

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

1. RATES REVENUE	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Rates - general	47,390	46,342	47,603	46,342
Targeted rates attributable to activities				
-Drainage	629	539	629	539
-Roading	9	0	9	0
-Sewerage	10,792	9,844	10,792	9,844
-Water, excluding water supply rates	1,955	1,564	1,955	1,564
-District facilities	9,668	9,392	9,668	9,392
Rates - penalties	7,625	7,109	7,625	7,109
Total rates, excluding targeted water supply rates	78,058	74,790	78,281	74,790

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other Local Authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of Council for the year ended 30 June 2014 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	COUNCIL	
	2014	2013
	\$000s	\$000s
Rates, excluding targeted water supply rates	78,281	74,790
Targeted water supply rates	6,036	5,621
Total annual rates income	84,317	80,411

Rates income is not adjusted for remissions of \$3,261,162 (2013 \$3,731,747). Rate remissions are shown as an expense within governance and strategy. Council's remission policies are designed to recognise the unique nature of the Far North with its significant areas of unoccupied Maori freehold land. Overall the policies address issues of financial hardship and the protection of areas of land with particular conservation or community values.

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non rateable properties may be subject to targeted rates in respect of sewerage, refuse and water. Non rateable land does not constitute a remission under Far North District Council's rates remission policy.

The number of rating units at 30 June 2013 was 37,604.

The land value of these units was \$8,966,201,200 and the capital value was \$15,263,433,300.

2. INCOME ANALYSIS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Fees and charges	13,285	12,654	13,285	12,654
Subsidies – operational	6,163	5,942	6,163	5,942
Subsidies – projects	8,903	14,171	8,903	14,171
Contributions	743	1,779	743	1,779
Interest & dividends	413	118	406	509
Vested and previously unrecognised assets	1,064	2,652	1,064	2,652
Rental income from investment properties	2,123	2,116	0	0
Other income	9,255	7,455	1,920	1,652
Total operating income	41,949	46,886	32,484	39,359

There are no unfulfilled conditions or other contingencies attached to the subsidy income recognised.



3. OTHER GAINS/(LOSSES)	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Net gain on forestry assets	3	0	3	0
Net gain on property, plant and equipment disposals	0	0	0	0
Net gain on sale of investment properties	0	2,818	0	0
Total gains	3	2,818	3	0
Net loss on property, plant & equipment disposals	(2,762)	(1,133)	(2,762)	(1,133)
Net loss on investment properties	0	0	0	0
Net loss on forestry assets	0	0	0	0
Total other gains / (losses)	(2,762)	(1,133)	(2,762)	(1,133)

4. PERSONNEL COSTS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Salaries and wages	18,073	17,157	16,065	15,144
Kiwi saver contributions	376	245	332	217
Increase / (Decrease) in employee benefit liabilities	(3)	173	(25)	135
Total employee benefit expenses	18,446	17,575	16,372	15,496

Expenditure in relation to Notes 4 and 5 are included within the activity group expenditure in the Statement of Comprehensive Income.

5. OTHER EXPENSES	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Fees paid to the principal auditor				
Audit of financial statements	216	234	156	144
Audit recovery prior year	35	0	35	0
Audit payment re Te Ahu	9	0	9	0
Audit disbursements	19	24	12	18
Donations	39	36	0	0
Inventory expenses in year	2,439	2,388	34	3
Impairment of property, plant & equipment	618	0	617	0
Impairment of investment property	0	0	0	0
Impairment of receivables	28	(30)	0	0
Provision for impairment of rates	6,322	5,381	6,322	5,381
Provision for impairment of sundry debts	444	3	421	25
Devaluation of property, plant & equipment	4,629	13,341	4,455	10,546
Direct expenses from investment property	1,149	908	0	0
Minimum lease payments - operating leases	461	549	399	450
Other expenses	16,408	22,834	12,460	16,567

6. FINANCE COSTS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Interest expense on borrowings	5,000	5,004	4,417	4,421
Interest unwind - landfill aftercare	29	32	29	32
Total finance costs	5,029	5,036	4,446	4,453

7. TAX	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Components of tax expense				
Deferred tax expense – continuing operations	(7)	95	0	0
Deferred tax expense – discontinued operations	0	0	0	0
Income tax expense	(7)	95	0	0
Relationship between tax expenses and accounting profit				
Continuing operations	(1,395)	8,765	(2,285)	6,657
Discontinued operations	0	0	0	0
Profit before taxation and share of profit of associate	(1,395)	8,765	(2,285)	6,657
Taxation at 28% (2013 -28%)	(391)	2,454	(640)	1,864
Plus (less) tax effect of				
Non taxable income	384	(2,359)	640	(1,864)
Group loss offset	0	0	0	0
Deferred tax adjustment	0	0	0	0
Taxation expense	(7)	95	0	0

CONSOLIDATED					
Deferred Tax	Property	Investment	Employee	Tax Losses	Total
	plant and	properties	entitlements		
	equipment				
	\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 30 June 2012	961	1,084	(65)	(681)	1,297
Charged to Statement of Comprehensive Income	1	25	(9)	79	95
Charged to equity	74	0	0	0	74
Balance at 30 June 2013	1,036	1,109	(74)	(602)	1,466
Charged to Statement of Comprehensive Income	(26)	17	(3)	5	(7)
Charged to equity	80	0	0	0	80
Balance at 30 June 2014	1,090	1,126	(77)	(597)	1,539

From 1 July 2007 Council and Far North Holdings have formed a consolidated group for tax purposes. The tax liability for the group has been eliminated by losses transferred from Far North District Council by loss offset of \$539,462 (2013 \$841,175). Council has not recognised a deferred tax asset in relation to tax losses of \$2,170k (2013 \$2,152k). However, these losses have been recognised in the group accounts.

8. CASH & CASH EQUIVALENTS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Cash at bank and in hand:				
Various (subsidiaries, community facilities, etc)	7	6	7	6
General fund (unsecured)	411	4,111	174	3,731
Total cash & cash equivalents	418	4,117	181	3,737

The carrying value of short term deposits with maturity dates of 3 months or less approximates their fair value. Cash and bank overdrafts include the following for the purpose of the Statement of Cash Flow.

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Cash at bank and in hand	418	4,117	181	3,737
Bank overdrafts (Note 23)	(48)	0	0	0
	370	4,117	181	3,737

Council has an overdraft facility of \$3m (2013 \$3m).



9. DEBTORS & OTHER RECEIVABLES	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
Rates and penalties	53,521	46,836	53,521	46,836
Sundry debtors	5,805	12,629	5,287	12,085
Prepayments	354	319	335	300
Related party receivables	67	186	0	0
Gross debtors & other receivables	59,747	59,970	59,143	59,221
Less provision for impairment - rates	25,943	21,240	25,943	21,240
Less provision for impairment - sundry debts	503	308	485	252
Current debtors & other receivables	33,301	38,422	32,715	37,728

The carrying value of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables as the group has a large number of customers.

As at 30 June 2014 and 2013, all overdue receivables have been assessed for impairment and the appropriate provisions applied. Far North Holdings Limited holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The ageing profile of debtors and other receivables at year end is detailed below:

	2014			2013		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Council						
Not past due	883	0	883	4,179	0	4,179
Past due 1 – 60 days	22,216	5,905	16,311	20,869	5,393	15,476
Past due 61 – 90 days	44	0	44	605	0	605
Past due over 90 days	36,000	20,523	15,477	33,569	16,099	17,470
Total	59,143	26,428	32,715	59,221	21,492	37,728
Group						
Not past due	1,259	0	1,259	4,559	0	4,559
Past due 1 – 60 days	22,272	5,905	16,367	21,024	5,394	15,630
Past due 61 – 90 days	70	0	70	631	2	629
Past due over 90 days	36,146	20,541	15,605	33,756	16,152	17,604
Total	59,747	26,446	33,301	59,970	21,548	38,422

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

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Impairment of rates				
At July	21,240	17,374	21,240	17,374
Additional provisions made during the year	6,322	5,381	6,322	5,381
Receivables written off during period	(1,619)	(1,515)	(1,619)	(1,515)
At 30 June	25,943	21,240	25,943	21,240
Impairment of sundry debts				
At July	309	1,984	252	1,897
Additional provisions made during the year	444	3	421	25
Receivables written off during period	(250)	(1,678)	(188)	(1,670)
At 30 June	503	309	485	252

10. INVENTORIES	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Consumable stocks and materials	135	101	135	101
Marina berths	35	33	0	0
Chandlery and boatyard	33	37	0	0
Total inventories	203	171	135	101

There are no inventory items held for distribution.

11. OTHER FINANCIAL ASSETS	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Current portion				
<i>Loans and receivables</i>				
Short term deposits maturity 4 - 12 months	4,176	3,185	4,176	3,185
Total current portion	4,176	3,185	4,176	3,185
Non current portion				
<i>Fair value through equity</i>				
LGNZ Shares	96	101	96	101
LGFA Borrower notes at cost – May 2013	160	160	160	160
Total non current portion	256	261	256	261

There were no impairment provisions for other financial assets.

Council holds 85,440 shares in Local Government Insurance Corp Ltd which are held at net asset backing. These shares are non traded.

MATURITY ANALYSIS AND INTEREST RATES	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
<i>Loans and receivables</i>				
Short term loan 4 - 12 months	0	0	0	0
Short term deposits 4 - 12 months	4,176	3,185	4,176	3,185
Maturing within 4 - 12 months	4,176	3,185	4,176	3,185



12. PROPERTY, PLANT & EQUIPMENT – COUNCIL

	Cost / revaluation 30-June-13	Accumulated depreciation and impairment charges 30-June-13	Carrying amount 30-June-13	Current year additions	Current year vested assets	Current year disposals	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus/ (deficit)	Cost/ revaluation 30-June-14	Accumulated depreciation and impairment charges 30-June-14	Carrying amount 30-June-14
Land	358,857	(1)	358,856	375	873	0	0	0	0	0	360,104	0	360,104
Vehicles & plant Leasehold	5,112	(1,248)	3,864	744	0	(178)	(617)	(274)	0	17	4,402	(845)	3,556
improvements	2,587	(1,443)	1,144	103	0	(357)	0	(141)	772	0	2,276	(755)	1,520
Wharves, ramps, moorings	5,073	0	5,073	8	0	(10)	0	(431)	0	(57)	4,584	0	4,584
F&F and office equipment	6,440	(751)	5,689	182	19	(102)	0	(748)	24	0	6,575	(1,511)	5,064
Information systems	2,946	(2,355)	591	482	0	(20)	0	(191)	0	0	2,476	(1,614)	862
*Work in progress	125	0	125	1,078	0	(1,166)	0	0	0	0	37	0	37
Total operational assets	381,139	(5,797)	375,342	2,972	892	(1,833)	(617)	(1,785)	796	(40)	380,453	(4,725)	375,727
Roading & footpaths	931,196	(668)	930,528	19,908	0	(1,793)	0	(15,720)	66	21,687	955,645	(970)	954,675
Water – treatment plants & facilities	22,211	(1,061)	21,150	858	0	(82)	0	(1,134)	0	(671)	20,138	(18)	20,120
Water - other	39,233	(1,172)	38,061	387	20	(24)	0	(1,187)	0	4,761	42,018	0	42,018
Sewerage – treatment plants & facilities	31,242	(1,977)	29,263	6,443	0	(70)	0	(2,179)	5	445	33,907	0	33,907
Sewerage - other	66,939	(1,419)	65,524	2,870	5	(85)	0	(1,428)	(41)	583	67,428	0	67,428
Refuse	4,130	0	4,130	104	0	(16)	0	(454)	0	16	4,154	(374)	3,780
Stormwater	48,495	0	48,495	183	0	0	0	(647)	0	0	48,678	(647)	48,031
Community facilities	43,801	(498)	43,303	1,349	186	(163)	0	(3,078)	(802)	0	45,100	(4,305)	40,795
Work in progress	18,306	0	18,306	21,022	0	(32,997)	0	0	(259)	0	6,072	0	6,072
Total infrastructural assets	1,205,553	(6,794)	1,198,761	53,124	211	(35,230)	0	(25,826)	(1,031)	26,821	1,223,141	(6,315)	1,216,826
Council restricted assets													
Land	26,004	0	26,004	0	0	0	0	0	0	0	26,004	0	26,004
Total restricted assets	26,004	0	26,004	0	0	0	0	0	0	0	26,004	0	26,004
Total property, plant & equipment	1,612,699	(12,590)	1,600,106	56,096	1,103	(37,063)	(617)	(27,611)	(235)	26,781	1,603,594	(11,040)	1,618,555

12. PROPERTY, PLANT & EQUIPMENT – COUNCIL

2013

	Cost / revaluation 1-Jul-12	Accumulated depreciation and impairment charges 1-Jul-12	Carrying amount 1-Jul-12	Current year additions	Current year vested assets	Current year disposals	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus/ (deficit)	Cost/ revaluation 30 June-13	Accumulated depreciation and impairment charges 30 June-13	Carrying amount 30 June-13
Land	393,636	0	393,636	127	722	(20)	0	0	(1,526)	(34,082)	358,857	(1)	358,857
Vehicles & plant	5,180	(1,272)	3,908	385	84	(192)	0	(322)	0	0	5,112	(1,248)	3,864
Leasehold improvements	3,595	(1,376)	2,219	94	0	0	0	(387)	(1,123)	339	2,587	(1,443)	1,144
Wharves, ramps, moorings	4,805	0	4,805	341	0	(9)	0	(442)	0	377	5,073	0	5,073
F&F and office equipment	5,230	(1,453)	3,776	270	0	(20)	0	(457)	76	2,044	6,440	(751)	5,689
Information systems	3,019	(2,390)	629	190	0	0	0	(228)	0	0	2,946	(2,355)	591
*Work in progress	437	0	437	668	0	(979)	0	0	0	0	125	0	125
Total operational assets	415,902	(6,491)	409,409	2,075	806	(1,220)	0	(1,836)	(2,573)	(31,322)	381,139	(5,797)	375,342
Roading & footpaths	916,740	(999)	915,741	13,485	964	(164)	0	(15,639)	(38)	16,180	931,196	(669)	930,528
Water – treatment plants & facilities	21,271	(11)	21,259	976	0	(69)	0	(1,058)	41	0	22,211	(1,060)	21,150
Water - other	38,319	0	38,319	928	94	(100)	0	(1,180)	0	0	39,233	(1,171)	38,061
Sewerage – treatment plants & facilities	29,198	0	29,198	2,189	87	216)	0	(1,994)	0	0	31,242	(1,977)	29,263
Sewerage - other	66,467	0	66,467	188	344	(97)	0	(1,419)	39	0	66,939	(1,419)	65,523
Refuse	4,676	(479)	4,198	224	0	(14)	0	(549)	0	272	4,130	0	4,130
Stormwater	49,095	(1,248)	47,847	531	357	(54)	0	(659)	(42)	515	38,495	0	48,495
Community facilities	41,320	(3,171)	38,149	1,229	0	(324)	0	(2,783)	2,572	4,461	43,801	(499)	43,303
Work in progress	12,963	0	12,963	29,386	0	(23,479)	0	0	(566)	0	18,306	0	18,306
Total infrastructural assets	1,180,049	(5,908)	1,174,142	49,136	1,846	(24,517)	0	(25,282)	2,007	21,427	1,205,553	(6,794)	1,198,760
Council restricted assets													
Land	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total restricted assets	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total property, plant & equipment	1,640,726	(12,399)	1,628,325	51,211	2,652	(25,736)	0	(27,118)	(566)	(28,666)	1,612,699	(12,590)	1,600,106



12. PROPERTY, PLANT & EQUIPMENT – CONSOLIDATED

	Cost / revaluation 30-June-13	Accumulated depreciation and impairment charges 30-June-13	Carrying amount 30-June-13	Current year additions	Current year vested assets	Current year disposals	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surplus/ (deficit)	Cost/ revaluation 30 June-14	Accumulated depreciation and impairment charges 30 June-14	Carrying amount 30 June-14
Land	365,499	(1)	365,498	375	873	0	0	0	0	(12)	366,735	0	366,735
Buildings	12,568	0	12,568	43	0	0	0	(347)	0	189	13,039	(585)	12,454
Vehicles & plant	6,017	(1,972)	4,045	810	0	(178)	(618)	(337)	0	17	5,356	(1,617)	3,739
Leasehold improvements	2,659	(1,470)	1,189	103	0	(357)	0	(143)	772	0	2,346	(782)	1,564
Wharves, ramps, moorings	6,460	(22)	6,438	315	0	(27)	0	(482)	(35)	(27)	6,209	(27)	6,182
F & F and office equipment	9,950	(1,311)	8,639	205	19	(103)	1	(1,045)	23	0	10,416	(2,676)	7,740
Information systems	2,946	(2,355)	591	482	0	(20)	0	(191)	0	0	2,476	(1,614)	862
Runways	2,364	0	2,364	26	0	0	0	(99)	0	43	2,334	0	2,334
Boat transporters	461	(106)	355	0	0	0	0	(24)	0	0	449	(118)	331
Site works	21	0	21	0	0	0	0	(2)	0	0	32	(13)	19
Heritage assets	778	0	778	21	0	0	0	0	0	0	799	0	799
Work in progress	126	0	126	1,078	0	(1,166)	0	0	0	0	38	0	38
Total operational assets	409,849	(7,237)	402,612	3,458	892	(1,851)	(617)	(2,670)	761	210	410,229	(7,432)	402,797
Roading & footpaths	931,196	(668)	930,528	19,908	0	(1,793)	0	(15,720)	56	21,687	955,635	(970)	945,665
Water – treatment plants & facilities	22,211	(1,061)	21,150	858	0	(82)	0	(1,134)	0	(671)	20,138	(16)	20,120
Water - other	39,233	(1,172)	38,061	387	20	(24)	0	(1,187)	0	4,761	42,018	0	42,018
Sewerage – treatment plants & facilities	31,242	(1,977)	29,263	6,443	0	(70)	0	(2,179)	5	445	33,907	0	33,907
Sewerage - other	66,939	(1,419)	65,524	2,870	5	(85)	0	(1,428)	(41)	583	67,428	0	67,428
Refuse	4,130	0	4,130	104	0	(16)	0	(454)	0	16	4,154	(374)	3,780
Stormwater	48,495	0	48,495	183	0	0	0	(647)	0	0	48,078	(647)	48,031
Community facilities	43,801	(498)	43,303	1,349	186	(163)	0	(3,078)	(905)	0	44,997	(4,305)	40,692
Work in progress	18,304	0	18,304	21,022	0	(32,977)	0	0	(259)	0	6,072	0	6,072
Total infrastructural assets	1,205,553	(6,793)	1,198,762	53,124	211	(35,230)	0	(25,826)	(1,144)	26,821	1,223,028	(6,314)	1,216,713
Council restricted assets													
Land	26,004	0	26,004	0	0	0	0	0	0	0	26,004	0	26,004
Total restricted assets	26,004	0	26,004	0	0	0	0	0	0	0	26,004	0	26,004
Total property, plant & equipment	1,641,406	(14,030)	1,627,376	56,582	1,103	(37,081)	(617)	(28,496)	(383)	27,031	1,659,261	(13,746)	1,645,513

12. PROPERTY, PLANT & EQUIPMENT – CONSOLIDATED											2013		
	Cost / revaluation 1-Jul-12	Accumulated depreciation and impairment charges 1-Jul-12	Carrying amount 1-Jul-12	Current year additions	Current year vested assets	Current year disposals	Current year impairment charges	Current year depreciation	Current year adjustments	Revaluation surpluses/ (deficit)	Cost/ revaluation 30 June-13	Accumulated depreciation and impairment charges 30 June-13	Carrying amount 30 June-13
Land	400,149	0	400,149	849	0	(20)	0	0	(1,526)	(33,956)	365,497	(1)	365,496
Buildings	13,049	(113)	12,936	672	0	0	0	(342)	(830)	132	12,568	0	12,568
Vehicles & plant	6,031	(1,954)	4,077	550	0	(192)	0	(390)	0	0	6,017	(1,972)	4,045
Leasehold improvements	3,649	(1,400)	2,249	112	0	0	0	(388)	(1,123)	339	2,659	(1,470)	1,189
Wharves, ramps, moorings	6,228	(17)	6,211	358	0	(9)	0	(485)	0	363	6,460	(22)	6,438
F&F and office equipment	7,536	(2,025)	5,511	465	0	(20)	0	(755)	1,394	2,044	9,950	(1,311)	8,639
Information systems	3,019	(2,390)	629	190	0	0	0	(228)	0	0	2,946	(2,355)	591
Runways	2,463	0	2,463	0	0	0	0	(99)	0	0	2,364	0	2,364
Boat transporters	461	(82)	379	0	0	0	0	(24)	0	0	461	(106)	355
Site works	521	(10)	511	0	0	0	0	(1)	(489)	0	21	0	21
Heritage assets	717	0	717	61	0	0	0	0	0	0	778	0	778
Work in progress	437	0	437	668	0	(979)	0	0	0	0	126	0	126
Total operational assets	444,260	(7,991)	436,269	3,925	0	(1,220)	0	(2,712)	(2,574)	(31,078)	409,847	(7,237)	402,610
Roading & footpaths	916,740	(999)	915,741	13485	964	(164)	0	(15,639)	(38)	16,180	931,199	(669)	930,530
Water – treatment plants & facilities	21,271	(11)	21,260	976	0	(69)	0	(1,058)	41	0	22,210	(1,060)	21,150
Water - other	38,319	0	38,319	928	94	(100)	0	(1,180)	0	0	39,232	0	39,232
Sewerage – treatment plants & facilities	29,198	0	29,198	2,189	87	216	0	(1,994)	0	0	31,242	(1,977)	29,263
Sewerage - other	66,467	0	66,467	188	344	(97)	0	(1,419)	39	0	66,939	(1,419)	65,523
Refuse	4,676	(478)	4,198	224	0	(14)	0	(549)	0	272	4,130	0	4,130
Stormwater	49,095	(1,248)	47,847	888	0	(54)	0	(659)	(42)	515	48,495	0	48,495
Community facilities	41,320	(3,171)	38,149	1,229	0	(324)	0	(2,783)	2,572	4,461	43,803	(499)	43,304
Work in progress	12,963	0	12,963	29,386	0	(23,479)	0	0	(566)	0	18,304	0	18,304
Total infrastructural assets	1,180,049	(5,907)	1,174,142	50,983	1,846	(24,517)	0	(25,282)	2,007	21,427	1,205,555	(6,794)	1,198,761
Council restricted assets													
Land	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total restricted assets	44,775	0	44,775	0	0	0	0	0	0	(18,771)	26,004	0	26,004
Total property, plant & equipment	1,669,084	(13,897)	1,656,187	54,908	1,846	(25,737)	0	(27,993)	(568)	(28,421)	1,641,406	(14,030)	1,627,376



VALUATION

* Note to table 12, page 57 - Includes work in progress (WIP) for intangible assets \$0.255m (\$0.367m 2012/13)

Land (Operational, Restricted and Infrastructural)

The most recent valuation of land and buildings was performed by an independent registered valuer at Quotable Value New Zealand (Darroch Ltd). This valuation was effective as at 30 June 2013. Plant Assets such as pool plant and the sewerage treatment assets at the Houhora camping ground were valued by AECOM as these were considered to be specialised in nature.

Land is valued at fair value using market-based evidence and the highest and best use scenario. Due consideration has been made for restrictions due to easements, covenants and any restrictions such as the Reserves Act.

An assumption has been made that all land valued is held by the Far North District Council in freehold ownership.

Buildings (operational and restricted)

All buildings have been valued on either a fair market or depreciated replacement cost basis depending on the type and use of the building.

Depreciated replacement cost is determined using a number of assumptions including:

- Replacement cost rates derived from construction contracts of like assets.
- It was considered that most current buildings in the property portfolio are fully utilised and optimisation is not necessary under a market-derived assessment.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the assets.
- Economic lives have been adopted taking into consideration the Far North District Councils replacement / maintenance plans.

The Councils residential buildings (Housing for the elderly) has been valued on a depreciated replacement cost method. This is due to the fact that there was a paucity of relevant recent sales evidence to derive an appropriate market value.

Infrastructural asset classes: sewerage, water, refuse, stormwater and roading:

Sewerage, water, stormwater and roading are valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. The sewerage and water valuations (excluding land) have an effective date as at 30 June 2014. The stormwater valuations and some of the smaller roading asset classes have an effective date as at 30 June 2013. The larger roading asset classes such as pavement, drainage and bridges have an effective date as at 30 June 2014. Refuse is valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. Refuse valuations have an effective date as at 30 June 2013.

Depreciated replacement cost is determined using a number of assumptions including:

- Assets are assumed to be replaced with the least cost alternative modern equivalent asset providing the same service potential.
- Residual values were assessed as zero for all assets.
- Depreciation was applied to depreciable assets on a straight-line basis over the assessed total economic life of the asset.
- Optimisation Issues due to functional and design obsolescence and surplus capacity have been considered but not allowed for as this was not considered necessary.

Library Collections:

Library Collections are valued at depreciated replacement cost and valuations are performed by the in-house systems librarian and the fixed asset accountant. These valuations have been peer reviewed by SPM Consultants. The last valuation was effective as at 31 December 2012.

Maritime assets:

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 30 June 2014. The following assumptions were used in determining the depreciated replacement cost:

- Replacement costs are derived from recent contract information, indexed cost increases, historical cost data and in-house advice from engineers.
- Remaining lives have been applied as per advice from Far North Holdings engineers as a result of a full data collection exercise carried out in February 2012 and an updated condition report in May 2014. In addition work has been carried out by asset managers within FNDC and this advice has also been incorporated into the valuation.

Heritage assets:

Heritage assets were valued at depreciated replacement cost in accordance with the 2002 treasury valuation guidance for cultural and heritage assets. Heritage valuations are performed by Opus International Consultants Ltd with the last valuation having an effective date of 31 March 2013.

Operational Assets:

Ferry assets were valued at depreciated replacement cost by emtech, engineering and marine consultants, effective as at 30 June 2014.

Rural Fire Appliances were valued by Turners Auctions as at 30 June 2011. These assets have subsequently been fully impaired as at 30 June 2014 as they are due to be transferred to the Northern Rural Fire Authority as at 1 September 2014.

Disposals

The majority of disposals were carried out during the year as part of the Council on-going renewal programmes. Other disposals include:

- The Hokianga i-Site as this has now been transferred to Far North Holdings Limited
- Awanui Sewerage Pump Stations and Treatment Plant as a result of the construction of a new low pressure sewer system
- Obsolete IT equipment as advised by the IT department following the desktop replacement program.

Work In Progress

The total amount of property, plant and equipment in the course of construction is \$6,098,396 (2013 \$18,391,000)



**TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT
- VALUED BY EACH VALUER**

	COUNCIL	
	2014 \$000s	2013 \$000s
Campbell Consulting Ltd	1,086,172	968,859
SPM Consulting (peer review)	0	2,675
Opus International Consultants Ltd	0	2,356
Telfer Young (Northland) Ltd	4,790	5,270
Emtech	2,500	0
Quotable Value	0	419,813

**TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT
- VALUED BY EACH VALUER**

	COUNCIL	
	2014 \$000s	2013 \$000s
Campbell Consulting Ltd	1,086,172	968,859
SPM Consulting (peer review)	0	2,675
Opus International Consultants Ltd	0	2,356
Telfer Young (Northland) Ltd	57,165	56,372
Emtech	2,500	0
Quotable Value	0	419,813

Category	Asset Class	Most recent estimate of replacement cost	Date of estimate
Roading & footpaths	Footpaths	13,253	30 June 2013
	Roading pavement, walls, drainage, bridges, traffic services.	923,479	30 June 2014
	Roading streetlights, quarries	4,771	30 June 2013
	Roading road marking	1,379	30 June 2012
Water – treatment plants & facilities		19,817	30 June 2014
Water – other		41,706	30 June 2014
Sewerage – treatment plants & facilities		33,765	30 June 2014
Sewerage – other		67,405	30 June 2014
Stormwater		48,257	30 June 2013

13. INTANGIBLE ASSETS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Computer software				
Balance at 1 July				
Cost	5,251	4,892	5,221	4,862
Accumulated amortisation and impairment	(3,469)	(2,951)	(3,439)	(2,921)
Year ended 30 June	1,782	1,941	1,782	1,941
Opening carrying amount	1,782	1,941	1,782	1,941
Additions	162	399	39	399
Amortisation charges	(591)	(558)	(585)	(558)
Balance at 30 June	1,353	1,782	1,236	1,782
Resource consents / easements				
Balance at 1 July				
Cost	4,254	1,682	4,254	1,682
Accumulated amortisation and impairment	(383)	(241)	(383)	(241)
Year ended 30 June	3,871	1,441	3,871	1,441
Opening carrying amount	3,871	1,441	3,871	1,441
Additions	131	2,601	131	2,601
Amortisation charges	(257)	(161)	(257)	(161)
Disposals / adjustments	0	(10)	0	(10)
Balance at 30 June	3,745	3,871	3,745	3,871
Coastal permits & licences	0	1,028	0	0
Goodwill				
Balance 1 July	201	0	0	0
Additions	0	201	0	0
Balance 30 June	201	201	0	0
Public access rights				
Balance at 1 July				
Cost	1,071	1,071	9,641	9,341
Accumulated amortisation and impairment	(372)	(122)	(372)	(122)
Year ended 30 June	699	0	9,269	0
Opening carrying amount	699	949	9,269	9,219
Additions	0	0	0	300
Amortisation charges	(76)	(250)	(253)	(250)
Disposals / adjustments	0	0	0	0
Balance at 30 June	623	699	9,016	9,269
Total intangible assets	5,922	7,581	13,997	14,922

Easements and resource consents are not cash generating in nature, instead they give Far North District Council the right to access private property where infrastructural assets are located and to carry out activities approved by permit.

For the year 2014, coastal permits and licences are no longer classified as intangible assets but are now included in the asset category to which the permit or licence applies.

Emissions Trading Scheme - Owners of pre-1990 forests may opt to join the Emissions Trading Scheme (ETS) and are allocated New Zealand Units (NZU's) based on the size of the forested area in tree tranches. Pre-1990 forests are forests that were established before 1 January 1990. NZU's cannot be earned for an increase in carbon stock (through forest growth) in a pre-1990 forest, but, provided that pre-1990 forests are re-established after harvesting (either by replanting or regeneration) there are no liabilities or obligations under ETS. However, land owners must surrender NZU's equivalent to the carbon emissions from any deforestation.

Far North District Council were allocated NZU's relating to 37.7 ha of forested land. These are deemed to have no value at this time.



14. DEPRECIATION & AMORTISATION EXPENSE BY ACTIVITY	COUNCIL	
	2014 \$000s	2013 \$000s
Directly attributable depreciation & amortisation by activity		
District facilities	4,360	4,030
Environmental management	52	48
Governance & strategy	4	8
Roading & footpaths	15,877	15,855
Sewerage treatment & disposal	3,776	3,522
Stormwater drainage	654	691
Waste management	455	549
Water supply	2,401	2,282
Total depreciation & amortisation attributable to activities	27,579	26,986

The figures shown in terms of depreciation and amortisation do not agree to the totals shown in notes 12 and 13 by \$1,126k as the depreciation on corporate activities is allocated directly to activities.

15. INTEREST EXPENSE BY ACTIVITY	COUNCIL	
	2014 \$000s	2013 \$000s
Directly attributable interest by activity		
District facilities	667	675
Environmental management	22	20
Governance & strategy	564	565
Roading & footpaths	700	673
Sewerage treatment & disposal	1,339	1,320
Stormwater drainage	246	263
Waste management	283	304
Water supply	626	633
Total interest attributable to activities	4,446	4,453

16. RECONCILIATION OF REVALUATION RESERVES	2014
	\$000s
Revaluation surplus reconciliation	
Reported in property, plant & equipment (note 12)	26,781
Reported in intangible assets (note 13)	0
Total reported revaluation reserves	26,781
Reported movement in revaluation reserves (note 24)	27,582
Difference in revaluation reserves reported	(801)
Reconciliation:	
Prior year adjustment	352
Loss on revaluation of roading bridges – directly to Statement of Comprehensive Income	(4,458)
Adjustment of revaluation reserves for disposal	3,305
Total reconciling items	(801)

17. FORESTRY ASSETS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Balance at 1 July	480	480	480	480
Gains/(losses) arising from changes in value less attributable point of sales costs	3	0	3	0
Balance at 30 June	483	480	483	480

Far North District Council owns 57.4 hectares of forest which are in varying stages of maturity ranging from 2 years to 28 years. No forests have been harvested during the period (2013 - nil). Independent registered valuers, Chandler Fraser Keating Ltd have valued the forestry assets as at 30 June 2014. A discount rate of 8% has been used in discounting the present value of expected cash flows.

Financial Risk Management Strategies

Far North District Council is exposed to financial risks arising from the changes in timber prices. Far North District Council is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken measures to manage the risks of a decline in timber prices.

18. INVESTMENT PROPERTY	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Balance at 1 July	36,084	32,263	0	0
WIP additions	381	108	0	0
WIP transfers	(146)	0	0	0
Additions	1,793	1,057	0	0
Disposals	0	(162)	0	0
Donated asset	400	0	0	0
Fair value gains/(losses) on valuation	175	2,818	0	0
Balance at 30 June	38,687	36,084	0	0

Far North Holdings Limited investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by T S Baker ANZIV, of the firm Telfer Young (Northland) Ltd, a valuer with extensive market knowledge in the types of investment properties owned by Far North Holdings Limited.

RENTAL INCOME	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Rental income	2,123	2,116	0	0
Expenses from investment property generating income	1,149	908	0	0
Expenses from investment property not generating income	19	26	0	0



19. INVESTMENT IN SUBSIDIARIES	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Far North Holdings Ltd	0	0	12,000	12,000
Total investment in subsidiaries	0	0	12,000	12,000

Council has a 100% investment in Far North Holdings Limited and its reporting date is 30 June.

The investment in Far North Holdings Limited comprises 7,000,000 ordinary shares and 5,000,000 convertible non participating redeemable shares. The holders of the convertible non participating shares have no rights to participate in the profits or assets of the Company other than by the discretion of the directors, to vote at any general meeting of the Company or to subscribe for or be offered or allotted any present or future issue of shares in the capital of the Company. The Company shall be entitled, at any time from 30 May 2002, to redeem all or any of the convertible non participating share at the available subscribed capital per share.

20. CREDITORS & OTHER PAYABLES	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Current portion				
Creditors	3,509	6,398	2,625	4,868
Related party payables	96	236	0	0
Accruals	8,299	10,033	8,396	10,033
Deposits	7,162	5,375	7,162	5,375
Income in advance	3,227	2,841	3,159	2,841
Total current portion	22,293	24,883	21,342	23,117
Non current portion				
Income in advance	1,110	1,163	0	0
Total non current portion	1,110	1,163	0	0

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.

21. PROVISIONS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Provision for weather-tight homes				
Current	0	0	0	0
Non current	2,010	875	2,010	875
Total provision weather-tight homes	2,010	875	2,010	875
Balance 1 July	875	910	875	910
Provision added	1,765	60	1,765	60
Provision unused	0	(5)	0	(5)
Provision utilised	(630)	(89)	(630)	(89)
Balance 30 June	2,010	875	2,010	875
Provision for building related claims				
Current	125	0	125	0
Non current	0	0	0	0
Total provision building related claims	125	0	125	0
Balance 1 July	0	0	0	0
Provision added	125	0	125	0
Provision unused	0	0	0	0
Provision utilised	0	0	0	0
Balance 30 June	125	0	125	0
Landfill aftercare liability				
Current provisions	46	46	46	46
Non current provisions	329	388	329	388
Total provisions	375	434	375	434
This is represented by:				
Ahipara				
Opening balance July 2012	219	229	229	229
Plus provision added	0	0	0	0
Less amount utilised	59	10	59	10
Closing balance June 2013	160	219	160	219
Kaikohe				
Opening balance July 2012	9	10	9	10
Less amount utilised	1	1	1	1
Closing balance June 2013	8	9	8	9
Russell				
Opening balance July 2012	186	186	186	186
Closing balance June 2013	186	186	186	186
Whangae				
Opening balance July 2012	22	23	22	23
Less amount utilised	0	1	0	1
Closing balance June 2013	22	22	22	22
Total landfill aftercare provisions	375	434	375	434
Total current provisions	46	46	46	46
Total non current provisions	2,464	1,263	2,464	1,263
Total provisions	2,510	1,309	2,510	1,309



Landfill Aftercare Provisions

Far North District Council gained resource consents to operate landfills at Ahipara, Russell, Whangae and Kaikohe. The Council has responsibility under the Resource Management Act (1991) to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

There are closure and post closure responsibilities such as the following:

- Final cover and vegetation;
- Drainage control features to minimise infiltration of stormwater;
- Completing facilities for leachate collection and treatment;
- Ongoing monitoring as per discharge consent conditions; and
- Completing facilities for monitoring of landfill gas and ensuring no hazard exists.

Post Closure Responsibilities

- Treatment and monitoring of leachate;
- Ground water and surface water monitoring;
- Gas monitoring and flaring if required;
- Implementation of remedial measures such as needed for settlement and cracking of capping layer;
- Ongoing site maintenance for drainage systems, final cover and vegetation; and
- Ensure closed landfill is suitable for intended future use.
- The management of the landfills will influence the timing of some liabilities – for example, the current landfill sites of Ahipara and Russell will operate in 2 stages. A liability relating to stage 2 will only be created when that stage is commissioned and when refuse begins to accumulate in this stage.

Capacity Of The Sites

The remaining cubic capacity of refuse, cleanfill and cover of Council's 2 current sites as at 30 June 2014 are:

Ahipara – 4,000 cubic meters

Russell – 14,000 cubic meters

The estimated remaining lives are:

Ahipara – 1 years

Kaikohe – nil

Russell – 22 years

Whangae – nil

Estimates of the remaining lives have been made by Council's engineers based upon historical volume information.

The cash flows for the landfill post closures are expected to occur for the years between 2013 and 2030. 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 8%.

The following major assumptions have been made in the calculation of the provision:

The cost of monitoring of surface / ground water; and No major remedial works being required at any of the sites.

Weather-tight homes provision

Far North District Council has made a provision of \$2,010,036 (2013 - \$875,037) in response to 7 (2013 – 7) weather-tight homes claims currently lodged with the Weather-tight Homes Resolution Service. These claims are not proved to be the responsibility of Council but as an outcome is awaited, it has been deemed prudent to make suitable provision should Council be required to settle the claims.

22. EMPLOYEE BENEFITS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Accrued pay	436	481	380	436
Annual leave entitlement	1,338	1,282	1,220	1,174
Other entitlements	173	187	173	187
Total employee benefits	1,947	1,950	1,773	1,798
Comprising				
Current	1,947	1,950	1,773	1,798
Non current	0	0	0	0
Total employee benefits	1,947	1,950	1,773	1,798

23. BORROWINGS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Current				
Bank overdraft	48	0	0	0
Secured loans	12,013	18,032	12,013	18,032
Finance lease liability	0	0	0	0
Total current borrowings	12,061	18,032	12,013	18,032
Non current				
Secured loans	70,788	82,130	59,548	71,590
Finance lease liability	0	0	0	0
Total non current borrowings	70,788	82,130	59,548	71,590

Council loans are secured over rating income. Far North Holdings Limited has loans of \$11,240,000 (2013 - \$10,350,000). Land and buildings to a value of \$23,855,000 (\$18,217,000 in 2013) have been given as security for the term loans. Far North District Council has an overdraft limit of \$3 million (2013 - \$3m) which is not secured.

Far North District Council has a short term loan facilities of \$30 million as at 30 June 2014 (2013- \$50 million).

Maturity periods

Payable no later than 1 year	12,061	18,032	12,013	18,032
Later than 1, not later than 2 years	16,249	22,565	5,008	12,025
Later than 2, not later than 5 years	38,039	43,065	38,039	43,065
Later than 5 years	16,500	16,500	16,500	16,500
	82,849	100,162	71,560	89,622

The carrying amount of borrowings approximates their fair value.

The weighted average effective interest rate on secured loans (current and non current) were:

Secured loans and debentures	5.74%	6.29%
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Council's borrowing management policy is based on ratios and is calculated as follows:

Ratio	Target	Achievement 2013/14
Net debt as % total revenue	Debt not greater than 175% of revenue	72%
Gross annual interest to total revenue	Less than 20%	5%
Current ratio (liquidity ratio)	Equal or greater than 110%	1.46:1



24. EQUITY	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Retained earnings				
As at 1 July	1,323,621	1,314,292	1,298,473	1,291,886
Transfer to retained reserves	24,277	22,386	23,985	21,737
Transfer from retained reserves	(22,087)	(21,807)	(22,087)	(21,807)
Surplus / (deficit) for the year	(1,388)	8,750	(2,285)	6,657
Balance as at 30 June	1,324,424	1,323,621	1,298,086	1,298,473
Restricted reserves				
As at 1 July	4,011	2,975	2,508	1,472
Transfer to restricted reserves	36,249	39,355	34,745	37,852
Transfer from restricted reserves	(34,861)	(38,319)	(33,358)	(36,816)
Balance as at 30 June	5,399	4,011	3,896	2,508
Restricted reserves consists of:				
Community – district	(931)	(835)	(931)	(835)
Drainage	101	87	101	87
Stormwater separate rate	1,347	957	1,347	957
Sewerage	1,198	217	1,198	217
Water	(2,744)	(2,910)	(2,744)	(2,910)
Special funds	3,993	4,062	3,993	4,062
Kerikeri main street reserve	341	322	341	322
Economic development	10	10	10	10
Paihia central business district development	3	40	3	40
Kaitaia BID	14	0	14	0
Tanekaha Lane Improvements	6	0	6	0
BOI-Whangaroa community reserve	105	105	105	105
Te Hiku community reserve	72	72	72	72
Kaikohe-Hokianga community reserve	57	57	57	57
Carpark funds	324	324	324	324
Subsidiary assets	1,503	1,503	0	0
Total restricted reserves	5,399	4,011	3,896	2,508
Other reserves consist of:				
Asset revaluation reserves				
As at 1 July	259,917	279,312	253,302	272,399
Revaluation gains / (losses)	27,622	(19,361)	27,582	(19,097)
Balance as at 30 June	287,698	259,917	280,884	253,302
Asset revaluation reserve consists of:				
Maritime	2,762	2,820	2,762	2,820
Pensioner housing	1,602	1,631	1,602	1,631
Heritage	366	366	366	366
Halls	2,215	2,251	2,215	2,251
Swimming pools	175	175	175	175

24. EQUITY	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Parks & reserves	4,682	4,740	4,682	4,740
Cemeteries	219	224	219	224
Public toilets	391	420	391	420
Carparks	648	651	648	651
Camping grounds	309	310	309	310
Footpaths	1,817	1,676	1,817	1,826
Library buildings	2,154	2,221	2,154	2,221
Library books	1,041	1,332	1,041	1,332
Drainage	12,551	12,551	12,551	12,551
Roading	206,889	183,068	206,889	183,068
Refuse	1,860	1,855	1,860	1,855
Water	19,709	15,762	19,709	15,762
Wastewater	21,494	21,099	21,494	21,099
Subsidiary assets	6,655	6,615	0	0
Total asset revaluation reserve	287,539	259,917	280,884	253,302
Fair value through equity reserve LGNZ shares revaluation movements				
As at 1 July	56	46	56	46
Fair value gains/(losses)	(5)	10	(5)	10
Total LGNZ shares valuation reserve	51	56	51	56
Cash flow hedge equity reserve				
As at 1 July	(14)	(731)	(14)	(731)
Fair value gains/(losses)	799	717	799	717
Balance 30 June	785	(14)	785	(14)
Capital reserve				
As at 1 July	0	0	2,697	2,697
Balance as at 30 June	0	0	2,697	2,697
Total other reserves	288,375	259,949	284,417	256,041

Restricted reserves consist of community services, amenity development and amenity funds, special funds and separate rates reserves and are restricted to use for specific purposes and are not available for general expenditure.

The capital reserve pertains to profit of \$1,630,000 on the sale of Council's shares in Far North Maritime Limited to Far North Holdings Limited, and a capital profit of \$1,067,000 on the sale of land and buildings to Far North Properties, a former subsidiary of Far North Holdings Limited.



25. CASH FLOW RECONCILIATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Reported surplus / (deficit)	(1,388)	4,156	(2,285)	7,087
Add non cash items				
Depreciation and amortisation	29,609	28,541	28,716	28,087
Vested assets	(1,464)	(2,652)	(1,064)	(2,652)
Change in deferred taxation	73	15	0	0
Loss on property, plant & equipment	2,762	1,133	2,762	1,133
Unrealised revaluation and devaluation	4,629	13,341	4,455	10,546
Impairment of capital assets	717	0	617	0
Add/(less) movements in other working capital items				
(Increase) / decrease in debtors & other receivables	5,121	(5,551)	5,013	(5,260)
(Increase) / decrease in inventories	(32)	3	(34)	(3)
Increase / (decrease) in provisions	1,199	(56)	1,199	(56)
Increase / (decrease) in employee benefits	(4)	174	(25)	135
Increase / (decrease) in trade & other payables	(2,590)	5,311	(1,775)	4,672
Increase / (decrease) in derivative financial instruments	10	0	10	0
Items classed as investing activities	714	359	1,066	(279)
Net operating cash flows	39,356	44,774	38,655	43,413

Reconciliation of reported operating surplus to net cash inflow / outflow from operating activities.

26. CAPITAL COMMITMENTS	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Capital commitments approved and contracted				
Roading	0	23	0	23
Sewerage	0	434	0	434
Water (Sweetwater land)	0	250	0	250
Governance and Strategy	0	678	0	678
Community facilities	23	0	23	0
Total capital commitments	23	1,385	23	1,385

There are no Rooding commitments attracting subsidy in 2013/14 (2013 - \$13k).

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

Council has operating lease agreements for the use of facsimile machines, property and photocopiers/printers.

	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Operating leases				
Lease payments made:	461	487	399	450
Lease payments due:				
Not later than 1 year	358	359	284	282
Later than 1 year and not later than 2 years	228	244	174	170
Later than 2 years and not later than 5 years	392	242	296	126
Later than 5 years	641	791	127	219
Total operating leases	1,619	1,636	881	797

There are no restrictions placed on the group by any of the leasing arrangements.

Operating Leases As Lessor

Far North Holdings Limited leases its investment property under operating leases. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Non-cancellable operating leases lessor				
Not later than 1 year	1,812	1,753	233	248
Later than 1 and not later than 5 years	2,957	4,979	709	777
Later than 5 years	1,886	2,618	1,608	1,764
Total non cancellable operating leases	6,655	9,350	2,550	2,790

27. CONTINGENCIES	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Building Act claims	30	0	30	0
Weather-tight home calls – Riskpool	150	0	150	0
Other legal proceedings	147	122	147	122
Roading legalisation claims	50	50	50	50
Total contingent liabilities	377	172	377	172

Litigation

There are 16 claims involving possible future costs totalling an estimated value of \$377,000 exist. These claims are contingent and have not been accrued in the financial statements. (Last year there were 11 possible claims at an estimated value of \$172,000).

The Council is subject to some claims in respect of repair costs for weather-tight homes. As at the date of this report, the Weather-tight Homes Resolution Service advises that it is actioning 3 claims in relation to Far North District Council. Council has recognized a provision for these of \$2,010,000 refer to Note 21. The number of buildings affected by those claims is unknown. Claims lodged prior to July 07 will be substantially covered by insurance and those from July 08 will be subject to an excess of \$50k per claim. From July 09 no further claims will be covered by Riskpool.

Guarantees

Far North District Council has guaranteed a bank loan for the Civic Centre Trust for \$1,632,246 (2013 \$1,709,603), Hohoura Big Game Sports & Fishing Club \$50,000 (2013 \$50,000) and the Kawakawa Bowling Club of \$40,000 (2013 \$40,000).



28. RELATED PARTY TRANSACTIONS

Key management personnel in relation to NZ IAS24 are deemed to be the Chief Executive, senior management team and Mayor, Councillors, Elected Members of Far North District Council and the Directors of Far North Holdings Limited.

Council

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates). Other details relating to expenditure incurred by Council are as follows:

	COUNCIL			
	2014	2013	2014	2013
	Expenditure \$000s	\$000s	Revenue \$000s	\$000s
Cllr Kitchen/Macauley – Northland District Health Board	295	295	0	0
Cllr Macauley – Kaikohe & District Historical & Mechanical Society	37	37	0	0
Cllr Macauley/Member Davis – Kawakawa Hundertwasser Centre	20	53	0	0
Cllr Macauley – Palmer Macauley Lawyers	14	14	0	0
Cllr Knight – Kaitaia Business Association	12	50	1	0
Cllr Knight/Cllr Macauley – The Turner Centre	78	3	0	0
Cllr McNally – The Rintoul Group	59	283	1	0
Cllr McNally – Twin Coast Valuations	0	2	0	0
Cllr Court – Top Energy Consumer Trust	668	337	0	0
Member Lugnet – Doubtless Bay Information Centre	10	10	0	0
Member Ward – Paihia Business Incorporated	13	4	0	0
Member Senior – Tiaho Trust	2	0	1	0
Member Clarke – Rawene Community Hall	4	0	0	0
Member Toorenburg – Hokianga Tourism Association	2	0	0	0
Cllr Macauley – Bay of Islands Arts Festival	15	0	0	0
Cllr Kitchen – NZ Fire Service	3	0	13	0
Member Davis – BOI Vintage Railway Trust	40	23	0	0

No other Councillors or senior management have entered into related party transactions with the group.

At reporting date, the sum of \$ 176k was owed to Top Energy, \$0.3k was owed to Paihia Business Association and \$0.7k was owed to The Centre.

KEY MANAGEMENT PERSONNEL COMPENSATION

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
	\$000s	\$000s	\$000s	\$000s
Council – salaries	1,698	1,674	1,698	1,674
Termination benefits	248	0	248	0
Subsidiary - salaries	408	381	0	0
Total salaries - key management personnel	2,354	2,055	1,946	1,674

Far North Holdings Limited is wholly owned by Far North District Council. In presenting the financial statements of the group the effect of transactions and balances between fellow subsidiaries have been eliminated.

TRANSACTIONS WITH SUBSIDIARIES	COUNCIL	
	2014 \$000s	2013 \$000s
Far North Holdings Ltd		
Services received from Council	366	247
Services provided to Council	934	988
Donated asset	400	0
Amounts receivable from the Council	67	186
Amounts payable to the Council	96	236
Te Ahu Charitable Trust		
Contribution to Te Ahu Charitable Trust.	0	300
Services provided by Te Ahu	31	0
Amounts payable to Council	3	51

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2013 \$nil).

Council has 3 CCOs – Far North Holdings Limited, Te Ahu Charitable Trust and Rolands Wood Trust. The values relating to the Rolands Wood Trust are deemed not material for the Far North District Council consolidation. The Rolands Wood Trust has a balance of \$116k (\$130k June 2013) shown as a deposit in Far North District Council accounts. This was specifically bequeathed to Council for the maintenance of an area of woodland for community use.

29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
The Chief Executive Officer of the Far North District Council, appointed under section 42(1) of the Local Government Act 2002 received a salary and benefits respectively of:				
CEO to December 2013				
Salary	431	291	431	291
Vehicle	7	11	7	11
Acting CEO from January 2014				
Salary	141	0	141	0
Total CEO costs	579	304	579	304



29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Elected representatives:				
Mayor Brown - salary	31	108	31	108
Mayor Brown - vehicle	4	11	4	11
Mayor Carter – salary	86	0	86	0
Mayor Carter - mileage	13	0	13	0
Other elected representatives				
Baker T – salary	12	41	12	41
Baker T – mileage & other expenses	1	2	1	2
Court A– salary	50	52	50	52
Court A– mileage & other expenses	5	5	5	5
Dalton T – salary	12	41	12	41
Dalton T – mileage & other expenses	0	1	0	1
Macauley S – salary	47	42	47	42
Macauley S – mileage & other expenses	1	1	1	1
Kitchen C – salary	41	41	41	41
Kitchen C – mileage & other expenses	3	1	3	1
Maxwell D – salary	47	42	47	42
Maxwell D – mileage & other expenses	5	2	5	2
McNally S – salary	12	41	12	41
McNally S – mileage & other expenses	0	2	0	2
Knight M – salary	12	41	12	41
Knight M – mileage & other expenses	2	5	2	5
Radich M – salary	41	41	41	41
Radich M – mileage & other expenses	5	4	5	4
Prime WJ – salary	28	0	28	0
Prime WJ – mileage & other expenses	1	0	1	0
McInnes T – salary	40	0	40	0
McInnes T – mileage & other expenses	3	0	3	0
Vujcich J – salary	35	0	35	0
Vujcich J – mileage & other expenses	2	0	2	0
Collard D – salary	28	0	28	0
Collard D – mileage & other expenses	4	0	4	0
Total elected representatives	568	524	568	524

29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Elected members				
Te Hiku Community Board				
Alvrez I – salary	7	0	7	0
Bowman D - salary	5	19	5	19
Bowman D – mileage & other expenses	1	3	1	3
Lugnet C - salary	3	10	3	10
Lugnet C – mileage & other expenses	1	2	1	2
Van Der Sluis W – salary	3	10	3	10
Van Der Sluis W– mileage & other expenses	0	1	0	1
Atkinson S – salary	18	14	18	14
Atkinson S – mileage & other expenses	4	2	4	2
Senior D - salary	10	10	10	10
Senior D – mileage & other expenses	2	2	2	2
Smith Y - salary	3	10	3	10
Smith Y – mileage & other expenses	1	2	1	2
Gardner K – salary	7	0	7	0
Gardner K – mileage & other expenses	2	0	2	0
Rae M – salary	4	0	4	0
Rae M – mileage & other expenses	1	0	1	0
Ward M – salary	7	0	7	0
Ward M – mileage & other expenses	1	0	1	0
Kaikohe-Hokianga Community Board				
Stephens W – salary	12	19	12	19
Stephens W – mileage & other expenses	2	4	2	4
Anderson M - salary	0	5	0	5
Anderson M – mileage & other expenses	0	1	0	1
Gundry W - salary	3	10	3	10
Pakai L – salary	3	10	3	10
Pakai L mileage & other expenses	0	1	0	1



29. REMUNERATION	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
Cherrington J – salary	3	10	3	10
Cherrington J – mileage & other expenses	0	2	0	2
Schollum J – salary	17	14	17	14
Schollum J – mileage & other expenses	3	2	3	2
Clarke G – salary	10	3	10	3
Clarke G – mileage & other expenses	2	1	2	1
Evans P – salary	7	0	7	0
Evans P – mileage & other expenses	1	0	1	0
Van Gaalen K – salary	7	0	7	0
Toorenborg L – salary	7	0	7	0
Toorenborg L – mileage & other expenses	2	0	2	0
Bay of Islands-Whangaroa Community Board				
Annison F – salary	13	19	13	19
Annison F – mileage & other expenses	1	1	1	1
Brown H - salary	3	10	3	10
Brown H – mileage & other expenses	1	1	1	1
Davis J - salary	3	10	3	10
Davis J – mileage & other expenses	0	1	0	1
Greening T – salary	17	10	17	10
Greening T – mileage & other expenses	3	2	3	2
Mills B – salary	10	10	10	10
Mills B – mileage & other expenses	2	3	2	3
Turner D - salary	10	10	10	10
Turner D – mileage & other expenses	2	2	2	2
Ward B - salary	12	14	12	14
Ward B – mileage & other expenses	2	1	2	1
Robinson M – salary	7	0	7	0
Waikaire M – salary	7	0	7	0
Waikaire M – mileage & other expenses	1	0	1	0
Total community board costs	253	261	253	261
Total remuneration costs	1,400	1,089	1,400	1,089

**COUNCIL
2013
\$000s**

Total annual remuneration by band of employee as at 30 June

< \$60,000	139
\$60,000 to \$79,999	65
\$80,000 to \$99,999	22
\$100,000 to \$119,999	12
\$120,000 to \$139,999	7
\$140,000 to \$280,000	4
Total employees	249

**COUNCIL
2014
\$000s**

Total annual remuneration by band of employee as at 30 June

< \$60,000	153
\$60,000 to \$79,999	60
\$80,000 to \$99,999	28
\$100,000 to \$119,999	9
\$120,000 to \$139,999	8
\$140,000 to \$320,000	3
Total employees	261

Total remuneration includes non-financial benefits provided to employees

At balance date, the Council employed 215 (2012/13 - 218) full time employees, with the balance of staff representing 22.355 (2012/13 - 22.7) full time equivalent employees. A full time employee is determined on the basis of a 40 hour week.

30. SEVERANCE PAYMENTS

There were three severance payments made in 2013/14, \$193,846, \$53,504 and \$16,577 (2012/13 - nil).

31. EVENTS AFTER BALANCE SHEET DATE

A weather event occurred in the Far North in early July 2014. This resulted in significant damage to the roading network and the creation of a Mayoral Relief Fund for those affected by flooding and power outages. Far North District Council subsidiaries did not have any events occurring after the balance sheet date that require disclosure in these financial statements (2013 - nil).



32. FINANCIAL INSTRUMENT RISK

	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
32a Financial instrument categories				
FINANCIAL ASSETS				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument assets	1,175	726	1,175	726
Total derivatives that are in a cash flow hedge relationship	1,175	726	1,175	726
Loans and receivables				
Cash and cash equivalents	418	4,117	181	3,738
Other financial assets				
Short term deposits	4,176	3,185	4,176	3,185
Debtors and other receivables (excluding prepayments)	32,912	38,422	32,380	37,728
Total loans and receivables	37,506	45,725	36,737	44,652
Fair value through equity				
LGNZ shares	96	101	96	101
LGFA borrower notes	160	160	160	160
Total fair value through equity	256	261	256	261
FINANCIAL LIABILITIES				
Derivatives that are cash flow hedge accounted				
Derivative financial instrument liabilities				
Current	63	53	63	53
Non-current	25	324	25	324
Total derivatives that are in a cash flow hedge relationship	88	377	88	377
Financial liabilities at amortised cost				
Creditors and other payables	17,426	24,883	15,865	23,117
Borrowings				
Bank overdraft	48	0	0	0
Secured loans	82,800	100,163	71,566	89,622
Total financial liabilities at amortised cost	100,274	125,046	87,431	112,739

32B FINANCIAL INSTRUMENT RISKS

Management Policies With Respect To Financial Instruments

The Group has a series of policies providing risk management for interest rates and the concentration of credit risk. The Group is risk averse and seeks to minimise exposure from its treasury activities. The Group has established a Treasury Policy specifying what transactions can be entered into. The policy does not allow any financial transactions that are speculative in nature to be entered into.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to equity price risk on investments, which are classified as financial assets held at fair value through equity. The price risk arises due to changes in performance of the shares held and is annually assessed.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return on investment. The interest rates on the Group's borrowings are disclosed in note 23. There are 9 interest rate swap agreement in place at 30 June 2014 (2013 - 12). Council manages its interest rate risk by varying financing terms of its public debt.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group has limited exposure to currency risk.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position. Council has minimal credit risk, apart from Maori land rates, which is provided for in the provision for Impairment of rates (Note 9), in its holdings of various financial instruments. These financial instruments include bank balances, local authority stock and accounts receivable.

Council invests funds only in deposits with registered banks and local authority stock and limits the amount of credit exposure to any one institution or organisation. Accordingly, Council does not require any collateral or security to support the financial instruments with organisations it deals with.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arms length transaction.

The fair value of financial instruments is approximately equivalent to the carrying amount disclosed in the Statement of Financial Position.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flow from a financial instrument will fluctuate because of changes in market interest rates. Council has variable rate borrowings in the form of bank facilities, drawable on demand.

Fair Value Interest Risk

Fair value interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Council holds all long term borrowings at fixed rates which could expose the Council to fair value interest rate risk.

	CONSOLIDATED		COUNCIL	
	2014	2013	2014	2013
Maximum exposure to credit risk	\$000s	\$000s	\$000s	\$000s
Cash at bank and term deposits	418	4,117	181	3,738
Debtors and other receivables	32,912	38,422	32,380	37,728
Other financial assets	4,176	3,185	4,176	3,185
LGNZ shares	96	101	96	101
LGFA borrower notes	160	160	160	160
Total credit risk	37,762	45,986	36,993	44,913



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 counter party default rates:

	CONSOLIDATED		COUNCIL	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	418	4,117	181	3,738
Total cash at bank and term deposits	418	4,117	181	3,738
Derivative financial assets				
Derivative financial instruments				
AA-	1,087	349	1,087	349
Total Derivative financial assets	1,087	349	10,87	349
Fair value through equity				
A+	256	261	256	261
Total fair value through equity	256	261	256	261

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors or other receivables with reference to credit ratings. Apart from Maori land, which is provided for in the provision for impairment of rates (Note 9), Council has no significant concentration of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly rate payers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, Council maintains a loan profile, in accordance with its funding and financial policies, which includes a Treasury Management Policy. Council has a maximum amount that can be drawn against its overdraft facility of \$3,000,000 (2013- \$3,000,000). There are no restrictions on the use of this facility.

Contractual Maturity Analysis Of Financial Liabilities

The table below analyses Council's financial liabilities into relevant maturity groups, based on the remaining period at the balance date, up to the contractual maturity date. Future interest payments are based on the rate attributable to that debt. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	More than 5 years \$000s
Council 2014						
Creditors and other payables	15,865	15,865	15,865	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	785	785	0	0	785	0
Secured loans	71,566	83,353	12,309	5,389	43,886	21,769
Finance leases	0	0	0	0	0	0
Total	88,216	100,003	28,174	5,389	44,671	21,769
Group 2014						
Creditors and other payables	17,426	17,426	17,426	0	0	0
Bank overdraft	48	48	48	0	0	0
Net settled derivative liabilities	785	785	0	0	785	0
Secured loans	82,800	94,599	12,313	16,629	43,888	21,769
Finance leases	0	0	0	0	0	0
Total	101,059	112,858	29,787	16,629	44,673	21,769
Council 2013						
Creditors and other payables	23,117	23,117	23,117	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	(14)	(14)	0	0	(14)	0
Secured loans	89,622	106,970	8,330	13,189	62,817	22,634
Finance leases	0	0	0	0	0	0
Total	112,725	130,073	31,447	13,189	62,803	22,634
Group 2013						
Creditors and other payables	24,883	24,883	24,883	0	0	0
Bank overdraft	0	0	0	0	0	0
Net settled derivative liabilities	(14)	(14)	0	0	(14)	0
Secured loans	100,162	117,510	8,330	23,729	62,817	22,634
Finance leases	0	0	0	0	0	0
Total	125,031	142,379	33,213	23,729	62,803	22,634

Sensitivity Analysis

The table below illustrates the potential profit and loss impact for reasonably possible market movements, with all other variables held constant based on Council's financial instrument exposures at the balance date.



INTEREST RATE RISK	2014	2014	2013	2013
	\$000s	\$000s	\$000s	\$000s
COUNCIL	Profit – 100 bps	Profit + 100 bps	Profit – 100 bps	Profit + 100 bps
Financial assets				
Cash and cash equivalents	6	(6)	2	(2)
Derivative financial assets				
Derivative financial instruments	(1,413)	1,337	(2,363)	2,219
Financial liabilities				
Borrowings				
Credit lines	(51)	51	(51)	51
Total sensitivity to interest rate risk	(1,458)	1,382	(2,412)	2,268

Explanation Of Sensitivity Analysis

1. Cash and cash equivalents

Cash and cash equivalents are \$181,000 (2013 \$3,738,000) which are at a floating rate. A movement of plus or minus 1% has an effect on interest income of \$5,706 (2013 \$2,175)

2. Credit lines

The balance on the credit lines was nil at 30 June (2013 \$10,000,000) at a floating rate. A movement in interest rates of plus or minus 1% has an effect on interest payable of \$51,094 (2013 \$50,659)

Far North Holdings does not have any significant interest rate risk.

33. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, liabilities, investments and general financial dealings.

Far North District Council has created reserves for different areas of benefit. These are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to specific reserves.

34. PROPERTY AVAILABLE FOR SALE

Far North District Council has 4 (2013 – 4) parcels of land that will be transferred under an Office of Treaty Settlement agreement at a value of \$610,000. There are an additional 5 (2013 – 3) parcels that have been declared surplus to requirement and marketed for sale and have a market value of \$604,000. Directors of Far North Holdings Limited have initiated a plan to sell 1 property with a total value of \$400,000 (2013 – 1 property \$500,000).

35. DERIVATIVE FINANCIAL INSTRUMENTS	COUNCIL	
	2014 \$000s	2013 \$000s
Non-current asset – cash flow hedge	1,175	726
Current liability – cash flow hedge	(63)	(53)
Non-current liability - cash flow hedge	(25)	(324)
Total derivative financial instrument liabilities	1,087	349

Fair Value

The fair value of the interest rate swap has been determined using discounted cash flow valuation based on quoted market rates. Derivative financial assets and liabilities are valued using valuation techniques using observable inputs, being level two per the fair value hierarchy.

Interest Rate Swap

The notional principal amount of the outstanding interest rate swap contracts with Council was \$45,000,000 (June 2013 \$60,000,000). At June 30 the fixed interest rates of the cash flow hedges ranged from 2.89% to 7.1% with maturity dates ranging from February 2015 to March 2022 (2013 – 2.89% to 7.1%) There was a loss of \$61k recognised in the Statement of Comprehensive Income (2013 gain \$362k).

36. VARIANCES TO ANNUAL PLAN	COUNCIL
	2014 \$000s
Statement of Comprehensive Income	
Annual Plan surplus	6,215
Annual Report surplus	(2,285)
Net operating surplus variance	(8,500)
Variance represented by:	
Variance area	
Rates	8,297
Other	(239)
Total income variance	8,058
District facilities (*)	(2,411)
Environmental management (*)	(3,116)
Governance & strategy (*)	(1,596)
Roading & footpaths (*)	(9,066)
Sewerage treatment & disposal	(345)
Stormwater drainage	550
Waste management	88
Water supply	(661)
Total expenditure variance	(16,557)
Net operating surplus variance	(8,500)

(*) See individual Statement of Service Performance for explanation of each group's variance to Annual Plan.

The variance in rate income of \$8.297m is significantly due to increased penalty rate income that is not budgeted for of \$5.625m. The remaining variance is due to a change in policy concerning Separately Used and Inhabitable Parts (SUIP's) and a budget error concerning water by meter charges, which are now disclosed as fees and charges income.

Council's asset revaluation reserves have increased by \$28 million during the year.



37. FUNDING IMPACT STATEMENT

Whole of Council	Annual plan 2012/13 \$000s	Actual 2012/13 \$000s	Annual plan 2013/14 \$000s	Actual 2013/14 \$000s
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	45,817	53,451	45,242	51,172
Targeted rates (excluding water supply rates)	22,801	21,339	26,633	27,224
Subsidies and grants for operating purposes	5,621	6,051	5,720	6,278
Fees, charges and targeted water supply rates	15,492	13,063	14,049	13,592
Interest and dividends from investments	399	939	295	821
Local authority fuel tax, fines, infringement fees and other receipts	954	1,214	1,014	1,947
Total operating funding (A)	91,084	96,057	92,952	101,033
Applications of operating funding				
Payments to staff and suppliers	61,152	62,707	61,746	72,279
Finance costs	7,120	5,171	6,579	5,109
Internal charges and overheads applied	0	13	0	0
Total applications of operating funding (B)	68,272	67,891	68,324	77,389
Surplus/(deficit of operating funding (A-B))	22,811	28,166	24,628	23,644
Sources of capital funding				
Subsidies and grants for capital expenditure	16,075	14,256	10,257	8,905
Development and financial contributions	484	1,780	487	743
Increase (decrease) in debt	10,762	(11,094)	9,001	(18,061)
Total sources of capital funding (C)	27,321	4,942	19,745	(8,413)
Applications of capital funding				
Capital expenditure to meet:				
-Additional demand	902	413	1,585	660
-Improved levels of service	26,482	16,237	19,693	5,808
-Replacement of existing assets	24,038	14,401	21,595	16,695
Increase (decrease) in reserves	(1,290)	2,057	1,499	(7,933)
Total applications of capital funding (D)	50,132	33,108	44,373	15,230
Surplus/(deficit) of capital funding (C-D)	(22,811)	(28,166)	(24,628)	(23,644)
Funding balance ((A-B) + (C-D))	0	0	0	0

37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
District facilities			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	9,652	9,937	11,229
Targeted rates (excluding water supply rates)	8,334	8,732	8,621
Subsidies and grants for operating purposes	110	115	110
Fees, charges and targeted water supply rates	2,108	2,176	1,933
Internal charges and overheads recovered	13	13	663
Local authority fuel tax, fines, infringement fees and other receipts	157	162	186
Total operating funding (A)	20,374	21,135	22,742
Applications of operating funding			
Payments to staff and suppliers	11,593	11,869	13,295
Finance costs	1,200	1,243	673
Internal charges and overheads applied	4,177	4,246	3,525
Total applications of operating funding (B)	16,970	17,358	17,493
Surplus/(deficit of operating funding (A-B))	3,404	3,777	5,249
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	45
Development and financial contributions	113	113	339
Increase (decrease) in debt	714	893	(668)
Total sources of capital funding (C)	827	1,006	(302)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	170	422	138
- Improved levels of service	825	813	1,445
- Replacement of existing assets	5,954	6,086	1,431
Increase (decrease) in reserves	(2,718)	(2,538)	1,933
Total applications of capital funding (D)	4,232	4,783	4,947
Surplus/(deficit) of capital funding (C-D)	(3,404)	(3,777)	(5,249)
Funding balance ((A-B) + (C-D))	0	0	0



37. FUNDING IMPACT STATEMENT

	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Environmental management			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	7,211	7,195	7,273
Targeted rates (excluding water supply rates)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	3,160	3,261	3,392
Internal charges and overheads recovered	4	4	163
Local authority fuel tax, fines, infringement fees and other receipts	92	95	81
Total operating funding (A)	10,467	10,556	10,908
Applications of operating funding			
Payments to staff and suppliers	7,774	7,874	10,513
Finance costs	177	176	22
Internal charges and overheads applied	2,352	2,347	2,252
Total applications of operating funding (B)	10,303	10,397	12,788
Surplus/(deficit of operating funding (A-B))	164	159	(1,879)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(23)	(23)	(23)
Total sources of capital funding (C)	(23)	(23)	(23)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	10	0	3
- Replacement of existing assets	0	0	0
Increase (decrease) in reserves	131	136	(1,859)
Total applications of capital funding (D)	141	136	(1,856)
Surplus/(deficit) of capital funding (C-D)	(164)	(159)	1,879
Funding balance ((A-B) + (C-D))	0	0	0

37. FUNDING IMPACT STATEMENT

	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Governance and strategy			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	10,087	10,309	12,146
Targeted rates (excluding water supply rates)	0	0	0
Subsidies and grants for operating purposes	32	25	5
Fees, charges and targeted water supply rates	528	544	640
Internal charges and overheads recovered	13	102	123
Local authority fuel tax, fines, infringement fees and other receipts	280	289	664
Total operating funding (A)	10,940	11,269	13,578
Applications of operating funding			
Payments to staff and suppliers	15,822	16,187	17,948
Finance costs	1,435	1,438	1,228
Internal charges and overheads applied	(10,072)	(10,222)	(8,681)
Total applications of operating funding (B)	7,185	7,403	10,495
Surplus/(deficit of operating funding (A-B))	3,755	3,866	3,083
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	2
Development and financial contributions	371	379	0
Increase (decrease) in debt	54	(35)	(12,990)
Total sources of capital funding (C)	425	345	(12,988)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	585	439	90
- Replacement of existing assets	1,285	258	988
Increase (decrease) in reserves	2,310	3,514	(10,981)
Increase (decrease) in investments	0	0	(2)
Total applications of capital funding (D)	4,180	4,210	(9,905)
Surplus/(deficit) of capital funding (C-D)	(3,755)	(3,866)	(3,083)
Funding balance ((A-B) + (C-D))	0	0	0



37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
Roads and footpaths			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	11,558	11,517	10,992
Targeted rates (excluding water supply rates)	4,026	4,084	5,227
Subsidies and grants for operating purposes	5,479	6,144	6,163
Fees, charges and targeted water supply rates	792	818	652
Internal charges and overheads recovered	27	28	109
Local authority fuel tax, fines, infringement fees and other receipts	597	616	580
Total operating funding (A)	22,479	23,206	23,723
Applications of operating funding			
Payments to staff and suppliers	14,667	14,862	16,048
Finance costs	961	1,101	700
Internal charges and overheads applied	(199)	(208)	663
Total applications of operating funding (B)	15,428	15,754	17,410
Surplus/(deficit of operating funding (A-B))	7,050	7,452	6,312
Sources of capital funding			
Subsidies and grants for capital expenditure	9,904	7,541	8,675
Development and financial contributions	0	0	245
Increase (decrease) in debt	2,332	776	(816)
Total sources of capital funding (C)	12,237	8,317	8,104
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	732	1,139	522
- Improved levels of service	6,195	3,510	3,119
- Replacement of existing assets	12,274	10,128	12,355
Increase (decrease) in reserves	86	992	(1,580)
Total applications of capital funding (D)	19,287	15,769	14,416
Surplus/(deficit) of capital funding (C-D)	(7,050)	(7,452)	(6,312)
Funding balance ((A-B) + (C-D))	0	0	0

37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
Sewerage treatment and disposal			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	762	776	1,639
Targeted rates (excluding water supply rates)	9,925	10,896	10,792
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	231	334	155
Internal charges and overheads recovered	4	4	10
Local authority fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	10,923	12,010	12,597
Applications of operating funding			
Payments to staff and suppliers	4,234	4,454	5,387
Finance costs	1,711	2,101	1,339
Internal charges and overheads applied	981	1,006	789
Total applications of operating funding (B)	6,926	7,561	7,515
Surplus/(deficit of operating funding (A-B))	3,996	4,448	5,081
Sources of capital funding			
Subsidies and grants for capital expenditure	5,757	4,301	93
Development and financial contributions	0	0	122
Increase (decrease) in debt	7,028	7,711	(2,078)
Total sources of capital funding (C)	12,785	12,012	(1,863)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	15,750	15,758	432
- Replacement of existing assets	2,021	258	781
Increase (decrease) in reserves	(990)	444	2,005
Total applications of capital funding (D)	16,782	16,460	3,218
Surplus/(deficit) of capital funding (C-D)	(3,996)	(4,448)	(5,081)
Funding balance ((A-B) + (C-D))	0	0	0



37. FUNDING IMPACT STATEMENT

	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Stormwater Drainage			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	2,125	2,225	2,393
Targeted rates (excluding water supply rates)	517	520	629
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	0	0	0
Internal charges and overheads recovered	0	0	4
Local authority fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,642	2,745	3,026
Applications of operating funding			
Payments to staff and suppliers	899	927	521
Finance costs	339	356	246
Internal charges and overheads applied	298	303	297
Total applications of operating funding (B)	1,535	1,585	1,064
Surplus/(deficit of operating funding (A-B))	1,107	1,159	1,962
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	6
Increase (decrease) in debt	286	251	(330)
Total sources of capital funding (C)	286	251	(323)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	1,095	980	172
- Replacement of existing assets	300	310	19
Increase (decrease) in reserves	(2)	120	1,448
Total applications of capital funding (D)	1,393	1,410	1,639
Surplus/(deficit) of capital funding (C-D)	(1,107)	(1,159)	(1,962)
Funding balance ((A-B) + (C-D))	0	0	0

37. FUNDING IMPACT STATEMENT

	I TP 2012/13 \$000s	L TP 2013/14 \$000s	Actual 2013/14 \$000s
Waste management			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	4,216	4,273	4,577
Targeted rates (excluding water supply rates)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	916	946	793
Internal charges and overheads recovered	0	0	4
Local authority fuel tax, fines, infringement fees and other receipts	166	166	180
Total operating funding (A)	5,297	5,385	5,554
Applications of operating funding			
Payments to staff and suppliers	3,829	3,901	3,996
Finance costs	394	380	283
Internal charges and overheads applied	491	503	363
Total applications of operating funding (B)	4,714	4,783	4,641
Surplus/(deficit of operating funding (A-B))	583	602	912
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(227)	(367)	(358)
Total sources of capital funding (C)	(227)	(367)	(358)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	215	36	48
- Replacement of existing assets	217	245	70
Increase (decrease) in reserves	(76)	(46)	437
Total applications of capital funding (D)	356	235	555
Surplus/(deficit) of capital funding (C-D)	(583)	(602)	(912)
Funding balance ((A-B) + (C-D))	0	0	0



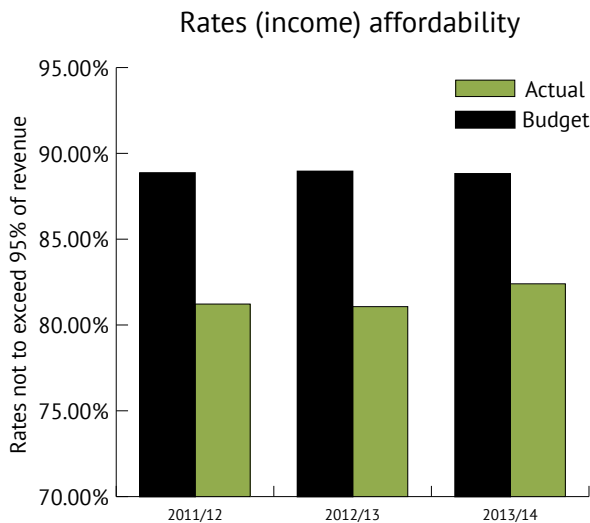
37. FUNDING IMPACT STATEMENT

	LTP 2012/13 \$000s	LTP 2013/14 \$000s	Actual 2013/14 \$000s
Water supply			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	206	212	924
Targeted rates (excluding water supply rates)	0	0	1,955
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted water supply rates	7,756	9,068	6,026
Internal charges and overheads recovered	0	0	0
Local authority fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	7,962	9,280	8,905
Applications of operating funding			
Payments to staff and suppliers	3,470	4,505	4,571
Finance costs	903	937	626
Internal charges and overheads applied	837	855	792
Total applications of operating funding (B)	5,211	6,298	5,989
Surplus/(deficit of operating funding (A-B))	2,751	2,982	2,916
Sources of capital funding			
Subsidies and grants for capital expenditure	413	184	90
Development and financial contributions	0	0	30
Increase (decrease) in debt	597	137	(776)
Total sources of capital funding (C)	1,010	321	(656)
Applications of capital funding			
Capital expenditure to meet:			
- Additional demand	0	0	0
- Improved levels of service	1,808	1,290	499
- Replacement of existing assets	1,985	2,408	1,051
Increase (decrease) in reserves	(32)	(394)	710
Total applications of capital funding (D)	3,761	3,304	2,260
Surplus/(deficit) of capital funding (C-D)	(2,751)	(2,982)	(2,916)
Funding balance ((A-B) + (C-D))	0	0	0

BENCHMARKS

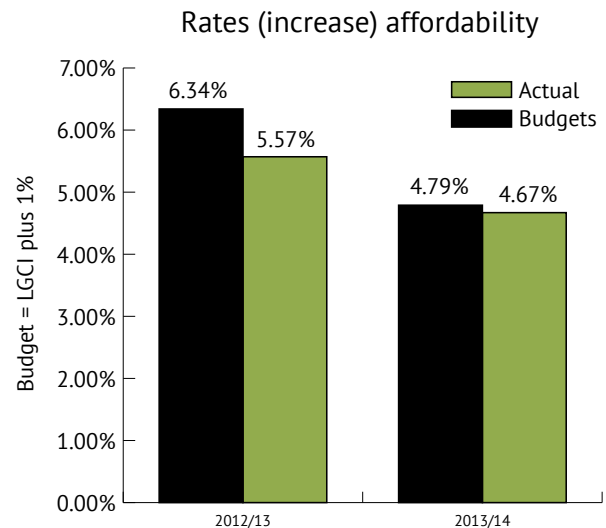
Rates (income) affordability

The following graph compares the council's actual rates income with the quantified limit on rates contained in the financial strategy included in the council's long term plan 2012/22. The quantified limit is that rates income will not exceed 95% of total revenue (excluding subsidies and contributions) in any year. The graph shows the budgeted rates proportion of revenue measured against the actual proportion achieved. Council has achieved this benchmark.



Rates (increases) affordability

The following graph compares the council's actual rate increases with the quantified limit on rates increases included in the financial strategy included in the council's long term plan 2012/22. The quantified limit is that total rates income will not increase by more than LGCI (Local Government Cost Index) plus 1% in any year. The graph shows the actual rate increase percentages measured against the predicted rates increases. Council has achieved this benchmark.

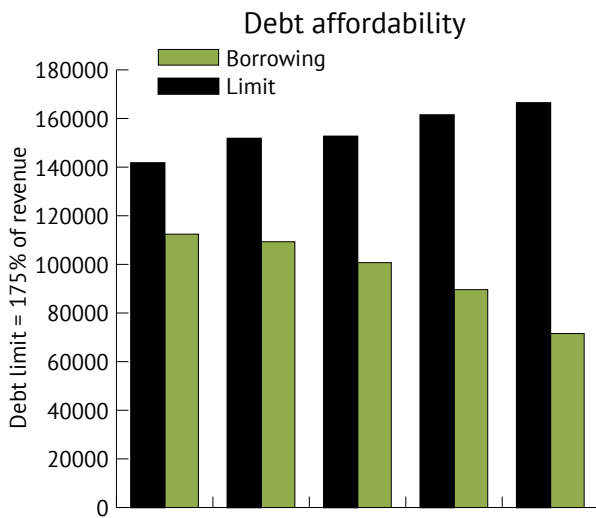




Debt affordability

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

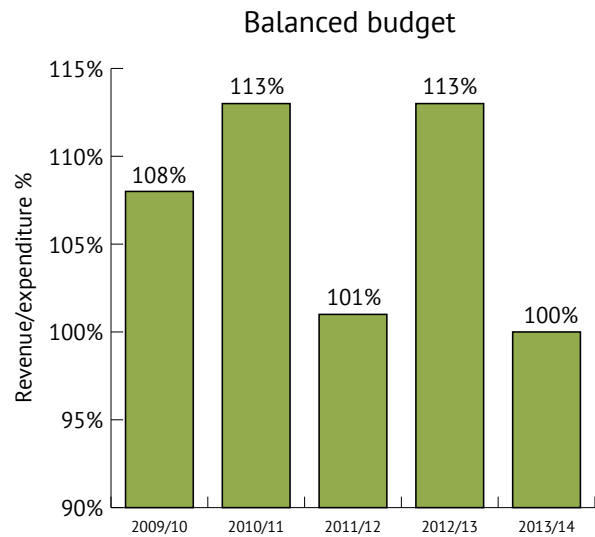
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan 2012/22. The quantified limit is that borrowing is not to exceed 175% of revenue (excluding subsidies and contributions) in any year. The following graph shows the maximum borrowing permitted under the limit and the actual borrowing achieved. The graph is measured in \$000's Council has achieved this benchmark.



Balanced budget

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

Council meets this benchmark if it's revenue equals or is greater than it's operating expenses. Council has achieved this benchmark.

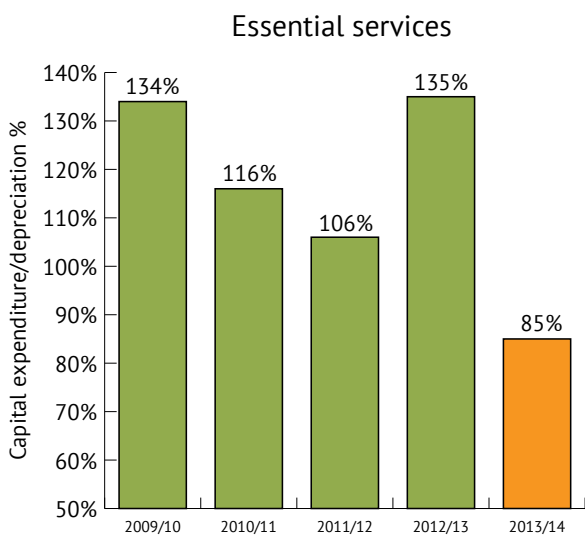


Essential services

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. Network services are defined as:

- Water supply
- Sewerage and treatment and disposal of sewage,
- Stormwater drainage
- The provision of roads and footpaths

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Council has achieved this benchmark in all years except 2013/14. The 2013/14 result is due to non-completion of the capital programme for the year. This was a result of a lack of resources both within Council and the wider supplier community.

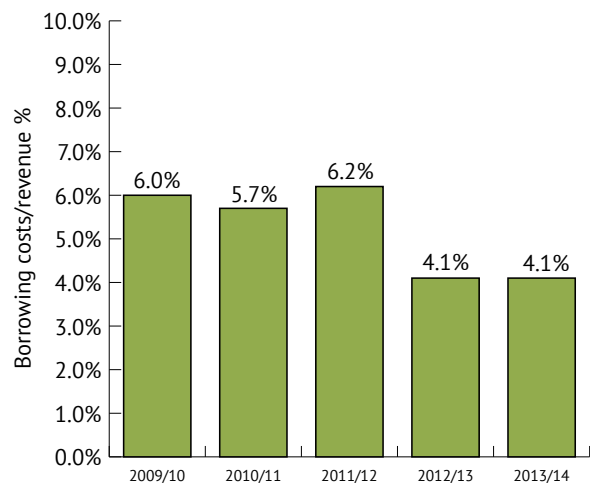


Debt servicing

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant & equipment)

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or less than 10% of its revenue. Council has achieved this benchmark.

Debt servicing



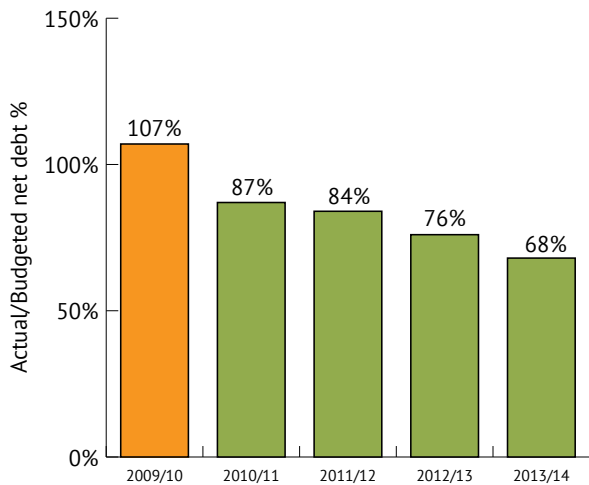


Debt control

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables)

Council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. In the year that this benchmark was not met, the current portion of external borrowings exceeded that anticipated at the planning stage.

Debt control

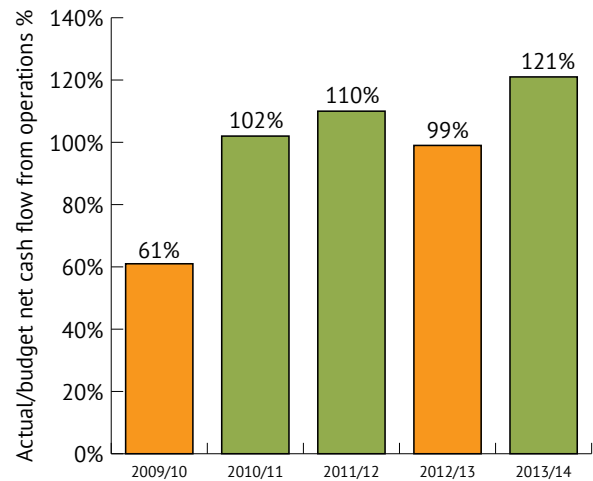


Operations control

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

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. In the years that council failed to meet this benchmark, actual income (other than rates) was lower than predicted. In 2009/10 this was predominantly focused on the waste management and roading areas (reduced subsidies)

Operations control



RESERVES REPORT

The LGA, Schedule 10, requires the Annual Report to include information on each reserve fund set aside by Council. The Annual Report must identify the purpose of the fund, the activity it relates to and the amount expected to be in the fund as well as indicating the amounts that were allocated to and from the reserves during the year. The following tables identify the reserves Council maintains.

Reserve balance purposes

Other reserves:

Revaluation reserves

These reserves represent the movement in the valuation of Council's assets.

Fair value through equity reserve, capital reserve, cash flow hedge reserve.

These reserves are all balance sheet reserves used for accounting purposes only.

Restricted Reserves:

Community services fund

Funds are generated by way of targeted rates and are intended for the use of maintenance of community infrastructure such as parks and reserves, public toilets, cemeteries, swimming pools, footpaths, halls etc., and the maintenance of central town areas such as street cleaning and rubbish collection. Funds were maintained at ward level but as the rating policy has changed over time, funds are now maintained as a district wide reserve

General separate funds (drainage, stormwater separate rate, water, wastewater)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

Special funds

Funds received under the RMA that are ring fenced for specific works relating to the aspect of the RMA under which they were contributed.

General separate funds (Kerikeri mainstreet, economic dev't, CBD reserves, car park funds)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

General separate funds (Community footpath reserves)

These are restricted reserves that are restricted for specific purposes and are not available for general expenditure.

Retained earnings

General funds retained by Council arising from the accumulation of prior year's surpluses or deficits from general rate funded operations.

Development contributions

Contributions received in line with Council's Development Contributions Policy. As the policy has changed over time, funds are required to be kept at both district wide and ward levels to provide an account of the contributions received under each policy and their use.

Open spaces development contributions

Contributions received in line with Council's Development Contributions Policy. As the policy has changed over time, funds are required to be kept at both district wide and ward levels to provide an account of the contributions received under each policy and their use.

Depreciation reserves

Council is required to fund depreciation on assets that it is intending to renew at a future date. The depreciation charges generated are held by asset/activity area so that funds are available for future replacement.

Emergency event reserve

Specific funds earmarked for the recovery requirements of future weather related events.

Property disposal reserve

Net sale proceeds arising from surplus property for use to fund future strategic needs within communities. The funds are held at activity and ward levels. The funding decisions are made by Council either at the time of sale or at a future date.

Mineral Survey Reserve

Reserve to investigate the mineral potential of the Northland Region.

NOTE: Where a reserve balance is shown in brackets it means the reserve is overdrawn.



RESERVES				
	Opening Balance 2013/14 \$000s	Additions 2013/14 \$000s	Withdrawals 2013/14 \$000s	Closing Balance 2013/14 \$000s
Other reserves				
Revaluation reserves	253,302	41,985	(14,403)	280,884
LGNZ Share valuation reserve	56	0	(5)	51
Cash flow hedge reserve	(14)	799	0	785
Capital reserve	2,697	0	0	2,697
Total other reserves	256,041	42,784	(14,408)	284,417
Restricted reserves				
Community services reserves	(835)	12,193	(12,289)	(931)
General separate funds (drainage, stormwater, water, wastewater)	(1,649)	22,213	(20,661)	(97)
Special funds	4,062	169	(238)	3,993
General separate funds (Kerikeri mainstreet, economic development, CBD rates, car parks)	696	171	(170)	697
General separate funds (footpaths)	234	0	0	234
Total restricted reserves	2,508	34,746	(33,358)	3,896
Retained Earnings				
Retained earnings	1,277,148	0	(2,837)	1,274,311
Development contributions	(17,664)	543	(929)	(18,051)
Open spaces development contributions	(4,142)	182	(75)	(4,036)
Depreciation reserves	42,140	28,705	(26,114)	44,731
Emergency event reserve	587	1,580	(1,332)	835
Property disposal reserve	395	0	(149)	246
Mineral survey reserve	50	0	0	50
Total retained earnings	1,298,514	31,010	(31,436)	1,298,086

INSURANCE ON ASSETS

Water, wastewater and drainage assets

These assets have a total asset value for insurance purposes of \$73,078,353. The net book value of these assets at 30 June 2014 was \$47,264,950. The insurance cover in this group relates to over ground assets. Council's underground assets are not insured. Council has undertaken a risk assessment for insurance purposes and this has shown that these assets are not at significant risk from earthquake. No provision to self insure these assets has been made.

Roading and footpath assets

The vehicle ferry, Kohu Ra and the 100% NZTA subsidy funded footbridge in Kerikeri are specifically insured with an asset value of \$8,088,719. The net book value of these assets is \$3,589,227. The remaining \$951,085,773 of assets within this group are considered to be uninsured. No provision has been made to self insure these assets as they are deemed to be subject to NZTA subsidy support of at least 55%

Waste management assets

These assets have a total asset value for insurance purposes of \$3,205,724. The net book value of these assets at 30 June 2014 was \$1,980,706. The remaining assets valued at \$1,799,294 are considered to be uninsured. No provision is made to self insure these assets.

Heritage assets

These assets have a total value for insurance purposes of \$4,585,138. The net book value of these assets was \$2,142,948 at 30 June 2014. There are no uninsured assets in this group.

Community assets

These assets have a total asset value for insurance purposes of \$84,689,588. The net book value of these assets at 30 June 2014 was \$22,418,736. The remaining assets valued at \$16,233,316 are considered to be uninsured. No provision is made to self insure these assets. Of the insured assets, the largest values are held within Community Centres and Housing for the Elderly with an insurance value of \$58,536,140 and a net book value of \$10,365,347.

Leasehold improvements, plant & equipment and vehicle assets

These assets have a total asset value for insurance purposes of \$12,335,840. The net book value of these assets at 30 June 2014 was \$6,693,345. The remaining assets valued at \$8,929,655 are considered to be uninsured. No provision is made to self insure these assets.

Council's excess for material damage insurance claims resulting from flood or storm is \$250,000 per claim. This reflects the opinion that the Far North is at risk from weather type events including possible Tsunami. Council rates to cover 1 claim per annum arising from weather events and in years where significant claims are not made, this funding is used to support any additional funding requirements on Roading arising from weather related emergency works.

The following table is not subject to Audit review and is not included in the Audit Opinion on pages 21 to 24.

CAPITAL STATEMENT	CONSOLIDATED		COUNCIL		
	Actual	Actual	Actual	Budget	Actual
	2014	2013	2014	2014	2013
	\$000s	\$000s	\$000s	\$000s	\$000s
Capital Statement					
Net Operating surplus	(1,385)	8,670	(2,285)	6,215	6,657
Depreciation funding	26,115	19,073	26,115	29,273	19,073
Loans	3,192	5,669	3,192	13,674	5,669
Development funding	1,005	899	1,005	1,446	899
Reserve funding	534	81	534	415	81
Reserve appropriations	(2,451)	(2,163)	(2,451)	(6,208)	(2,163)
Retained profit funding	26	32	26	2,731	32
Other funding	0	0	0	0	0
Total Funding	27,033	32,261	26,136	47,546	30,247
New work	7,685	17,608	7,294	20,908	17,608
Renewal works	15,732	15,099	15,870	21,965	15,099
Total Capital Works	23,417	32,707	23,164	42,873	32,707
Loan repayments	8,061	7,094	8,061	4,673	7,094
Total Debt	8,061	7,094	8,061	4,673	7,094
Total Capital Expenditure	31,478	39,801	31,226	27,546	39,801
NET SURPLUS/(DEFICIT)	(4,445)	(7,540)	(5,090)	0	(9,554)