



Far North  
District Council

*Te Kaunihera o Tai Tokerau ki te Raki*

**TE RĪPOATA  
WHAKARAPOPOTO  
A TAU**

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**ANNUAL REPORT  
SUMMARY**

**2018/19**

# Te rīpoata whakarapopoto a tau | Annual report summary 2018/19

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As noted in its report, Audit New Zealand has reviewed this summary for consistency with the full Annual Report and has confirmed that it fairly and consistently represents the major matters dealt with in the full report for the year ended 30 June 2019.

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Cover photograph: New playground equipment at Jaycee Park, Kaitaia  
Inside cover photograph: Recreation Services contractor carries out maintenance at Hone Heke Memorial Park, Kaikohe



# Ngā kārere o te Koromatua me te Kaiwhakahaere matua | Message from the Mayor and Chief Executive

## *Kia ora koutou*

Welcome to the Far North District Council's Annual Report 2018/19. This is our opportunity to look back on what we have achieved on behalf of ratepayers over the past financial year.

A significant part of our ongoing work has been addressing historic infrastructure gaps. We made good progress upgrading and building new infrastructure across the district. In Te Hiku Ward, work continued on the Council-supported, multi-purpose sports hub. We also renovated a wetland at Ahipara's wastewater treatment plant, improving the effectiveness of the treatment process.

In Bay of Islands-Whangaroa Ward, we made good progress on our biggest infrastructure project, the Kerikeri Wastewater Project. We aim to have connected homes and businesses to the new scheme by July 2020. We also started to upgrade our Paihia wastewater treatment plant, which hasn't been fully compliant with a resource consent for years. In June, our commercial company Far North Holdings Ltd opened a new \$4.75 million terminal at Bay of Islands Airport. This project is one of a number of infrastructure projects in the District to benefit from Provincial Growth Fund money. We are proud to have been able to secure this investment for residents. In the Kaikohe-Hokianga Ward, we started building a new water treatment plant which will supply safe drinking water to Omanaia residents when it is finished in 2019/20.

The provision and renewal of vital infrastructure will always be a core activity. However, we also need to become a more strategy-driven organisation, so we are prepared for long-term challenges and opportunities. We started developing a draft long-range strategy for the district called Far North 2100 (or FN2100) which will identify transformational opportunities and guide decision-making. We will seek community feedback on this and a draft Integrated Transport Strategy in the first half of 2019/20.

Developing the Integrated Transport Strategy is among a number of roading achievements. We implemented new maintenance agreements with roading contractors that include remedial action plans when work fails to meet requirements. The goal is improved processes to make our roads safer and better to drive on. We improved pedestrian safety across the district by building 10 new footpaths. We also assessed and graded the condition of footpaths to allow us to prioritise maintenance and renewal works and eventually bring all footpaths up to best-practice standards.

We were pleased to receive no new abatement notices for breaches of wastewater consents. We recorded a 21 per cent decrease in stormwater-related requests for service, as well as higher community satisfaction levels for stormwater management.

Minimising the amount of waste the district produces is an important issue for residents and for Council. In 2018/19, we recycled or reused 63.7% of waste. This result was helped by the opening of a new refuse transfer station and community recycling facility in Waipapa. We are committed to making it easier for communities to recycle their waste and have identified sites at Rawhiti and Waitangi for community recycling stations.

We are a progressive council and pride ourselves on being involved in a number of projects that place us in a vanguard of local government leaders. To most effectively address the challenges and opportunities that confront our district, we aim to increase partnerships with Māori. The signing in February of an agreement between Northland Mayors and Iwi Chairs was a high point of this approach. To increase engagement with Māori further, our Strategic Planning and Policy Group established a Te Hono Team. This will ensure we more consistently consider Māori interests in our strategies, policies and day-to-day operations.

In 2017, we were one of the first councils to be assessed under Local Government New Zealand's excellence programme CouncilMARK™. We have since developed an extensive business improvement programme to address feedback ahead of our next assessment in April 2020. We have also established programmes to improve the customer experience and to reduce waiting times for building consents. These projects will remain high priorities in 2019/20.

We encourage you to read the full report to get a fuller understanding of our achievements in 2018/19.

Ngā mihi.



**John Carter QSO**  
Mayor



**Shaun Clarke ONZM**  
Chief Executive Officer

# Ngā Manu Mātārae

## Civic Leadership

as at 30 June 2019



**Hon John Carter**  
QSO  
Mayor



**Cr Tania McInnes**  
Deputy Mayor  
Bay of Islands-  
Whangaroa Ward



**Cr Ann Court**  
Bay of Islands-  
Whangaroa Ward



**Cr Dave Hookway**  
Bay of Islands-  
Whangaroa Ward



**Cr Kelly Stratford**  
Bay of Islands-  
Whangaroa Ward



**Cr Sally Macauley**  
QSM  
Kaikohe-Hokianga  
Ward



**Cr John Vujcich**  
Kaikohe-Hokianga  
Ward



**Cr Colin 'Toss'  
Kitchen MNZM**  
Te Hiku Ward



**Cr Felicity Foy**  
Te Hiku Ward



**Cr Mate Radich**  
Te Hiku Ward

# Ngā Rāngai Hapori

## Community Boards

as at 30 June 2019

### Bay of Islands - Whangaroa Ward

Terry Greening (Chair), *Russell-Opuā*

Belinda Ward (Deputy Chair), *Paihia*

Lane Ayr, *Kerikeri*

Martin Robinson, *Kerikeri*

Rachel Smith, *Kerikeri*

Bruce Mills, *Whangaroa*

Manuwai Wells, *Kawakawa-Moerewa*

### Kaikohe - Hokianga Ward

Mike Edmonds (Chair), *Kaikohe*

Emma Davis (Deputy Chair), *North Hokianga*

Shaun Reilly, *Kaikohe*

Kelly van Gaalen, *Kaikohe*

Alan Hessel, *South Hokianga*

Louis Toorenburg, *South Hokianga*

### Te Hiku Ward

Adele Gardner (Chair), *Kaitaia*

Melanie Dalziel (Deputy Chair), *North Cape*

Bronwyn Hunt, *Kaitaia*

Awhina Murupaenga, *Kaitaia*

Nuu Ward, *Doubtless Bay*

Lawrie Atkinson, *Whatuwhiwhi*

# Ā mātou pitopito mahi | Our performance in brief

## Our non-financial highlights

Here is a short summary of what we achieved in 2018/19.



### Roading

- We are in the process of developing an integrated transport strategy that will prioritise road spending across the District.
- We have implemented new maintenance contracts this year and continue to work with our contractors and have put remedial action plans in place with contractors when roads fail to meet audit requirements.
- We continue to work on our improvement processes to make our roads safer and provide a better quality of ride.



### Footpaths

- We completed 10 new footpaths across the district this year.
- A new grading baseline has been set for our measure to ensure that conditions of footpaths meets standards.



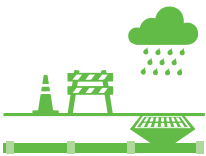
### Water Supply

- We will be focusing on the Kaitaia scheme first to reduce unaccounted water loss.
- All our water schemes are compliant with the drinking water standards.
- Work has begun on a new treatment plant for the Omanaia-Rawene water scheme at a total cost of \$2.8 million, \$2.3 million of which is funded through a Ministry of Health subsidy.



### Wastewater

- No abatement notices were issued by NRC during 2018/19 for wastewater.
- Work continues on the Kerikeri wastewater treatment plant with a revised completion date of July 2020.
- We continue to work towards attending and resolving wastewater issues in reasonable response timeframes.



### Stormwater

- There has been no enforcement action taken in 2018/19. We will continue to work with NRC in the coming year as there are growing pressures to increase quality of catchments and ensure contaminants are being managed.
- There has been a 21% decrease in stormwater requests for service logged this year.



### Solid Waste Management

- 63.7% of waste was recycled or reused. Waste minimisation levels have increased due to strong media coverage.
- We have opened an additional refuse transfer station and community recycling facility in Waipapa and identified two possible sites for community recycling in Rawhiti and Waitangi.



### District Facilities

- Cemeteries: No complaints have been received this year.
- Civic and community buildings: Council continues to roll out modification of community halls across the District to meet disability compliance standards with six halls been improved this year.

- Housing for the elderly: We have modified our six-monthly inspections to ensure issues are addressed sooner.
- Recreation: We now have a Reserve Management Plan in place for Kerikeri Domain and we continue works on Lindvart Park and the Te Hiku sports hub.
- Town maintenance, public toilets and carparks: We have increased disabled access at five public toilets and increased disabled parking spaces by five across the district.



## Customer Services

- Customer service: Council's service centres continue to consistently deliver high customer satisfaction. We continue to identify new opportunities for improvement through the customer experience programme.
- i-SITEs: The number of visitors increases and we continue to provide local knowledge to both international and domestic visitors at all three i-SITE's.
- Libraries: Users are very satisfied with the services on offer at the library. Online services continue to be well-utilised.



## Environmental Management

- Animal control: We continue to work on educational programmes and addressing issues as they arise. There has been a decrease as a result of dogs that are impounded from 100 per month to between 30-60 per month.
- Environmental health: We continue our audit programmes ensuring they are completed as scheduled with a result of 93.4% for this year.
- Monitoring and enforcement: We continue to work with our contractor to meet the response timeframes for noise complaints. We are on track for further improvements in the coming year.
- District Licensing Committee: There has been an increased number of licence applications this year and have responded to this by a change in workflow to address this demand which has seen a positive response in the final quarter of the year.
- Resource consent management: Council continues to receive large volumes of applications and is in the process of recruiting with the goal of delivering greater levels of legislative compliance.
- Building consent management: Application numbers have remained high this year and work carried out through a process of addressing non-compliance has seen a reversal of the downward trend.



## Strategic Planning and Policy

- 2018/19 saw the completion of the Annual Plan 2019/20 and capital works programme.
- Council consulted on and adopted the Dog Management Bylaw and Policy.
- We continue to work and strengthen our relationships with key stakeholders and Māori and have restructured this department to focus on this work with a separate unit called Te Hono.
- Work has begun on an 80-year strategy for the Far North called FN2100 that we will use to guide the future provision of support and services to our District.
- In 2018, we released the Draft District Plan and invited communities to give their feedback. We are analysing the feedback we received and using this to inform zone maps and rules for the Proposed District Plan.
- We are undertaking a revenue review for all our revenue streams.

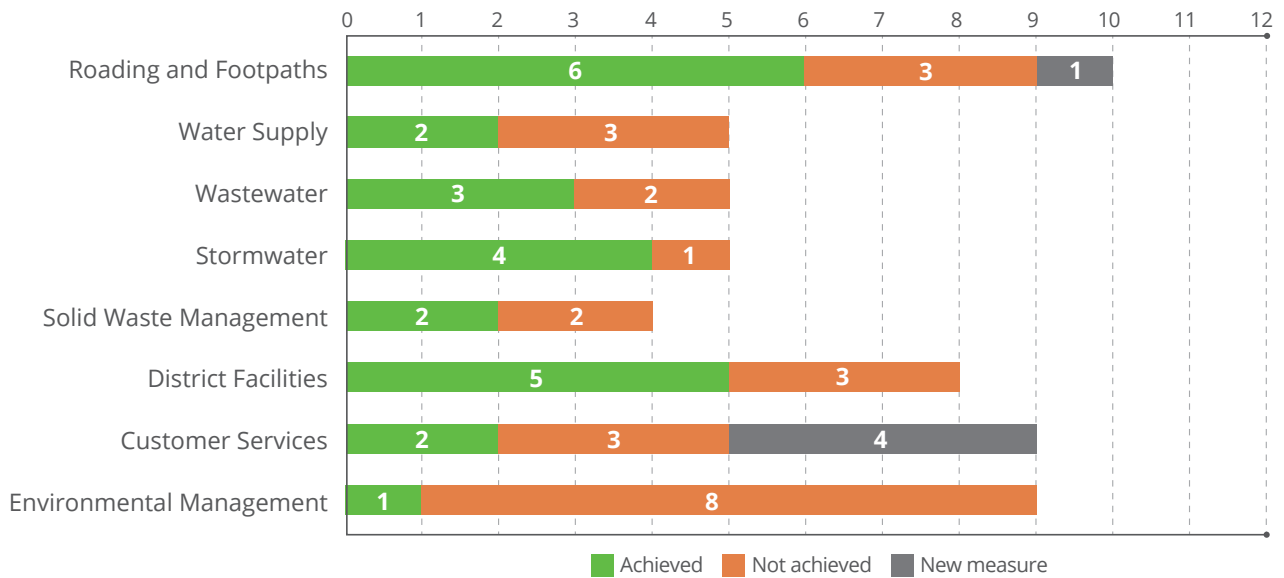


## Governance and Strategic Administration

- Council staff continue to provide support for all elected members and provide sound and legally correct advice. We have introduced new software (Infocouncil) to standardise our reporting.
- The Communications Team launched a multi-media information campaign that is designed to ensure that communities are better-informed about projects that help to make the Far North a great place to live and visit.
- The Communications Team started to build a new, more customer-focused Council website which will be ready for public use in the second quarter of 2019/20.

## Summary dashboard

### Key level of service performance targets by activity area



### Resident satisfaction survey result comparisons 2018 to 2019

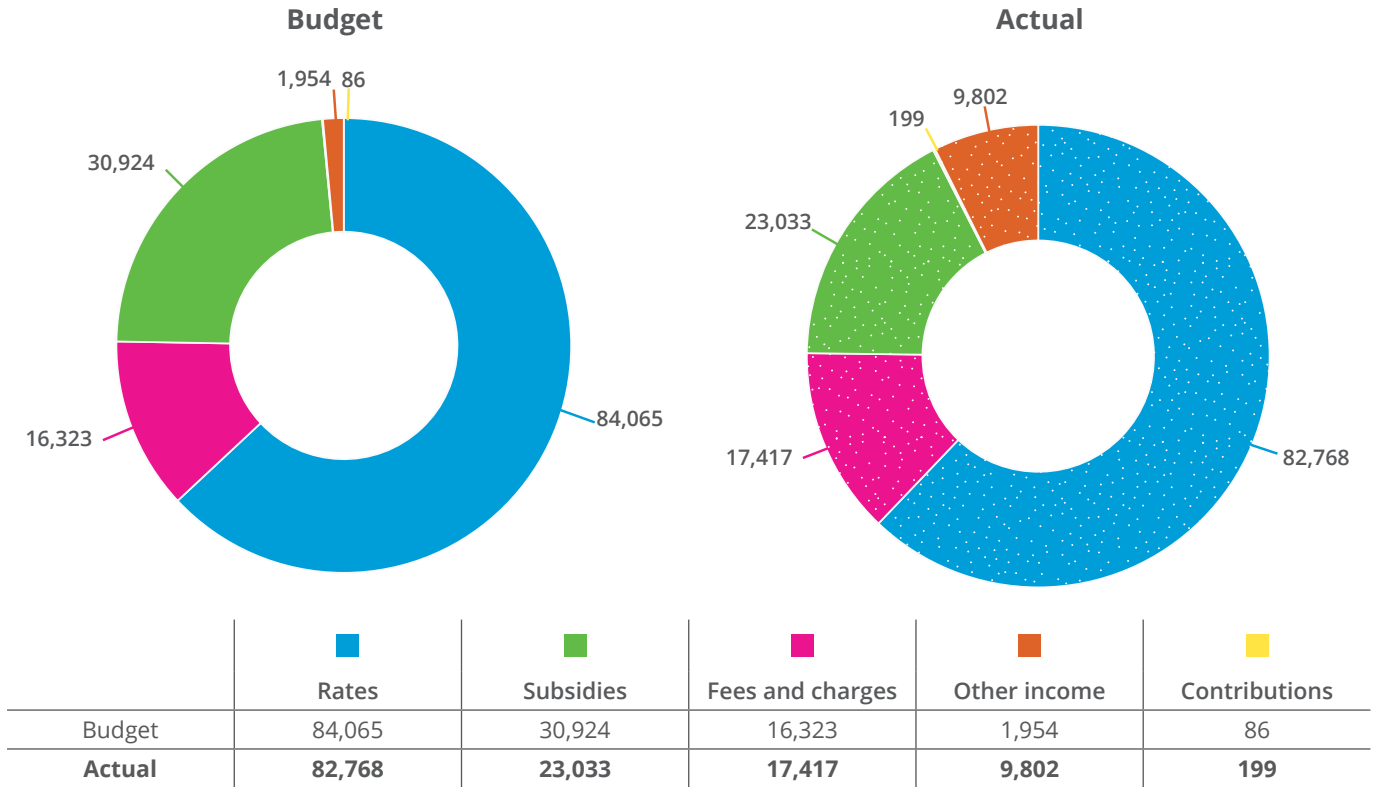
Service / facility / activity	2019 % very satisfied / satisfied	2018 % very satisfied / satisfied
Roads	37	43
Footpaths	35	38
Water Supply	60	69
Wastewater	80	80
Stormwater	48	41
Refuse transfer stations	77	80
Community recycling stations	82	85
Cemeteries	80	86
Kaikohe community pool	50	92
Kaitaia community pool	65	75
Kawakawa community pool	81	88
Kerikeri community pool	69	88
Libraries	93	89
Public toilets	55	63
Parks and reserves	60	59
Coastal access	51	59
Carparking facilities	41	48
Service received when contacting Council (2018: by Council frontline staff)	65	68
Community board awareness in your area	78	85
Informed about the District Plan (land use)	18	23
Aware of changes to the District Plan	24	29
Informed about what the Council is doing (all residents)	28	26
Informed about what the Council is doing (Māori respondents)	26	24
Overall performance of Council	31	38

## Our results for the year

The below tables show the financial year-end results, for the year ended 30 June 2019 and includes comparisons from the previous financial year and the 2018/19 budget as outlined in the Long Term Plan 2018-28.

### Council revenue

The graphs below show where Council's revenue comes from.

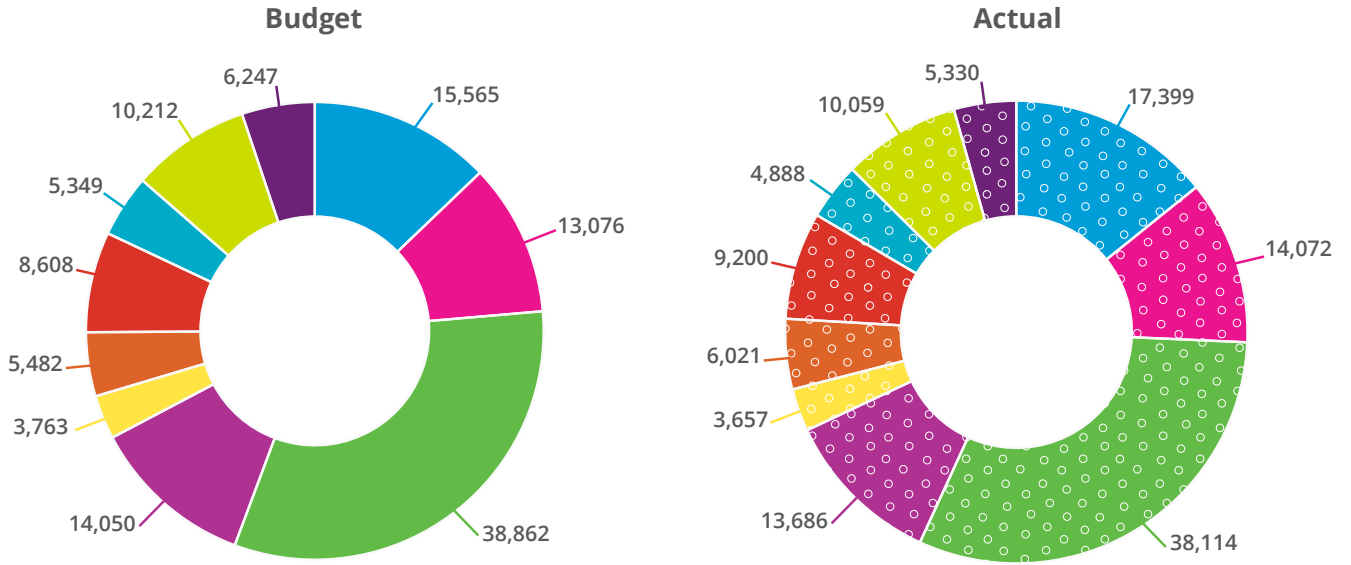












- Rates income is the cumulative total that is charged to the ratepayers of the district. It encompasses the general rate, uniform annual general charges and targeted rates.
- Subsidies are payments that Council receives largely from NZTA towards both operational and capital costs associated with the District's roading network. Other subsidies received for water and wastewater schemes, and tourism infrastructure are much smaller in value and variable in nature.
- Fees and charges cover a range of activities within Council. It includes building consent fees, resource consent fees, hire charges, bulk water purchases, water by meter charges and rents.
- Other income mainly relates to recoveries and vested assets. Vested assets are items of infrastructure that have been vested in Council by a developer and these are not budgeted for in any year. Dividends and petrol tax are also included in this group.
- Contributions are mainly development contributions but also include other minor contributions.



## Council expenditure

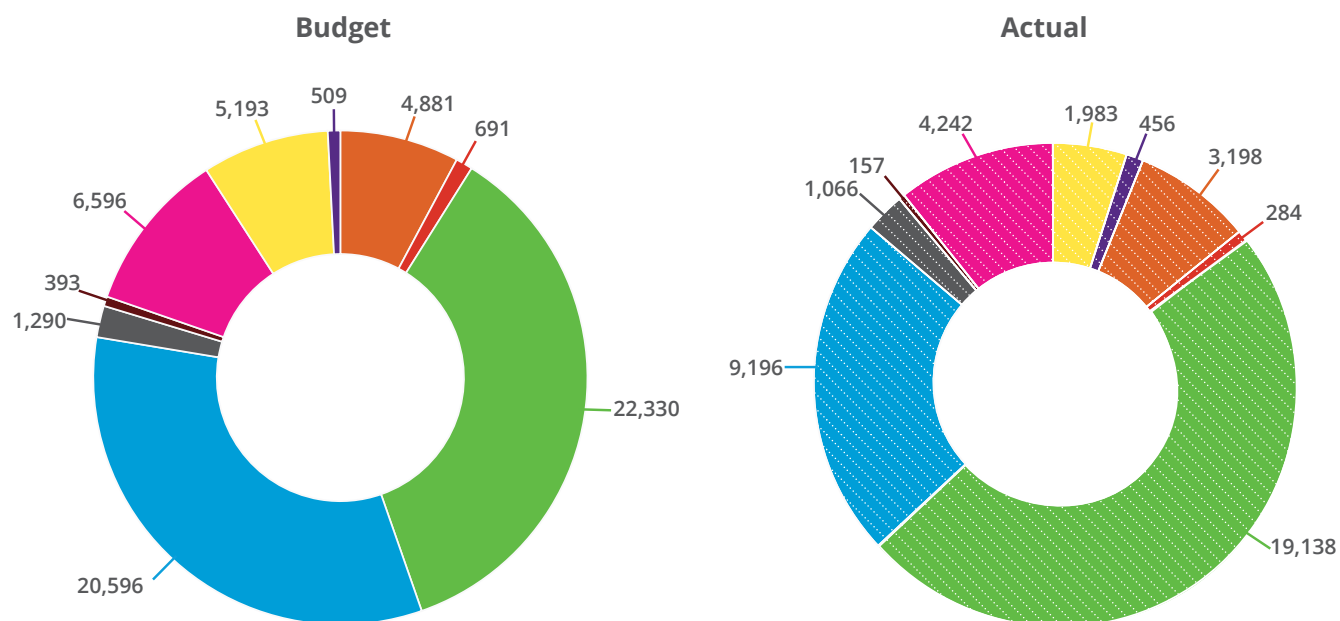
These graphs show where Council's operational expenditure was spent.



										
	District Facilities	Environmental Management	Roading and Footpaths	Wastewater	Stormwater	Solid Waste Management	Water Supply	Governance and Strategic Administration	Customer Services	Strategic Planning and Policy
Budget	15,565	13,076	38,862	14,050	3,763	5,482	8,608	5,349	10,212	6,247
Actual	17,399	14,072	38,114	13,686	3,657	6,021	9,200	4,888	10,059	5,330

## Council capital expenditure

Capital expenditure is money spent on assets to improve levels of service, to meet additional demand, or to replace existing Assets. These graphs show where capital was spent during the year across Council's core groups.



Capital expenditure for activity groups	Roothing and footpaths	Water supply	Wastewater	Stormwater	Solid waste management	District facilities	Customer services	Environmental management	Governance and strategic administration
Budget	22,330	6,596	20,596	1,290	393	4,881	509	691	5,193
Actual	19,138	4,242	9,196	1,066	157	3,198	456	284	1,983

We spent \$22,758k less on capital projects than was budgeted. Our total expenditure for the year ended 30 June was \$39,721k compared to a budget of \$62,479k.

Groups under spent in capital expenditure were:

- District Facilities capital expenditure was under budget by \$1,683k. Projects identified as not deliverable by 30 June 2019 were reforecast to future years.
- Roothing and Footpath projects were delayed due to prolonged dry weather and the late commencement of the structural renewal works programme.
- Wastewater capital expenditure was under budget by \$11,400k. Kerikeri and Paihia projects completions are now scheduled for the next financial year. Projects identified as not deliverable by 30 June 2019 were reforecast to future years.
- Water Supply capital expenditure was under budget by \$2,354k. Rawene/Omanaia, Kawakawa and Kerikeri Mawson Ave projects completions are now scheduled for the 19/20 financial year. Projects identified as not deliverable by 30 June 2019 were reforecast to future years.
- Governance and strategic administration capital expenditure was under budget by \$2,333k. Kaikohe Community Hub project has commenced behind expected timing. Various IT projects delivery have been delayed due to resourcing and those projects identified as not deliverable by 30 June 2019 were reforecast to future years

The above graph represents the capital expenditure for each activity less any vested assets recognised during the year.

## Arotake pūtea | Financial Performance

A full copy of the Annual Report can be viewed at the Far North District Council offices, our service centres, libraries or on our website: [www.fndc.govt.nz](http://www.fndc.govt.nz). You can also call us and a copy will be sent out to you.

Audit New Zealand has audited Council's full Annual Report and has issued an unmodified report. As part of the audit, the auditors looked at whether the financial statements fairly reflect Council's financial performance and position and comply with generally accepted accounting practice. Additionally they looked at Council's non-financial performance and how fairly it has monitored and reported on its activities. The summary cannot be expected to provide as complete an understanding of the financial and non-financial performance of Council as the full Annual Report. The full Annual Report for the year ended 30 June 2019 was adopted by the Council on 3 October 2019.

These summary financial statements for the Far North District Council and Group are summarised from the full financial statements. The consolidated financial statements reflect the operations of Far North District Council and its subsidiaries, Far North Holdings Limited (100% owned), Te Ahu Charitable Trust and Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete understanding as provided in the full financial statements.

The summary financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand. The information included in this summary has been prepared in accordance with PBE FRS 43: Summary Financial Statements. The full financial statements have been prepared in accordance with Tier 1 Public Benefit Entity accounting standards.

### Statement of comprehensive revenue and expense

For the year ended 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
<b>Operations</b>						
<b>Revenue</b>						
Rates revenue (excluding water by meter rates)	2	82,768	84,525	79,465	82,549	79,126
Fees, charges and water by meter rates	3a	17,417	15,863	17,027	17,158	16,917
Development and financial contributions		199	-	48	199	48
Subsidies and grants	3b	23,033	30,924	27,855	24,784	27,855
Other revenue	3	9,802	1,954	8,305	22,003	18,522
Other Contributions		-	86	-	-	-
Rental revenue from investment properties		-	-	-	3,745	3,382
<b>Total revenue</b>		<b>133,219</b>	<b>133,351</b>	<b>132,700</b>	<b>150,438</b>	<b>145,850</b>
<b>Expenses</b>						
Personnel costs	4	26,443	27,596	25,867	29,412	28,016
Depreciation and amortisation expense	14	32,239	34,076	32,023	33,203	33,043
Finance costs	6	2,367	2,594	2,365	3,889	3,736
Other expenses	5	61,378	56,947	50,442	67,974	56,437
<b>Total expenses</b>		<b>122,427</b>	<b>121,212</b>	<b>110,697</b>	<b>134,478</b>	<b>121,231</b>
<b>Surplus / (deficit) before tax</b>		<b>10,792</b>	<b>12,139</b>	<b>22,003</b>	<b>15,960</b>	<b>24,620</b>
Tax expense / (benefit)	7	-	-	-	227	318
<b>Surplus / (deficit) after tax</b>		<b>10,792</b>	<b>12,139</b>	<b>22,003</b>	<b>15,733</b>	<b>24,301</b>
<b>Surplus / (deficit) attributable to:</b>						
Far North District Council		10,792	12,139	22,003	15,733	24,301
<b>Items that could be reclassified to surplus</b>						
Financial assets at fair value through equity	24	14	-	(9)	(135)	(9)
Cash flow hedges	24	151	-	228	151	228
<b>Items that will not be reclassified to surplus</b>						
Gain / (loss) on asset revaluations	16/24	102,160	36,247	14,408	103,279	14,766
Tax on revaluation		-	-	-	(34)	(124)
<b>Total other comprehensive revenue and expense</b>		<b>102,326</b>	<b>36,247</b>	<b>14,627</b>	<b>103,261</b>	<b>14,862</b>
<b>Total comprehensive revenue and expense</b>		<b>113,118</b>	<b>48,386</b>	<b>36,630</b>	<b>118,998</b>	<b>39,163</b>

## Statement of changes in equity

For the year ended 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
<b>Opening balance 1 July</b>		<b>1,764,908</b>	<b>1,786,080</b>	<b>1,728,278</b>	<b>1,810,084</b>	<b>1,770,921</b>
Total comprehensive revenue and expense for the year		113,118	48,386	36,630	118,998	39,163
<b>Closing balance 30 June</b>		<b>1,878,026</b>	<b>1,834,466</b>	<b>1,764,908</b>	<b>1,929,082</b>	<b>1,810,084</b>

## Statement of financial position

as at 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
<b>Public equity</b>		<b>1,878,026</b>	<b>1,834,466</b>	<b>1,764,908</b>	<b>1,929,082</b>	<b>1,810,084</b>
<b>Assets</b>						
<b>Current assets</b>		<b>43,449</b>	<b>58,259</b>	<b>44,552</b>	<b>47,209</b>	<b>45,863</b>
<b>Non-current assets</b>		<b>1,913,593</b>	<b>1,884,608</b>	<b>1,798,376</b>	<b>2,016,625</b>	<b>1,884,773</b>
<b>Liabilities</b>						
<b>Current liabilities</b>		<b>48,218</b>	<b>43,432</b>	<b>30,709</b>	<b>61,091</b>	<b>32,881</b>
<b>Non-current liabilities</b>		<b>30,798</b>	<b>64,969</b>	<b>47,311</b>	<b>73,661</b>	<b>87,671</b>
<b>Net assets</b>		<b>1,878,026</b>	<b>1,834,466</b>	<b>1,764,908</b>	<b>1,929,082</b>	<b>1,810,084</b>

## Statement of cash flows

For the year ended 30 June 2019

	Note	Council			Group	
		Actual 2019 \$000s	Budget 2019 \$000s	Actual 2018 \$000s	Actual 2019 \$000s	Actual 2018 \$000s
<b>Operating activities</b>						
Cash was provided from						
Rates		85,235	92,287	75,067	85,016	74,728
Subsidies and grants received		23,033	30,924	27,855	24,783	27,855
Development contributions received		199	-	48	199	48
Fees and charges received		17,417	-	17,477	17,144	17,368
Interest and dividends		1,718	1,052	1,019	895	1,022
Other revenue		4,947	8,412	(1,330)	20,371	14,295
		<b>132,549</b>	<b>132,675</b>	<b>120,136</b>	<b>148,408</b>	<b>135,316</b>
Cash was applied to						
Payment for goods and services		60,593	54,017	37,590	65,583	44,007
Payments made to employees		26,324	27,596	25,456	29,246	27,575
Interest paid		2,367	2,594	2,912	3,888	4,284
GST (net)		1,842	-	6,715	1,648	6,679
Income and fringe benefit tax paid		48	48	56	48	55
		<b>91,174</b>	<b>84,255</b>	<b>72,729</b>	<b>100,413</b>	<b>82,601</b>
<b>Net cash inflows from operating activities</b>		<b>41,375</b>	<b>48,419</b>	<b>47,407</b>	<b>47,994</b>	<b>52,715</b>
<b>Financing activities</b>						
Cash was provided from						
Borrowing		4,000	24,855	-	8,741	3,593
		<b>4,000</b>	<b>24,855</b>	<b>-</b>	<b>8,741</b>	<b>3,593</b>
Cash was applied to						
Borrowing		113	6,621	2,500	113	2,500
Dividends paid		-	-	-	-	-
		<b>113</b>	<b>6,621</b>	<b>2,500</b>	<b>113</b>	<b>2,500</b>
<b>Net cash inflows / (outflows) from financing activities</b>		<b>3,887</b>	<b>18,235</b>	<b>(2,500)</b>	<b>8,629</b>	<b>1,093</b>
<b>Cash flow from investing activities</b>						
Cash was provided from:						
Sale of property, plant and equipment, investment properties and properties intended for sale		-	-	-	2,285	-
Cash provided from maturing investments		-	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,285</b>	<b>-</b>
Cash was applied to						
Purchase and development of intangibles		205	-	182	996	182
Purchase and development of property, plant and equipment, investment property and biological assets		39,562	62,479	44,896	60,252	54,392
Cash applied to replace investments		-	-	-	76	-
Cash applied to Investment in subsidiary		6,000	6,000	-	-	126
		<b>45,767</b>	<b>68,479</b>	<b>45,078</b>	<b>61,324</b>	<b>54,700</b>
<b>Net cash inflows / (outflows) from investing activities</b>		<b>(45,767)</b>	<b>(68,479)</b>	<b>(45,078)</b>	<b>(59,038)</b>	<b>(54,700)</b>
<b>Net cash</b>		<b>(505)</b>	<b>(1,823)</b>	<b>(171)</b>	<b>(2,415)</b>	<b>(891)</b>
Opening balances 1 July						
Cash and cash equivalents		7,929	25,499	8,100	7,818	8,710
		<b>7,929</b>	<b>25,499</b>	<b>8,100</b>	<b>7,818</b>	<b>8,710</b>
Less balances 30 June						
Cash and cash equivalents	8	7,424	23,675	7,929	5,404	7,819
		<b>7,424</b>	<b>23,675</b>	<b>7,929</b>	<b>5,404</b>	<b>7,819</b>
<b>Cash movements for the year</b>		<b>(505)</b>	<b>(1,823)</b>	<b>(171)</b>	<b>(2,415)</b>	<b>(891)</b>

## Variations to Annual Plan

	Council 2019 \$000s
<b>Statement of comprehensive revenue and expense</b>	
Annual Plan surplus	12,139
Annual Report surplus / (deficit)	10,792
<b>Net operating surplus / (deficit) variance</b>	<b>1,347</b>
<b>Variance represented by:</b>	
<b>Variance area</b>	
Rates	1,757
Other	(1,625)
<b>Total revenue variance</b>	<b>132</b>
<b>Variance represented by:</b>	
<b>Variance area</b>	
Personnel costs	1,153
Depreciation and amortisation expense	1,837
Finance costs	227
Other expenses	(4,431)
<b>Total expenditure variance</b>	<b>(1,215)</b>
<b>Net operating surplus variance</b>	<b>1,347</b>

### Significant variances to Annual Plan budget - statement of financial position

The major variances to long term plan budget arise mainly because the budgeted figures were based upon the audited closing balances for June 2017, adjusted for activity that was expected to occur during the 2017/18 financial year. The closing balances for June 2018 were not known at the time the budgets were approved.

Other reserves were \$36.4m higher than expected as a result of actual asset revaluation information and restricted reserves were \$4.9m higher than expected due to reductions in reserve deficits from prior years.

Cash and cash equivalents were \$16.2m less than predicted as cash was used to in lieu of borrowing.

In total borrowings were \$28.1m less than expected due to capital work not being completed as expected.

## Financial prudence benchmarks

This section discloses Council's financial performance in relation to various benchmarks to enable an assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

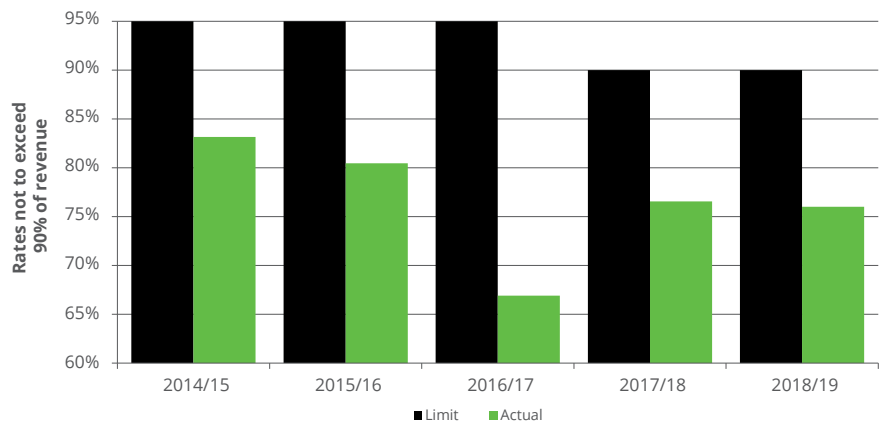
## Rates affordability benchmarks

Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

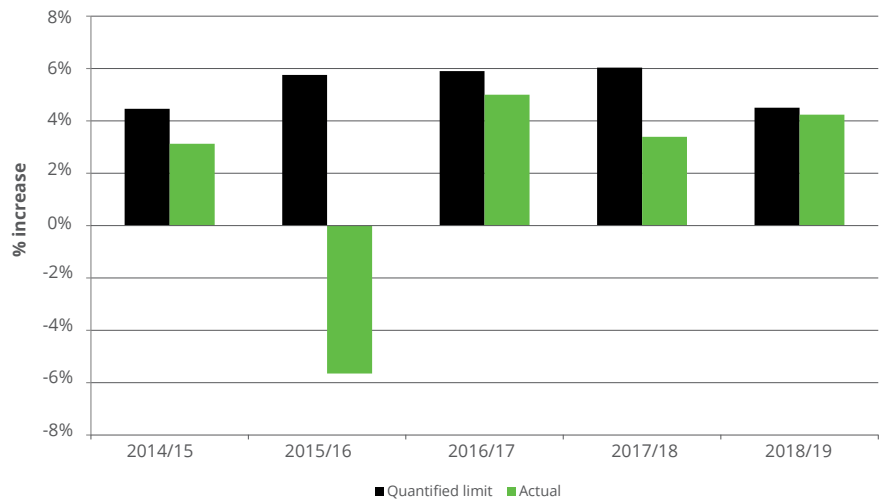
### Rates (income) affordability

This graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's LTP 2018-28. The quantified limit is that rates revenue (excluding subsidies and capital income) will not exceed 90% of total revenue. The graph shows the budgeted rates proportion of revenue measured against the actual proportion achieved. Council has achieved this benchmark.



### Rates (increases affordability)

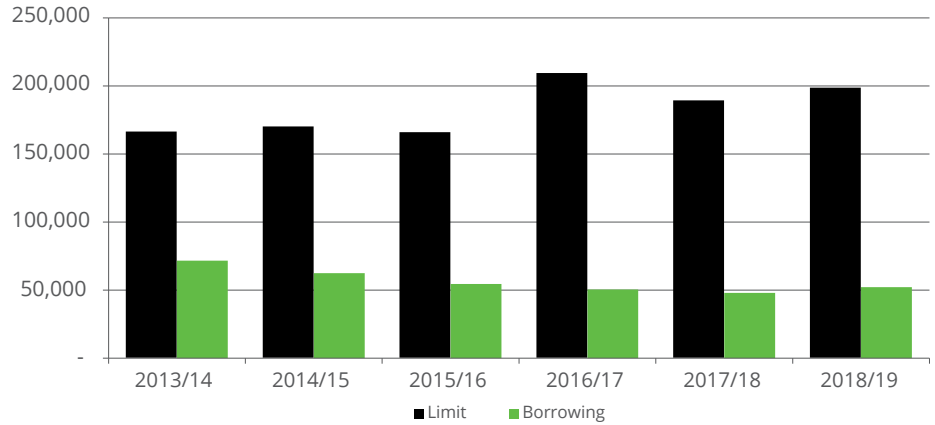
This graph compares the Council's actual rate increases with a quantified limit on rates increases included in the financial strategy included in the Council's LTP 2018-28. The quantified limit is that total rates increase should not exceed LGCI (Local Government Cost Index) plus 2.5%. The graph shows the actual rate increase percentages measured against the predicted rate percentage increases. Because the Council decided not to levy additional penalties in 2015/16, the year to year rate calculation shows a significant reduction. Council has achieved this benchmark.



### Debt affordability benchmark

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

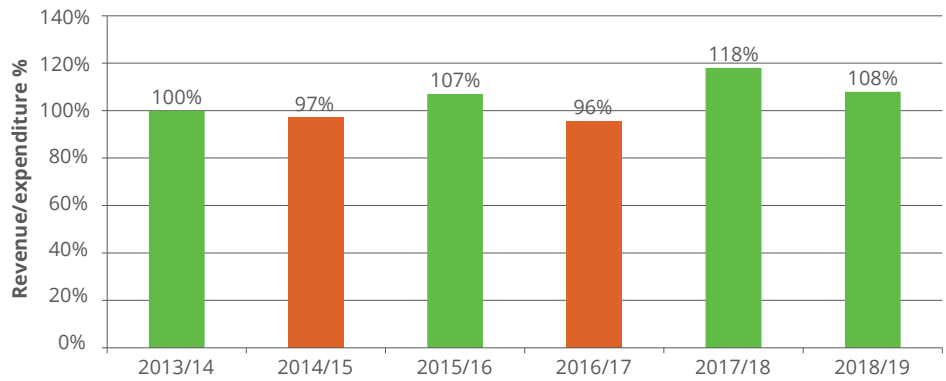
This graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP 2018-28. The quantified limit is that debt be no higher than 175% of total revenue (excluding subsidies and capital income). The graph shows the actual borrowing measured against the maximum borrowing determined by the quantified limit. Council has achieved this benchmark.



### Balanced budget benchmark

This graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Council has achieved this benchmark except for 2016/17 when there was a large loss on disposal of two roads transferred to NZTA of \$21.27m and 2014/15.

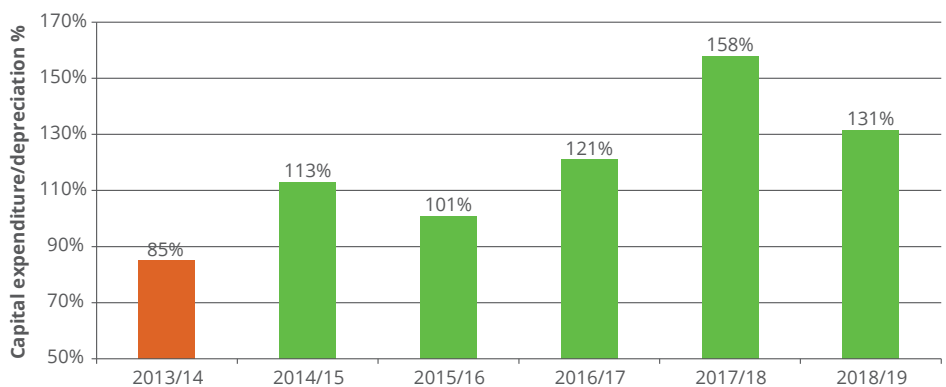


### Essential services benchmark

This 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.

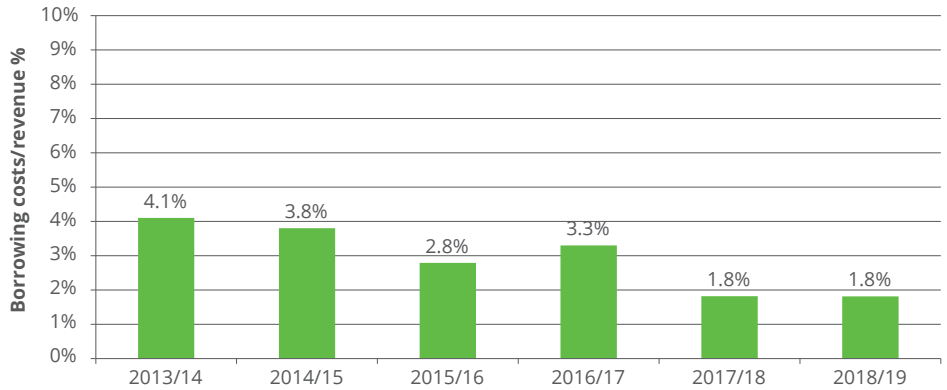




### Debt servicing benchmark

This 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 and equipment).

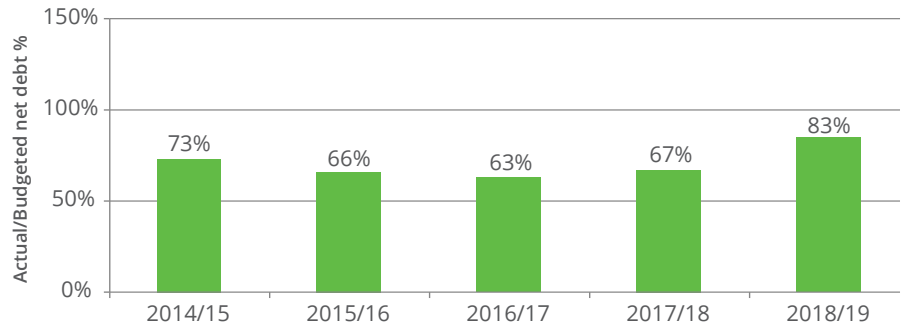
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. Council has achieved this benchmark.



### Debt control benchmark

This 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).

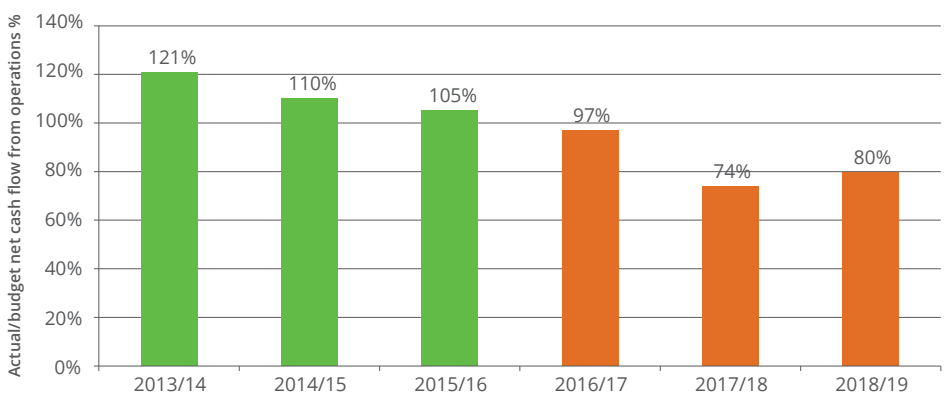
Council meets the debt control benchmark if its actual net debt is equal or is less than its planned net debt. Council has achieved this benchmark.



### Operations control benchmark

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. Council has not achieved this benchmark since 2015/16. In 2018/19 this is due to the impact of an increase in the rates impairment, a reduction in accounts payable and GST not being included in the original cash flow measure.



# Rīpoata Arotake | Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of Far North District Council's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Far North District Council (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 3 to 5 and 9 to 12:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as our performance in brief).

## Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

## Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

## The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 3 October 2019. Council's responsibility for the summary of the annual report dated 3 October 2019.

## Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary of the annual report, we have reported on the full annual report and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in the District Council or its subsidiaries or controlled entities.



David Walker  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand



Animal Management staff and friend in Kaikohe

**HE WHENUA RANGATIRA**  
A DISTRICT OF SUSTAINABLE PROSPERITY & WELL-BEING

## WHAKAPĀ MAI | CONTACT US

**Far North District Council**  
*Te Kaunihera o Tai Tokerau ki te Raki*

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