision of works and service operations, in line with the Transit New Zealand Amendment Act 1995. This is considered to be economically more efficient than contracting the service out.

Pursuant to Section 31 of the Transit New Zealand Amendment Act 1995 (where Transfund NZ funding is involved), Council is required to disclose separately a financial statement for the operation of the Professional Service Business Unit. This statement is reported below.

Performance Targets

- The total consultancy cost for all completed roading projects amounts to not more than 10% of the total physical work costs of all of those projects.
Achieved.
- That the financial returns be managed to ensure that the accumulated surplus or shortfall does not exceed \$30,000.
Achieved. The shortfall for the year was \$23,499.



**Statement of Cost of Service-Professional Engineering Services Business Unit
For the Year ended 30 June 2009**

2008		2009	2009
Actual		Estimate	Actual
\$		\$	\$
654,689	EXPENDITURE Engineering Technical Services	720,181	676,351
1,877	INCOME & INTERNAL RECOVERIES User Fees and Charges	15,000	1,936
620,886	Internal Recoveries	700,000	650,916
622,763		715,000	652,852
31,926	NET COST (SURPLUS) OF SERVICE	(5,181)	23,499
-	Capital Expenditure	-	-



SUPPORTING INFORMATION



EQUAL EMPLOYMENT OPPORTUNITIES POLICY

POLICY STATEMENT

The Otorohanga District Council is committed to supporting the principles of equal opportunity in recruitment, selection, employment, training and promotion.

The policy of the Council is to ensure that no employee, or potential employee, shall gain any advantage or suffer any disadvantage by reason of their race, colour, ethnic or national origin, gender, marital status, sexual preference, age, religious or political beliefs, or personal disability where said disability is irrelevant to an individuals ability to carry out the job.

This policy will remain consistent with:

- Good personnel policy and practices.
- The Human Rights Act 1993.
- Employment Contracts Act 1991.
- Local Government Amendment Act (No.3) 1996.

Council is committed to a programme of action to ensure its activities are carried out without discrimination.



AUDIT REPORT



AUDIT REPORT

TO THE READERS OF OTOROHANGA DISTRICT COUNCIL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

The Auditor-General is the auditor of Otorohanga District Council (the Council). The Auditor-General has appointed me, Bruce Taylor, using the staff and resources of Deloitte, to carry out an audit on behalf of the Auditor-General. The audit covers the Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Council for the year ended 30 June 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the Council on pages 10 to 56:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Council's financial position as at 30 June 2009; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the Council on pages 63 to 99 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 27 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.



Deloitte.

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 Council as at 30 June 2009. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

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

Bruce Taylor
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand

This audit report relates to the financial statements of Otorohanga District Council for the year ended 30 June 2009 included on Otorohanga District Council's website. The Council is responsible for the maintenance and integrity of Otorohanga District Council's website. We have not been engaged to report on the integrity of Otorohanga District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 and related audit report dated 27 October 2009 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.