



Financial
performance

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2015

	Note	Council			Group	
		Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Revenue						
Rates, excluding targeted rates for water supply	4	57,758	57,786	54,146	57,740	54,146
Subsidies and grants	6	2,880	2,245	2,546	2,880	2,546
Development and financial contributions		953	800	622	953	622
Fees, charges and targeted rates for water supply	5	11,417	9,917	10,196	12,133	11,008
Finance revenue	7	4,539	4,123	3,767	4,574	3,801
Other revenue	8	58,770	2,147	9,963	58,966	10,174
Total revenue		136,317	77,018	81,240	137,246	82,297
Expenditure						
Employee benefit expenses	9	18,973	18,915	18,487	20,070	19,467
Depreciation and amortisation expense	19, 21	20,546	19,612	19,983	20,837	20,256
Finance costs	7	10,567	11,229	10,686	10,568	10,688
Other expenses	9	133,612	29,102	38,073	133,330	38,139
Total operating expenditure		183,698	78,858	87,229	184,805	88,550
Surplus/(deficit) before tax		(47,381)	(1,840)	(5,989)	(47,559)	(6,253)
Income tax (expense)/credit	11	-	-	-	50	82
Surplus/(deficit) after tax		(47,381)	(1,840)	(5,989)	(47,509)	(6,171)
Other comprehensive revenue						
Property, plant & equipment revaluations	12	23,170	6,933	(24,233)	23,170	(23,742)
Financial assets at fair value through other comprehensive revenue		258	-	(480)	258	(480)
Tax on equity items		-	-	-	-	(138)
		23,428	6,933	(24,713)	23,428	(24,360)
Total comprehensive revenue and expenses		(23,953)	5,093	(30,702)	(24,081)	(30,531)
Net surplus/(deficit) after taxation is attributable to:						
Taupō District Council		(47,381)	(1,840)	(5,989)	(47,438)	(6,096)
Minority interest		-	-	-	(71)	(75)
		(47,381)	(1,840)	(5,989)	(47,509)	(6,171)
Total comprehensive revenue and expenses attributable to:						
Taupō District Council		(23,953)	5,093	(30,702)	(24,010)	(30,633)
Minority interest		-	-	-	(71)	102
		(23,953)	5,093	(30,702)	(24,081)	(30,531)

Explanations of major variances against budget are provided in note 36.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of Changes in Net Assets/Equity

For the year ended 30 June 2015

	Note	Council			Group	
		Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Net Assets/Equity at start of the year		1,024,571	1,102,748	1,055,273	1,031,734	1,062,265
Total comprehensive revenue and expenses previously reported		(23,953)	5,093	(30,702)	(24,081)	(30,531)
Balance at 30 June	12	1,000,618	1,107,841	1,024,571	1,007,653	1,031,734
Total recognised revenue and expenses are attributable to:						
Taupō District Council		(23,953)	5,093	(30,702)	(24,010)	(30,633)
Minority interest		-	-	-	(71)	102
Total comprehensive revenue and expenses		(23,953)	5,093	(30,702)	(24,081)	(30,531)

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2015

	Note	Council			Group	
		Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
ASSETS						
Cash and cash equivalents	14	7,088	4,399	16,359	7,757	16,980
Other financial assets	17	54,881	42,628	35,080	54,881	35,080
Trade and other receivables	15	5,181	4,415	6,430	5,305	6,585
Inventories	16	509	504	593	549	636
Prepayments		408	-	364	424	369
Non-current assets held for sale	18	2,353	9,168	3,555	2,353	3,555
Total current assets		70,420	61,114	62,381	71,269	63,205
Non-current assets						
Other financial assets	17	23,075	37,276	38,400	23,075	38,400
Investment in CCO and other similar entities		3,217	3,207	3,202	210	195
Intangible assets	21	593	840	624	597	626
Investment property	22	24,552	23,113	23,496	24,552	23,496
Investment in associates		-	3,141	-	-	-
Biological assets - forestry	20	4,918	3,596	4,705	4,918	4,705
Property, plant and equipment	19	1,055,308	1,161,199	1,082,205	1,065,918	1,093,037
Total non-current assets		1,111,663	1,232,372	1,152,632	1,119,270	1,160,459
Total assets		1,182,083	1,293,486	1,215,013	1,190,539	1,223,664
LIABILITIES						
Current liabilities						
Trade and other payables	23	8,922	10,043	8,324	9,200	8,644
Employee benefit liabilities	24	2,753	2,863	2,509	2,927	2,648
Derivative financial instruments	27	-	-	268	-	268
Borrowings	26	50,040	81,507	88,110	50,040	88,122
Current tax liabilities		-	-	-	76	76
Total current liabilities		61,715	94,413	99,211	62,243	99,758
Non-current liabilities						
Provisions	25	59	54	55	59	55
Derivative financial instruments	27	19,399	11,057	10,851	19,399	10,851
Borrowings	26	100,020	80,006	80,039	100,020	80,039
Employee benefits liabilities	24	272	115	286	276	288
Deferred tax liabilities		-	-	-	889	939
Total non-current liabilities		119,750	91,232	91,231	120,643	92,172
Total liabilities		181,465	185,645	190,442	182,886	191,930
Net assets (assets minus liabilities)		1,000,618	1,107,841	1,024,571	1,007,653	1,031,734
EQUITY						
Accumulated funds	12	774,285	839,974	833,424	775,960	835,156
Other reserves	12	226,333	267,867	191,147	228,483	193,297
Minority interest	13	-	-	-	3,210	3,281
Total equity		1,000,618	1,107,841	1,024,571	1,007,653	1,031,734

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of cashflows

For the year ended 30 June 2015

	Note	Council			Group	
		Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Cash flows from operating activities						
Rates (excluding targeted rates for water supply)		58,479	58,236	53,611	58,461	53,611
Subsidies and grants		2,698	2,245	2,432	2,698	2,432
Development and financial contributions		935	800	542	935	542
Fees, charges and targeted rates for water supply		11,023	11,152	11,327	11,743	12,254
Finance revenue		4,109	4,123	3,912	4,144	3,946
Dividends or similar distributions		224	-	158	224	158
Other revenue		1,324	-	1,728	1,534	1,944
Net GST received		75	-	1	100	-
Payments to suppliers		(27,697)	(48,916)	(34,019)	(27,481)	(34,109)
Payments to employees		(18,649)	-	(18,573)	(19,698)	(19,531)
Interest paid		(10,306)	(11,229)	(11,138)	(10,307)	(11,140)
Net GST paid		-	-	-	-	(179)
Net cash flow from operating activities	28	22,215	16,411	9,981	22,353	9,928
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		2,173	2,142	10,185	2,187	10,186
Purchase and development of property, plant and equipment		(11,644)	(16,622)	(14,852)	(11,736)	(14,921)
Net increase in investments		(3,926)	-	(3,808)	(3,926)	(3,808)
Net cash flow from investing activities		(13,397)	(14,480)	(8,475)	(13,475)	(8,543)
Cash flows from financing activities						
Loans raised		40,117	8,414	9,705	40,117	9,705
Repayment of loans		(55,717)	(10,946)	(7,014)	(55,717)	(7,014)
Net repayment of finance lease liability		(78)	-	(107)	(90)	(121)
Net cash flow from financing activities		(15,678)	(2,532)	2,584	(15,690)	2,570
Net increase (decrease) in cash held		(6,860)	(601)	4,090	(6,812)	3,955
Add cash at start of year		13,948	5,000	9,858	14,569	10,614
Cash, cash equivalents, and bank overdrafts at the end of the year	14	7,088	4,399	13,948	7,757	14,569

The net GST item in the operating activity cashflows reflects the net GST paid or received with the Inland Revenue Department. The GST item is disclosed on a net basis as the gross amounts do not provide meaningful information for financial reporting purposes.

The net investment item in the investment activity cashflows reflects the net investment activity with banks and corporates. The investment item is disclosed on a net basis as the gross amounts do not provide meaningful information for financial reporting purposes.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

1. Statement of accounting policies for the year ended 30 June 2015

1.1 Reporting entity

Taupō District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The financial statements of Taupō District Council and Group have been prepared in accordance with the provisions of section 98(1) of the Local Government Act 2002.

The Group consists of the Taupō District Council and its controlled entities, Taupō Airport Authority (50% owned), Destination Lake Taupō Trust (100% owned), Data Capture Systems Limited (100% owned) and Destination Lake Taupō Limited (100% owned). All of the entities mentioned are domiciled in New Zealand.

The primary objective of Taupō District Council and Group is to provide goods and services to the community for social benefit rather than for making a financial return. Accordingly, the Council has designated itself and the Group as a public benefit entity for financial reporting purposes.

The financial statements of Taupō District Council are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 29 September 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 37.

Measurement base

The consolidated financial statements have been prepared on a historical cost basis, modified by the revaluation of

land and buildings, certain infrastructural assets, investment property, forestry assets and financial instruments (including derivative instruments).

Functional and presentation currency

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

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated accounting standards.

2.2 Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Controlled entities

Controlled entities include special purpose entities and are those over which Taupō District Council and Group has the power to govern financial and operating policies, generally arising from a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether Taupō District Council and Group controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to Taupō District Council and Group, and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of controlled entity.

The Council's financial statements show the investment in controlled entities at cost.

The following entities are treated as controlled entities in Council's consolidated financial statements:

- Taupō Airport Authority (50% owned but in substance Council exercises control)
- Destination Lake Taupō Trust (Council is the settler of the Trust)
- Data Capture Systems Limited (100% owned)
- Destination Lake Taupō Limited (100% owned)

2.3 Foreign currency transactions

The functional and presentation currency is New Zealand dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus or deficit.

2.4 Derivative financial instruments and hedge accounting

Taupō District Council and Group uses derivative financial instruments to manage its exposure to interest rate risk arising from operational, financing and investment activities. In accordance with the treasury policies of the respective Group entities, Taupō District Council and Group do not hold or issue derivative financial instruments for trading purposes.

Derivatives (or swaps) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each balance date. Gains or losses in fair value and those resulting from re-measuring are recognised in the surplus or deficit.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at balance date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at balance date, being the present value of the quoted forward price.

2.5 GST

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

Commitments and contingencies are disclosed exclusive of GST.

2.6 Revenue

Rates revenue

General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when the rates become overdue.

Revenue from water by meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remissions policy.

Rates collected on behalf of Bay of Plenty Regional Council are not recognised in the financial statements, as the Council is acting as their agent.

New Zealand Transport Agency roading subsidies

New Zealand Transport Agency roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other subsidies and grants

Other subsidies and grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Vested assets

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

Sales of goods

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

Building and resource consent revenue

Revenue from any services rendered is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Entrance fees

Entrance fees are fees charged to users of Council's local facilities, such as pools, museum, and Superloo. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing waste at the Council's landfill and transfer stations are recognised as waste is disposed by users.

Rental revenue

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

Development and financial contributions

Development contributions and financial contributions are recognised as revenue when Council invoices the customer.

Interest and dividends

Dividend revenue shall be recognised when the shareholder's right to receive payment is established.

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

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.7 Leases

(i) Finance leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lease are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on derivative instruments that are recognised in the surplus or deficit. The interest expense component of finance lease payments is recognised in the surplus or deficit using the effective interest rate method.

(ii) Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease expense.

2.8 Equity

Equity is the community's interest in the Council as measured by the value of total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses Council makes of its accumulated surpluses. The equity of Council is made up of the following components:

- Accumulated funds
- Council Created Reserves
- Restricted Reserves
- Revaluation Reserves

Reserves are a component of equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Council Created Reserves are reserves established by Council decision. The Council may alter them without

reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

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

Asset Revaluation Reserves arise from certain asset classes being revalued, with these classes including land, buildings, infrastructural assets, restricted assets and investments. The treatment of revaluation movements is detailed in item 2.14 of the policies.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Taupō District Council and Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows, and in current liabilities on the Statement of Financial Position.

2.10 Financial assets

Taupō District Council and Group classify its investments in the following categories:

(i) Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date. After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the surplus or deficit.

Council's equity investments fall into this category. Fair value is determined as current market value based on the 30 June closing sale price recorded in the relevant stock exchange. The value of the foreign-listed managed equities is converted to New Zealand dollars at the 30 June closing rate of exchange.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance date, which are included in non-current. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cashflows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cashflows of the loan is recognised in the surplus or deficit.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, that management has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense. Council does not use this category presently.

(iv) Available for sale

Financial assets available-for-sale are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue, except for impairment losses which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

Council's shareholding in Civic Assurance is classified as available for sale. This investment is stated at fair value with the resultant gain or loss recognised through other comprehensive revenue. Fair value is determined using the asset backing per share calculated at Civic Assurance's balance date of 31 December adjusted for any material impairment.

Council's holdings of Government and corporate bonds are currently classified as available for sale.

2.11 Trade and other receivables

Trade and other receivables are initially measured at face value, less impairment losses (note 2.18). A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated recovery of the debt.

2.12 Inventory

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis, are measured at the lower of cost, adjusted when applicable, for any loss of service potential. The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

2.13 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value, less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale, are presented separately from other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

2.14 Property, plant and equipment

Property, plant, and equipment consist of:

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

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

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network

to function, for example, wastewater reticulation includes reticulation piping and pump stations.

Heritage assets and works of art are shown at cost or valuation and are not depreciated.

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

Valuation methodologies

Those asset classes that are revalued, are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

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

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

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

Borrowing costs are not capitalised as part of the cost of an asset. They are recognised as an expense in the period in which they are incurred.

Details of valuations by asset class

Operational land and restricted land were initially valued at fair value as determined from market based evidence by independent valuer Quotable Value New Zealand at 30 June 2005, which was considered deemed cost. These were revalued to fair value on the same basis by independent valuer, Quotable Value New Zealand at 30 June 2013. Operational buildings were initially valued at fair value as determined from market based evidence by independent valuer Quotable Value New Zealand at 1 July 2005, which was considered deemed cost. These were revalued to fair value on the same basis by independent valuer, Quotable Value New Zealand at 30 June 2013.

Infrastructure roading assets (except for land under roads) were valued at optimised depreciated replacement cost as determined from market based evidence by Council Asset

Managers and reviewed by Opus International Consultants Limited at 30 June 2011. These were revalued at optimised depreciated replacement cost on the same basis by Opus International Consultants Limited at 30 June 2014.

Infrastructure water, wastewater and stormwater (excluding buildings associated with these networks) were valued at optimised depreciated replacement cost determined from market based evidence by independent valuer, Beca Valuations Limited at 30 June 2012. These were revalued at optimised depreciated replacement cost by independent valuer, Aecom NZ Limited, at 30 June 2015.

Infrastructure solid waste is valued at cost less accumulated depreciation.

Land under roads was initially valued as determined from market based evidence by independent valuer Quotable Value New Zealand at 30 June 2005 which was considered deemed cost. This asset class was revalued to fair value on the same basis by independent valuer, Quotable Value New Zealand at 30 June 2013. The urban portion of this land was valued at 45% of the surrounding land's market value. The rural land portion was valued based on the surrounding land's market value. Land under roads is not depreciated.

The Airport land and buildings were initially valued at fair value as determined from market based evidence by independent valuer Quotable Value New Zealand at 30 June 2005, which was considered deemed cost. These were revalued to fair value on the same basis by independent valuer, Quotable Value New Zealand at 30 June 2013.

The Airport Infrastructure was valued at optimised depreciated replacement cost by independent valuer Beca Valuations Limited at 30 June 2011. These were revalued at optimised depreciated replacement cost by independent valuer, Beca Valuations Ltd effective 30 June 2014.

Heritage assets and park furniture, included for the first time at 1 July 2005, are not subject to regular revaluation. Heritage assets are not depreciated.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/ losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Additions

Additions between valuations are shown at cost, except vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. Vested land reserves are initially recognised at the most recent appropriately certified Government valuation. Vested infrastructural assets are valued based on the actual quantities of infrastructure components vested, and the current "in the ground" cost of providing identical services.

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that

future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

Disposals

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

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using either the straight line or the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The useful lives and associated depreciation rates of assets to be depreciated have been estimated as follows:

Class of asset depreciated	Estimated useful life	Depreciation rates
Operational assets:		
Land	Nil	Nil
Buildings	40 - 75 yrs	1.3% - 2.5% SL
Site Value	13 yrs	7.69% SL
Structure	20 - 80 yrs	1.3% - 5% SL
Roof	20 - 40 yrs	2.5% - 5% SL
Services	20 - 45 yrs	2.5% - 5% SL
Internal fit-out	15 - 35 yrs	2.9% - 6.7% SL
Plant	20 - 30 yrs	3.3% - 5% SL
Machinery	2 - 20 yrs	5% - 50% SL
Computer equipment	4 yrs	25% SL
Office equipment	4 - 10 yrs	13.33% - 25% SL
Furniture & fittings	2 - 10 yrs	10% - 50% SL
Park furniture	2 - 25 yrs	4% - 50% SL
Vehicles	4 - 10 yrs	10% - 25% SL
Library books	6.5 yrs	15.5% SL
Infrastructural assets:		
Roads		
Top surface	3 - 20 yrs	5% - 33% SL
Pavement	45 - 65 yrs	1.5% - 2.2% SL
Formation	not depreciated	
Culverts	55 - 80 yrs	1.3% - 1.8% SL
Footpaths	50 - 80 yrs	1.3% - 2% SL
Kerbs	60 yrs	1.7% SL
Signs	15 yrs	6.7% SL
Street lights	25 - 60 yrs	1.7% - 4% SL
Bridges	90 - 100 yrs	1% - 1.1% SL
Land under roads	not depreciated	
Water reticulation		
Pipes	45 - 80 yrs	1.25% - 2.2% SL
Valves, hydrants	40 yrs	2.5% SL
Pump stations	10 - 60 yrs	1.7% - 10% SL
Tanks	25 - 80 yrs	1.3% - 4% SL
Sewerage reticulation		
Pipes	15 - 80 yrs	1.3% - 6.7% SL
Manholes	80 yrs	1.3% SL

Treatment plant	5 - 80 yrs	1.3% - 20% SL
Stormwater systems		
Pipes	70 - 100 yrs	1% - 1.4% SL
Manholes, cesspits	75 - 100 yrs	1% - 1.3% SL
Flood control systems	50 - 100 yrs	1% - 2% SL
Restricted assets:		
Land	Nil	Nil
Other	2 - 40 yrs	2.5% - 50% SL

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction/work in progress

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. The current carrying amount of items under construction is separately disclosed by asset class.

2.15 Intangible assets

Development expenditure

Development costs are capitalised where future benefits are expected to exceed those costs, otherwise such costs are recognised in the surplus or deficit in the period in which they are incurred. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable, and any amount so identified is written off.

Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These are valued at cost, and are amortised over the expected useful life of the license. The useful lives and associated amortisation rates of assets to be amortised have been estimated as follows:

Class of intangible asset	Estimated useful life	Amortisation rates
Software	4 years	25%

Costs associated with maintaining computer software are recognised as an expense when incurred.

2.16 Forest assets

Forest assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the Statement of Financial Position at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the surplus or deficit, together with the change in fair value for each accounting period. The valuation of Taupō District Council and Group's forests is based on discounted cash flow models where the fair value is calculated using cash flows from continued operations; that are, based on sustainable forest management plans taking into account growth potential. The yearly harvest from forecast tree

growth is multiplied by expected wood prices and the costs associated with forest management, harvesting and distribution are then deducted to derive annual cash flows. The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational and market restrictions. Forest assets are valued separately from the underlying freehold land.

2.17 Investment property

Properties leased to third parties under operating leases and properties held for capital appreciation are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

2.18 Impairment

The carrying amounts of Taupō District Council and Group's assets, other than investment property (see accounting policy 2.17), inventories (see accounting policy 2.12) and deferred tax assets (see accounting policy 2.23), are reviewed at each balance date to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. The value in use for cash-generating assets is the present value of expected future cash flows. If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

2.19 Financial Liabilities

Short term creditors and other payables are recorded at their face value.

2.20 Employee entitlements

Provision is made in respect of Taupō District Council and Group's liability for salaries and wages accrued up to balance date, annual leave, sick leave, long service leave, and gratuities.

Retiring gratuities and long service leave, where there is already actual entitlement, is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for annual leave are accrued on an actual entitlement basis, using current rates of pay.

Liabilities for accumulating short-term compensated absences (for example, sick leave) are measured as the amount of unused entitlement accumulated at balance date that the Council anticipates employees will use in future periods in excess of the days that they will be entitled to in each of those periods.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

2.21 Provisions

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

Landfill post-closure costs

The Council, as operator of the District landfill, has a legal obligation under the resource consent to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure. Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

2.22 Interest bearing borrowings

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

Borrowings are classified as current liabilities unless the Council and Group have an unconditional right to defer

settlement of the liability for at least 12 months after the year-end date.

2.23 Income tax

Income tax on the surplus or deficit for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Revenue and Expense except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable surpluses will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.24 Budget figures

The budget figures are those approved by the Council in its 2014/15 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

The budget figures, while the same in terms of actual numbers, have been reclassified to match the new format of the Statement of Comprehensive Revenue and Expense. There is no change to the budget figures or format of the Statement of Financial Position.

2.25 Cost allocation

Taupō District Council has derived the net cost of service for each significant activity of the Council using the following cost allocation system:

- Direct costs (costs directly attributable to an activity) are charged directly to activities.
- Indirect costs (those costs which cannot be identified in an economically feasible manner, with a specific significant activity) are charged to activities based on cost drivers and related activity/usage information.

2.26 Third party transfer payment agencies

Taupō District Council and Group collect monies for many organisations. Where collections are processed through Taupō District Council and Group's books, any monies held are shown as trade payables in the Statement of Financial Position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

3. Critical accounting estimates and judgements

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

Infrastructural Assets

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

- The physical deterioration and condition of an asset, for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which provides Council with further assurance over its useful life estimates. Experienced independent valuers perform the Council's infrastructural asset revaluations.

Classification of Property

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

4. Rates, excluding targeted rates for water supply

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
General rates	36,397	33,918	36,397	33,918
Total general rates	36,397	33,918	36,397	33,918
Targeted rates, excluding targeted rates for water supply				
Lake Protection	1,406	1,391	1,406	1,391
Refuse disposal	1,283	1,357	1,283	1,357
Sewage disposal	12,310	11,462	12,310	11,462
Water supply, excluding targeted rates for water supply	7,223	6,555	7,223	6,555
Taupō Town Centre	141	135	141	135
Turangi/Tongariro community board	80	80	80	80
Whakamaru fire protection	3	4	3	4
Total targeted rates excluding targeted rates for water supply	22,446	20,984	22,446	20,984
Penalties revenue				
Rates Penalties	390	435	390	435
Total penalties revenue	390	435	390	435
Total rates, excluding targeted rates for water supply	59,233	55,337	59,233	55,337
Less - Rates remissions	(910)	(665)	(910)	(665)
Less - Internal rates on Council/Group properties	(565)	(526)	(583)	(526)
Total rates	57,758	54,146	57,740	54,146

Rating base information

As at the 30 June 2014 there were 22,779 rating units in the District with a total capital value of \$13.111billion and a total land value of \$6.677billion (30 June 2013 22,671 rating units, \$13.055b capital value, \$7.065b land value).

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue 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 revenue of the Council for the year ended 30 June 2015 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Rates, excluding targeted rates for water supply	57,758	54,146	57,740	54,146
Targeted rates for water supply	1,512	1,219	1,510	1,219
Total annual rates revenue	59,270	55,365	59,250	55,365

Rates remissions

Under Council's remissions policies, remissions are allowed for Lake Taupō lakebed and lakeshore reserve; community, sporting, and other organisations; non-income producing, unoccupied Maori freehold land in multiple ownership and in undeveloped state; and penalties in certain circumstances and at Council's discretion.

Rates Remissions were included in expenditure in the Long-Term Plan, however to show a true rates revenue they have been netted off revenue for both actual and plan.

Non-rateable properties

In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. This includes schools, places of worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of water supply, sewage disposal and refuse disposal.

5. Fees, charges and targeted rates for water supply

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Targeted rates for water supply	1,512	1,219	1,510	1,219
Landfill charges	2,288	2,161	2,288	2,161
Building and resource consent charges	1,289	1,103	1,288	1,103
Other regulatory revenue	873	741	873	741
Swimming pools revenue	1,127	817	1,127	817
Rendering of services	420	383	420	383
Sale of goods	2,099	1,944	2,750	2,620
User charges	1,465	1,495	1,182	1,242
Facility membership fees	344	333	344	333
Taupō Airport landing fees	-	-	193	202
Destination Great Lake Taupō marketing fees	-	-	158	187
Total fees, charges and targeted rates for water supply	11,417	10,196	12,133	11,008

6. Subsidies and Grants

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Operational subsidies and grants				
NZ Transport Agency subsidy	1,350	1,266	1,350	1,266
Other government grants	213	186	213	186
Other grants and donations	219	265	219	265
Capital subsidies and grants				
NZTA capital grants	857	802	857	802
Other government capital grants	103	19	103	19
Non-government capital grants	138	8	138	8
Total subsidies and grants	2,880	2,546	2,880	2,546

Government Grants

There are no unfulfilled conditions or other contingencies attached to any recognised government grants.

7. Finance revenue and finance costs

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Finance revenue				
Interest revenue - term deposits	3,162	1,783	3,197	1,817
Interest revenue - bonds	1,260	1,918	1,260	1,918
Interest revenue - community loans	80	20	80	20
Interest revenue - borrower notes	37	46	37	46
Total finance revenue	4,539	3,767	4,574	3,801

Less finance costs				
Interest on borrowings	(10,560)	(10,671)	(10,560)	(10,671)
Finance charges on leased assets	(7)	(15)	(8)	(17)
Total finance costs	(10,567)	(10,686)	(10,568)	(10,688)
Net finance costs	(6,028)	(6,919)	(5,994)	(6,887)

8. Other revenue

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Vested land and infrastructure from property development	1,634	327	1,634	327
Other vested assets	97	89	97	105
Vested road (SH1/5)	54,518	-	54,518	-
First time recognition of assets	102	-	102	-
Petrol tax	392	375	392	375
Infringements and fines	492	473	492	473
Gain on sale of properties intended for resale	244	881	244	881
Gain on sale of property, plant and equipment	218	157	218	158
Dividends or similar distributions	166	158	166	158
Change in fair value of forestry assets	-	1,431	-	1,431
Realised gain on sale of shares & corporate bonds	123	758	123	758
Unrealised foreign exchange gain on shares	467	-	467	-
Unrealised gain on derivatives not hedge accounted	-	5,096	-	5,096
Rental revenue from investment properties	74	88	270	282
Other revenue	95	130	95	130
Foreign exchange gains (net)	106	-	106	-
Insurance recoveries - Rural Fire	42	-	42	-
Total other revenue	58,770	9,963	58,966	10,174

9. Operating expenditure

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Employee benefit expenses				
Salaries and wages	18,773	18,284	19,823	19,234
Increase/(decrease) in employee entitlements/liabilities	(230)	(182)	(205)	(172)
Severance	20	14	20	14
Defined contribution plan employer contributions	410	371	432	391
Total employee benefit expenses	18,973	18,487	20,070	19,467
Depreciation				
Depreciation	20,320	19,760	20,610	20,032
Amortisation	226	223	227	224
Total depreciation and amortisation	20,546	19,983	20,837	20,256

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Other expenses				
Audit fees for financial statements audit	127	125	156	155
Audit fees for Long-Term Plan audit	90	-	90	-
Maintenance	9,287	8,212	9,353	8,299
Service delivery contracts	4,666	4,639	2,920	4,822
Electricity and gas	2,075	2,168	2,107	2,205
Materials and supplies	1,312	1,465	1,367	1,492
Professional services fees/legal fees	1,208	1,824	1,517	2,289
Lake Taupō Protection Trust (rates)	1,126	4,218	1,126	4,218
Resource consenting and compliance	984	900	984	900
Mobile plant and vehicle running costs	593	563	595	562
Insurance	478	351	492	361
Town Centre Taupō (rates)	140	134	140	134
Community grant programme	513	528	513	528
Other grants	450	480	450	480
Donations	2	2	2	2
Councillor remuneration	440	408	440	408
Community Board remuneration	55	49	55	49
Directors' fees	-	-	42	41
Minimum lease payments under operating leases	71	102	77	110
Other expenses	3,764	4,142	4,519	3,142
Inventory consumption	116	171	257	342
Inventory writeoff	-	-	3	8
Impairment of receivables	105	128	110	128
Loss on disposal of property, plant & equipment	1,573	2,674	1,578	2,674
Loss on transfer of ETA to NZTA	94,814	-	94,814	-
Loss on sale of shares and corporate bonds	249	-	249	-
Unrealised loss on foreign exchange	-	42	-	42
Change in fair value of investment properties	445	295	445	295
Impairment of non-current assets held for sale	49	-	49	-
Change in fair value of shares	520	103	520	103
Change in fair value of forestry assets	79	-	79	-
Unrealised loss on derivatives not hedge accounted	8,280	329	8,280	329
Asset write-offs	1	4,021	1	4,021
Total other expenses	133,612	38,073	133,330	38139

Severance payments

In 2014/15 the Group made severance payments to three employees, one of \$2,000, one of \$7,000 and one of \$12,725, (2013/14: 3 employees, \$6,000 and 2 of \$4,000).

10. Depreciation and amortisation expense by group of activity

	Council	
	Actual 2015 \$000	Actual 2014 \$000
Water	3,048	2,375
Community Services	200	229
Transport	6,266	6,639
Community Facilities	4,016	3,906
Solid Waste	239	211
Stormwater	875	869
Wastewater	4,798	4,639
Economic Development	11	14
Democracy & Planning	9	9
Investments	182	176
	19,644	19,067
Depreciation and amortisation not directly related to group of activities	902	916
Total depreciation and amortisation expense by activity	20,546	19,983

11. Income tax

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Current tax expense				
Deferred taxation	-	-	(50)	(82)
Total income tax expense/(benefit)	-	-	(50)	(82)
Relationship between income tax and accounting profit:				
Operating surplus/(deficit) before taxation	(47,381)	(5,989)	(47,559)	(6,253)
Surplus/(deficit) before taxation	(47,381)	(5,989)	(47,559)	(6,253)
Tax calculated at 28%	(13,267)	(1,677)	(13,317)	(1,757)
Less tax effect of:				
Non taxable expenditure	13,267	1,677	13,267	2,187
Non taxable revenue	-	-	-	(611)
Deferred tax adjustment	-	-	-	99
Total income tax expense	-	-	(50)	(82)

Deferred tax liabilities

Council and Group	Property, plant and equipment \$000	Non-deductible provisions \$000	Tax losses \$000	Total \$000
Balance at 1 July 2013	1,274	(10)	(381)	883
Charged to surplus or deficit	(12)	(26)	(55)	(93)
Charged directly to equity	149	-	-	149
Balance at 30 June 2014	1,411	(36)	(436)	939
Balance at 1 July 2014	1,411	(36)	(436)	939
Charged to surplus or deficit	(19)	(2)	(29)	(50)
Balance at 30 June 2015	1,392	(38)	(465)	889

Data Capture Systems Limited, a subsidiary of Council, has unrecognised tax losses as at 30 June 2015 of \$225,325 to carry forward (2014 \$225,325). The tax effect of these losses is \$67,598 (2014 \$67,598). The carried forward losses originated from the activity of Taupō Information Centre Limited, that company later being renamed Data Capture Systems Limited.

12. Net assets/equity

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Accumulated funds	774,285	833,424	775,960	835,156
Reserves	226,333	191,147	228,483	193,297
Balance at 30 June	1,000,618	1,024,571	1,004,443	1,028,453

The breakdown of accumulated funds and reserves are disclosed as follows:

Accumulated funds				
Balance at 1 July	833,424	842,231	835,156	844,070
Transfer from special fund	29,719	24,763	29,719	24,763
Transfer to special fund	(22,189)	(29,724)	(22,189)	(29,724)
Disposal of property, plant and equipment	(19,288)	2,143	(19,288)	2,143
Surplus/(deficit) for the year	(47,381)	(5,989)	(47,438)	(6,096)
Balance 30 June	774,285	833,424	775,960	835,156
Reserves includes				
Asset revaluation reserves	132,182	89,724	134,332	91,874
Available-for-sale investments revaluation reserve	298	40	298	40
Council created reserves (see analysis below)	93,853	101,383	93,853	101,383
Total reserves	226,333	191,147	228,483	193,297
Asset revaluation reserves				
Balance at 1 July	89,724	116,100	91,874	118,074
Revaluation gains/(losses)	23,170	(24,233)	23,170	(23,742)
Deferred tax on revaluation	-	-	-	(138)
Transfer to accumulated funds	19,288	(2,143)	19,288	(2,143)
Less minority interest share in change in asset value	-	-	-	(177)
Balance at 30 June	132,182	89,724	134,332	91,874

Asset revaluation reserves for each asset class consist of:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Operational assets:				
Operational land	1,343	1,344	2,253	2,254
Operational buildings	2,988	3,060	3,010	3,082
Fencing	-	-	23	23
Land improvements	-	-	59	59
Investment properties - land	7,013	7,265	7,013	7,265
Investment properties - buildings	52	49	52	49
Infrastructure assets				
Land under roads	4,803	4,391	4,803	4,391
Roading	45,855	26,478	45,923	26,546
Wastewater	35,028	22,631	35,028	22,631
Water	17,865	11,552	17,865	11,552
Stormwater	17,235	12,954	17,321	13,040
Runways	-	-	982	982
Total asset revaluation reserves	132,182	89,724	134,332	91,874
Available-for-sale investments revaluation reserve				
Balance at 1 July	40	520	40	520
Revaluation of corporate bonds	8	(181)	8	(181)
Reclassification to surplus/(deficit) on disposal	243	(294)	243	(294)
Fair value gains/(losses) in year	7	(5)	7	(5)
Balance at 30 June	298	40	298	40

Information about reserve funds held for a specific purpose is provided below:

Council created reserves	Activities to which the funds relate	Opening balance \$000	Additions \$000	With- drawals \$000	Closing balance \$000
2015					
Depreciation Reserves					
Water Taupō	Water	1,485	961	(1,418)	1,028
Water Acacia Bay	Water	331	93	(91)	333
Water Kinloch	Water	1,573	134	(23)	1,684
Water Waitahanui	Water	(34)	23	(9)	(20)
Water River Road	Water	85	23	(1)	107
Water Mapara	Water	354	33	(16)	371
Water Whakamoenga	Water	20	17	(1)	36
Water Bonshaw Park	Water	50	23	(7)	66
Water Centennial Drive bores	Water	(96)	122	(62)	(36)
Water Centennial Drive	Water	-	-	(23)	(23)
Water Whakarua	Water	189	39	(4)	224
Water Mangakino	Water	336	114	(15)	435
Water Waihaha	Water	375	54	(1)	428
Water Tirohanga	Water	421	82	(7)	496
Water Atiamuri	Water	133	22	(18)	137
Water Whakamaru	Water	18	20	(287)	(249)
Water Motuopapa	Water	186	38	(21)	203
Water Turangi	Water	1,604	205	(54)	1,755

Water Omori	Water	828	86	(92)	822
Water Whareroa	Water	(24)	22	-	(2)
Water Hatepe	Water	64	27	(13)	78
Wastewater District	Wastewater	4,013	4,869	(3,128)	5,754
Solid Waste District	Solid Waste	631	249	(187)	693
Transport & Stormwater District	Transport	9,033	5,661	(11,313)	3,381
Forestry District	Investments	4,769	1,465	(2,005)	4,229
Buildings District	Community Facilities, Community Services, Water, Wastewater, Solid waste, Investments, Economic Development	2,178	2,637	(1,990)	2,825
Operational Assets	All activities with the exception of Democracy & Planning	4,432	3,226	(3,164)	4,494
Development Contribution Reserves					
Community Infrastructure District	Community Facilities	854	13	-	867
Parks & reserves Land (Residential)	Community Facilities	4,205	88	(845)	3,448
District Wide Parks	Community Facilities	72	13	(19)	66
Water Taupō	Water	-	24	(24)	-
Water Kinloch	Water	30	-	(30)	-
Water River Road	Water	5	-	-	5
Water Mapara	Water	1	-	-	1
Water Turangi	Water	14	-	-	14
Water Omori	Water	29	-	-	29
Wastewater Taupō	Wastewater	650	315	(752)	213
Wastewater Kinloch	Wastewater	(48)	-	(7)	(55)
Wastewater Mangakino	Wastewater	-	-	-	-
Wastewater Atiamuri	Wastewater	2	-	-	2
Wastewater Turangi	Wastewater	41	3	(15)	29
Stormwater Taupō Industrial	Stormwater	(14)	-	(3)	(17)
Transport District Wide	Transport	1,818	304	(1,917)	205
Other Reserves					
Disaster Recovery Fund	All Activities	1,752	109	(234)	1,627
District Airport Reserve	Taupō Airport (CCTO)	69	-	-	69
Lake Taupō Protection Rate	Lakes, Rivers & Mountains	1,003	309	-	1,312
Parking	Community Services	75	-	-	75
Forestry Silviculture & Tending	Investments	440	-	(291)	149
Strategic Property Purchase - District	Investments	2,244	693	(1,573)	1,364
TEL	Investments	55,187	2,998	(2,984)	55,201
Total reserves at 30 June 2015		101,383	25,114	(32,644)	93,853

Council created reserves	Activities to which the funds relate	Opening balance \$000	Additions \$000	Withdrawals \$000	Closing balance \$000
2014					
Depreciation reserves					
Water Taupō	Water	1,339	903	(757)	1,485
Water Acacia Bay	Water	355	90	(114)	331
Water Kinloch	Water	1,501	111	(39)	1,573
Water Waitahanui	Water	(16)	28	(46)	(34)
Water River Road	Water	82	20	(17)	85
Water Mapara	Water	326	30	(2)	354
Water Whakamoenga	Water	9	12	(1)	20
Water Bonshaw Park	Water	66	20	(36)	50

Water Centennial Drive Bores	Water	215	114	(425)	(96)
Water Centennial Drive	Water	30	82	(112)	-
Water Whakaroa	Water	151	36	2	189
Water Mangakino	Water	311	93	(68)	336
Water Waihaha	Water	307	51	17	375
Water Tirohanga	Water	413	76	(68)	421
Water Atiamuri	Water	120	20	(7)	133
Water Whakamaru	Water	35	17	(34)	18
Water Motuoapa	Water	148	36	2	186
Water Turangi	Water	1,429	210	(35)	1,604
Water Omori	Water	873	82	(127)	828
Water Whareroa	Water	(46)	21	1	(24)
Water Hatepe	Water	91	24	(51)	64
Wastewater District	Wastewater	3,253	4,326	(3,566)	4,013
Solid Waste District	Solid Waste	578	246	(193)	631
Transport & Stormwater District	Transport	6,348	5,200	(2,515)	9,033
Forestry District	Investments	1,736	6,183	(3,150)	4,769
Buildings District	Community Facilities, Community Services, Water, Wastewater, Solid waste, Investments, Economic Development	1,938	2,339	(2,099)	2,178
Operational Assets	All activities with the exception of Democracy & Planning	3,543	3,348	(2,459)	4,432
Development Contribution Reserves					
Community Infrastructure	Community Facilities	843	11	-	854
District Parks & Reserves Land (Residential)	Community Facilities	4,160	45	-	4,205
District Wide Parks	Community Facilities	124	9	(61)	72
Water Taupō	Water	531	13	(544)	-
Water Kinloch	Water	32	-	(2)	30
Water River Road	Water	5	-	-	5
Water Mapara	Water	1	-	-	1
Water Turangi	Water	14	-	-	14
Water Omori	Water	29	-	-	29
Wastewater Taupō	Wastewater	1,239	181	(770)	650
Wastewater Kinloch	Wastewater	(41)	-	(7)	(48)
Wastewater Mangakino	Wastewater	(130)	-	130	-
Wastewater Atiamuri	Wastewater	2	-	-	2
Wastewater Turangi	Wastewater	43	-	(2)	41
Stormwater Taupō Industrial	Stormwater	(10)	-	(4)	(14)
Transport District Wide	Transport	1,665	273	(120)	1,818
Other Reserves					
Disaster Recovery Fund	All Activities	1,873	85	(206)	1,752
District Airport Reserve	Taupō Airport (CCTO)	69	-	-	69
Lake Taupō Protection Rate	Lakes, Rivers & Mountains	3,667	428	(3,092)	1,003
Parking	Community Services	75	-	-	75
Forestry Silviculture & Tending	Investments	769	-	(329)	440
Strategic Property Purchase - District	Investments	1,817	3,609	(3,182)	2,244
TEL	Investments	54,510	3,630	(2,953)	55,187
Total reserves at 30 June 2014		96,422	32,002	(27,041)	101,383

Nature and purpose of reserves

- (i) Depreciation Reserves
These reserves are utilised to fund for renewals, capital expenditure, loan repayments and interest for the assets tagged to each reserve.
- (ii) Development Contribution Reserves
These reserves are utilised to fund for development contribution capital expenditure, loan repayments and interest for the assets tagged to each reserve.
- (iii) Disaster Recovery Fund
To provide \$70,000 annually to assist with readily available funds in the case of a significant natural disaster.
- (iv) District Airport Reserve
To provide for heavy periodic maintenance charges on assets such as buildings, roads etc. and for future capital works of this nature.
- (v) Lake Taupō Protection Rate
For the protection of Lake Taupō's water quality.
- (vi) Parking
For the purchase or development of parking.
- (vii) Forestry Silviculture & Tend
To be used in the establishment, maintenance and operating of Council's forestry blocks.
- (viii) Strategic Property Purchase – District
To fund specific strategically based property purchases and associated projects – District.
- (ix) TEL
To provide revenue to meet the level of District rate subsidy set by Council without diminishing the value of the fund.

13. Minority interest

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Balance at the beginning of the year	-	-	3,281	3,179
Share of revaluation reserve change in asset value	-	-	-	177
Share of surplus/(deficit)	-	-	(71)	(75)
Balance at the end of the year	-	-	3,210	3,281

14. Cash and cash equivalents

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Cash at bank and in hand	87	72	102	86
Call deposits	4,999	1,247	5,653	1,854
Term deposits with maturities of less than three months at acquisition	2,002	15,040	2,002	15,040
Total cash and cash equivalents	7,088	16,359	7,757	16,980
Bank overdrafts	-	(2,411)	-	(2,411)
Total cash and cash equivalents used in statement of cashflows	7,088	13,948	7,757	14,569

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The bank overdraft in 2014 arose due to a term deposit not being credited back to Council on the maturity date causing a call account to be overdrawn, the situation was corrected on 1 July 2014.

15. Trade and other receivables

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Rates receivable	2,535	2,937	2,535	2,937
General debtors	1,861	2,650	1,940	2,738
Receivables from controlled entities (note 29)	4	4	-	-
Other	1,157	1,234	1,206	1,305
Receivables prior to impairment	5,557	6,825	5,681	6,980
Less: Provision for Impairment	(376)	(395)	(376)	(395)
Total current net trade and other receivables	5,181	6,430	5,305	6,585
Total debtors and other receivables from exchange transactions	-	-	-	-
Total current net trade and other receivables from non-exchange transactions	5,181	6,430	5,305	6,585
Total current net trade and other receivables	5,181	6,430	5,305	6,585

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

(a) Impaired receivables

Taupō District Council does not provide for any impairment on rates receivable, with the exception of multiple owned Maori Freehold Land, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstance. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

These powers allow Taupō District Council to commence legal proceedings to recover any rates that remain unpaid four months after due date for payment. If payment has not been made within three months of the Court's judgement, then Taupō District Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The carrying amount of receivables that would otherwise be impaired, whose terms have been renegotiated is \$45,212 (2014 \$30,875).

The status of receivables as at 30 June 2015 are detailed below:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Current	1,237	877	1,287	926
Past due 1-30 days	1,486	1,331	1,495	1,348
Past due 31-60 days	157	78	167	93
Past due 61+ days	1,516	3,301	1,526	3,311
Impairment	(376)	(395)	(376)	(395)
Balance at 30 June	4,020	5,192	4,099	5,283

The impairment provision has been calculated based on expected losses for the Council and Group's pool of debtors. Expected losses determined based on analysis of the Council's losses in previous periods and review of specific debtors are detailed below:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Individual impairment	60	125	60	125
Collective impairment	316	270	316	270
Total provision for impairment	376	395	376	395

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors are:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Current	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61+ days	60	125	60	125
Balance at 30 June	60	125	60	125

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

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Opening balance	395	404	395	404
Additional provisions	87	106	87	106
Receivables written off during the year	(106)	(115)	(106)	(115)
Balance at 30 June	376	395	376	395

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

16. Inventories

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Commercial inventories				
- held for use in the provision of services	253	317	293	360
Held for distribution				
- water reticulation spare parts	42	46	42	46
- parks & reserves chemicals	44	26	44	26
- wastewater spare parts	106	138	106	138
- swimming pool chemicals	4	5	4	5
- other	60	61	60	61
Total inventory	509	593	549	636

No inventories are pledged as security for liabilities (2014 \$nil).

17. Other financial assets

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Current portion				
Short term bank deposits with maturities of 4-12 months	54,881	34,649	54,881	34,649
Local government (NZLGFA) and corporate bonds	-	431	-	431
Total current portion	54,881	35,080	54,881	35,080
Non-current portion				
Shares in CCOs and other similar entities				
- Taupō Airport Authority	3,007	3,007	-	-
- NZ Local Government Funding Agency (NZLGFA)	100	100	100	100
- NZ Local Government Insurance Corporation Ltd	101	94	101	94
- Bay of Plenty Local Authority Shared Services Ltd	9	1	9	1
Total investment in CCOs and similar entities	3,217	3,202	210	195
Investment in other entities				
Local government & corporate bonds	10,504	30,498	10,504	30,498
Term deposits	5,108	2002	5,108	2002
Local government (NZLGFA) and corporate bonds	1,717	942	1,717	942
Community loans	1,557	1,574	1,557	1,574
Equity securities	4,189	3,384	4,189	3,384
Total investment in other entities	23,075	38,400	23,075	38,400
Total non-current portion	26,292	41,602	23,285	38,595
Total other financial assets	81,173	76,682	78,166	73,675

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Bonds

Government and commercial bonds are carried at amortised cost. The fair value of these bonds is \$10,504,023 (2014 \$30,498,446). Fair value has been determined using quoted market bid prices from independently sourced market information.

Controlled entities

Taupō District Council has 50% ownership of the Taupō Airport Authority Joint Venture. The Crown is the owner of the other 50%. The Taupō Airport Authority balance date is 30 June.

Taupō District Council has settled \$100 on the Destination Lake Taupō Trust. The Trust's balance date is 30 June.

Taupō District Council has 100% ownership (150 shares) of the subsidiary Data Capture Systems Limited (2014 150 shares). This company is dormant.

Taupō District Council has 100% ownership (100 shares) of the subsidiary Destination Lake Taupō Limited (2014 100 shares). This company is dormant.

Listed shares

Council has current investments in listed shares on LSE, ASX & NZX. Listed shares are recognised at fair value which are determined by reference to published current bid price quotations in an active market.

Council holds the following listed equity investments:

- Tesco 230,000 shares at market value of \$4.90 each (2014 230,000 @ \$5.52) each.
- BHP Billiton 20,000 shares at market value of \$30.44 each.
- ANZ Bank 20,000 shares at market value of \$36.24 each.
- Westpac Bank 20,000 shares at market value of \$36.18 each.
- Worley Parsons 40,000 shares at market value of \$11.72 each (2014 20,000 @ \$18.68).
- Orica shares were sold in 2014/15 (2014 60,000 @ \$20.90).
- Hallensteins Glassons 160,000 shares at market value of \$3.35 each (2014 160,000 @ \$3.05).

Community loans

Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected future cashflows, discounted at the current market rate of return for a similar financial instrument. These loans are subsequently valued at amortised cost using the effective interest method. The face value of the loans is \$1,557,338 (2014 \$1,574,366).

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

Other shares in companies

Council holds the following equity investments:

- NZ Local Government Insurance Corporation Ltd 83,971 shares at fair value of \$1.20 (2014 \$1.12) each.
- Local Authority Shared Services Ltd 1 ordinary capital share (uncalled) of \$1,000 (2014 \$1000).
- BOP Local Authority Shared Services Ltd 1 ordinary capital share of \$1,000 (2014 \$1000), an equity injection has been made this year of \$7,182.
- NZ Local Government Funding Agency 100,000 ordinary shares @ \$1.00 and 100,000 ordinary unpaid shares @ \$1.00 (2014 \$1.00).

18. Non-current assets held for sale

Total fair value of non-current assets held for sale is shown in the table below:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Non-current assets held for sale are:				
Land	2,310	3,401	2,310	3,401
Buildings	43	154	43	154
Total non-current assets held for sale	2,353	3,555	2,353	3,555

The movement of non-current assets held for sale is as follows:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Opening balance	3,555	7,002	3,555	7,002
Disposals	(392)	(3,443)	(392)	(3,443)
Asset reclassifications	(1,305)	491	(1,305)	491
Additions	544	33	544	33
Impairment	(49)	(528)	(49)	(528)
Total	2,353	3,555	2,353	3,555

The non-current assets held for sale are made up of residential and non-residential land and buildings. An asset will only be shown in this category if it has been approved by Council for sale, it is being actively marketed, and it is expected to sell within the next financial year.

19. Property, plant and equipment

Council 2015	Cost/ revaluation 1 Jul 14 \$000	Accumulated depreciation 1 Jul 14 \$000	Carrying amount 1 Jul 14 \$000	Current year additions (+ gains) \$000	Current year disposals (+ losses) \$000	Current year depreciation \$000	Transfers \$000	Revaluation surplus \$000	Cost/ revaluation 30 Jun 15 \$000	Accumulated depreciation 30 Jun 15 \$000	Carrying amount 30 Jun 15 \$000
Operating assets At cost & valuation											
Land	30,388	-	30,388	7	-	-	-	-	30,395	-	30,395
Buildings	59,950	(2,647)	57,303	741	(123)	(2,396)	49	-	60,627	(5,053)	55,574
Library books	5,211	(4,109)	1,102	365	-	(294)	-	-	5,577	(4,404)	1,173
Leased plant & equipment	448	(317)	131	28	-	(102)	-	-	476	(419)	57
Office furniture and fittings	25,615	(11,894)	13,721	2,040	(6)	(1,473)	(49)	-	27,489	(13,256)	14,233
Mobile plant and equipment	9,434	(5,928)	3,506	1,677	(305)	(1,082)	-	-	9,858	(6,062)	3,796
Heritage assets	1,878	(1)	1,877	97	-	-	-	-	1,975	(1)	1,974
Capital work in progress - land	44	-	44	1,556	-	-	(1,594)	-	6	-	6
Capital work in progress - buildings	50	-	50	765	-	-	(725)	-	90	-	90
Capital work in progress - library books	21	-	21	344	-	-	(365)	-	-	-	-
Capital work in progress - office furniture & fittings	233	-	233	2,390	-	-	(2,035)	-	588	-	588
Capital work in progress - mobile plant & equipment	309	-	309	1,239	-	-	(1,519)	-	29	-	29
Capital work in progress - heritage assets	5	-	5	16	-	-	(21)	-	-	-	-
Total operating assets	133,586	(24,896)	108,690	11,265	(434)	(5,347)	(6,259)	-	137,110	(29,195)	107,915
Infrastructural assets At cost & valuation											
Roading	383,332	-	383,312	28,754	(93,569)	(6,244)	-	-	317,038	(4,785)	312,253
Water supply	63,528	(20)	59,464	2,151	(882)	(2,831)	9,534	6,491	73,927	-	73,927
Wastewater reticulation	106,688	(4,064)	97,834	3,761	(17)	(4,552)	-	12,400	109,426	-	109,426
Stormwater reticulation	49,006	(8,854)	47,268	439	-	(876)	-	4,281	51,112	-	51,112
Land under roads	244,085	(1,738)	244,085	28,428	(1,676)	-	190	-	271,027	-	271,027
Infrastructural buildings	22,878	-	22,143	17	-	(328)	(9,535)	-	13,361	(1,064)	12,297
Solid waste	4,192	(735)	1,295	80	-	(149)	-	-	4,271	(3,045)	1,226
Capital work in progress - roading	273	(2,897)	273	2,212	-	-	(2,234)	-	251	-	251
Capital work in progress - water supply	1,105	-	1,105	1,239	-	-	(1,751)	-	593	-	593
Capital work in progress - wastewater	2,209	-	2,209	1,673	-	-	(3,280)	-	602	-	602
Capital work in progress - stormwater	27	-	27	104	-	-	(132)	-	-	-	-
Capital work in progress - solid waste	15	-	15	109	-	-	(124)	-	-	-	-
Total infrastructural assets	877,338	(18,308)	859,030	68,967	(96,144)	(14,980)	(7,332)	23,172	841,608	(8,894)	832,714
Restricted assets at cost & valuation											
Reserves	114,485	-	114,485	193	(1)	-	2	-	114,679	-	114,679
Total restricted assets	114,485	-	114,485	193	(1)	-	2	-	114,679	-	114,679
Total Council	1,125,409	(43,204)	1,082,205	80,425	(96,579)	(20,327)	(13,589)	23,172	1,093,397	(38,089)	1,055,308

Council 2014	Cost / revaluation 1-Jul-13 \$'000	Accumulated depreciation 1 Jul 14 \$'000	Carrying amount 1-Jul-13 \$'000	Current year additions (+ gains) \$'000	Current year disposals (+ losses) \$'000	Current year depreciation \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 14 \$'000	Accumulated depreciation 30 Jun 14 \$'000	Carrying amount 30 Jun 14 \$'000
Operating assets At cost & valuation											
Land	31,064	-	31,064	30	(384)	-	(322)	-	30,388	-	30,388
Buildings	52,029	(581)	51,448	9,180	(1,301)	(2,188)	164	-	59,950	(2,647)	57,303
Library books	4,907	(3,845)	1,062	304	-	(264)	-	-	5,211	(4,109)	1,102
Leased plant & equipment	605	(370)	235	58	-	(162)	-	-	448	(317)	131
Office furniture and fittings	24,417	(11,103)	13,314	2,046	(117)	(1,522)	-	-	25,615	(11,894)	13,721
Mobile plant and equipment	9,394	(5,878)	3,516	1,485	(344)	(1,151)	-	-	9,434	(5,928)	3,506
Heritage assets	1,871	(1)	1,870	7	-	-	-	-	1,878	(1)	1,877
Capital work in progress - land	409	-	409	703	-	-	(1,068)	-	44	-	44
Capital work in progress - buildings	5,368	-	5,368	4,499	-	-	(9,817)	-	50	-	50
Capital work in progress - library books	-	-	-	326	-	-	(305)	-	21	-	21
Capital work in progress - office furniture & fittings	443	-	443	1,005	-	-	(1,215)	-	233	-	233
Capital work in progress - mobile plant & equipment	17	-	17	1,645	-	-	(1,353)	-	309	-	309
Capital work in progress - heritage assets	8	-	8	5	-	-	(8)	-	5	-	5
Total operating assets	130,532	(21,778)	108,754	21,293	(2,146)	(5,287)	(13,924)	-	133,586	(24,896)	108,690
Infrastructural assets At cost & valuation											
Roading	431,990	(15,899)	416,091	2,763	(557)	(6,616)	-	(28,369)	383,332	(20)	383,312
Water supply	60,467	(2,024)	58,443	3,077	(16)	(2,040)	-	-	63,528	(4,064)	59,464
Wastewater reticulation	106,687	(4,460)	102,227	1	-	(4,394)	-	-	106,688	(8,854)	97,834
Stormwater reticulation	49,014	(877)	48,137	-	(8)	(861)	-	-	49,006	(1,738)	47,268
Land under roads	242,410	-	242,410	-	-	-	1,675	-	244,085	-	244,085
Infrastructural buildings	5,581	(332)	5,249	17,402	(77)	(431)	-	-	22,878	(735)	22,143
Solid waste	4,192	(2,788)	1,404	-	-	(109)	-	-	4,192	(2,897)	1,295
Capital work in progress - roading	279	-	279	2,346	-	-	(2,352)	-	273	-	273
Capital works in progress - water supply	18,002	-	18,002	3,693	-	-	(20,590)	-	1,105	-	1,105
Capital work in progress - wastewater	126	-	126	2,084	-	-	(1)	-	2,209	-	2,209
Capital work in progress - stormwater	-	-	-	47	-	-	(20)	-	27	-	27
Capital work in progress - solid waste	16	-	16	91	-	-	(92)	-	15	-	15
Total infrastructural assets	918,764	(26,380)	892,384	31,504	(658)	(14,451)	(21,380)	(28,369)	877,338	(18,308)	859,030
At cost & valuation											
Restricted assets											
Reserves	114,456	-	114,456	29	-	-	-	-	114,485	-	114,485
Total restricted assets	114,456	-	114,456	29	-	-	-	-	114,485	-	114,485
Total Council	1,163,752	(48,158)	1,115,594	52,826	(2,804)	(19,738)	(35,304)	(28,369)	1,125,409	(43,204)	1,082,205

Group 2015	Cost / revaluation amount 1 Jul 14 \$000	Accumulated depreciation 1 Jul 14 \$000	Carrying amount 1 Jul 14 \$000	Current year additions (+ gains) \$000	Current year disposals (+ losses) \$000	Current year depreciation \$000	Transfers \$000	Revaluation surplus \$000	Cost / revaluation 30 Jun 15 \$000	Accumulated depreciation 30 Jun 15 \$000	Carrying amount 30 Jun 15 \$000
Operating assets											
Land	30,388	-	30,388	7	-	(2,408)	-	-	30,395	-	30,395
Buildings	60,319	(2,659)	57,660	741	(123)	(2,408)	49	-	60,996	(5,077)	55,919
Library books	5,211	(4,109)	1,102	365	-	(294)	-	-	5,577	(4,404)	1,173
Leased plant & equipment	448	(317)	131	28	-	(102)	-	-	476	(419)	57
Office furniture and fittings	26,022	(11,988)	14,054	2,056	(6)	(1,495)	(42)	-	27,919	(13,352)	14,567
Mobile plant and equipment	9,652	(6,061)	3,591	1,742	(323)	(1,101)	-	-	10,111	(6,202)	3,909
Heritage assets	1,878	(1)	1,877	97	-	-	-	-	1,975	(1)	1,974
Capital work in progress - land	44	-	44	1,556	-	-	(1,594)	-	6	-	6
Capital work in progress - buildings	51	-	51	765	-	-	(725)	-	91	-	91
Capital work in progress - library books	21	-	21	344	-	-	(365)	-	-	-	-
Capital work in progress - office furniture & fittings	236	-	236	2,390	-	-	(2,038)	-	588	-	588
Capital work in progress - mobile plant & equipment	309	-	309	1,239	-	-	(1,519)	-	29	-	29
Capital work in progress - heritage assets	5	-	5	16	-	-	(21)	-	-	-	-
Total operating assets	134,584	(25,115)	109,469	11,346	(452)	(5,400)	(6,255)	-	138,163	(29,455)	108,708
Infrastructural assets At cost & valuation											
Roading	384,484	-	384,484	28,754	(93,569)	(6,255)	(7)	-	318,183	(4,796)	313,387
Water supply	63,528	(20)	63,508	2,151	(882)	(2,831)	9,534	6,491	73,927	-	73,927
Wastewater reticulation	106,688	(4,064)	102,624	3,761	(17)	(4,552)	-	12,400	109,426	-	109,426
Stormwater reticulation	49,383	(8,854)	40,529	439	-	(890)	-	4,281	51,489	(14)	51,475
Land under roads	244,085	(1,738)	242,347	28,428	(1,676)	-	190	-	271,027	-	271,027
Infrastructural buildings	22,878	-	22,878	17	-	(328)	(9,535)	-	13,361	(1,064)	12,297
Solid waste	4,192	(735)	3,457	80	-	(149)	-	-	4,271	(3,045)	1,226
Capital work in progress - roading	273	(2,897)	273	2,212	-	-	(2,234)	-	251	-	251
Capital work in progress - water supply	1,105	-	1,105	1,239	-	-	(1,751)	-	593	-	593
Capital work in progress - wastewater	2,209	-	2,209	1,673	-	-	(3,280)	-	602	-	602
Capital work in progress - stormwater	27	-	27	105	-	-	(132)	-	-	-	-
Capital work in progress - solid waste	15	-	15	109	-	-	(124)	-	-	-	-
Taupō Airport runways	5,014	-	5,014	7	-	(211)	-	-	5,020	(210)	4,810
Total infrastructural assets	883,881	(18,308)	865,573	68,975	(96,144)	(15,216)	(7,339)	23,172	848,150	(9,129)	839,021
Restricted assets At cost & valuation											
Reserves	114,485	-	114,485	193	(1)	-	2	-	114,679	-	114,679
Taupō Airport Land	3,510	-	3,510	-	-	-	-	-	3,510	-	3,510
Total restricted assets	117,995	-	117,995	193	(1)	-	2	-	118,189	-	118,189
Total Group	1,136,460	(43,423)	1,093,037	80,514	(96,597)	(20,616)	(13,592)	23,172	1,104,502	(38,584)	1,065,918

Group 2014	Cost / revaluation 1 Jul 13 \$000	Accumulated depreciation 1 Jul 14 \$000	Carrying amount 1 Jul 13 \$000	Current year additions (+ gains) \$000	Current year disposals (+ losses) \$000	Current year depreciation \$000	Transfers \$000	Revaluation surplus \$000	Cost / revaluation 30 Jun 14 \$000	Accumulated depreciation 30 Jun 14 \$000	Carrying amount 30 Jun 14 \$000
Operating assets At cost & valuation											
Land	31,064	-	31,064	30	(384)	-	(322)	-	30,388	-	30,388
Buildings	52,398	(581)	51,817	9,180	(1,301)	(2,199)	163	-	60,319	(2,659)	57,660
Library books	4,907	(3,845)	1,062	304	-	(264)	-	-	5,211	(4,109)	1,102
Leased plant & equipment	605	(370)	235	58	-	(162)	-	-	448	(317)	131
Office furniture and fittings	24,799	(11,179)	13,620	2,063	(117)	(1,538)	(3)	29	26,022	(11,968)	14,054
Mobile plant and equipment	9,567	(6,006)	3,561	1,543	(344)	(1,169)	-	-	9,652	(6,061)	3,591
Heritage assets	1,871	(1)	1,870	7	-	-	-	-	1,878	(1)	1,877
Capital work in progress - land	409	-	409	703	-	-	(1,068)	-	44	-	44
Capital work in progress - buildings	5,368	-	5,368	4,500	-	-	(9,817)	-	51	-	51
Capital work in progress - library books	-	-	-	326	-	-	(305)	-	21	-	21
Capital work in progress - office furniture & fittings	443	-	443	1,005	-	-	(1,212)	-	236	-	236
Capital work in progress - mobile plant & equipment	17	-	17	1,645	-	-	(1,353)	-	309	-	309
Capital work in progress - heritage assets	8	-	8	5	-	-	(8)	-	5	-	5
Total operating assets	131,456	(21,982)	109,474	21,369	(2,146)	(5,332)	(13,925)	29	134,584	(25,115)	109,469
Infrastructural assets At cost & valuation											
Roading	433,086	(15,926)	417,160	2,763	(557)	(6,626)	-	(28,276)	384,484	(20)	384,464
Water supply	60,467	(2,024)	58,443	3,077	(16)	(2,040)	-	-	63,528	(4,064)	59,464
Wastewater reticulation	106,687	(4,460)	102,227	1	-	(4,394)	-	-	106,688	(8,854)	97,834
Stormwater reticulation	49,408	(903)	48,505	-	(8)	(874)	-	22	49,383	(1,738)	47,645
Land under roads	242,410	-	242,410	-	-	-	1,675	-	244,085	-	244,085
Infrastructural buildings	5,581	(332)	5,249	17,402	(77)	(431)	-	-	22,878	(735)	22,143
Solid waste	4,192	(2,788)	1,404	-	-	(109)	-	-	4,192	(2,897)	1,295
Capital work in progress - roading	279	-	279	2,346	-	-	(2,352)	-	273	-	273
Capital work in progress - water supply	18,002	-	18,002	3,693	-	-	(20,590)	-	1,105	-	1,105
Capital work in progress - wastewater	126	-	126	2,084	-	-	(1)	-	2,209	-	2,209
Capital work in progress - stormwater	-	-	-	47	-	-	(20)	-	27	-	27
Capital work in progress - solid waste	16	-	16	91	-	-	(92)	-	15	-	15
Taupo Airport runways	5,233	(373)	4,860	-	-	(194)	-	348	5,014	-	5,014
Total infrastructural assets	925,487	(26,806)	898,681	31,504	(658)	(14,668)	(21,380)	(27,906)	883,881	(18,308)	865,573
Restricted assets At cost & valuation											
Reserves	114,456	-	114,456	29	-	-	-	-	114,485	-	114,485
Taupo Airport Land	3,510	-	3,510	-	-	-	-	-	3,510	-	3,510
Total restricted assets	117,966	-	117,966	29	-	-	-	-	117,995	-	117,995
Total Group	1,174,909	(48,788)	1,126,121	52,902	(2,804)	(20,000)	(35,305)	(27,877)	1,136,460	(43,423)	1,093,037

Heritage assets

Council owns a variety of heritage type assets around the Taupō District that are of cultural or historical significance which are not included in values in the note above.

These assets are made up of mainly carvings and sculptures and Council estimates their value at \$254,000.

Restrictions to title and security over property, plant and equipment

Land in the "Restricted Asset" category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the assets are used).

Infrastructural assets

Council manages infrastructural assets in accordance with Asset Management Plans. These plans detail the level of service required, the current physical extent, condition and capacity of the network and the timing, extent and cost of work required to maintain and restore the network's defined capacity in future years.

Computers and fitness equipment

These assets are subject to finance leases.

Impairment

There is no provision for impairment this year (2014 \$nil)

Insurance on assets

The total book value of all assets covered by insurance contracts is \$106 million (2014 \$161m).

The Council has chosen to insure these assets for \$173 million (2014 \$193m).

The Council has chosen to self-insure Infrastructure assets as outlined in Council's Taupō Recovery Plan December 2013, by "ring fencing" the TEL Fund of \$54m (2014 \$53m) and providing other funding options including undrawn credit lines, other reserve funds and sufficient head room with respect to borrowing limits. The value of the Rooding, Water, Wastewater, Stormwater & Solid Waste assets that are self-insured is \$540 million (2014 \$535m). With the provisions made above, in the event of a loss Council will be eligible for 60% financial support for essential infrastructure recovery from Central Government.

Infrastructural assets – further disclosures

Council 2015	Closing book value \$000	Additions Constructed by Council \$000	Assets transferred to Council \$000	Estimated replacement cost \$000
Infrastructural assets				
Water treatment plants & facilities	21,093	1,337	-	30,829
Other water assets	52,835	814	245	101,370
Wastewater treatment plants & facilities	55,291	3,204	-	85,039
Other wastewater assets	54,135	556	441	90,964
Stormwater drainage	51,113	439	280	83,791
Roads & footpaths	312,255	2,653	26,644	396,308
Total infrastructural assets	546,722	9,003	27,610	788,301

Water, wastewater and stormwater assets latest valuation 30/6/2015.

Roads and footpaths latest valuation 30/6/2014.

Council 2014	Closing book value \$000	Additions Constructed by Council \$000	Assets transferred to Council \$000	Estimated replacement cost \$000
Infrastructural assets				
Water treatment plants & facilities	12,223	-	-	24,650
Other water assets	47,241	3,062	16	90,470
Wastewater treatment plants & facilities	50,041	-	-	83,202
Other wastewater assets	47,794	-	2	87,584
Stormwater drainage	47,268	-	-	82,637
Roads & footpaths	402,788	2,444	309	494,481
Total infrastructural assets	607,355	5,506	327	863,024

Group 2015	Closing book value \$000	Additions Constructed by Council \$000	Assets transferred to Council \$000	Estimated replacement cost \$000
Infrastructural assets				
Water treatment plants & facilities	21,488	1,337	-	36,026
Other water assets	56,773	814	245	104,765
Wastewater treatment plants & facilities	55,291	3,204	-	85,039
Other wastewater assets	60,122	556	441	101,041
Stormwater drainage	56,866	439	280	93,740
Roads & footpaths	312,255	2,662	26,644	397,841
Total infrastructural assets	562,795	9,012	27,610	818,452

Water, wastewater and stormwater assets latest valuation 30/6/2015.

Roads, footpaths and airport infrastructural assets latest valuation 30/6/2014.

Group 2014	Closing book value \$000	Additions Constructed by Council \$000	Assets transferred to Council \$000	Estimated replacement cost \$000
Infrastructural assets				
Water treatment plants & facilities	12,223	-	-	24,650
Other water assets	47,241	3,062	16	90,470
Wastewater treatment plants & facilities	50,041	-	-	83,202
Other wastewater assets	47,794	-	2	87,584
Stormwater drainage	47,644	-	-	83,597
Roads & footpaths	403,933	2,444	309	496,014
Total infrastructural assets	608,876	5,506	327	865,517

Finance leases as lessee

The net carrying amount of property, plant and equipment leased under finance leases is as follows:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Computer equipment	56	110	56	110
Gym equipment	1	15	1	15
Litter collecting machine (Glutton)	-	6	-	6
Vehicles	-	-	-	12
Total	57	131	57	143

20. Biological assets – Forestry

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Opening balance	4,705	2,945	4,705	2,945
Gains/(losses) arising from changes in fair value	(79)	1,431	(79)	1,431
Additions	292	329	292	329
Carrying amount at 30 June	4,918	4,705	4,918	4,705

The forest estate comprises a number of relatively small forests and two larger forests (Rangitaiki & Tirohanga) in the Taupō basin of radiata pine. The total net stocked area of the estate is estimated to be 899.9 hectares (2014 911.2 hectares).

Independent valuers, Chandler Fraser Keating Limited have valued the forestry assets as at 30 June 2015. The following assumptions have been adopted in determining the fair value of forestry assets:

- a pre tax discount rate of 11% has been used in discounting the present value of expected cashflows
- notional land rental costs have been included for freehold land
- forests have been valued on a going concern basis and includes the value of the existing crops on a single rotational basis
- costs are current average costs. No allowance has been made for cost improvements in future operations.
- log prices are based on national export log price indices for the benchmark China A grade.

The 4% increase in value has come about largely through tree growth and updated log prices, countered by an increased estimate of production costs and current year's pruning costs.

There are no restrictions over the title of forestry assets, nor is any forestry asset pledged as security for liabilities (2014 Nil).

Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. As Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, it has not taken any measures to manage the risk of a decline in timber prices.

21. Intangible assets

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Opening carrying amounts				
Computer software cost	2,233	2,235	2,252	2,254
Accumulated amortisation	(1,609)	(1,395)	(1,626)	(1,410)
Opening carrying amount	624	840	626	844
Movements				
Opening net book amount	624	840	626	844
Additions	196	7	201	7
Amortisation charge	(227)	(223)	(228)	(225)
Disposals	-	-	(2)	-
Closing carrying amounts	593	624	597	626
Comprising				
Computer software cost	2,413	2,233	2,418	2,252
Accumulated amortisation	(1,820)	(1,609)	(1,821)	(1,626)
Closing carrying amounts	593	624	597	626

22. Investment property

Total fair value of investment properties is shown in the table below:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Land	23,385	22,356	23,385	22,356
Buildings	1,167	1,140	1,167	1,140
Balance at 30 June	24,552	23,496	24,552	23,496

The movement of investment property is as follows:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Opening balance	23,496	23,899	23,496	23,899
Fair value gains/(losses) on valuation	(445)	979	(445)	979
Additions	389	626	389	626
Transfers (to)/ from property plant and equipment	(193)	(1,517)	(193)	(1,517)
Transfers (to)/ from inventories and owner occupied property	1,305	(491)	1,305	(491)
Balance at 30 June	24,552	23,496	24,552	23,496

Investment properties are valued annually effective at 30 June to fair value. The valuation was performed by N Harris BBS (VPM), an independent valuer from QV Asset & Advisory. QV Asset & Advisory is an experienced valuer with extensive market knowledge in the types and location of investment properties owned by the Council.

The valuation methodology and assumptions used were:

- all land has been valued on a fair market, highest and best use basis, each site has been individually considered and valued in accordance with current market conditions;
- all buildings are valued with reference to the market where market evidence exists, highest and best use of the property has been considered when formulating the valuation approach;
- site and other improvements relating to various land assets have been assessed on a fair value market basis, in the absence of conclusive market value evidence, improvements have been valued by the depreciated replacement cost approach; and
- all lessee (non Council) improvements have been excluded from the valuation.

Amounts relating to investment property and recognised in surplus or deficit include:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Rental revenue from investment property	74	88	74	88
Direct operating expenses related to investment property that generated rental revenue during the period	28	56	28	56
Direct operating expenses related to investment property that did not generate rental revenue during the period	154	140	154	140

There were no contractual obligations for capital or operating expenses in relation to investment property (2014: Nil).

23. Trade and other payables

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Trade payables	3,884	3,835	3,977	3,992
Payables to controlled entities	-	2	-	-
Accrued expenses	1,452	1,697	1,559	1,802
Councillor fees payable	22	2	22	2
Accrued interest on borrowings	519	258	519	258
Deposits and bonds	829	691	838	698
Revenue in advance	2,216	1,839	2,285	1,892
Total creditors and other payables	8,922	8,324	9,200	8,644
Total creditors and other payables from exchange transactions	5,852	5,783	6,057	6,042
Total creditors and other payables from non-exchange transactions	3,070	2,541	3,143	2,602
Total current creditors and other payables from exchange and non-exchange transactions	8,922	8,324	9,200	8,644

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade payables approximates their fair value.

24. Employee benefits liabilities

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Current portion				
Accrued pay	758	508	800	539
Annual leave	1,861	1,850	1,993	1,958
Retirement gratuities & long service leave	95	112	95	112
Sick leave	39	39	39	39
Total current portion	2,753	2,509	2,927	2,648
Non-current portion				
Retirement gratuities & long service leave	272	286	276	288
Total non-current portion	272	286	276	288
Total employee entitlements	3,025	2,795	3,203	2,936

The present value of retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation figure. Any changes in these assumptions will affect the carrying amount of the liability.

A discount factor of 6.6% (2014 6.6%) and an inflation factor of 2% (2014 2%) were used.

25. Provisions

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Non-current portion				
Value landfill - closure and post closure provision	59	55	59	55
Movements in provisions:				
Opening balance	55	51	55	51
Additional provisions made during the year	4	4	4	4
Closing balance	59	55	59	55

Taupō District Council gained resource consent in September 1998 to operate the Broadlands Road Landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

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

Closure responsibilities:	Post-closure responsibilities:
Final application and vegetation	Treatment and monitoring of leachate
Final application and vegetation	Ground water and surface monitoring
Facilities for leachate collection and monitoring	Gas monitoring and recovery
Facilities for water quality monitoring	Implementation of remedial measures such as needed for cover and control systems
Facilities for monitoring and recovery of gas	On going site maintenance for drainage systems, final cover and vegetation

The management of the landfill will influence the timing of recognition of some liabilities, for example, the current landfill consists of a series of new cells being progressively opened as old ones are completed. Each of these requires additional capital expenditure and the recalculation of the landfill aftercare provision.

Capacity of the site

The estimated remaining capacity of the site as at 30 June 2015 is approximately 392,074 cubic metres (2014 416,256 cubic metres).

The estimated remaining life as at 30 June 2015 is 15 years (2014 16 years).

Estimates of the remaining capacity and life have been made by Council's engineers based on historical volume information and early results from the Solid Waste Management Strategy.

The cash outflows for landfill post-closure are expected to occur between 2030 and 2035. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.75%.

26. Borrowings

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Current portion				
Bank overdrafts	-	2,411	-	2,411
Bank loans	-	600	-	600
Commercial paper	25,000	60,000	25,000	60,000
Debentures	25,000	25,000	25,000	25,000
Finance lease liabilities	40	99	40	111
Total secured current interest bearing borrowings	50,040	88,110	50,040	88,122

The bank overdraft in 2014 arose due to a term deposit not being credited back to TDC on the maturity date causing a call account to be overdrawn, the situation was corrected on 1 July 2014.

Non-current portion				
Debentures	100,000	80,000	100,000	80,000
Finance lease liabilities	20	39	20	39
Total secured non-current interest bearing borrowings	100,020	80,039	100,020	80,039
Total borrowings	150,060	168,149	150,060	168,161

Council manages its borrowing in accordance with its funding and financial policies, which includes a Treasury Management Policy. This policy has been adopted as part of the Council's Long-Term Plan 2012-2022.

Bank facilities

Council has a total of \$50m (2014 \$50m) committed bank facilities. \$10m expires March 2017 and \$40m expires June 2018. Of the facilities nil (2014 \$0.6m) was drawn as at balance date.

Commercial paper, fixed and floating rate notes

Council has issued \$25m (2014 \$25m) of fixed and floating rate notes at balance date. The \$25m is at a floating rate and is entirely covered by interest rate swaps at fixed rates.

Council has commercial paper of \$25m currently on issue (2014 \$60m)

NZ Local Government Funding Agency

Council has issued \$100m (2014 \$80m) of floating rate debt securities as at balance date and these are entirely covered by interest rate swaps at fixed rates.

Security

All of Council's secured loans are secured under the terms of the Debenture Trust Deed between the Council and Trustees Executors, as Trustee. Security is by a charge over the Council's ability to levy rates in favour of the Trustee. Pursuant to the Trust Deed Council has issued debenture and security stock certificates of \$130.5 million at 30 June 2015 (2014 \$245.5 million) to secure the various debentures issued, bank loan facilities, guarantees issued on behalf of Council and other general banking facilities.

Effective interest rate

	Council		Group	
	2015 %	2014 %	2015 %	2014 %
Loans	6.506%	6.090%	6.506%	6.090%
Lease liabilities	3.552%	5.580%	3.552%	5.580%
Overall weighted average	6.505%	6.090%	6.505%	6.090%

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Payable no later than one year	50,040	88,111	50,040	88,123
Later than one, not later than two years	18	25,030	18	25,030
Later than two, not later than five years	55,002	55,008	55,002	55,008
Later than five years	45,000	-	45,000	-
	150,060	168,149	150,060	168,161

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Analysis of finance lease liabilities				
Payable no later than one year	42	105	42	118
Later than one, not later than two years	18	32	18	32
Later than two, not later than five years	2	8	2	8
Total minimum lease payments	62	145	62	158
Future finance charges	(2)	(7)	(2)	(8)
Present value of minimum lease payments	60	138	60	150
Represented by:				
Current	40	99	40	111
Non-current	20	39	20	39
Total finance leases	60	138	60	150

At the Council, finance leases are largely related to the leasing of computer equipment. A summary of the net carrying amount of all leased assets is in note 19.

The finance leases can be renewed at the Council and Group's option, with rents set by reference to current market rates for items of an equivalent age and condition. The Council and Group do have the option to purchase the assets at the end of the lease term.

There are no restrictions placed on the Council or Group by any of the finance leasing arrangements.

27. Derivative financial instruments

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Current liability portion				
Interest rate swaps	-	268	-	268
Total current liability portion	-	268	-	268
Non-current liability portion				
Interest rate swaps	19,399	10,851	19,399	10,851
Total non-current liability portion	19,399	10,851	19,399	10,851

The fair value of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced (Infoscan) market parameters such as interest rate yield curves. The interest rate swaps have been valued by Hedgebook as at 30 June 2015.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2015 were \$128,350,000 (2014 \$148,350,000).

At 30 June 2015, the fixed interest rates of interest rate swaps vary from 5.09% to 6.37% (2014 5.27% to 6.37%).

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

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Surplus/(deficit) after tax	(47,381)	(5,989)	(47,509)	(6,171)
Add/(less) non-cash items				
Depreciation and amortisation	20,542	19,979	20,833	20,252
Vested assets	(56,351)	(416)	(56,351)	(432)
Unrealised (gains)/losses in fair value of biological assets	79	(1,431)	79	(1,431)
Unrealised (gains)/losses in fair value of non-hedge accounted derivatives	8,280	(4,767)	8,280	(4,767)
Unrealised (gains)/losses in fair value of investment properties	494	295	494	295
Unrealised (gains)/losses on equities	53	145	53	145
Add/(less) items classified as investing activity				
Net (gain)/loss on sale/write-offs	95,927	1,633	95,933	1,632
Non-operating movement in deferred tax	-	-	(50)	(158)
Decrease/(increase) in creditors for capital expenditure	(137)	2,430	(137)	2,430
Increase/(decrease) in debtors for capital revenue	-	(6,385)	-	(6,385)
(Increase)/decrease in accounts receivable	(70)	8,119	(50)	8,034
(Increase)/decrease in inventories	84	(89)	87	(82)
Increase/(decrease) in accounts payable	695	(3,543)	691	(3,434)
Net cash inflow/(outflow) from operating activities	22,215	9,981	22,353	9,928

29. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Key management personnel compensation

	Council	
	Actual 2015 \$000	Actual 2014 \$000
Mayor and Councillors		
Remuneration (Council Elected Members)	440	402
Full-time equivalent members	11	11
Senior Leadership Group, including the Chief Executive		
Remuneration (CEO & SLG)	1,068	1,115
Full-time equivalent members	5	5
Total key management personnel compensation	1,508	1,517
Total full-time equivalent members	16	16

Due to the difficulty in determining the full-time equivalent for Councillors, the fulltime equivalent figure is taken as the number of Councillors.

It should be noted that the definition of key management personnel for this disclosure includes the Mayor, Councillors, the Chief Executive and members of the Senior Leadership Group. Details of remuneration paid to Councillors and Community Board members are provided in note 31.

30. Financial instruments

Council is risk averse and seeks to minimise risk exposure associated with financial instruments and treasury activity. Council has risk management policies and processes in place particularly with regard to risk exposures relating to interest rates and the concentration of credit risk.

Council has established a Treasury Management Policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature.

(a) Financial instrument categories

Assets	Held for trading \$000	Assets at fair value through surplus or deficit \$000	Loans and receivables \$000	Available for sale \$000	Total \$000
Council					
30 June 2015					
Cash and cash equivalent	-	-	7,088	-	7,088
Receivables	-	-	4,716	-	4,716
Other financial assets:					
Bonds	-	-	-	10,504	10,504
Term deposits	-	-	59,989	-	59,989
Borrowers notes	-	-	1,717	-	1,717
Community loans	-	-	1,557	-	1,557
Listed shares	-	4,189	-	-	4,189
Unlisted shares	-	-	-	210	210
Total assets	-	4,189	75,067	10,714	89,970
30 June 2014					
Cash and cash equivalent	-	-	16,359	-	16,359
Receivables	-	-	5,890	-	5,890
Other financial assets:					
Bonds	-	-	-	30,498	30,498
Term deposits	-	-	36,651	-	36,651
Borrowers notes	-	-	1,373	-	1,373
Community loans	-	-	1,574	-	1,574
Listed shares	-	3,384	-	-	3,384
Unlisted shares	-	-	-	195	195
Total assets	-	3,384	61,847	30,693	95,924

Assets	Held for trading \$000	Assets at fair value through surplus or deficit \$000	Loans and receivables \$000	Available for sale \$000	Total \$000
Group					
30 June 2015					
Cash and cash equivalents	-	-	7,757	-	7,757
Receivables	-	-	4,793	-	4,793
Other financial assets:					
Bonds	-	-	-	10,504	10,504
Term deposits	-	-	59,989	-	59,989
Borrowers notes	-	-	1,717	-	1,717
Community loans	-	-	1,557	-	1,557
Listed shares	-	4,189	-	-	4,189
Unlisted shares	-	-	-	210	210
Total assets	-	4,189	75,813	10,714	90,716
30 June 2014					
Cash and cash equivalent	-	-	16,980	-	16,980
Receivables	-	-	5,973	-	5,973
Other financial assets:					
Bonds	-	-	-	30,498	30,498
Term deposits	-	-	36,651	-	36,651
Borrowers notes	-	-	1,373	-	1,373
Community loans	-	-	1,574	-	1,574
Listed shares	-	3,384	-	-	3,384
Unlisted shares	-	-	-	195	195
Total assets	-	3,384	62,551	30,693	96,628
Liabilities					
	Held for trading \$000		Measured at amortised cost \$000		Total \$000
Council					
30 June 2015					
Borrowings					
- Bank overdraft	-	-	-	-	-
- Secured loans	-	-	-	-	-
- Debentures & commercial paper	-	-	150,000	-	150,000
Payables and accruals	-	-	6,673	-	6,673
Derivative financial instruments	19,399	-	-	-	19,399
Total liabilities	19,399	-	156,673	-	176,072
30 June 2014					
Borrowings					
- Bank overdraft	-	-	2,411	-	2,411
- Secured loans	-	-	600	-	600
- Debentures & commercial paper	-	-	165,000	-	165,000
Payables and accruals	-	-	6,254	-	6,254
Derivative financial instruments	11,119	-	-	-	11,119
Total liabilities	11,119	-	174,265	-	185,384

Liabilities	Held for trading \$000	Measured at amortised cost \$000	Total \$000
Group			
30 Jun 15			
Borrowings			
- Bank overdraft	-	-	-
- Secured loans	-	-	-
- Debentures & commercial paper	-	150,000	150,000
Payables and accruals	-	6,881	6,881
Derivative financial instruments	19,399	-	19,399
Total liabilities	19,399	156,881	176,280
30 Jun 14			
Borrowings	-	-	-
- Bank overdraft	-	2,411	2,411
- Secured loans	-	600	600
- Debentures & commercial paper	-	165,000	165,000
Payables and accruals	-	6,512	6,512
Derivative financial instruments	11,119	-	11,119
Total liabilities	11,119	174,523	185,642

(b) Market risk

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. Council is exposed to price risk through its equity securities, which are classified as financial assets held at fair value through the surplus or deficit. This price risk arises due to market movements in the value of listed securities. This price risk is managed by the diversification of Council's investment portfolio and is managed by Council's Treasury Management Group and external Fund Advisors in accordance with Council's Investment Policy.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Taupō District Council has no significant exposure to currency risk.

Interest rate risk

The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. Mechanisms used include matching the interest rate profile of the Council and group's financial investments and financial liabilities and, where appropriate, fixing rates through fixed rate borrowings and the use of interest rate derivatives.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the cost of borrowing or the return from an investment.

Council's Liability Management Policy sets minimum and maximum levels of fixed rate exposure for borrowings, across various time windows.

Council's Investment Policy provides for interest rate risk on investments to be managed by Council as part of its overall investment strategy.

Cash flow interest rate risk

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

Taupō District Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. These interest rate swaps have the economic effect of converting floating rate borrowings into fixed rates that are generally lower than those available if Taupō District Council borrowed at fixed rates directly.

Under the interest rate swaps, Taupō District Council agrees with other parties to exchange, at specified intervals, the

difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Disclosure of the value of Council's interest rate swap instruments is made in note 27.

Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonable possible market movements, with all other variables held constant, based on Taupō District Council's financial instrument exposures at balance date. These tables represent both the Council and Group position as there are no financial instruments requiring analysis for controlled entities.

Council and Group

Interest rate risk	2015				2014			
	-100bps		+100bps		-100bps		+100bps	
	Profit \$000	Other equity \$000	Profit \$000	Other equity \$000	Profit \$000	Other equity \$000	Profit \$000	Other equity \$000
Financial assets								
Cash and cash equivalents (1)	-	-	-	-	-	-	-	-
Term deposits (2)	-	-	-	-	-	-	-	-
Community loans (3)	-	-	-	-	-	-	-	-
Local authority stock (4)	-	-	-	-	-	-	-	-
Bonds (4)	-	207	-	(201)	-	975	-	(938)
Financial liabilities								
Borrowings (5)	-	-	-	-	-	-	-	-
Interest rate derivatives (6)	(9,662)	-	8,863	-	(9,359)	-	8,590	-
Total sensitivity to interest rate risk	(9,662)	207	8,863	(201)	(9,359)	975	8,590	(938)

Council and Group

Foreign exchange risk	2015				2014			
	-5%		5%		-5%		5%	
	Profit \$000	Other equity \$000	Profit \$000	Other equity \$000	Profit \$000	Other equity \$000	Profit \$000	Other equity \$000
Financial assets								
Quoted share investments (7a)	192	-	(174)	-	152	-	(138)	-
Total sensitivity to foreign exchange risk	192	-	(174)	-	152	-	(138)	-
Financial assets								
Quoted share investments (7b)	(209)	-	209	-	(160)	-	160	-
Total sensitivity to equity price risk	(209)	-	209	-	(160)	-	160	-

Explanation of sensitivity analysis – Council and Group

1 – Cash and Cash Equivalents

Cash and cash equivalents include deposits at call of \$5,653,000 (2014 \$1,854,000), which are at an interest rate close to the Official Cash Rate. As the likelihood of this rate moving on balance date is unlikely no sensitivity analysis has been applied.

2 – Term Deposits

Term deposits are valued at principal plus accrued interest \$59,989,000 (2014 \$51,691,000). A movement of plus or minus 1% in the interest rate has nil effect on the profit and loss (2014 \$Nil).

3 – Community Loans

Taupō District Council has lent the Southern Lakes Taupō Health Trust \$300,000 for a period of 25 years at 2% pa, this loan was valued at fair value of \$107,351 (2014 \$103,365) at balance date. Taupō District Council has lent TMP Properties Ltd \$1,442,142 (2014 \$1,442,142) on normal commercial terms for a period of 15 years at BNZ commercial rate. Council lent \$100,000 to the Tongariro National Trout Centre for a period of 3 years at 7.50%, the loan has been repaid (2014 \$21,240). Changes in interest rates at balance date will not affect the valuation of these loans.

4 – Local Authority Stock and Corporate Bonds

Corporate Bonds have a fair value of \$10,504,023 (2014 \$30,498,446). A movement of plus or minus 1% in the interest rate has an effect on other equity of (\$201,000)/\$207,000 (2014 (\$938,000)/\$975,000).

5 – Borrowings

Taupō District Council's bank facilities were nil at balance date, a movement of plus or minus 1% in the interest rate would have no effect. The fixed and floating rate notes are held to maturity therefore no sensitivity analysis has been completed.

6 – Interest Rate Derivatives

Derivative financial instruments liabilities include interest rate swaps with a fair value totalling \$19,399,000 (2014 \$11,119,000). A movement in interest rate of plus/minus 1% has an effect on the unrealised value of the derivatives of \$8,863,000/ (\$9,662,000) (2014 \$8,590,000/ (\$9,359,000)).

7 – Quoted Share Investments

- a) Taupō District Council holds listed equity instruments in Tesco Ltd, Worley Parsons, BHP Billiton, ANZ and Westpac which are publicly traded and included in the FTSE or ASX equity indices. If there was a movement of plus or minus 5% in the British pound and Australian dollar the effect has an impact of (\$174,000)/\$192,000 in the fair value through profit. (2014 (\$138,000)/\$152,000)
- b) For these same shares and the NZ shareholdings in Hallenstein Glassons, if the share price moved plus or minus 5% the effect has an impact of \$209,000/ (\$209,000) in the fair value through profit. (2014 \$160,000/ (\$160,000))

(c) Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing the Council to incur a loss.

Financial instruments which potentially subject the Council to credit risk principally consist of bank balances, accounts receivable, all investments, and sports club and other guarantees.

Council's Investment Policy limits the amount of credit exposure on investment instruments to any one institution or organisation. There are also minimum credit rating limits in place.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 33.

There are no significant concentrations of credit risk with accounts receivable balances as Council has a large number of credit customers, mainly ratepayers, and there are appropriate debt management practices in place. Council has significant powers under the Local Government (Rating) Act 2002 to recover outstanding amounts from ratepayers.

Maximum exposure to credit risk

Taupō District Council's maximum credit exposure (including accrued interest at balance date) for each class of financial instrument is as follows:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Cash at bank and term deposits	67,077	53,010	67,746	53,631
Debtors and other receivables	4,716	5,890	4,793	5,973
Community & related party loans	1,557	1,574	1,557	1,574
Local authority & government stock (NZLGFA)	1,717	1,373	1,717	1,373
Corporate stock	10,504	30,498	10,504	30,498
Total credit risk	85,571	92,345	86,317	93,049

Credit quality of financial assets

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

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Counterparties with credit ratings				
Cash at bank and term bank deposits				
AA-	67,077	53,010	67,746	53,631
Total cash at bank and term bank deposits	67,077	53,010	67,746	53,631
Bonds				
AA+	1,717	1,373	1,717	1,373
Total local authority & government stock	1,717	1,373	1,717	1,373
Corporate stock				
AA-	4,244	4,142	4,244	4,142
BBB+	6,260	26,356	6,260	26,356
Total corporate stock	10,504	30,498	10,504	30,498
Counterparties without credit ratings				
Community & related party loans	1,557	1,574	1,557	1,574
Total community & related party loans	1,557	1,574	1,557	1,574

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

(d) Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in raising sufficient funds to meet financial commitments as they fall due.

Liquidity risk management ensures that there is sufficient cash available to meet obligations in an orderly manner as they fall due. As part of liquidity risk management Council, at 30 June 2015, had \$50m of un-drawn committed bank facilities (2014: \$49.400m). Councils' Treasury Management Policy also requires spreading of debt maturities across financial periods to avoid concentration of risk.

Council also holds cash and cash equivalents to manage short-term liquidity risk.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 33.

Contractual maturity analysis of financial assets and liabilities

The table below analyses Taupō District Council's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt and interest rate derivatives are based on the relevant interest rate at balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Total contractual cash flows \$000	Carrying Amount (assets)/ liabilities \$000
Council 2015						
Financial assets						
Cash and cash equivalents	7,088	-	-	-	7,088	7,088
Debtors and other receivables	4,695	8	13	-	4,716	4,716
Term deposits	57,721	5,367	-	-	63,088	59,989
Community loans	155	155	484	1,864	2,658	1,557
Local authority stock (NZLGFA)	-	-	1,095	933	2,028	1,717
Bonds	668	6,447	4,370	-	11,485	10,504
Total financial assets	70,327	11,977	5,962	2,797	91,063	85,571
Financial liabilities						
Creditors and other payables	6,673	-	-	-	6,673	6,673
Net settled derivative liabilities	3,371	3,361	10,093	11,180	28,005	19,399
Bank overdraft	-	-	-	-	-	-
Secured loans	67	61	60	-	188	-
Debentures & commercial papers	55,440	4,349	63,449	48,975	172,213	150,000
Finance leases	42	18	2	-	62	60
Total financial liabilities	65,593	7,789	73,604	60,155	207,141	176,132
Council 2014						
Financial assets						
Cash and cash equivalents	16,359	-	-	-	16,359	16,359
Debtors and other receivables	5,859	13	18	-	5,890	5,890
Term deposits	50,189	2,160	-	-	52,349	36,651
Community loans	176	155	464	1,870	2,665	1,574
Local authority stock (NZLGFA)	443	-	1,102	-	1,545	1,373
Bonds	1,724	1,724	32,980	-	36,428	30,498
Total financial assets	74,750	4,052	34,564	1,870	115,236	92,345
Financial liabilities						
Creditors and other payables	6,254	-	-	-	6,254	6,254
Net settled derivative liabilities	3,370	3,053	9,074	10,983	26,480	11,119
Bank overdraft	2,411	-	-	-	2,411	2,411
Secured loans	675	67	81	-	823	600
Debentures & commercial papers	89,752	28,658	60,746	-	179,156	165,000
Finance leases	105	32	8	-	145	138
Total financial liabilities	102,567	31,810	69,909	10,983	215,269	185,522
Group 2015						
Financial assets						
Cash and cash equivalents	7,757	-	-	-	7,757	7,757
Debtors and other receivables	4,772	8	13	-	4,793	4,793
Term deposits	57,721	5,367	-	-	63,088	56,598
Community loans	155	155	484	1,864	2,658	1,557
Local authority stock (NZLGFA)	-	-	1,095	933	2,028	1,717
Bonds	668	6,447	4,370	-	11,485	10,504
Total financial assets	71,073	11,977	5,962	2,797	91,809	82,926

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Total contractual cash flows \$000	Carrying Amount (assets)/ liabilities \$000
Financial liabilities						
Creditors and other payables	6,881	-	-	-	6,881	6,881
Net settled derivative liabilities	3,371	3,361	10,093	11,180	28,005	19,399
Bank overdraft	-	-	-	-	-	-
Secured loans	67	61	60	-	188	-
Debentures & commercial papers	55,440	4,349	63,449	48,975	172,213	150,000
Finance leases	42	18	2	-	62	60
Total financial liabilities	65,801	7,789	73,604	60,155	207,349	176,340
Group 2014						
Financial assets						
Cash and cash equivalents	16,980	-	-	-	16,980	16,980
Debtors and other receivables	5,942	13	18	-	5,973	5,973
Term deposits	50,189	2,160	-	-	52,349	36,651
Community loans	176	155	464	1,870	2,665	1,574
Local authority stock (NZLGFA)	443	-	1,102	-	1,545	1,373
Bonds	1,724	1,724	32,980	-	36,428	30,498
Total financial assets	75,454	4,052	34,564	1,870	115,940	93,049
Financial liabilities						
Creditors and other payables	6,512	-	-	-	6,512	6,512
Net settled derivative liabilities	3,370	3,053	9,074	10,983	26,480	11,119
Bank overdraft	2,411	-	-	-	2,411	2,411
Secured loans	675	67	81	-	823	600
Debentures & commercial papers	89,752	28,658	60,746	60,746	239,902	165,000
Finance Leases	118	32	8	-	158	150
Total financial liabilities	102,838	31,810	69,909	71,729	276,286	185,792

(e) Fair value estimation

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
Council 2015				
Financial assets				
Local government and corporate bonds	10,504	-	10,504	-
Listed shares	4,189	4,189	-	-
Unlisted shares	210	-	210	-
Total financial assets	14,903	4,189	10,714	-
Financial liabilities				
Derivative financial instruments	19,399	19,399	-	-
Total financial liabilities	19,399	19,399	-	-

	Total \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
Council 2014				
Financial assets				
Local government and corporate bonds	30,498	-	30,498	-
Listed shares	3,384	3,384	-	-
Unlisted shares	94	-	94	-
Total financial assets	33,976	3,384	30,592	-
Financial liabilities				
Derivative financial instruments	11,119	-	11,119	-
Total financial liabilities	11,119	-	11,119	-
Group 2015				
Financial assets				
Local government and corporate bonds	10,504	-	10,504	-
Listed shares	4,189	4,189	-	-
Unlisted shares	210	-	210	-
Total financial assets	14,903	4,189	10,714	-
Financial liabilities				
Derivatives financial instruments	19,399	19,399	-	-
Total financial liabilities	19,399	19,399	-	-
Group 2014				
Financial assets				
Local government and corporate bonds	30,498	-	30,498	-
Listed shares	3,384	3,384	-	-
Unlisted shares	94	-	94	-
Total financial assets	33,976	3,384	30,592	-
Financial liabilities				
Derivative financial instruments	11,119	-	11,119	-
Total financial liabilities	11,119	-	11,119	-

31. Remuneration

Chief Executive Officer's Remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$318,830 (2014 \$329,318).

The Chief Executive Officer of the Taupō District Council is appointed under Section 42 of the Local Government Act 2002.

Elected representatives received the following remuneration (including non-financial benefits):

	Actual 2015 \$	Actual 2014 \$
Mayor		
Trewavas, David	106,441	70,406
Cooper, Rick	-	31,116
Total	106,441	101,522

The figure disclosed for the Mayors' remuneration includes a non-cash benefit of \$4,427 (2014 \$3,857) in relation to the mayoral car.

	Actual 2015 \$	Actual 2014 \$
Councillors		
Boddy, John	31,922	21,946
Chrustowski, Bernhard	32,622	1,829
Cozens, Zane	33,217	21,946
Harvey, Rosie	31,922	21,946
Hickling, Barry	39,357	31,579
Jollands, Roseanne	31,922	21,946
Park, Anna	32,797	30,987
Stewart, Margaret	34,127	21,946
Trueman, Kirsty	33,497	30,987
Williamson, John	31,922	21,946
Crate, Keith	-	21,038
Downard, Mich'eal	-	11,513
Henderson, Rob	-	10,209
Johnston, Chris	-	10,209
Keepa, Gary	-	1,0581
Williams, Nicola	-	10,209
Total Councillors remuneration	333,305	300,817

	Actual 2015 \$	Actual 2014 \$
Turangi/Tongariro Community Board		
Kingi, Tonganui	15,660	9,808
New Te Takinga	7,830	5,192
Saunders, Neale	7,830	7,284
Smallman, Mary	7,830	7,284
Te Whare, Chris	8,180	7,284
Van der Aa, Walter	7,830	7,284
McKenzie, Duncan	-	2,361
Stewart, Margaret	-	2,091
Total community board remuneration	55,160	48,588

The monetary remuneration detailed above (salary and allowances) is determined by Council resolution within limits set by the Local Government Elected Members Determination in accordance with the provisions of Clause 6 Schedule 7 of the Local Government Act 2002. Fringe benefit tax of \$6,674 was paid to the IRD by Council for a vehicle supplied to Mayor David Trewavas (2014 \$3,595 and \$721 for former Mayor Rick Cooper).

Council employees

Total annual remuneration by band for employees as at 30 June:

	Number of employees	
	2015	2014
Less than \$60,000	228	219
\$60,000-\$79,999	62	61
\$80,000-\$99,999	32	34
\$100,000-\$119,999	17	13
\$120,000-139,999	6	5
\$140,000-179,999	7	7
\$180,000-\$319,999	3	3
Total employees	355	342

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 246 (June 2014 238) full-time employees, with the balance of staff representing 51.5 (June 2014 49.1) full time equivalent employees. A full-time employee is determined on the basis of a 37.5 or 40-hour working week.

32. Capital and operational commitments and operating leases

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Capital commitments				
Water supply renewals	606	-	606	-
District roading	900	1,800	900	1,800
Emergency generators project	-	176	-	176
Phone system	15	116	15	116
Botanical Heights stage 3A	-	832	-	832
Total capital commitments	1,521	2,924	1,521	2,924
Operational commitments				
Wastewater	1,695	1,888	1,695	1,888
District roading	2,268	3,878	2,268	3,878
Refuse	8,133	10,071	8,133	10,071
Supply of document production services	336	492	336	492
Office and gym equipment leases	197	-	197	-
Security	314	513	314	513
District electricity supply	3,682	5,786	3,682	5,786
Street sweeping	101	101	101	101
Three waters maintenance	1,491	1,346	1,491	1,346
Water & wastewater electrical maintenance	332	301	332	301
Property leases	978	1,180	978	1,180
Total operational commitments	17,832	23,668	17,832	23,668
Total capital and operational commitments	21,048	28,480	21,048	28,480

Non-cancellable operating leases as lessee:

Taupō District Council leases property, plant and equipment in the normal course of its business. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Minimum operating lease payments payable:				
Payable no later than one year	11	11	143	157
Later than one, not later than two years	11	11	13	20
Later than two, not later than five years	6	17	6	19
Total non-cancellable operating leases	28	39	162	196

33. Contingencies

Contingent liabilities

Taupō District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 30 local authority shareholders and 41 local authority guarantors of the NZLGFA. (In that regard it has uncalled capital of \$100,000). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2015, NZLGFA had borrowings totalling \$4,995m (2014 \$3,775m).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt defaults in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Other Contingencies

Taupō District Council

Scientific advice has been received regarding the Hipaua Geothermal Landslide risk near Waihi at the southern end of Lake Taupō. In the event of a landslide any property damage and/or loss of life could potentially give rise to claim(s) against Council, currently unquantifiable (2014 Same contingency disclosure made).

A land subsidence issue has been identified in the Taupō urban area, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically

related to the causes of the subsidence. The issue of contingent liability however, currently unquantifiable, is under review (2014 Same contingency disclosure made).

Council controls and has brought to account certain reserve lands throughout the District which will return to Iwi ownership in the event that they are no longer required for reserve purposes. Council does not envisage that this situation will ever eventuate (2014 Same disclosure of this contingency).

Council may be subject to claims relating to weather tightness building defects. As at the date of this report the Weathertight Home Resolution Service (WHRS) is investigating two claims affecting two properties in the Taupō District (2014 Two WHRS claims). The Council is not a respondent for one of these claims and the other may or may not result in a formal claim against Council. No weather tightness claims have been lodged directly with Council.

All Councils with responsibilities under the Building Act have, to varying extents, been impacted by the leaky building issue. Unfortunately, as the issue has evolved, other parties to the claims have disappeared and Councils and Riskpool (our insurer) are often the only party responding to the claims. This has meant that judgements against Councils are increasing. Any leaky building claims made against Council after 1 July 2009 are not covered by our insurers.

In addition to the weather tightness building defect claims, there are a further 13 unresolved potential legal and insurance claims against Council as at 30 June 2014 (2014 - 6 claims). All seek compensation related to resource consents, property damage, contractual disputes, or other aspects of Council's operations which the claimants believe have caused them loss. It is not possible for Council to quantify a maximum financial exposure for these claims. Council will vigorously defend all claims and expects its actual liability to be minimal, if indeed there is any liability at all.

The potential for erosion and flooding risk has been identified through technical reports around the foreshore of Lake Taupō, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the erosion and flooding. The issue of contingent liability however, currently unquantifiable, is

under review (2014 Same contingency disclosure made).

Last year we disclosed that the Long-Term Plan 2012-22 was not adopted correctly on the 26 June 2012 leading to a technical breach of the Local Government Act 2002. Council subsequently adopted the Long-Term Plan on the 24 September 2013. Council received a Validating Order in Council, from the Department of Internal Affairs, under the Local Government Act 2002 on the 8 December 2014.

Due to recent earthquakes in Canterbury, Council needs to assess whether there is any risk to buildings in the Taupō District. Council has begun the task of evaluating its own buildings, commencing with the buildings of highest risk to human life, to determine if they may be earthquake prone, the buildings assessed so far comply for the intended use. The issue of contingent liability, if any, is unquantifiable.

There are no contingent assets or liabilities relating to the subsidiary entities (2014 nil).

34. Events after balance date

There were no significant events after balance date that require reporting.

35. Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds 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, general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets while not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Taupō District Council has the following Council created reserves:

- Depreciation reserves
- Development contributions
- TEL Fund
- Disaster recovery
- Other special purpose

Depreciation reserves reflect the value of depreciation expense charged in the financial statements and funded from rates. These reserves are utilised to fund the replacement and renewal of the assets that are being depreciated.

Development contribution reserves reflect development contributions invoiced and received, these are used to fund capital expenditure, loan repayments and loan interest on growth-related asset purchases or construction.

The TEL Fund was established in September 1995 when Taupō District Council sold its investments in Taupō Electricity Limited and Taupō Generation Limited. The fund is utilised to reduce the rating requirement of the district.

The disaster recovery reserve is set aside to assist with readily available funds in the case of a significant natural disaster.

The other special purpose reserves are an accumulation of a number of other designated reserves, funded and held for a variety of purposes. Among the more significant balances are the strategic property reserve, land subdivision reserves, the forestry reserve, and the Lake Taupō Protection Rate reserve.

36. Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in the 2014/15 Annual Plan to 30 June 2015 are as follows:

Statement of Comprehensive Revenue and Expense

Council's actual deficit of \$47.381m is \$45.541m more than the \$1.840m deficit planned. The major variations are due to:

Revenue

- Subsidies and grants ahead of plan by \$635k. Due to their nature these are not budgeted in full. Included in this variance is \$241k in capital grants for the Mangakino skatepark and the cenotaph upgrade.
- Development and financial contributions are ahead of plan by \$153k due to increased property development in the district.
- Fees, charges and targeted rates for water supply are \$1.500m ahead of plan. Increased water by meter revenue \$438k due to a dry summer, revenue from haylage ahead of plan by \$105k, revenue at all Council

venues ahead of plan \$257k, revenue from landfills and transfer stations ahead of plan \$224k and recoveries from third parties in road and water activities ahead of plan \$207k. Regulatory revenue from building consents ahead of plan by \$207k due to increased building activity, revenue from other regulatory functions ahead of plan by \$181k.

- Finance revenue is \$416k higher than plan due to prefunding a \$25m debenture and investing the funds until it fell due.
- Other revenue is \$56.623m ahead of plan. The following make up this variance:
 - Infrastructural vested assets \$984k ahead of plan and other vested assets \$97k ahead of plan. First time recognition of assets \$102k.
 - The vesting of SH1 from the Wairakei roundabout to the Airport roundabout and SH5 from Lake Terrace to the ETA roundabout, \$54.518m.
 - Infringements and fines \$77k ahead of plan.
 - Realised and unrealised foreign exchange gains \$573k ahead of plan.
 - Gain on sale of properties behind plan by \$180k offset by gain on sale of plant & equipment \$218k, dividends \$166k ahead of plan, realised gain on sale of shares and bonds \$123k, other revenue \$233k ahead of plan. Forestry was expected to make a gain of \$288k but instead made a loss (see expenses).

Expenses

Expenses are \$104.8m higher than plan. The major cause of this is the loss on the transfer of the East Taupō Arterial to NZ Transport Agency of \$94.8m. Below is explanation for the balance of \$10m:

- Employee benefit expenses were higher than plan by \$58k due to increased kiwisaver contributions
- Depreciation was higher than plan by \$934k
- Loss on disposal of assets \$1.573m
- Loss on valuations of investment properties \$445k, loss on revaluations of forest assets \$79k, loss on valuation of derivative financial instruments \$8.280m, loss on valuation and sale of financial assets \$769k. With the exception of forestry assets these items are not budgeted for due to their nature
- These losses are offset by operational savings of \$1.5m and savings on interest on debt of \$0.7m due to the reduction of debt to lower than planned levels.

Statement of Financial Position

Assets

- Investments, including cash, are \$741k higher than plan due to operational revenues being higher than plan
- Trade and other receivables are \$766k higher than plan due to operational revenues being higher than plan
- Prepayments are \$408k ahead of plan (unbudgeted)
- Non-current assets held for sale \$6.815m lower than plan due to the annual plan using sale price to value the land for sale instead of the lower of cost or net realisable value
- Investment properties \$1.439m higher than plan due to

movements to and from non-current assets held for sale.

- Property, plant and equipment, intangibles and forestry were \$104.8m less than plan due to the revaluation of infrastructural assets being \$16.2m higher than plan, offset by the revaluation of roading being \$71m lower than plan in 2013/14. Capital expenditure was \$10.3m behind plan and depreciation was \$934k higher than planned. Disposals were \$0.9m higher than plan, vested assets were \$1.1m higher than plan. The net effect of the transfer of the ETA and SH1/5 with NZTA was a disposal of \$40.3m which was unbudgeted.
- Trade and other payables \$1.1m lower than plan due to lower than planned capital expenditure.
- Derivative financial instrument liabilities are \$8.342m higher than plan due to fair valuation change.
- Borrowings \$11.453m lower than plan mainly due to capital expenditure being below planned levels.

Statement of movements in net assets/equity

The major variations are due to:

- The opening equity position being \$78m lower than plan, primarily due to the roading revaluation in 2013/14 being lower than anticipated by \$71m .
- The 30 June 2015 revaluations of infrastructural assets being \$16.2m higher than anticipated in the Annual Plan.
- Revaluation gain on financial assets (shares) not planned \$258k.
- The net deficit for the year being \$45.5m more than planned (see explanation under 'Statement of Comprehensive Revenue and Expense' heading above).

37. Adjustments to the comparative year financial statements

The Council and Group has adjusted its comparative year financial statements for the year ended 30 June 2014 due to reclassification adjustments, transition to the new PBE accounting standards, and other adjustments. The adjustments are shown in the table below:

		Actual 2014				
		Before adjustments	Reclassification adjustments	PBE transition adjustments	Other adjustments	After adjustments
		\$000	\$000	\$000	\$000	\$000
COUNCIL						
Revenue						
Subsidies and grants	b	1,717	829	-	-	2,546
Development and financial contributions	b	-	622	-	-	622
Asset development and other gains/ (losses)	b	8,383	(8,383)	-	-	-
Fees, charges and targeted rates for water supply	a, d	12,287	(2,262)	171	-	10,196
Other revenue	a, b	-	9,963	-	-	9,963
Expenditure						
Other expenses	b, d, f	37,139	769	171	(6)	38,073
Current assets						
Trade and other receivables	c	5,891	539	-	-	6,430
Non-current assets						
Investments in associates	e	3,141	-	(3,141)	-	-
Current liabilities						
Trade and other payables	c, f	7,791	539	-	(6)	8324
Equity						
Accumulated funds	e, f	836,559	-	(3,141)	6	833,424
GROUP						
Revenue						
Subsidies and grants	b	1,717	829	-	-	2546
Development and financial contributions	b	-	622	-	-	622
Asset development and other gains/ (losses)	b	8,399	(8,399)	-	-	-
Fees, charges and targeted rates for water supply	a, d	13,115	(2,457)	350	-	11,008
Other revenue	a, b	-	10,174	-	-	10,174
Expenditure						
Other expenses	b, d, f	37,030	769	350	(10)	38,139
Share of associate's surplus/(deficit)	e	3,054	-	(3,054)	-	-
Income tax expense	g	93	-	-	(11)	82
Current assets						
Trade and other receivables	c	6,046	539	-	-	6,585
Non-current assets						
Investments in associates	e	3,561	-	(3,561)	-	-
Current liabilities						
Trade and other payables	c, f	8,114	539	-	(9)	8,644
Non-current liabilities						
Deferred tax liabilities	g	928	-	-	11	939
Equity						
Accumulated funds	e, f, g	838,720	-	(3,561)	(3)	835,156
Minority interest	f	3,280	-	-	1	3,281

Explanatory notes

Reclassification adjustments

- (a) For the Council, other revenue of \$2,262k (Group \$2,457) previously included in fees, charges and targeted rates for water supply, have been reclassified to other revenue, as this revenue category is considered more appropriate under the new PBE accounting standards.
- (b) For the Council, asset development gains and losses of \$8,383k (Group \$8,399) have been reclassified to other revenue \$7,701k (Group \$7,717k), subsidies \$829k, development and financial contributions \$622k and other expenses (\$769k), as these revenue and expense categories are considered more appropriate under the new PBE accounting standards.
- (c) For the the Council, a balance of \$539k for GST refund has been moved from trade and other payables to trade and other receivables, as this balance sheet category is considered more appropriate under the new PBE accounting standards.

The Council and Group has changed the presentation of items within the operating cash flow section of the statement of cash flows to:

- reflect the changes in the classification of revenue items described above;
- present the payments to suppliers separately from the payments to employees; and
- add cash flow line item for other revenue. This change has been made to include cash inflow line items that are consistent with the line items used in the statement of comprehensive revenue and expense.

Given the extensive changes described above to the operating cash flows, it is not practicable to disclose the effects of these changes to the comparative information for each line item of the statement of cash flows affected.

Adjustments on transition to new PBE accounting standards

- (d) For Council and Group, cost of goods sold in retail operations have been moved from fees, charges and targeted rates for water supply to other expenses to eliminate the "netting off" of revenue and expenses, Council \$171k and Group \$350k.
- (e) The Lake Taupō Protection Trust can no longer be accounted for as an associate on transition to the new PBE accounting standards as it does not meet the control guidelines outlined in the standard and has no formal equity structure. The effects of this change are as follows:
- (i) The derecognition of revenue from the Trust of \$3,054k at Group level;
 - (ii) the derecognition of Council's original investment in the Trust \$3,141k; and
 - (iii) the derecognition of the Group's investment in the Trust and the corresponding impact of this derecognition on the Group's accumulated funds of \$3,561k.

Other adjustments

- (f) When preparing the financial statements for 2014/15 Council discovered a rounding adjustment in the software used to compile the financials of \$6k in the parent and \$10k in the Group. The financial statements for 2014, which are presented as comparative information in the 30 June 2015 financial statements, have been restated to reflect this adjustment.
- (g) When preparing the financial statements for 2014/15 Council discovered an \$11k adjustment in the calculation of deferred tax in the Group accounts for the prior year. The financial statements for 2014 which are presented as comparative information in the 30 June 2015 financial statements have been restated to reflect this adjustment.