

Masterton District Council

Annual Report

2014/15

Front Cover:

Description: The new Town Square has been a significant addition to Masterton

Photographer: Dave Lintott Photography

ISSN 1172-1863

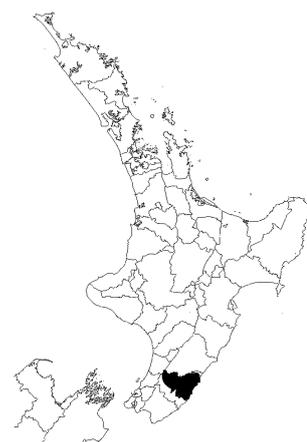
CONTENTS

	<u>Page</u>
Masterton District Council Profile	1
Organisation Structure	2
Mayor & Chief Executive's Report	3-4
Highlights	5-7
Statement of Compliance and Responsibility	8
Financial Statistics	9-11
Report on Community Outcomes	12
Providing Opportunities for Māori to Contribute to Council Decision Making Processes	13
Report on Development and Financial Contributions	13
Report of the Auditor-General	14-17
Statements of Service Performance (SSPs)	19
Overall Performance (survey results)	20-21
SSPs for Council Activities	
Roading	
Roads, Streets, Footpaths and Parking	22-26
Water Services	
Urban and Rural Water Supplies	27-31
Sewerage Services	32-36
Stormwater Services	37-39
Solid Waste Services	40-42
Community Facilities and Activities	
Community Activities	43-46
Library and Archive	47-48
Property	49-50
Parks, Reserves and Sportsfields	51-52
Genesis Energy Recreation Centre	53-54
Cemeteries	55
Airport	56-59
Regulatory Services	
Resource Management and Planning	60-61
Building Control	62-63
Environmental Health, Liquor Licensing and General	
Inspection and Parking Control	64-66
Animal Control	67-68
Emergency Management and Rural Fire	69-70
Governance and Corporate Services	71-74
Local Government (Financial Reporting and Prudence) Regulations 2014	75-79
Funding Impact Statements	80-90
Report on Equal Employment Opportunities	91
Financial Statements	93-108
Notes to Accounts	109-138
Statement of Resources	139
Map of District	140

MASTERTON DISTRICT COUNCIL

Masterton District Council was formed on 1st April, 1989 with the union of the Masterton Borough and County Councils. The Masterton District (with amended boundaries) was constituted from 1st November, 1989 as part of the reorganisation of local government at that time.

Masterton District comprises one large urban town and a large rural area which stretches from the Tararua ranges to the Pacific Ocean coast, within the central Wairarapa region. The land area is 229,500 hectares with land use ranging from sheep and beef farming to forestry, cropping and horticulture. The population at the 2013 census was 23,352, with 18,132 residing in the Masterton urban area.

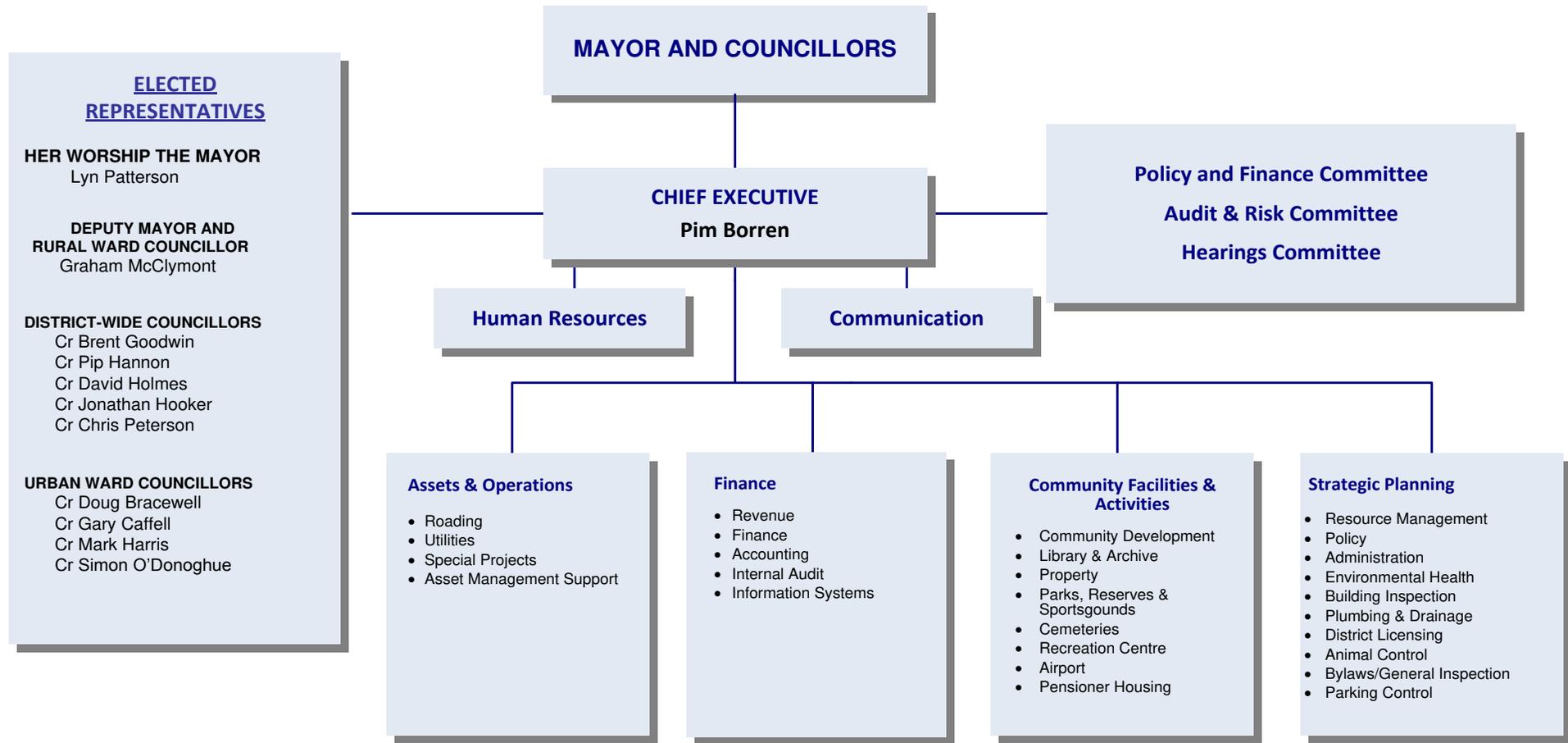


Mission Statement

To manage and develop resources so as to ensure the environmental, cultural, social and economic well being of the District and its people.



Council Organisational Structure (2015)



DIRECTORY

Council Office
64 Chapel Street
Masterton

Auditor
Audit New Zealand
on behalf of the Auditor General

Transactional Bank
Westpac

Solicitors
Gawith Burridge, Masterton

Insurance Brokers
Jardine Risk Consultants Ltd

MAYOR & CHIEF EXECUTIVE'S REPORT

We are pleased to introduce the Annual Report of the Masterton District Council for the 2014/15 year. In this report you will find information about the performance of the Council compared to the 2014/15 Annual Plan and year three of our 2012-22 Long Term Plan (LTP).

The following section of this report summarises some of the highlights for the year. The progress of the last five years on pipe network renewals has continued, while road maintenance and renewal work continues to be around 20% of our annual expenditure. Of more particular note is the new focus on economic development, where the Council has focused additional resources. Those resources remain at the low end of the expenditure spectrum, but are a new direction as the Council has not invested previously in this area.

Overall, the Council's financial position is sound. Debt levels are stable at \$54 million after the significant investments made in the Homebush sewage treatment plant over the last five years. The Council has \$18 million of financial assets which offset that debt and represent growing reserve funds for the future renewal of assets. The financial statements show an accounting deficit of \$1.9 million, but that includes gains and losses on the revaluation of assets and liabilities and gains from assets vested by developers. After eliminating these, the operating surplus is just over \$100,000, compared to the planned \$177,000. Total operating expenditure of \$37.3m, is 2% less than planned. Capital expenditure of \$13.4m is 8% less than the value planned. There are unders and overs of revenue and expenditure versus the planned levels and these are detailed in this Annual Report, particularly in the Cost of Service statements for each activity.

The Homebush construction phase has gone largely to plan with only a small variation to budget due to issues related to groundwater and sludge removal from the old ponds. The Council is committed to continued improvement with respect to the impact of discharge from our treatment plant on river water quality. It is our intention not to simply meet our resource consents, but ultimately to outperform them by a significant margin. We are committed to supporting our community, iwi and environmental groups to ensure we increase our capacity for disposal on to land (as opposed to the majority of treated waste water being discharged into the Ruamahunga River). This will take additional investment and careful planning in upcoming years, but we have started those conversations with our community partners.

In last year's Annual Report we noted the Council's new focus on economic development. With a full-time staffing resource in this area we have progressed a number of economic development projects to assist in stimulating both economic activity and population growth. The 'My Masterton' campaign has had a number of aspects, including playing a large role in the consultation process for the 2015-25 Long Term Plan (LTP). By attempting some new initiatives we have tried to sow the seeds for a more vibrant and ultimately resilient economy and the results to date have been positive.

Also in last year's report we indicated the Council was committed to removing blockages wherever possible to help people do new things. Three very good examples of this in the last year are the Council's \$500,000 contribution towards the development of the multi-sport stadium at Cameron and Soldiers Memorial Park, the \$70,000 contribution to the Masterton Tennis Club for new public court surface and lights and the new playground at McJorrow Park. The sports facilities projects have resulted in increases in usage of the facilities and the Council's funding was added to significant external funding to deliver fantastic facilities for the residents of our community. At McJorrow Park, the community's voluntary labour input has been significant. There are many other

examples in the pipeline and while many of these appear to have a sporting focus we are equally committed to using this model for other areas in our community. Mostly we are determined to address the issue of under-investment in Council facilities which has left many of our assets in poor condition. Working in partnership with our community allows us to facilitate improved community facilities in the way the community wants.

The development of, and consultation with our community, for ‘Shaping Our Future – the 2015-25 Long Term Plan’ was a major piece of work completed during the last financial year. The Consultation Document went to every household in Masterton and laid out clearly a number of choices the Council had in providing services to the Masterton community over the next ten years. Backing up that document was a 30 year infrastructure strategy and a financial strategy, both of which support Council’s intention to deliver services that are both affordable and sustainable for our community over the next ten years.

We noted last year that MDC is very lean in staffing. We are reliant on outsourcing many of our services and these have been largely effective. We have added staff resources during the last year to areas such as human resources, project management, health and safety, strategic policy, iwi partnerships and community development. We will look at strengthening each of these areas in the year ahead. We see community development as an area of priority given the challenges we face around social deprivation across some of our urban area.

As an organisation, the Council responded to the Wellington ‘super council’ amalgamation proposal as put forward by the Local Government Commission. Responding to that proposal and participating in the process did take considerable time and resource and was a distraction to staff and elected members alike, at a time when we were preparing our 2015-25 Long Term Plan. The abandonment of the proposal has meant a re-focus on what is best for the Wairarapa. Masterton District’s councillors and staff will continue to work positively towards the best and most sustainable local governance structure for our ratepayers and region. We continue to work closely with our two neighbouring Councils in the Wairarapa and have commenced contract reviews for some of the main services we currently contract.

We have dealt with some major planning challenges in the past year, particularly around flood plain modelling and management and we continue to work with Greater Wellington Regional Council to ensure our district is well protected. Issues around earthquake strengthening and potential impacts on our CBD are also an ongoing concern.

We are proud of the achievements listed in this report. The Council is building a culture where our staff have a common resolve to see Masterton progress and prosper. Equally we are proud of our relationships with external organisations and across our community. We continue to work together with community groups, local businesses, trusts, and our own contractors to assist in progressing a wide range of projects while delivering value for money for the ratepayers of our District.



Lyn Patterson
Mayor



Pim Borren
Chief Executive

HIGHLIGHTS

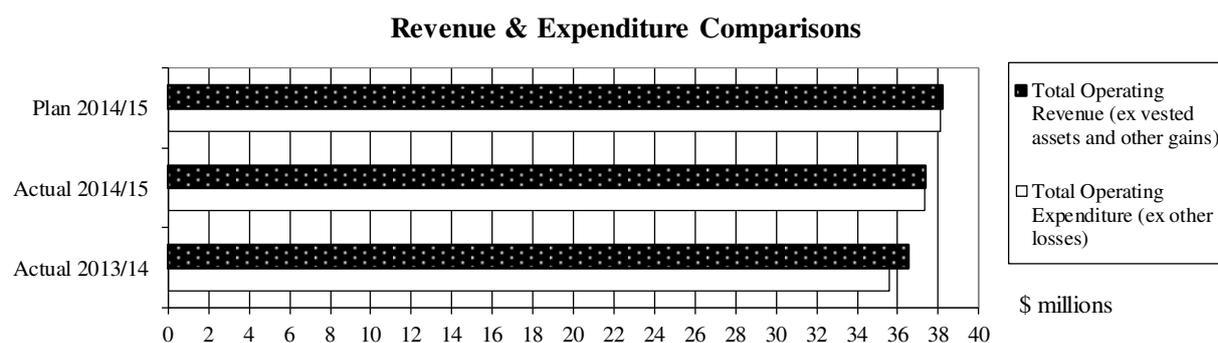
The year to 30 June 2015 has been Year Three of the Council’s 2012-22 Long Term Plan. The Council has maintained it’s focus on delivering the services that were set out in that Plan. Those services have been delivered within the financial constraints that were set in the Plan and the subsequent Annual Plan for 2014/15.

The Council organisation spans across 28 distinct service areas. Every one has some impact on some, or all of the people who live in Masterton District. These services include roads, streets and footpaths, water supplies, sewerage systems, stormwater systems, rubbish and recycling services, the library and archive, parks, sportsfields and cemeteries, the swimming pools, the town hall and other property functions and the range of regulatory services that maintain a structure and order in our community.

This Annual Report provides full detail of the Council’s performance against financial and non-financial measures. As well as meeting the generally accepted accounting standards, the report also complies with all the requirements of the Local Government Act. These include providing Statements of Service Performance and Funding Impact Statements by Group of Activity, the various note disclosures in the financial statements relating to remuneration, infrastructural assets, insurance, rating base and the LG Financial (Reporting and Prudence) Regulations.

FINANCIAL SUMMARY

The financial statements show an accounting deficit of \$1.9 million, but that figure includes a number of asset and liability valuation adjustments. After excluding Other Gains and Losses and vested assets, the surplus is \$0.1 million, which is very close to the planned surplus of \$0.177 million. The graph below shows the operating revenue and expenditure compared to the Plan and the prior year. Overall, operating revenue is 2.2% below the level planned due largely to roading subsidies not received on capital work planned, but not spent. Also, financial contributions revenue is below planned levels. Operating expenditure of \$37.3 million is \$0.77 million (2%) below the planned level with a range of unders and overs making up the variance.



Property rates of \$25.2 million made up 68% of total operating revenue. Rates are set at the start of the year, via the Annual Plan and they increased 3.25% overall from the prior year.

The lower revenue than planned has not affected the Council’s operational delivery of services as the revenue not received was largely capital in nature. The operating expenditure under plan by 2% is made up of savings largely in roading, solid waste, urban water supply and property costs. Areas where operating expenditure exceeded the plan level include urban sewerage, economic development and corporate costs. More detail of the operating results of the Council can be found in the Cost of Service Statements of each activity and the notes to the financial statements.

Note 1 of the financial statements is the Rates Requirement statement. This lists the net expenditure (or rates required) for each activity. Unders and overs have resulted in a small unallocated surplus of rates revenue. This is after the transfer to reserves of some unspent rates funding. \$280,000 of the anticipated surplus was committed as part of the 2015/16 plan, while \$150,000 has been carried forward as unallocated. The actual net rates requirement surplus was \$442,500 (1.7%). The three projects to be funded from the 2014/15 surplus are economic development (\$100,000), community development (\$100,000) and two roading projects (\$80,000), being the Council's share carried forward for applying in 2015/16 to those projects.

In terms of financial position, the Council's financial assets (cash in the bank and investments) increased from \$17.3 million to \$18.2 million. This is largely the result of less drawing on depreciation and general capital reserve funds than planned and the above surplus funding carried forward in reserve funds.

External debt of \$54.3 million was \$1.7 million more than last year and close to the planned level. Overall, capital expenditure was \$13.43 million compared to the plan of \$14.6 million.

Further detail and commentary on the financial variances from Plan is included in the Cost of Service Statement for each activity and in the Notes to the Financial Statements (Note 31 Plan Comparison and Budget Variations).

MASTERTON WASTEWATER UPGRADE

2014/15 was the first full year of operation of the new Homebush oxidation ponds, but not all the designed border strip land disposal areas available. The long dry summer months were a test for both the storage capacity and the ability of the plant to dispose of all treated wastewater to land (rather than the river, which was in low flow). The plant operated well and the resource consent conditions were largely met and often well exceeded. In terms of the construction contract, the final area (old pond 3) has not been de-sludged and returned to grass due to high ground water. The resolution to this issue is still being worked on.

The lack of ability to commission the full land area for irrigation has meant the Council has to consider other options. The consultation process on those options is on-going. During the year a trial was done with a package treatment plant to assess the viability of treatment of the wastewater to a standard where it could be used on dairy farms.

WATER & SEWERAGE SYSTEM RENEWALS

The programme of sewer main and lateral renewals continued during the year, with 4.6km renewed (last year 4.9km). Close to 20% of the public part of the sewer network has been replaced over the last six years. Also, 3.4km of water mains were renewed (last year 4.2km). The \$1.4m upgrade of the water filters at the treatment plant at Kaituna was completed this year.

ROAD UPGRADES

Road renewal programmes have been largely completed, with the exception of the Manawa bridge replacement, where further design and tendering delays meant construction will not start until the summer of 2015. Stage two of the CBD footpath upgrade and the Castlepoint Jetty Road and footpath upgrade (the eastern end) were both about to begin the physical works as at 30 June 2015. Footpath resurfacing work in Masterton has yet to catch up with the scheduled renewal programme following the delays caused by the work Chorus have been doing in the footpaths – laying ultra-fast broadband cables.

2014/15 has been the first year of a new contract with Fulton Hogan, with the one contractor doing the maintenance work for all three Wairarapa councils.

SOLID WASTE

The solid waste contracts continued to deliver good value services to ratepayers through the collection of both waste and recyclables and the operation of transfer stations at Nursery Road, Riversdale Beach and Castlepoint. Waste volumes sent to Bonny Glen landfill (near Marton) increased 2.2% over the previous year to 12,457 tonnes, while recycling and composting tonnes decreased 1.8% to 7,543 tonnes. The recycling and composting operations continue to benefit from the investment in upgraded buildings at Nursery Road, where waste and recyclables are also brought from both Carterton and South Wairarapa District Councils.

PARKS, RECREATION & PROPERTY UPGRADES

This area of Council activities had a relatively quiet year in terms of expenditure on projects, but significant planning and consultation took place. The next stage of the Queen Elizabeth Park rejuvenation project was completed, being the removal of a number of trees on Memorial Drive that were deemed dangerous. Work on a new playground in McJorrow Park was progressed and recreation trails were further developed along the Waipoua River and in Lansdowne. A sports facilities strategy report was delivered and considered by the Council.

A grant of \$500,000 was made towards the upgrade of Cameron & Soldiers Memorial Park's new multi-sport playing surface and lights. The McJorrow Park playground was built with the involvement of many people from the community in that area. At the Recreation Centre the water heating system was replaced in October 2014. Energy consumption figures since then reflect the more efficient unit. The Riversdale toilet replacement project has been held up, pending a joint approach to the redevelopment of the Surf Lifesaving Clubrooms.

The project to upgrade the Town Hall's stage flying system was completed during the year. This included the rearranged stage right and north-western exit door. A number of the CBD security cameras were upgraded during the year. The project to upgrade the welcome signage to Masterton, included 'pou' poles with symbols that represent our district. This project was completed during the year, but ended up costing more than was planned.

LIBRARY

Masterton Library completed a major refurbishment during the year, recarpeting, replacing shelving and redecorating. The resulting refreshed space is a credit to those involved in the project and the library continues to be a very well-used public facility. The Wairarapa Archive have been actively involved in researching and providing information and material related to the First World War. The resource we have in the historical records and the knowledge and skills of the staff has been widely recognised.

LONG TERM PLAN

The development of the 2015-25 Long Term Plan was a project which dominated much of the work carried out during the last year. The Council spent many hours in workshops developing asset management plans and service levels, reviewing funding policies, the 30 year infrastructure strategy and ten year financial strategy. The key issues that the Council wanted to consult the ratepayers over were distilled into a Consultation Document that was distributed to every household. Extensive 'out and about' consultation was also done.

MASTERTON DISTRICT COUNCIL
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30TH JUNE 2015

COMPLIANCE

The Council and management of Masterton District Council certify that all the statutory requirements of the Local Government Act 2002, including the Local Government (Financial Reporting and Prudence) Regulations 2014, regarding financial management and borrowing have been complied with.

RESPONSIBILITY

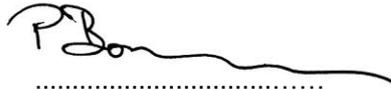
The Council and management of Masterton District Council accept responsibility for the preparation of the annual Financial Statements, Statements of Service Performance, reporting as per the Regulations and the judgements used in them.

The Council and management of Masterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial statements, the statements of service performance and reporting per the regulations.

In the opinion of the Council and management of Masterton District Council, the annual Financial Statements, Statements of Service Performance and reporting per the regulations for the year ended 30th June 2015, fairly reflect the financial position and operations of Masterton District Council.



.....
Lyn Patterson
Mayor



.....
Pim Borren
Chief Executive



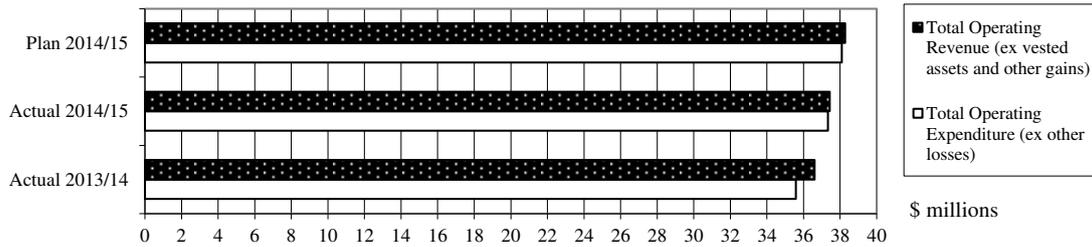
.....
D E Paris
Manager Finance

Date: 28th October 2015

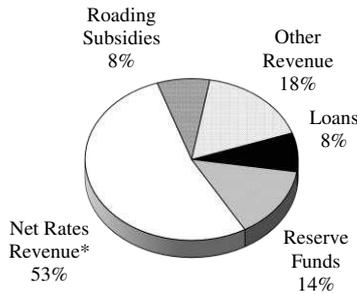
Last Year		Actual 2014/15		Plan 2014/15	
Actual 2013/14		Actual 2014/15		Plan 2014/15	
Total Expenditure (incl Capital items)		\$ 47,981,896		\$ 50,090,486	
\$ 46,105,676		\$ 47,981,896		\$ 50,090,486	
\$ 24,802,645	Funded by: Net Rates Revenue*	\$ 25,476,207	53%	\$ 25,354,435	51%
\$ 3,688,988	Roading Subsidies	\$ 3,827,847	8%	\$ 4,664,214	9%
\$ 8,112,785	Other Revenue	\$ 8,122,193	17%	\$ 8,251,237	16%
\$ 4,470,368	Loans	\$ 3,744,770	8%	\$ 3,527,000	7%
\$ 5,030,890	Reserve Funds	\$ 6,810,880	14%	\$ 8,293,600	17%
\$ 46,105,676		\$ 47,981,896		\$ 50,090,486	

*Includes Riversdale Beach sewerage scheme capital contributions

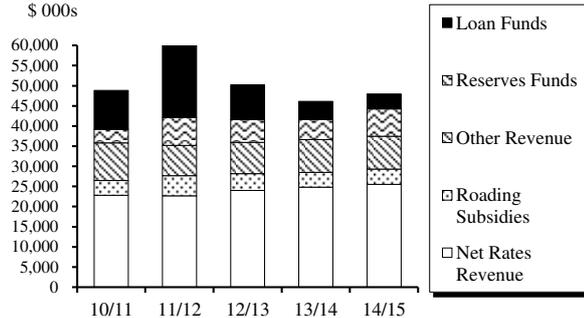
Revenue & Expenditure Comparisons



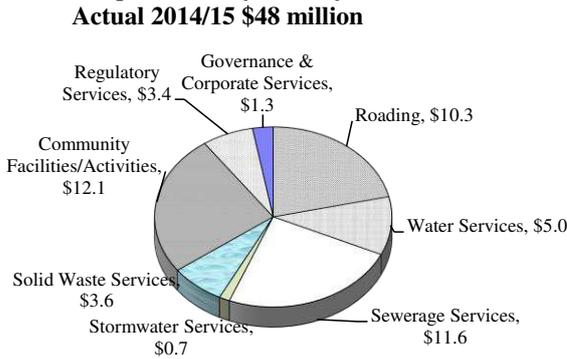
Source of Funds 2014/15



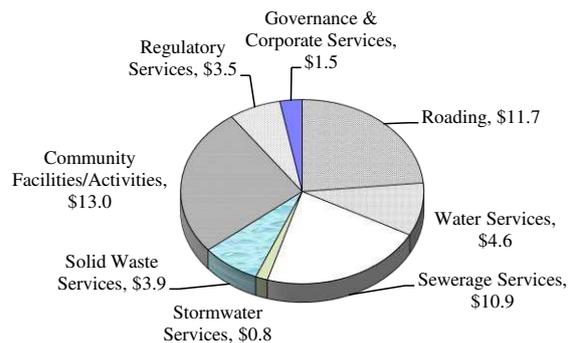
Source of Funds Comparison



Total Expenditure by Activity



Plan 2014/15 \$50 million



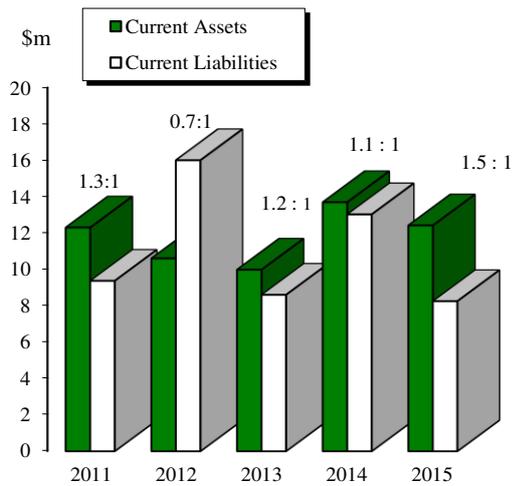
Financial Ratios

	2012/13	2013/14	2014/15	Plan 14/15
Current Ratio	1.2	1.1	1.5	1.0
Liquidity Ratio	1.1	1.0	1.5	0.9
Long Term Debt (external) per rateable property	\$4,002	\$3,822	\$4,290	\$4,280
Long Term Debt (external) per capita	\$2,073	\$2,001	\$2,241	\$2,236
Interest costs as % of rates revenue	12.7%	13.2%	12.1%	12.6%
Debt servicing costs as % of rates revenue	20.6%	19.5%	19.6%	19.9%
Reserve Funds as % of rates revenue	72.9%	80.0%	76.3%	65.9%
Investments (external) as % of rates revenue	68.7%	74.8%	75.9%	61.2%
Rates receivable as % of rates levied	1.9%	1.8%	1.7%	1.8%
Net External Debt as % of operating revenue	130.5%	127.6%	93.9%	101.4%

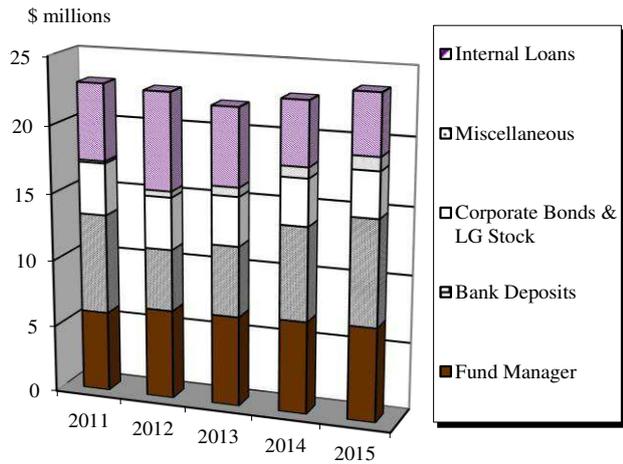
MASTERTON DISTRICT COUNCIL

FINANCIAL STATISTICS

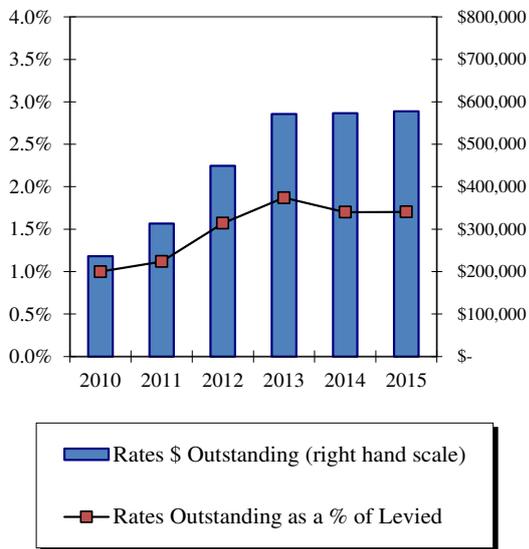
CURRENT ASSETS TO CURRENT LIABILITIES



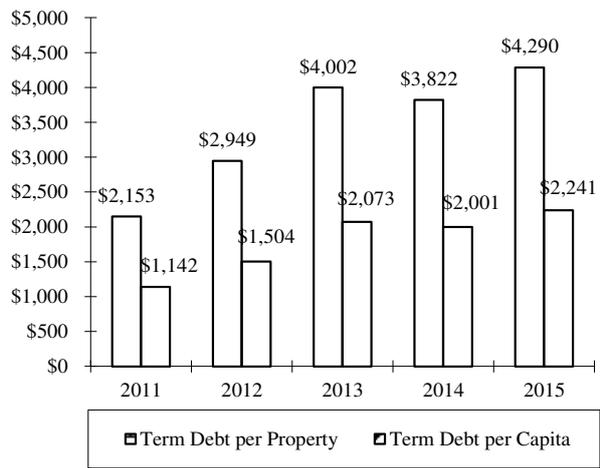
INVESTMENTS



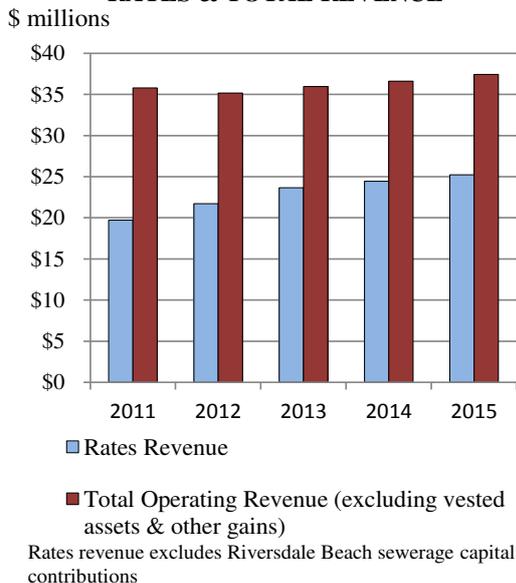
RATES ARREARS



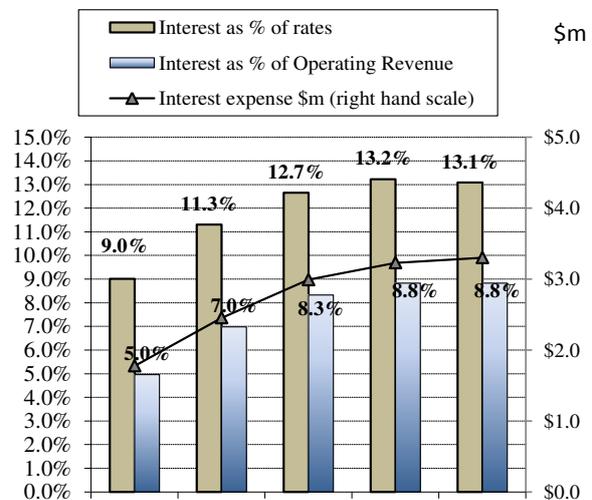
TERM LIABILITIES (external) per Ratepayer and per Capita

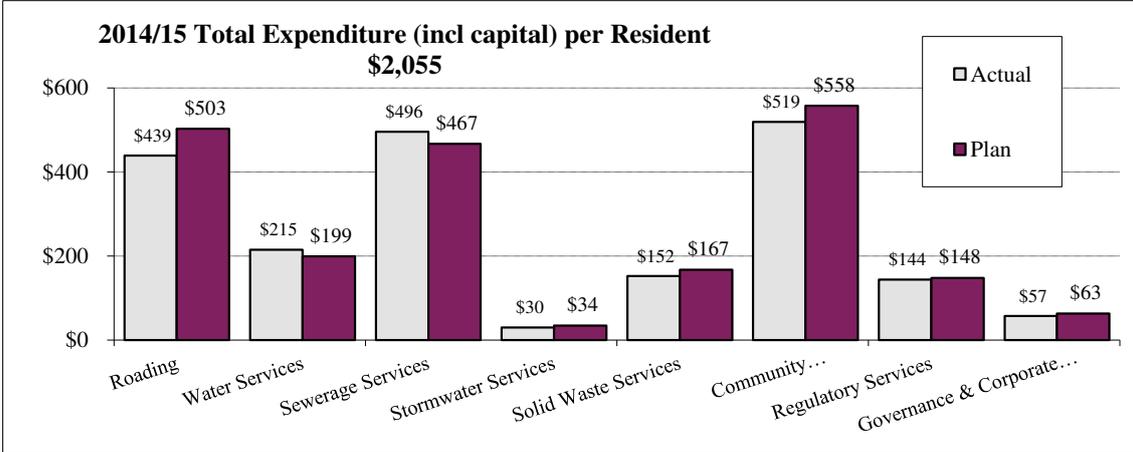
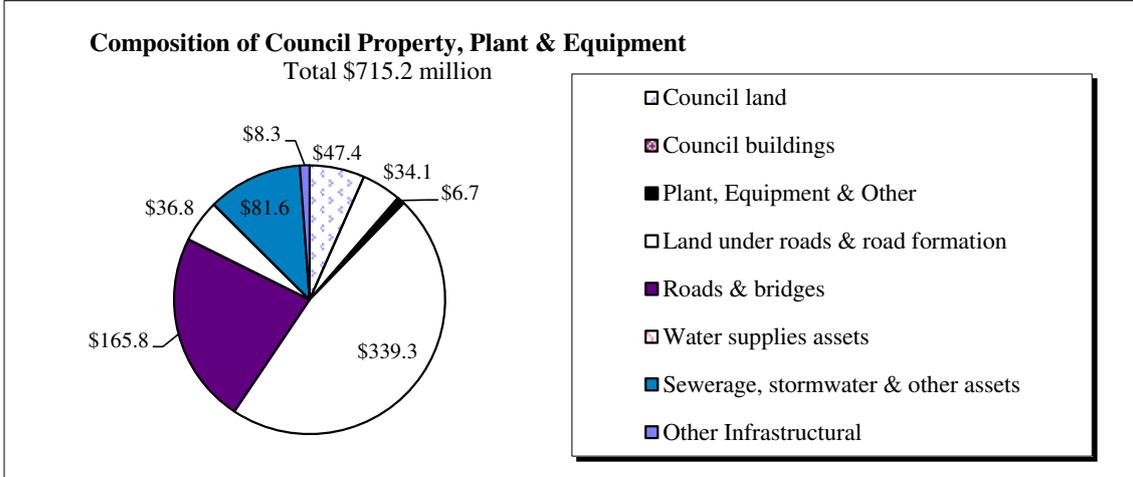
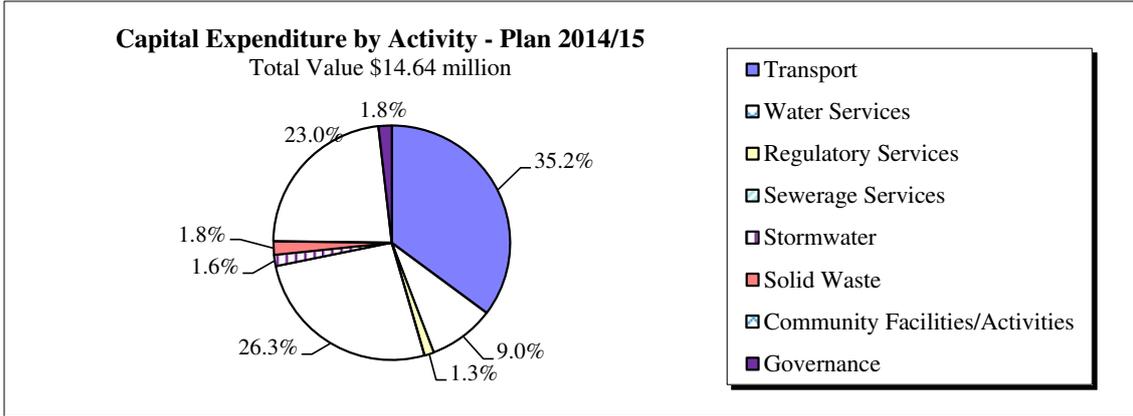
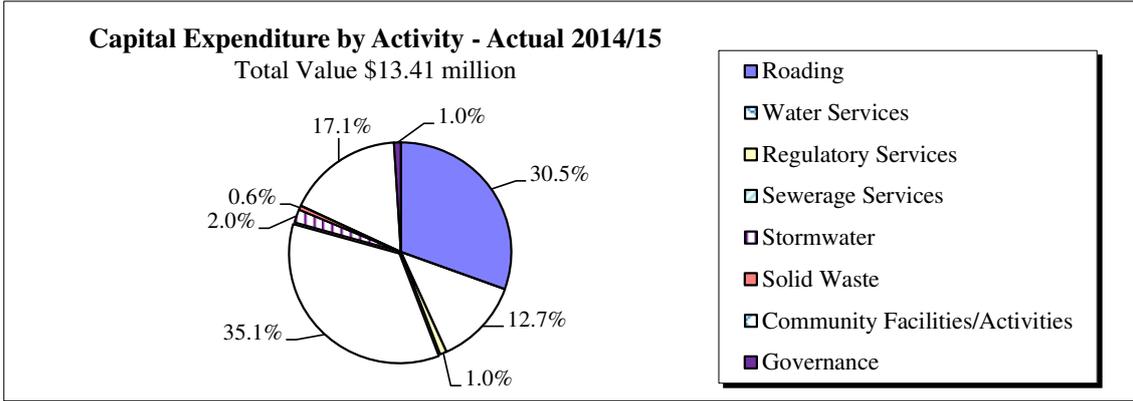


RATES & TOTAL REVENUE



INTEREST (external & internal) as a % of Rates Revenue & Operating Revenue





MASTERTON DISTRICT COUNCIL
COMMUNITY OUTCOMES

During the 2012-22 Long-Term Plan process, the Council identified its vision for Masterton:

To be a good place for families and a great place to live.

Working towards the Community Outcomes below will help us achieve this vision. The 2012-22 Community Outcomes are:

- 1. A Strong, Resilient Economy**
We want Masterton to be a desirable place to do business and for our people to benefit from a strong, diverse economy.
- 2. A Sustainable, Healthy Environment**
We will look after our green spaces and waterways, reduce our waste to landfill and reduce our energy consumption.
- 3. An Active, Involved and Caring Community**
We want all residents to participate fully in our strong, vibrant community; to be able to access social services and support as needed; to pursue their own personal sporting, recreational and cultural goals and to support others to achieve theirs.
- 4. A Knowledgeable Community**
We want people in the Masterton District to have access to the knowledge they need, underpinned by quality educational opportunities.
- 5. An Easy Place to Move Around**
We want our transport links to be efficient, reliable, convenient and safe.

The environmental, social, community and economic well-beings provide the umbrella for our community outcomes. The chart below illustrates the links between the well-beings and the community outcomes.

Outcome	Environmental Well-being	Social Well-being	Cultural Well-being	Economic Well-being
A Strong, Resilient Economy		✓		✓
A Sustainable, Healthy Environment	✓		✓	
An Active, Involved and Caring Community		✓	✓	✓
A Knowledgeable Community		✓	✓	✓
An Easy Place to Move Around	✓	✓		✓

Included in the Service Performance Statements for each of the Groups of Activities is a statement linking how the activity has contributed to the community outcomes.

PROVIDING OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO COUNCIL DECISION MAKING PROCESSES

The Council acknowledges the principles of active protection of Māori language and culture, participation and partnership, and is committed to engaging more effectively with iwi and Māori communities to ensure they have opportunities to contribute to Council decision making processes. Work undertaken over the year includes:

- An Iwi Governance Committee was established to provide Council with advice and support to enhance the way in which it works with Māori. The Iwi Governance Group is comprised of representatives from Rangitāne o Wairarapa Inc and Kahungunu ki Wairarapa, as well as the Chief Executive of the Council and Mayor of the Masterton district. The Iwi Governance Group met in March 2015 and June 2015.
- Māori Liaison Task Group funding has been devolved to iwi to make decisions regarding allocation.
- Iwi are involved as required in consultation processes for areas of significance to them as part of resource consent process.
- The Homebush Working Group Party will include representatives from Rangitāne o Wairarapa Inc and Kahungunu ki Wairarapa to ensure an iwi perspective for the Masterton Wastewater Upgrade project.
- Three positions were established at the Council to build internal Māori capacity and capability – Kaumatua, Kaitakawaenga/Māori Liaison Officer, and Kaiwhakarite Mahere/Policy Advisor (Māori and General).

REPORT ON DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

The Council has adopted a policy, as part of its LTP, as required by Section 106 of the Local Government Act 2002. The policy states that the Council will levy financial contributions using the provisions of the Resource Management Act 1991 and according to policy adopted as part of the Wairarapa Combined District Plan.

The proposed Wairarapa Combined District Plan was launched and was publicly notified in August 2006. From that time the financial contributions policy has been applied as specified in the new Plan. The development contributions (for reserves, infrastructure, parking, development and roading) which have been levied and/or collected during the year total \$425,853 (last year \$625,453) and have been recognised as revenue in the period to 30 June 2015.

The majority of these contributions are not specifically to be spent on any one locality or project, so have no residual liability associated with them. Contributions totalling \$4,728 have been taken specifically for the purposes of a future upgrade of the Opaki Road sewer and Lansdowne water reservoir.

The Wairarapa Combined District Plan is fully operative. Progress was made during the year on a number of Plan changes. No changes were proposed to the contributions regime, hence there has been no requirement to reduce or refund any part of the contributions which have been received during the period when the Plan was proposed.

Independent Auditor's Report

To the readers of Masterton District Council's annual report for the year ended 30 June 2015

The Auditor-General is the auditor of Masterton District Council (the District Council). The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council that comprise:
 - the statement of financial position as at 30 June 2015 on page 94;
 - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 95 to 96;
 - the funding impact statement of the District Council on page 80;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 119-120; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 97 to 138;
- the statement of service performance of the District Council on pages 19 to 74 and the funding impact statements in relation to each group of activities of the District Council on pages 80 to 90; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 75 to 79.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 126;
 - reserve funds on page 132 to 133;
 - remuneration paid to the elected members and certain employees of the District Council on page 121 to 122;
 - employee staffing levels and remuneration on page 122; and
 - severance payments on page 122;
 - rating base units on page 75; and
 - insurance of assets on page 76;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 13; and

- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 8.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 94 to 138:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the District Council on page 80, present fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 119-120, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service performance of the District Council on pages 19 to 74:
 - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.
- the funding impact statements in relation to each group of activities of the District Council on pages 80 to 90, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 75 to 79 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 28 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and Statement of Service Performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and Statement of Service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements and the audit of the District Council's 2015-25 Long Term Plan and an independent assurance review of the District Council's Debenture Trust Deed we have no relationship with, or interests, in the District Council.

Phil Kennerley
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



STATEMENTS OF SERVICE PERFORMANCE (SSPs)

The following pages describe the service performance of each significant activity in both financial and non-financial terms. The following identifies the objectives of the Council for each of the activities reported with a brief commentary on the progress or achievement of the objectives.

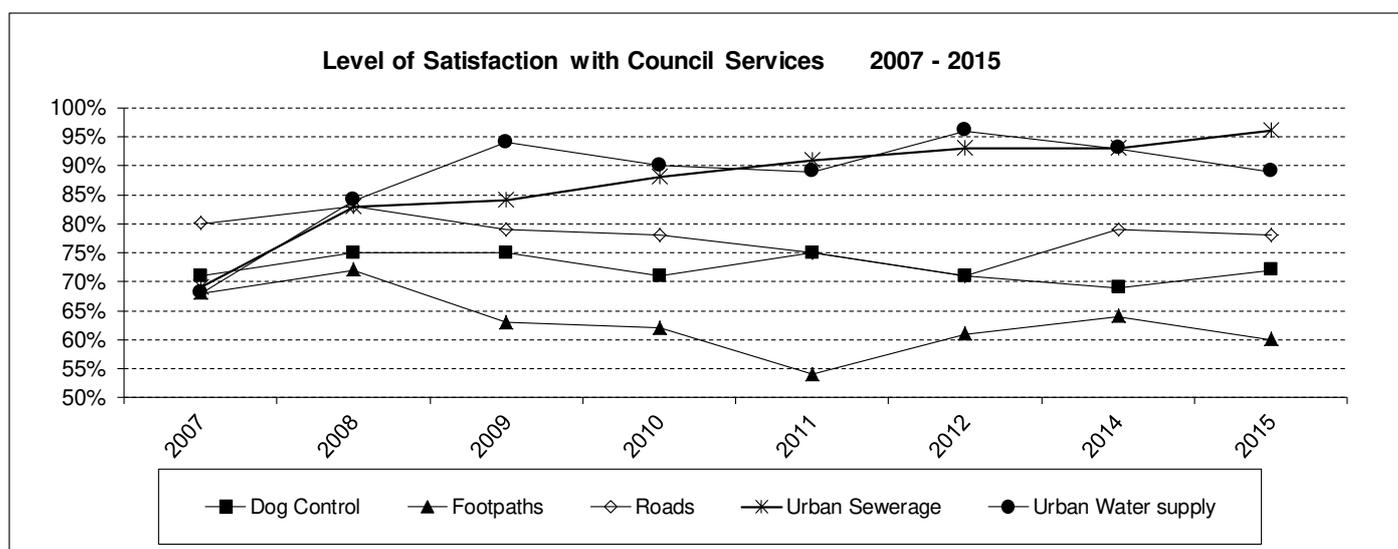
The performance measures are separately identified for each activity and the results reported have been audited. Each significant activity's performance measures try to incorporate elements of quality, quantity, timeliness, cost and location where they are relevant to the activity.

Quality processes (which may affect the quality of the output) are also a standard feature of the internal management control systems.

In particular:

- *Preparation of LTP, District Plan, Annual Plan, and Annual Report.* Quality processes include consultation throughout the year with public and affected parties, community groups, iwi organisations and compliance with requirements of relevant legislation.
- *Preparation of Internal Reports.* Internal reports are prepared by suitably qualified and experienced staff.
- *Capital Works.* Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers.
- *Maintenance Works.* Maintenance works are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with the maintenance programme.
- *Regulatory Services.* The Council's regulatory services are undertaken by suitably experienced staff, qualified in the relevant disciplines, assisted by specialist external advice when necessary, implementing the statutory and regulatory standards required.

Survey - the Council has undertaken a Communitrak™ survey (undertaken by the National Research Bureau) of residents' views of the Council's services. No survey was completed in 2012/13, but the current and previous years survey results are reported on the next two pages. Copies of the surveys can be obtained from the Masterton District Council Offices.



OVERALL PERFORMANCE

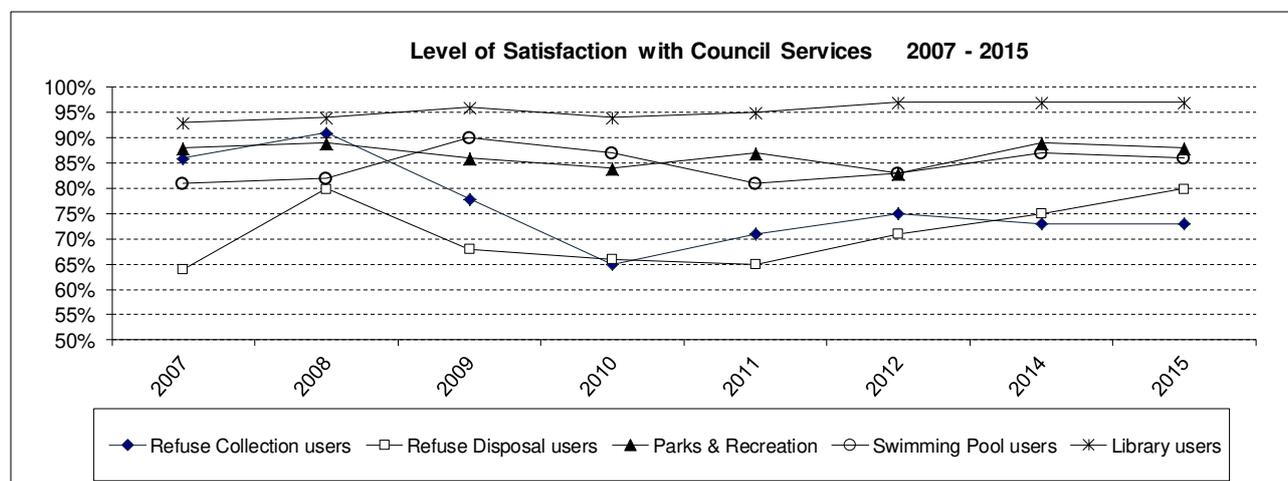
The Masterton District Council commissioned the National Research Bureau to undertake a Communitrak™ survey in April 2015 as a means of measuring the Council’s effectiveness in representing the wishes and viewpoints of its residents. The Council did not undertake a survey in 2013. Communitrak™ provides a comparison for the Council on major issues, on its performance relative to the performance of its peer group in the form of similarly constituted Local Authorities and to Local Authorities on average throughout New Zealand.

A telephone survey was conducted with a sample of 401 residents. At the 95 percent level of confidence, the **margin of error** for a sample of 400 respondents, at a reported percentage of 50%, is **plus or minus 5%**. For the 2015 survey, respondents were given the following choice of responses:

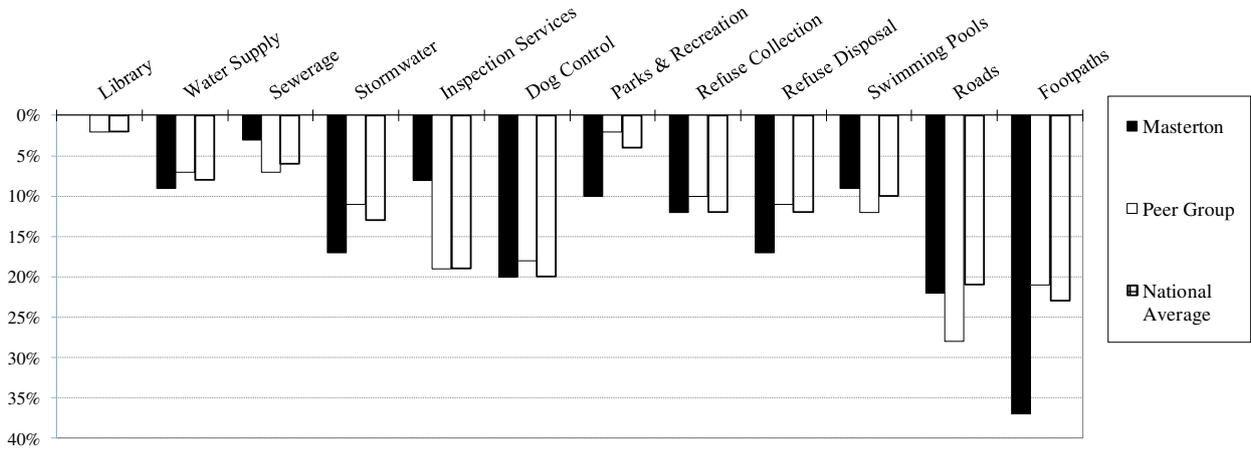
Very satisfied, Satisfied, Dissatisfied, Very dissatisfied or Don’t know.

The results in April 2015 are compared to the previous results from 2014.

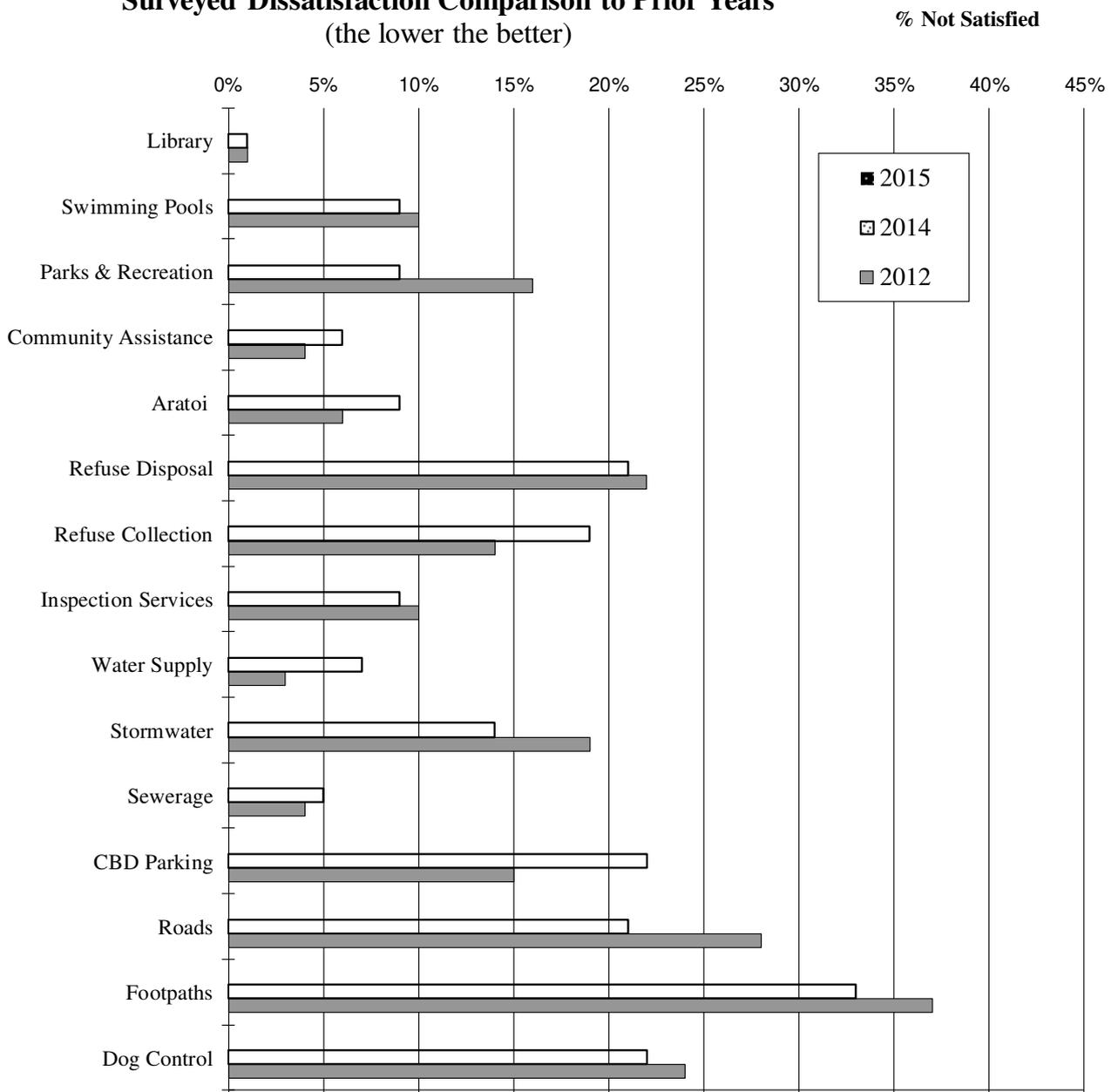
- The services receiving the highest levels of visits by households surveyed were: parks and reserves with 93% (93% in 2014), a transfer station 76% (75%) and the library 67% (69%). 70% (71%) had attended a community event and 57% (51%) had used or visited the Recreation Centre.
- The highest levels of satisfaction by users of a service were the library 97% (97%), urban water supply 89% (93%), community events 90% (94%), urban sewerage system 96% (93%), parks and reserves 89% (89%), roads 78% (79%), CBD parking 80% (74%), and inspection services 58% (72%).
- Satisfaction with swimming pools has risen to 71% (66%) and is above the peer group average of 69%. 86% (87%) of users of the Genesis Energy Recreation Centre are satisfied or very satisfied.
- Overall satisfaction with the library at 83% is close to the peer group of 85%, but 97% of library users reporting being satisfied and the dissatisfaction level is below 1%.
- Satisfaction with Aratoi Wairarapa Museum of Art and History, provided by the Wairarapa Cultural Trust, had an overall satisfaction of 76% (72%) which is higher than the peer group average of 55%. 53% of households had visited Aratoi and they recorded a 92% satisfaction.
- Satisfaction with Footpaths decreased to 60% (64%). Peer group satisfaction is 72%. Satisfaction with the District’s roads was 78% (79%) and is better than the peer group at 72%.
- Refuse collection satisfaction was maintained at 73%, while refuse disposal dissatisfaction levels reduced again 17% (21%) but is still higher than the peer group average of 11%.
- Most people (90%) thought Masterton was better or the same, as a place to live as three years ago and that Masterton was generally a safe place to live (94%). 12% (last survey 18%) of people surveyed were dissatisfied with Council’s consultation and the way it involves the public in decisions it makes. Peer group average for this was 16% dissatisfaction.



Surveyed Dissatisfaction Comparison to Peer Group & National Average



Surveyed Dissatisfaction Comparison to Prior Years (the lower the better)



STATEMENTS OF SERVICE PERFORMANCE

GROUPS OF ACTIVITIES REPORTS

ROADING

Incorporating Roads, Streets, Footpaths and Parking areas

The Council constructs, manages and maintains the local road, street and footpath networks - including pavements, bridges, traffic services and streetlights - throughout the district. We own and maintain off-street car park spaces and on-street metered time-limit spaces. Parking control is part of the Regulatory group of activities.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this activity.

Contribution to Community Outcomes: This activity contributed to the outcomes of *A Strong Resilient Economy* and *An Easy Place to Move Around* by maintaining the roading and footpath network as agreed with New Zealand Transport Agency (NZTA). The Council contributes funding to road safety programmes.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Percentage of customers satisfied with the condition of the roading network	Maintain satisfaction level	<u>Achieved</u> The 2015 survey of residents indicates 78% satisfaction with roads. This is a 1% decrease from the previous survey in 2014 (79%). The result is above the baseline of 75% achieved in 2010/11, and 6% above the peer group average. Result is within the margin of error.
Road pavement and road surface condition indices meet or exceed national averages	National averages met - Pavement Integrity	<u>Achieved</u> The Pavement Integrity Index* for 2014/15 for Masterton sealed roads was 96.7. Aggregated national averages for 2013/14 were 93.5. The national average figure for 2014/15 is not yet available. Records since 2004/05 indicate the New Zealand average pavement integrity has remained between 93.5 and 94.2. <i>*Pavement Integrity Index is a 'weighted sum' of combined pavement defects determined from Road Assessment management & Maintenance (RAMM) data divided by the total lane lengths of sealed road.</i>

Performance Indicators	Targets 2014/15	Results Relative to Target
	National Averages met - Condition index	<p>Achieved</p> <p>The Condition Index* for 2014/15 for the Masterton network was 97.7. Aggregated national averages for 2013/14 were 97.7 – the figure for 2014/15 is not yet available. Records since 2004/05 indicate the New Zealand average condition has remained between 96.9 and 98.0.</p> <p><i>*Condition Index is a ‘weighted sum’ of combined surface faults determined from RAMM data for sealed road surfaces.</i></p>
Percentage of sealed roads providing a smooth and comfortable ride (measured by roughometer)	At least 90%	<p>Achieved</p> <p>94.7 percent of Masterton roads are currently below the threshold of 150, based on a road roughness survey on all sealed roads last undertaken in July 2014 by a special purchase vehicle.</p> <p><i>The roughness value in NAASRA counts is held in the RAMM database and a count of greater than 150 typically indicates a road which is becoming a concern in terms of the number of complaints likely to be generated.</i></p>
The number of crashes causing injuries is reduced.	Reduction on previous year (five year moving average)	<p>Achieved</p> <p>The annual average number of all injury crashes recorded within the district for the five year period 2010-2014 was 52.6. This was an improvement on the 57.6 recorded for 2009-2013.</p>
Cycle usage at key sites is monitored to assess demand for cycle facilities.	Survey due 2014/15	<p>Achieved</p> <p>A cycle count survey was undertaken at the four monitor sites in December 2014 to monitor cycle usage.</p>
Percentage of customer satisfied with the condition of the footpath network	Maintain satisfaction level	<p>Not Achieved</p> <p>The 2015 survey of residents indicates 60% satisfaction with footpaths. This is a 4% decrease from the previous survey in 2014 (64%) and a 1% decrease from 2012 (61%). The result is 12% below the peer group average.</p>
Customers satisfaction with parking control services	Maintain satisfaction level	<p>Achieved</p> <p>The 2015 survey of residents indicates 80% satisfaction with parking in the CBD. This is a 6% improvement from the previous survey in 2014 (74%). The result is 8% above the peer group average.</p>

New Mandatory Measures

The Local Government Act 2002 s261B requires new mandatory performance measures to be reported from 2015/16. These new measures are set out within Non-financial Performance Measures Rules 2013.

Voluntary disclosure has been made for 2014/15. As the targets for the first year of the mandatory measures relate to 2015/16, baseline data from 2013/14 have been used for this year's targets.

<i>Performance Indicators</i>	Targets 2014/15	Results Relative to Target
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	Network smooth travel exposure: 91% in October 2014.	<u>Achieved</u> The smooth travel exposure for 2014/15 for all Masterton sealed roads was 93%.
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	There were two fatalities and four serious crashes in the 2013/14 financial year.	<u>Not Measured</u> All data relating to 2014/2015 has not been finalised. 2013/14 remains the most reliable data.
The percentage of the sealed local road network that is resurfaced.	The Asset Management Plan anticipates 5-6% in an average year.	<u>Achieved</u> 27.6km local road was resurfaced. This represents 5.3% of the total network length.
The percentage of footpaths within the District that fall within the level of service for the condition of footpaths that is set out in the Council's asset management plan.	89.1% as at 2013 Condition Rating This is lower than the target due to the Broadband rollout delaying work	<u>Not Achieved</u> A condition rating survey in November 2014 indicated that 59.3% of all footpath sections have no settlement, potholes, bumps, tree roots or vehicle crossings faults needing maintenance within the section length.
The percentage of customer service requests relating to roads and footpaths to which the Council responds: Urgent requests: Within two days. Non-urgent requests: Acknowledged within 10 days and placed on the appropriate maintenance programme.	95% within specified timeframe 95% within specified timeframe	<u>Not Achieved</u> 90% responses within time.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Roads	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	78%	75%	71%	79%	78%
Not very satisfied	21%	25%	28%	21%	22%
Don't know	1%	0%	1%	0%	0%
Footpaths	2009/10	2010/11	2011/12	2013/14	2014/15*
Very satisfied/fairly satisfied	62%	54%	61%	64%	60%
Not very satisfied	35%	41%	37%	33%	37%
Don't know	3%	4%	2%	3%	4%

*Does not add to 100% due to rounding

ROADING

Roads, Streets & Footpaths

Cost of Service Statement

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Operating Costs		
3,656,718	Subsidised roading programme - maintenance	3,861,036	3,627,482
1,288,583	Non-subsidised roading	1,150,331	1,248,700
182,220	Flood damage expenditure	307,238	920,000
4,522,060	Depreciation	4,580,509	4,792,510
9,649,581		9,899,115	10,588,691
	Operating Revenue		
1,827,838	NZ Transport Agency subsidy (on maint.)*	1,984,911	2,204,837
167,825	Local authority petrol tax	175,826	163,000
85,949	Roading contributions (ex developers)	99,896	121,000
100,341	Other recoveries	105,212	77,637
2,181,953		2,365,845	2,566,474
	Appropriations		
254,400	Net transfer to/(from) flood damage fund	314,553	20,000
335,948	Transfers to reserves	227,896	121,000
(113,750)	Transfers from reserves	(125,000)	(125,000)
147,088	Provision for loan repayments	109,646	109,810
(4,045,676)	Depreciation not rates funded**	(4,018,388)	(4,205,955)
4,045,638	Rates Requirement (Operational)	4,041,976	3,942,072

* Further subsidy revenue is shown in the Capital Expenditure Summary.

** Most depreciation is reversed in lieu of renewals expenditure which is shown in the Capital Expenditure Summary. It is funded by rates revenue and NZTA subsidies.

Variances from Plan

2014/15 was the third year of the current NZTA-approved programme and the Council has spent \$233,500 (6.4%) more than planned on subsidised road maintenance. Some of this is catch-up from the prior year lower spend and some work was to respond to needs following wet weather in 2014 and the effect of logging trucks on some rural roads. The non-subsidised programme was 7.5% under-spent due largely to reduced spending on street flower plots and footpath maintenance (broadband rollout has delayed some footpath work).

The planned flood damage spend included repairs to several drop-outs – this work has been completed at lower cost than was expected. Depreciation expense is lower than planned as the revaluation as at 2014 resulted in lower values than the plan anticipated. Some of the unspent rates funding for minor improvements has been carried forward in reserves at year end and will be applied to work in 2015/16. The Flood Damage reserve fund has been able to be funded by an additional \$144,500.

The NZTA subsidy revenue is less than planned due to the lower flood damage repair spending than planned.

ROADING

Rates Requirement Summary

2013/14 Actual \$	Activity	2014/15 Actual \$	2014/15 Plan \$
3,488,140	Subsidised roading	3,503,587	3,563,473
1,578,755	Non-subsidised roading (urban)	1,383,265	1,408,874
178,473	Non-subsidised roading (rural)	130,252	251,373
332,321	Flood damage	447,923	431,976
\$5,577,689	Rates Requirement	\$5,465,028	\$5,655,696

ROADING**Capital Expenditure Summary**

2013/14 Actual \$	Roading	2014/15 Actual \$	2014/15 Plan \$
2,352,168	Asset renewals - Rural roading programme	2,115,422	2,167,000
594,633	Asset renewals - Urban roading programme	681,148	847,000
170,052	Asset renewals - Bridges	296,242	751,000
465,192	Urban footpath upgrades & reseals	203,093	290,000
14,447	Car park developments	8,202	24,000
184,898	Rural/urban Minor Improvements	200,128	500,000
14,069	Railway Station & streetscape upgrades	-	10,000
-	CBD footpath resurfacing project	17,465	270,000
-	Castlepoint safety improvements	-	182,000
50,595	QE Park footbridge refurbishment	-	-
-	Horseshoe carparking landscaping	45,388	50,000
-	Streetscape & neighbourhood design	53,731	61,000
-	Vested roading assets ex subdivision	382,073	-
-	Vested assets - land under roads	89,939	-
3,846,054		4,092,830	5,152,000
	Capital Funding		
(1,861,150)	NZ Transport Agency subsidy (on renewals)	(1,842,936)	(2,459,377)
(452,853)	Transfers from reserves	(296,528)	(767,000)
	External contrib.	(58,302)	-
	Vested assets (ex developers)	(472,012)	
-	Loan funds	-	(212,000)
(2,314,003)		(2,669,778)	(3,438,377)
\$1,532,051	Rates Requirement (Capital)	1,423,052	\$1,713,623

Variances from Plan – Capital Expenditure

2014/15 was the third year of the 3 yearly NZTA-approved programme. Council has spent \$489,000 (13%) less than planned on renewals expenditure, excluding the Black Swamp bridge replacement. This was done partly to offset the overspend on road maintenance and partly due to some minor improvements work not proceeding before the year end. Rates funding for that work has been allowed as carried forward funding.

The replacement of Black Swamp bridge did not proceed during the year, but the strengthening of a number of other bridges was completed. Black Swamp remains on the 2015/16 work programme.

The urban footpath resurfacing programme was again affected by the laying of broadband cabling around the town. The project to upgrade the CBD sidestreet footpaths was designed and ready to commence at year end, as was the first stage of the Castlepoint Jetty Road upgrade.

WATER SERVICES

Incorporating Urban and Rural water supplies and water races

The Council provides appropriately treated water to the urban reticulation system and to the Waingawa industrial area, and provides and maintains an effective, economic and secure distribution system for drinkable water. It also supports the provision of non-drinking and water-race supplies in rural areas.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant change in service levels for this activity.

Contribution to Community Outcomes: Water Services contribute to *A Sustainable Healthy Environment* and *A Strong Resilient Economy* by continuing renewal of reticulation and treatment infrastructure and by managing water consumption to comply with consents for extraction from the Waingawa River in order to maintain its quality.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Customer satisfaction with urban water supply services.	Maintain satisfaction and equal or exceed peer group average	<u>Not Achieved</u> The 2015 survey of residents indicates 89% satisfaction with urban water supply services. This is a 4% decrease from the previous survey in 2014 (93%). The result is the same as the baselines of 89% from 2010/11 and 4% below the peer group average (93%).
Supply is restored within four hours following a planned or emergency shutdown.	More than 95% of shutdowns	<u>Not Achieved</u> There were 38 planned or emergency water shutdowns. On 26 occasions (68%) these did not exceed the 4 hours. 12 occasions exceeded the 4 hours.
An alternative water supply is provided when shutdown exceeds 24 hours.	100% of occasions	<u>Achieved</u> No shutdowns exceeded 24 hours.
Compliance with NZ drinking water standards for urban supply.	100% compliant and rated Aa	<u>Achieved</u> 130 water samples tested and confirmed compliance with standards.

Performance Indicators	Targets 2014/15	Results Relative to Target
Compliance with NZ drinking water standards microbiological criteria for Tinui rural supply.	100% compliant	<u>Achieved</u> 12 water samples tested and confirmed compliance with standards.
Water consumption/conservation is managed to ensure compliance with river water flows (resource consents for drawing water)	100% compliant	<u>Achieved</u> Consent 'take' from the Waingawa River was never exceeded. Water conservation measures enforced during summer (alternate-day sprinkler restrictions Dec to Mar). Leak detection and repair programme on-going.

New Mandatory Measures

The Local Government Act 2002 s261B requires new mandatory performance measures to be reported from 2015/16. These new measures are set out within Non-financial Performance Measures Rules 2013.

Voluntary disclosure has been made for 2014/15.

Performance Indicators	Results 2014/15
<p>New Measure:</p> <p>The total number of complaints received by the Council about any of the following:</p> <p>(a) drinking water clarity</p> <p>(b) drinking water taste</p> <p>(c) drinking water odour</p> <p>(d) drinking water pressure or flow</p> <p>(e) continuity of supply, and</p> <p>(f) the Council's response to any of these issues expressed per 1,000 connections to the Council's networked reticulation system.</p>	<p>2.33/1,000 requests were received</p> <p>0.22/1,000 requests were received</p> <p>0.22/1,000 requests were received</p> <p>0.22/1,000 requests were received</p> <p>0.77/1,000 requests were received</p>

Performance Indicators	Results 2014/15
<p>Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <p>(a) attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</p> <p>(c) attendance for non-urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(d) resolution of non-urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	<p>60 minutes</p> <p>480 minutes</p> <p>7 days</p> <p>3 months</p>
<p>The extent to which the Council's drinking water supply complies with:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</p>	<p>130 Masterton urban water samples tested and confirmed compliance with the drinking water standards.</p> <p>12 Tinui water samples tested and confirmed compliance with the microbiological criteria for drinking water standards.</p>
<p>The percentage of real water loss from the Council's reticulation system (calculated using minimum night flow).</p>	<p>30% water loss.</p>
<p>The average consumption of drinking water per day per resident within the District.</p>	<p>923 Litres/ person/day.</p>

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Water Supply (Users)*	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	90%	89%	96%	93%	89%
Not very satisfied	9%	11%	3%	7%	9%
Don't know/NA	1%	0%	1%	0%	1%

*urban users only

*does not add to 100% due to rounding

WATER SERVICES

Urban Water Supply

Cost of Service Statement

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Operating Costs		
1,087,010	Water treatment costs	1,095,317	1,161,260
760,665	Water reticulation costs	844,791	753,479
1,196,274	Depreciation	1,205,512	1,290,141
3,043,949		3,145,619	3,204,880
	Operating Revenue		
180,286	User charges & recoveries	159,292	123,000
	Appropriations		
-	Transfer from reserves	-	-
41,700	Transfer to reserves	-	-
205,941	Provision for loan repayment	221,882	244,926
(293,000)	Reverse depreciation	(321,000)	(404,926)
\$2,818,305	Rates Requirement	\$2,887,209	\$2,921,880

WATER SERVICES

Rural Water Supplies

Cost of Service Statement

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Operating Costs		
257,384	Rural water supplies & races	225,673	247,359
54,826	Depreciation & decline in service	52,242	56,250
312,210		277,915	303,609
	Operating Revenue		
181,231	Rural water scheme charges	186,163	162,500
	Appropriations		
(13,654)	Transfer from reserves	(79,746)	-
38,243	Transfer to reserves	34,055	-
1,558	Provision for loan repayment	91,552	3,293
(2,750)	Reverse depreciation	(6,695)	(25,180)
\$154,377	Rates Requirement	\$130,918	\$119,222

Variiances from Plan – Water supplies

The overall rates requirement for urban water has been 1.1% less than planned.

Urban water supply operating costs were slightly above planned, requiring \$25,367 more rates funding.

Rural water supplies include the Wainuioru Rural Water Scheme. The scheme's assets are included and accounted for as part of the District Council's assets. The majority of the under-spent operating costs are savings on Wainuioru Water Scheme. These savings are reflected in the Transfers to Reserves.

The decision was made during the year to close the Te Ore Ore Water Race. The assets have been written down to zero value and the liabilities (both internal and external debt) have been cleared. The cost of repaying the debt early has been charged against Council's Investment Interest Reserve.

WATER SERVICES
Rates Requirement Summary

2013/14 Actual \$	Activity	2014/15 Actual \$	2014/15 Plan \$
2,818,305	Masterton urban water supply	2,887,209	2,921,880
19,366	Tinui water supply	17,080	17,204
44,007	Opaki water race	43,852	40,721
76,304	Te Ore Ore water race	51,156	37,894
14,700	Miscellaneous rural water costs	18,831	23,404
\$2,972,682	Rates Requirement	\$3,018,127	\$3,041,102

WATER SERVICES
Capital Expenditure Summary

2013/14 Actual \$	Urban water treatment	2014/15 Actual \$	2014/15 Plan \$
106,937	Water treatment plant & equip. renewals	111,963	93,000
858,479	Water treatment - filter refurbishment	381,646	-
-	WTP Consent renewal - sludge disposal	34,741	30,000
965,416		528,350	123,000
	Urban water reticulation		
1,066,174	Water main & reservoir renewals	772,597	843,000
190,066	Water connections renewals	131,905	310,000
	Assets vested by subdividers	93,161	
1,256,240		997,663	1,153,000
	Rural water reticulation		
3,257	Wainuioru water supply renewals	61,290	32,000
20,160	Tinui water supply upgrades	95,750	-
74,639	Te Ore Ore water race consent renewal		15,000
	Opaki water race weir construction	14,491	
-	Castlepoint Water Supply	8,094	-
98,056		179,625	47,000
2,319,712	Total Water Supplies capital expenditure	1,705,638	1,323,000
	Capital Funding		
(1,264,531)	Loan funds	(295,750)	(215,000)
(1,363)	External funds	-	-
-	Assets vested by subdividers	(93,161)	-
(1,053,818)	Transfer from reserves	(1,316,727)	(1,108,000)
(2,319,712)		(1,705,638)	(1,323,000)

Variances from Plan – Water Supplies Capital Expenditure

The water treatment plant filter refurbishment and replacement project was completed in the first half of the year. The project was not allowed for as a carried forward in the 2014/15 Plan and has been largely loan funded.

Some 3.36 km (last year 4.1 km) of water main renewals were completed during the year. The capital budget for reticulation renewals was under spent, so less has been borrowed than planned. The loan funding needed has been for the filter upgrade project.

Both Wainuioru and Tinui water supplies had more capital/renewals requirements than expected. Tinui's package treatment plant was allowed for in the prior year's Plan and installed in 2014/15.

SEWERAGE SERVICES

Incorporating the Urban sewerage system and three Rural sewerage systems

The Council provides systems to collect, treat and dispose of wastewater from all residential, commercial and industrial properties in the urban area, the Waingawa industrial area, Riversdale Beach, Castlepoint Beach, and some of Tinui village.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did provide for an increase in service level for the urban sewerage system via the Homebush treatment plant upgrade. The commissioning of the plant during the year has meant the project remains on track to deliver the service level improvements (specifically river quality).

Contribution to Community Outcomes: Sewerage Services contribute to *A Sustainable Healthy Environment* and *A Strong Resilient Economy*. Good progress has been made towards completion of the Urban Wastewater Upgrade that will improve the quality and reduce the quantity of treated effluent being released into the Ruamahunga River. Also, further progress was made on renewal of the reticulation infrastructure.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Customer satisfaction with urban wastewater services.	Maintain satisfaction level and within 10% of peer group average.	<u>Achieved</u> The 2015 survey of residents indicates 96% satisfaction with wastewater services. This is a 3% increase from the previous survey in 2014 (93%). The result is above the baseline of 91% achieved in 2010/11, and is within 10% of the peer group average of 94%.
Proportion of urgent wastewater service requests responded to within six hours of notification.	95%	<u>Achieved:</u> 98.3% of urgent wastewater service requests were responded to within six hours of notification. 257 wastewater service requests received, 59 requests had potential to be network problems (and deemed urgent). All but one were responded to within six hours of being notified.
Connection to system renewed within 12 hours.	More than 95% of incidents are connected within 12 hours.	<u>Achieved:</u> 98.3% of network-related requests had service restored within 12 hours.
Alternative system provided where loss of service exceeds 24 hours.	Alternative system 100% of occasions.	<u>Achieved:</u> No alternative systems were required

Performance Indicators	Targets 2014/15	Results Relative to Target
Compliance with resource consents.	100%	<u>Partially achieved</u> Castlepoint and Tinui wastewater treatment plants are fully compliant. Riversdale's plant exceeded the seven day average irrigation rates over the driest period of the summer but this caused no adverse effects. Construction delays at the Homebush plant have resulted in continued effects in the immediate area adjacent to the plant. The upcoming summer will be the first to follow the "fully constructed" consent discharge limits and these localised effects are expected to be eliminated. All other consent requirements have been meet.
Proportion of network failures that had environmental effects.	less than 1%	<u>Achieved:</u> No environmental effect resulted from network failures.

New Mandatory Measures

The Local Government Act 2002 s261B requires new mandatory performance measures to be reported from 2015/16. These new measures are set out within Non-financial Performance Measures Rules 2013.

Voluntary disclosure has been made for 2014/15.

Performance Indicators	Results 2014/15
The total number of complaints received by the Council about any of the following:	
(a) sewage odour	0.22/1,000 requests were received
(b) sewerage system faults	0.45/1,000 requests were received
(c) sewerage system blockages, and	5.87/1,000 requests were received
(d) the Council's response to issues with its sewerage system	0.45/1,000 requests were received
expressed per 1,000 connections to the Council's sewerage system.	

Performance Indicators	Results 2014/15
Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response time measured: (a) attendance time: from the time that the Council receives notification, to the time that service personnel receives notification, to the time that service personnel reach the site, and (b) resolution time: from the time that the Council receives notification, to the time that service personnel confirm resolution of the blockage or other fault.	100% of incidents responded to within 6 hours Connection to system restored within 12 hours
Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received by the Council in relation to those resource consents.	No consent breaches that resulted in notices, orders or convictions. (technical breaches at Riversdale due to controller fault and temporary odour and at Homebush, river clarity problems associated with commissioning of the new ponds).
The number of dry weather sewerage overflows from the Council's sewerage system. Expressed per 1,000 sewerage connections to that sewerage system.	2 per 1,000

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Sewerage	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	88%	91%	93%	93%	96%
Not very satisfied	9%	6%	4%	5%	3%
Don't know/NA	3%	3%	3%	2%	1%

* Urban area respondents only

SEWERAGE SERVICES

Sewerage Services - urban

Cost of Service Statement

2013/14 Actual \$	Operating Costs	2014/15 Actual \$	2014/15 Plan \$
1,056,878	Sewerage reticulation	1,087,466	1,097,129
3,151,912	Wastewater treatment	3,339,381	3,329,960
2,056,868	Depreciation	2,072,818	1,876,100
6,265,659		6,499,665	6,303,189
	Operating Revenue		
296,763	User charges & other revenue	436,351	411,000
	Appropriations		
-	Transfer to reserves	62,500	-
(420,000)	Transfer from reserves	(250,000)	(250,000)
1,118,153	Provision for loan repayments	1,164,985	1,183,382
(1,195,000)	Reverse depreciation not rates funded	(1,150,200)	(958,382)
\$5,472,048	Rates Requirement	\$5,890,599	\$5,867,189

Variations from Plan – Urban wastewater

Net operating costs, excluding depreciation, were very close to Plan. This includes some \$103,000 of interest expense (4.3%) less than planned for Homebush wastewater treatment plant. Those interest savings have been offset by higher than planned costs related to the irrigation and baleage operations.

Planned depreciation expense was underestimated, and as the components of the Homebush wastewater plant have been added to the asset register, more accurate figures have been included as actuals.

A transfer of \$62,500 has been made from rates to part repay the prior year rates funding deficit of this activity.

*SEWERAGE SERVICES***Sewerage Services - rural schemes****Cost of Service Statement**

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
45,402	Castlepoint sewerage scheme	46,344	39,760
237,812	Riversdale sewerage scheme	216,816	223,367
14,436	Tinui sewerage scheme	14,378	12,978
254,853	Depreciation	255,350	259,710
552,504		532,888	535,815
	Operating Revenue		
88,406	Capital Contribution & other revenue	13,593	111,500
7,398	Internal Recoveries	4,611	5,150
95,803		18,204	116,650
	Appropriations		
(35,000)	Transfer from reserves	(30,000)	(30,000)
383,542	Loan Repayment	211,095	172,377
(229,895)	Reverse depreciation not rates funded	(239,612)	(175,860)
\$575,347	Rates Requirement (Operational)	\$456,167	\$385,682

Variations from Plan – Rural wastewater

Operating costs for the three rural sewerage schemes have run close to planned.

Loan repayments are above planned as more Riversdale Beach scheme capital repayments have been received than planned. Ratepayers are choosing to pay off the capital contributions they had originally chosen to pay over time. The Council continues to carry a significant debt for the scheme (some \$2.4 million), with the intention that the owners paying off contributions and connection fees from new joining properties and subdivision will reduce that debt over time.

*SEWERAGE SERVICES***Rates Requirement Summary**

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Activity	\$	\$
5,472,048	Urban sewerage system	5,890,599	5,867,189
47,257	Castlepoint sewerage scheme	56,741	49,610
144,246	Riversdale Beach sewerage scheme	143,632	140,318
366,686	Riversdale & Tinui capital contributions	244,528	186,163
17,158	Tinui sewerage scheme	11,266	9,591
\$6,047,395	Rates Requirement	\$6,346,767	\$6,252,870

Capital Expenditure Summary

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$		\$	\$
	Urban Sewerage system		
2,850,970	Homebush sewerage upgrade project	2,148,737	1,250,000
1,394,897	Sewerage reticulation mains renewals	2,339,360	2,430,000
	Reticulation - hydraulic modelling	0	160,000
0	Assets vested by subdividers	156,035	-
4,245,867		4,644,132	3,840,000
	Rural Sewerage schemes		
155,947	Riversdale Beach sewerage scheme	49,019	0
0	Tinui sewerage scheme	0	5,000
13,332	Castlepoint sewerage scheme	18,482	0
169,279		67,501	5,000
4,415,146	Total	4,711,633	3,845,000
	Capital Funding		
(3,195,667)	Loan funds	(3,347,027)	(2,550,000)
(3,939)	External funds		-
-	Assets vested by subdividers	(156,035)	-
(1,215,540)	Transfer from reserves	(1,208,571)	(1,295,000)
(4,415,146)		(4,711,633)	(3,845,000)
\$0	Rates Requirement (Capital Contributions)	\$0	\$0

Variances from Plan – Capital Expenditure

Although the Homebush wastewater treatment plant was commissioned in April 2013, construction work continued on the site through much of 2014 to complete the new oxidation ponds, decommission the old ponds and establish pasture on the old ponds area. The 2014/15 capital budget for this work anticipated more of the costs would have been incurred in 2013/14. In addition, high groundwater issues in pond three have resulted in additional costs and delays completing the decommissioning task. Alternative design options were developed during the year as much of the old ponds land area will not now be suitable for irrigation.

The sewer reticulation renewals programme continued during the year, partly funded by borrowing. 4.6 km of sewer mains were renewed. There were two contracts in progress at 30 June 2015. This programme is being completed using a number of experienced local contactors and the design and supervision work is being done in-house in order to keep costs down. Some hydraulic modelling work has been done.

The Riversdale Beach sewerage scheme capital was for valves and equipment and legal costs relating to the East Leigh land purchase.

The Castlepoint sewerage scheme upgrade was for upgrading a section of main near the eastern toilets.

STORMWATER SERVICES

The Council provides systems, including use of natural channels and streams, to collect and dispose of stormwater from residential, commercial and industrial properties in the urban area. The stormwater systems in the rural area are largely open drains.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this activity.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Contribution to Community Outcomes: Stormwater Services contributed to *A Sustainable Healthy Environment, An Easy Place to Move Around* and *A Strong Resilient Economy* by reticulating stormwater away from urban areas in a timely manner to enable people to move around safely and to reduce storm impacts on people's health and businesses.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Percentage of residents satisfied with stormwater services.	Maintain satisfaction level	<u>Achieved</u> The 2015 survey of residents indicates 69% satisfaction with stormwater services. This is a 2% decrease from the previous survey in 2014 (71%). The result is above the baseline of 67% achieved in 2010/11, and 4% below the peer group average. Result is within the margin of error.
Proportion of reported stormwater ponding incidents cleared within two days of a rainfall event ending.	100%	<u>Achieved:</u> All 78 stormwater related service requests received were responded to and no ponding incidents lasted two days or more.
Compliance with resource consents.	100% compliant	<u>Achieved:</u> Compliance report was received from Greater Wellington Regional Council (GWRC).
Proportion of reported stormwater/flooding incidents that resulted in residual environmental effects.	Less than 1% for a one in ten year event	<u>Achieved:</u> No residual environmental effects following reported stormwater/flooding incidents.

New Mandatory Measures

The Local Government Act 2002 s261B requires new mandatory performance measures to be reported from 2015/16. These new measures are set out within Non-financial Performance Measures Rules 2013.

Voluntary disclosure has been made for 2014/15.

Performance Indicators	Results 2014/15
The number of complaints received by a Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system	Currently less than two in 1,000
(a) The number of flooding events that occur in the Council's district	98 stormwater related incidents
(b) For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to the Council's stormwater system).	1/1000
Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, Received by the Council in relation to those resource consents.	No consent breaches that resulted in abatements, infringements, enforcements or convictions.
The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	60 minutes

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

	2009/10	2010/11	2011/12	2013/14	2014/15
Stormwater					
Very satisfied/fairly satisfied	53%	67%	69%	71%	69%
Not very satisfied	34%	20%	19%	14%	17%
Don't know	13%	14%	12%	15%	14%

STORMWATER

Stormwater

Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
278,618	Stormwater	282,445	322,284
305,786	Depreciation	272,827	250,000
584,404		555,272	572,284
	Operating Revenue		
224	User charges & other revenue	-	-
	Appropriations		
20,000	Transfer to reserves	30,000	-
(131,250)	Transfer from reserves	(135,000)	(135,000)
133,373	Provision for loan repayment	124,369	124,422
(182,000)	Reverse depreciation not rates funded	(147,000)	(124,422)
\$424,304	Rates Requirement	\$427,641	\$437,284

STORMWATER

Capital Expenditure Summary

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Stormwater	\$	\$
61,921	Stormwater renewals & upgrades	167,672	200,000
12,359	Retention dam & cut off drains	0	30,000
	Assets vested by subdividers	96,970	
74,280		264,642	230,000
	Capital Funding		
-	Loan funds	-	-
(74,280)	Transfer from reserves	(167,672)	(230,000)
	Assets vested by subdividers	(96,970)	
(74,280)		(264,642)	(230,000)
\$0	Rates Requirement	(\$0)	\$0

Variances from Plan – Stormwater

Operating costs and rates required were close to the levels planned.

The stormwater renewal and upgrades capital budget had a provision of \$200,000. However, not all of this provision was required.

SOLID WASTE SERVICES

The Council owns, maintains and manages one urban and two rural transfer stations in the Masterton District, with residual waste transferred to Bonny Glen landfill near Marton. Former landfill sites are closed and monitored and the Nursury Road landfill has some limited use. The current refuse collection, landfill and transfer operations, gate fee collection, composting, and recycling services at both Nursery Road and in the rural areas are carried out under performance-based contracts let by competitive tender to the private sector.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this activity.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Contribution to Community Outcomes: Solid Waste Services contributed to *A Sustainable Healthy Environment, A Knowledgeable Community* and *A Strong Resilient Economy* by providing a solid waste and recycling collection service in the urban area and providing transfer stations at the beach areas. We encouraged reducing quantities to the landfill through promotion of recycling. There were increases in both recycling tonnages and tonnes to landfill this year.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Percentage of residents satisfied with the urban and rural transfer stations, recycling and composting facilities	Maintain satisfaction level	<u>Achieved</u> The 2015 survey of residents indicates 72% satisfaction with refuse disposal services. This is the same result from the previous survey in 2014 (72%). The result is above the baseline of 65% achieved in 2010/11, but 6% below the peer group average (78%).
Proportion of advertised hours that the transfer stations and recycling centre is open to the public	100%	<u>Not Achieved</u> Service request records indicate the Castlepoint transfer station was opened one hour late, on 28 January 2015.
Percentage of residents satisfied with solid waste collection services	Maintain satisfaction level	<u>Achieved</u> The 2015 survey of residents indicates 73% satisfaction with solid waste collection services. This is the same result from the previous survey in 2014 (73%). The result is above the baseline of 71% achieved in 2010/11, but 6% below the peer group average (79%).
Number of call-backs due to non-collection of official rubbish bags in each weekly collection.	Less than one call-back per 200 urban households	There were 45 missed recycling and 22 missed rubbish bag calls recorded for the year. This is less than 1 per 200 households.
Tonnage of waste delivered for transfer is reduced annually*	Annual reduction of waste taken to the Transfer Station	<u>Not Achieved</u> Waste tonnes taken to landfill has increased by 2.2% in the 2014/15 year.

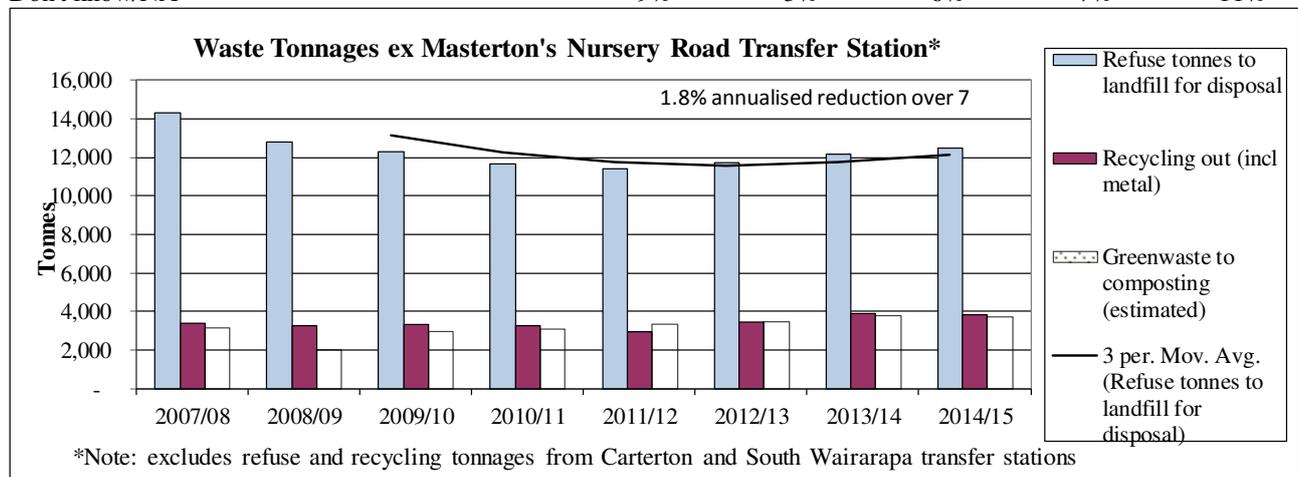
Performance Indicators	Targets 2014/15	Results Relative to Target
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100% compliance	Partially Achieved All rural landfills and transfer stations achieved 100% consent compliance. The main Masterton landfill, composting and transfer station achieved compliance, except for groundwater quality limits.

COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Collection	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	65%	71%	75%	73%	73%
Not very satisfied	23%	20%	14%	19%	12%
Don't know/NA	12%	9%	10%	8%	15%

COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Disposal (overall)	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	64%	65%	71%	72%	72%
Not very satisfied	27%	32%	22%	21%	17%
Don't know/NA	9%	3%	6%	7%	11%



Solid Waste Services

Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
420,994	Urban refuse collection costs	402,122	432,325
(65,163)	Nursery Rd landfill closure costs*	(11,660)	80,000
1,828,240	Transfer station operation & refuse disposal	1,942,675	1,889,692
952,897	Waste minimisation (incl recyc.& composting)	905,688	1,007,511
202,045	Rural refuse operations	207,957	211,211
3,339,013		3,446,781	3,620,739
	Operating Revenue		
1,955,961	User charges - external	2,018,340	1,950,800
201,235	User charges - internal	201,099	219,160
73,641	Recoveries - waste levy	83,584	70,000
390,212	Recoveries from bag sales	360,457	399,000
2,621,049		2,663,481	2,638,960
	Appropriations		
(7,500)	Transfers from reserves	(10,000)	(40,000)
143,000	Transfers to reserves	50,000	-
82,075	Provision for loan repayment	78,696	80,132
-	Reverse depreciation not rates funded	(50,000)	(60,132)
\$935,539	Rates Requirement	\$851,996	\$961,779

*Nursery Road landfill closure costs have been reassessed and spread over a longer timeframe. The resulting decrease in the closure provision has resulted in a credit adjustment against this budget line. The funding that was allowed to do the work in 2014/15 has been carried forward in reserves.

Variations from Plan - Operating

Overall, operating costs (excluding the landfill closure costs) were 2.3% less than planned. Waste to landfill was budgeted at 11,560 tonnes. Actual waste to landfill was 12,188 tonnes (5.4% more). Both costs and user charge revenue reflect this variance to some extent.

Refuse bag sales revenue was less than plan by 9.8%, while collection operating costs were 7.0% less than plan. Cost savings against Plan have been made in the recycling and composting operations areas.

The \$50,000 carried forward in reserves represents funding allowed (but not spent) for the covering and capping of the Nursery Road landfill.

SOLID WASTE SERVICES

Rates Requirement Summary

2013/14 Actual \$	Activity	2014/15 Actual \$	2014/15 Plan \$
402,057	Refuse & recycling collections	396,378	400,444
2,608	Refuse transfer station & landfill	22,235	103,749
341,751	Waste minimisation (recycling & composting)	248,742	267,888
189,122	Rural refuse services	184,641	189,697
\$935,539	Rates Requirement	\$851,996	\$961,779

SOLID WASTE SERVICES

Capital Expenditure Summary

2013/14 Actual \$	Solid Waste Management	2014/15 Actual \$	2014/15 Plan \$
78,192	Special Waste - grease dewatering		130,000
	Special waste - hardfill site		86,000
	Special waste - bio-waste freezer	85,237	54,000
78,192		85,237	270,000
	Capital Funding		
-	Loan funds	(44,437)	(270,000)
-	External funds	(40,800)	-
(78,192)	Transfer from reserves	-	-
(78,192)		(85,237)	(270,000)
\$0	Rates Requirement	(\$0)	\$0

Variations from Plan – Capital

The grease de-watering assets were installed in the prior year. The bio-waste freezer and special waste handling area were partially completed this year with a subsidy from the Waste Minimisation fund. No progress was made on establishing a hardfill site.

COMMUNITY FACILITIES AND ACTIVITIES

The Council provides and supports community services and facilities in order to:

- contribute to the social, economic, environmental and cultural strength and richness of the Masterton community;
- to work collaboratively with other providers to implement the vision for the Wairarapa as a place to live that is rich with interest, strong with involvement and celebrating a highly visible cultural and recreational dimension.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this group of activities.

Contribution to Community Outcomes: The activities within this group contributed to *A Sustainable Healthy Environment, An Active Involved and Caring Community, A Strong Resilient Economy and A Knowledgeable Community*.

- We provided support funding for community groups to continue their services, supported an all-weather athletic track, supported the arts community by funding Aratoi Wairarapa Museum of Art and History and Toi Wairarapa.
- The library's contribution to education was enhanced by its membership of SMART that makes available 600,000 items from five other library groups in the region including two tertiary libraries. Programmes for all age groups, and free access to computers and the internet were a well supported feature of the library service.
- We continued to provide support for physical activity by maintaining our parks, reserves and open spaces. We extended our recreational trails as well as continuing to provide funding for the operations of the Genesis Energy Recreation Centre. We also provided funding to Sport Wellington /Wairarapa to support our local sports clubs.
- We supported the economy through funding tourism promotion, funding events that attract visitors, operating a camping ground and the Hood Aerodrome.
- Environmental funding supported Enviroschools and stream improvement projects.

COMMUNITY ACTIVITIES

Community activities cover a range of areas including community development, arts and culture, economic development, district promotion and environmental initiatives. In most cases the Council does not provide these services directly, but plays a major role in identifying, initiating and supporting activities through partnerships and funding agreements.

The objectives, performance measures and results reported below (including prior year comparisons) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.
--

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Provide funding to support community groups to deliver services for the benefit of the community.	Recipients report at least annually on outcomes of funding	<p><u>Achieved</u> Council provided grants to 40 applicants from the 45 received. Grants included support for administration, equipment purchases, community events and projects, promotion of services and a youth fund.</p> <p>There were six large grants of \$4,000 each to provide support to community service organisations and youth. The smallest grant was for \$250.</p> <p>There was a 95% return of accountability forms with requests sent to the two organisations that were outstanding as of 30th June 2015.</p>
<p>Destination Wairarapa reports tourism promotional activities and visitor numbers</p> <p>Outcomes of investment in economic development are reported annually</p>	<p>Quarterly Report</p> <p>Annual Report</p>	<p><u>Achieved</u> Destination Wairarapa reported to the Audit & Risk Committee in August 2014, November 2014, February 2015 and May 2015. Visitor numbers continued to increase and tracked favourable in comparison to other districts.</p>
<p>The impact of investment into environmental initiatives is reported annually</p> <p>Satisfaction with the natural environment</p>	<p>Annual Report</p> <p>Maintain satisfaction</p>	<p><u>Achieved</u> The 2015 survey of residents indicates 75% satisfaction that Masterton District's natural environment is being preserved and sustained for future generations. This is a 1% increase from the previous survey in 2014 (74%). The result is above the baseline of 71% achieved in 2010/11.</p>

Performance Indicators	Targets 2014/15	Results Relative to Target
<p>The Aratoi Regional Trust reports on activities and outcomes at Aratoi Museum of Art and History</p> <p>The Wairarapa Arts, Culture and Heritage Strategy is progressively implemented</p> <p>The impact of other investment into arts, culture and heritage initiatives is reported</p>	<p>Quarterly</p> <p>Toi Wairarapa reports six-monthly on progress</p> <p>Annual Report</p>	<p><u>Achieved</u> Aratoi Regional Trust reported to the Audit & Risk Committee in August 2014, November 2014, February 2015 and May 2015. They exceeded their target for the number of exhibitions held, and held one exhibition per term relating to the school curriculum.</p> <p><u>Achieved</u> Toi Wairarapa reported to the Audit Committee in August 2014 and February 2015.</p> <p><u>Achieved</u> In order to support local involvement in arts, culture and heritage the Council invested in a number of events.</p>
<p>Sport Wellington Wairarapa reports six-monthly on its support for involvement in sport</p>	<p>Sport Wellington Wairarapa reports six-monthly</p>	<p><u>Achieved</u> Sport Wellington Wairarapa reported to the Audit & Risk Committee in August 2014 and February 2015. They have developed three volunteer plans, supported governance of local sports groups and ran workshops aiming to develop capability.</p>

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Community Assistance	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	63%	65%	66%	61%	68%
Not very satisfied	4%	7%	4%	6%	4%
Don't know/NA	33%	28%	29%	33%	28%

COMMUNITY SURVEY – PERFORMANCE RATING

Aratoi	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	71%	73%	73%	72%	76%
Not very satisfied	11%	10%	6%	9%	8%
Don't know/NA	18%	17%	21%	19%	16%

COMMUNITY FACILITIES / ACTIVITIES**Community Development****Cost of Service Statement**

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
468,915	Community development (including grants)	606,285	606,107
	Operating Revenue		
32,261	Government grants - specific programmes	27,435	20,400
	Appropriations		
(10,961)	Transfers from reserves	(103,445)	(90,200)
18,220	Transfers to reserves (funding c/fwd)	115,000	-
\$443,912	Rates Requirement	\$590,405	\$495,507

Arts & Culture**Cost of Service Statement**

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
361,381	Arts & culture expenditure	383,418	384,311
	Operating Revenue		
20,158	Creative NZ grants	22,346	20,000
	Appropriations		
-	Transfers from reserves	(10,000)	(10,000)
\$341,223	Rates Requirement	\$351,072	\$354,311

Economic Development & Promotion**Cost of Service Statement**

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
501,300	Economic development & promotion	823,671	641,515
40,000	Regional amenities contribution	40,000	40,000
41,650	CBD Amenities (including security cameras)	56,621	52,054
582,949		920,292	733,569
	Operating Revenue		
22,267	Events grants & other recoveries	61,699	1,000
	Appropriations		
(6,678)	Transfers from reserves	(180,800)	(75,000)
67,650	Transfers to reserves	105,900	-
11,248	Loan repayments (Go Wairarapa)	12,498	12,498
\$632,902	Rates Requirement	\$796,191	\$670,067

Variances from Plan

Community Development costs ran very close to planned. Similarly the Arts & Culture costs were close to planned costs. Part of the Council's overall rates surplus was committed as part of the 2015-25 Long Term Plan to fund additional community development costs in 2015/16. A transfer to reserves of \$100,000 puts this commitment into effect.

In the Economic Development area, external revenue for events and other recoveries helped offset additional costs. A number of the economic development projects did not have budgets set as part of the Annual Plan. The 'My Masterton' promotion, the education initiative and the WaiConnect project were all approved on the basis that prior year surplus funding was available. This is reflected in the Transfers from reserves being above planned.

In addition, part of the Council's overall anticipated rates surplus in 2014/15 was committed as part of the 2015-25 Long Term Plan to fund the economic development initiatives in 2015/16. A transfer to reserves of \$100,000 puts this commitment into effect.

COMMUNITY FACILITIES AND ACTIVITIES

LIBRARY AND ARCHIVE

The Council owns and maintains a library building from which library services are delivered and an archive facility, operated from rented premises, provides storage of, and access to the community's historic records.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Resident satisfaction with library services	Within 10% of peer group satisfaction	<u>Achieved</u> The 2015 survey of residents indicates 83% satisfaction with library and archive services. This is a 2% decrease from the previous survey in 2014 (85%). The result is above the baseline of 82% achieved in 2010/11, and 2% below the peer group average (85%).
The library collection is constantly updated and appropriately sized for the Masterton District: i) New books and other items added to the collection annually ii) The number of resources - books, DVDs etc - in the collection (national average 3.3 per resident)	10% of collection less than one year old 2.7 per person	<u>Achieved</u> New items added 2014/15 financial year is above 10% of total items held Target of 2.7 items per person met including items held in basement stack.
Participants are satisfied with children's summer reading and maths, seniors and Māori te reo programmes.	Maintain satisfaction level	<u>Achieved</u> Summer Reading Programme 100% of respondents fairly or very satisfied. Winter Warmers 100% of respondents very satisfied Maths is Fun 100% of respondents very satisfied Senior's Celebrate Attendance numbers continue to vary according to topic of session. Regularly over 50 attending Preschool Programmes Average attendance 25 per weekly programme. Irregular group attendance increases number considerably

Performance Indicators	Targets 2014/15	Results Relative to Target
Archived material is available to the public from the archives 20 hours a week.	20 hours per week	Achieved Archive has remained open for 20 hours per week throughout the year.
The number of items available on-line increases each year.	10,000 items available online	Over 16,500 items available on Picture Wairarapa.
History articles published in local media.	6+ articles per year	17 Articles published.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Library Services	2009/10	2010/11	2011/12	2013/14	2014/15*
Very satisfied/fairly satisfied	80%	82%	87%	85%	83%
Not very satisfied	3%	2%	1%	1%	0%
Don't know/NA	18%	16%	12%	15%	16%

*Does not add to 100% due to rounding

COMMUNITY FACILITIES / ACTIVITIES

Library & Archive

Cost of Service Statement

2013/14 Actual \$	Operating Costs	2014/15 Actual \$	2014/15 Plan \$
1,147,360	Operating costs - Library	1,171,584	1,132,267
268,307	Operating costs - Archive	279,840	295,120
143,995	Depreciation - books	142,978	156,000
110,517	Depreciation - bldg, furniture & equipment	126,556	99,976
1,670,180		1,720,958	1,683,362
	Operating Revenue		
30,065	Grants & donations	30,521	24,100
80,379	User charges & other recoveries	75,833	92,950
110,444		106,354	117,050
	Appropriations		
-	Transfers from reserves	(31,079)	(30,000)
5,000	Transfers to reserves	-	-
-	Reverse depreciation	(15,000)	-
\$1,564,736	Rates Requirement	\$1,568,525	\$1,536,313

Analysis of Rates Requirement

1,288,998	Library	1,287,133	1,248,339
275,738	Archive	281,393	287,975
\$1,564,736		\$1,568,525	\$1,536,313

Variances from Plan

The Library's operating costs have exceeded the plan. This includes the writing off of \$15,700 worth of books from the collection, as high turn-over books fell below a reasonable condition standard earlier than expected. Depreciation costs are above plan following the library's replacement of carpet and shelving during the year – the increased depreciation cost was under-estimated.

User charges revenue is down on plan due to lower than planned revenue from fines, premium book rentals and DVD rentals.

COMMUNITY FACILITIES AND ACTIVITIES

PROPERTY

The Council owns, maintains and manages a range of properties within the District including the District Building, Town Hall, pensioner housing, public toilet facilities, rural halls, holding paddocks, small roadside forestry blocks, other rental properties and a camping ground.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target																				
<p>Public buildings are safe and clean for public use:</p> <p>i) Monthly inspections of Municipal Building and public toilets meet cleanliness and safety standards</p> <p>ii) Town Hall facilities are operational for all bookings</p> <p>iii) % occupancy of Mawley Parking Camping Ground</p>	<p>95% compliance</p> <p>100% compliance</p> <p>5% increase on previous year</p> <p>Baseline 2013/14</p> <table> <tr> <td>Tents</td> <td>8%</td> </tr> <tr> <td>Cabins</td> <td>40%</td> </tr> <tr> <td>Ensuites</td> <td>56%</td> </tr> <tr> <td>Powered Sites</td> <td>16%</td> </tr> <tr> <td>Overall average</td> <td>30%</td> </tr> </table>	Tents	8%	Cabins	40%	Ensuites	56%	Powered Sites	16%	Overall average	30%	<p><u>Not Achieved</u> 83% (10 out of 12) monthly cleaning contractor reports were provided, so cannot demonstrate compliance. Cleanliness and safety standards were met for the months reported.</p> <p><u>Achieved</u> Town Hall facilities have been fully operational, except for the long-standing restrictions on use of the stage flying systems.</p> <p><u>Achieved</u> Mawley Park revenue increased 9.6% on previous year. 2014/15 occupancy (prior yr in brackets)</p> <table> <tr> <td>Tents</td> <td>9% (8%)</td> </tr> <tr> <td>Cabins</td> <td>46% (53%)</td> </tr> <tr> <td>Ensuites</td> <td>59% (55%)</td> </tr> <tr> <td>Powered sites</td> <td>25% (19%)</td> </tr> <tr> <td>Overall average</td> <td>33% (32%)</td> </tr> </table>	Tents	9% (8%)	Cabins	46% (53%)	Ensuites	59% (55%)	Powered sites	25% (19%)	Overall average	33% (32%)
Tents	8%																					
Cabins	40%																					
Ensuites	56%																					
Powered Sites	16%																					
Overall average	30%																					
Tents	9% (8%)																					
Cabins	46% (53%)																					
Ensuites	59% (55%)																					
Powered sites	25% (19%)																					
Overall average	33% (32%)																					
<p>All pensioner units are fully occupied, averaged over all complexes, excluding refurbishment periods.</p> <p>There is no net cost to the rate payer for pensioner housing.</p>	<p>Minimum annual occupancy 95%</p> <p>100% user pays</p>	<p><u>Achieved</u> 95.5% (last year 97.8%) occupancy achieved on 76 pensioner units (excluding refurbishment weeks on 11 units) Rental revenue 99.1% of plan.</p> <p><u>Achieved</u> No rates input required, but not all depreciation is funded.</p>																				

COMMUNITY FACILITIES / ACTIVITIES

Property

Cost of Service Statement

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Operating Costs		
343,288	District Building	344,733	388,536
242,700	Housing for the Elderly	239,946	292,469
564,880	Other Property	570,886	583,342
332,141	Mawley Park campground	371,920	318,010
762,309	Depreciation	783,270	753,560
2,245,318		2,310,755	2,335,917
	Operating Revenue		
43,728	Rental revenue - Halls & Dist. Bldg	36,488	47,500
393,770	Rental revenue - Housing for the Elderly	374,595	377,950
175,225	Rental revenue - Other Property	164,209	186,800
278,022	Forestry harvest (net proceeds)	0	80,000
285,929	Mawley Park campground	312,893	268,300
53,324	Internal recoveries - ex roadside forestry	35,004	50,000
187,248	Internal recoveries - office rental	187,248	183,200
1,417,247		1,110,437	1,193,750
	Appropriations		
(20,000)	Transfers from reserves	(40,000)	(55,000)
262,500	Transfers to reserves	-	80,000
85,092	Provisions for loan repayments	74,888	74,887
(313,470)	Depreciation not rates funded	(327,446)	(359,327)
\$842,194	Rates Requirement	\$907,760	\$882,727

Variations from Plan – Property

District Building – savings were made against operational and maintenance cost areas.

Housing for the Elderly – less redecoration work was carried out than planned, while the project to rejuvenate the Panama grounds was delayed and therefore underspent. These two things have combined to enable \$34,000 more funding to be added to depreciation reserves for these properties than planned.

Mawley Holiday Park’s revenue was better than planned by 16.6%, while its operating costs were also ahead of plan. Council’s rates input into the holiday park was \$115,721 which was less than last year, but 10% more than planned.

The proceeds from a planned forest harvest were not realised as harvesting of the Blairlogie trees was delayed until summer 2016.

COMMUNITY FACILITIES AND ACTIVITIES

PARKS, RESERVES AND SPORTSFIELDS

The Council owns, maintains and manages 215 hectares of urban and rural recreation parks, reserves and sportsfields. These include sports grounds, gardens, neighbourhood open spaces, natural bush, and beachfront esplanades.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Percentage of residents satisfied with the parks and reserves.	Maintain satisfaction level	<u>Achieved</u> The 2015 survey of residents indicates that 88% satisfaction with Parks and Reserves. This is a 1% decrease from the previous survey in 2014 (89%). The result is above the baseline of 87% achieved in 2010/11 and 1% above the peer group average (87%).
Percentage of households who have visited a park in the past year.	91%	<u>Achieved</u> The 2015 survey of residents indicates that 93% visited a park or reserve in the last year. This is the same result as the previous survey in 2014 (93%). The result is above the baseline of 87% achieved in 2010/11, and 4% above the peer group average (89%).
Percentage of users/visitors satisfied with the service.	Maintain satisfaction level.	<u>Achieved</u> The 2015 survey of residents indicates that out of the 93% who visited a park or reserve in the last year, 89% were satisfied with the facilities. This is the same result as last year and 4% below the peer group average (94%).
Council owned sports facilities meet the standard agreed with sports codes (measured by seasonal survey).	80%	<u>Achieved</u> 80% of sports clubs are satisfied with the agreed standards.
All playgrounds meet safety standards.	100%	<u>Achieved.</u> 100% of all playgrounds meet safety standards.
Percentage of customer service requests completed within specified deadlines.	95%	<u>Not Achieved</u> A total of 443 jobs received and 89% reported as completed within the specified timeframes.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Parks and Sportsfields (Users)	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	84%	87%	83%	89%	88%
Not very satisfied	12%	12%	16%	9%	10%
Don't know	4%	1%	2%	2%	2%

COMMUNITY FACILITIES / ACTIVITIES

Parks, Reserves & Sportsfields

Cost of Service Statement

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Operating Costs		
1,360,171	Parks & Reserves maintenance	1,351,773	1,336,204
485,836	Sportsfields maintenance	535,018	504,708
402,327	Depreciation	422,280	398,308
2,248,333		2,309,071	2,239,220
	Operating Revenue		
67,514	Miscellaneous parks revenue	47,742	31,100
27,749	Sportsground rentals	42,462	28,975
20,004	Internal Recoveries	30,004	-
115,267		120,208	60,075
	Appropriations		
(154,400)	Transfers from reserves - project funding	(170,000)	(135,000)
23,038	Transfer to reserves	21,591	-
63,683	Provisions for loan repayments	66,182	63,352
(71,300)	Depreciation not rates funded	(50,000)	(63,352)
\$1,994,087	Rates Requirement	\$2,056,637	\$2,044,145

Variances from Plan

Overall the Parks, Reserves and Sportsfields rates requirement has come in less than 1% over Plan. Operating costs include the project to move an island in Henley Lake. The extra sum transferred from reserves has covered that unbudgeted cost.

For Sportsfields, a sports facilities strategy and a netball facility study were produced and funded from operating budgets and carried forward funding.

COMMUNITY FACILITIES AND ACTIVITIES

GENESIS ENERGY RECREATION CENTRE

The Council owns and maintains the Genesis Energy Recreation Centre which consists of a stadium and a range of indoor and outdoor pools. A contractor manages the facility and also operates a gymnasium on the premises.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Percentage of residents satisfied with the service.	Maintain satisfaction levels	<u>Achieved</u> The 2015 survey of residents indicates 71% satisfaction with swimming pools at Genesis Recreation Centre. This is a 5% increase from the previous survey in 2014 (66%). The result is above the baseline of 67% achieved in 2010/11.
Percentage of households that have used the facility in the last 12 months.	70%	<u>Not achieved</u> The 2015 survey of residents indicates that 57% visited the swimming pools at the Genesis Recreation Centre in the last year. This is 6% more than the previous survey in 2014. The result is 13% below the target of 70% but 5% above the peer group average (52%).
Percentage of users satisfied with the facility.	85%	<u>Achieved</u> The 2015 survey of residents indicates out of the 57% that visited the swimming pools at Genesis Recreation Centre in the last 12 months, 86% were satisfied with the facilities. This is a 1% decrease from the previous survey in 2014 (87%), but meets the target of 85%.
Temperature and water treatment within specification and agreed standards Standards Disinfection 85% Microbial 99% Chemical balance 90%	85% average of test results within agreed range.	<u>Achieved</u> 96% of test results within range Disinfection 94% Microbial 100% Chemical balance 98%

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Swimming Pools	2009/10	2010/11	2011/12	2013/14	2014/15*
Very satisfied/fairly satisfied	70%	67%	69%	66%	71%
Not very satisfied	9%	14%	10%	9%	9%
	22%	19%	21%	25%	19%

*Does not add to 100% due to rounding

COMMUNITY FACILITIES / ACTIVITIES

Genesis Energy Recreation Centre

Cost of Service Statement

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Operating Costs		
1,064,745	Recreation centre operating costs*	1,034,853	1,071,828
412,474	Depreciation	432,675	410,056
1,477,219		1,467,527	1,481,884
	Operating Revenue		
52,978	Miscellaneous facility revenue	56,270	46,000
	Appropriations		
40,105	Loan repayments	41,831	41,831
(210,000)	Depreciation not rates funded	(200,000)	(211,831)
\$1,254,347	Rates Requirement	\$1,253,088	\$1,265,884

* Costs are net of user charge recoveries which go to the facility management contractor.



COMMUNITY FACILITIES AND ACTIVITIES

CEMETERIES

The Council owns and operates two urban and several small rural cemeteries.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Percentage of residents satisfied with the service.	Maintain satisfaction levels	<u>Achieved</u> The 2015 survey of residents indicates 67% satisfaction with cemeteries. This is an 11% increase from the previous survey in 2014 (56%). This result is 7% below the peer group average (74%).
Satisfaction amongst those who have visited a cemetery.	80% satisfied	<u>Achieved</u> The 2015 survey of residents indicates that of the 48% who visited a cemetery in the last year, 89% were satisfied with the facilities. This is an 11% increase from the previous survey in 2014 (78%). The result is 9% above the target of 80%.
Access to accurate burial records.	100% accuracy within 30 days of burial. Historical errors corrected within 30 days of being reported.	<u>Not Achieved</u> New records are loaded before the 15 th of each month for the burials done the previous month, hence some take more than 30 days to load on the system. Any reported historical errors are corrected within 24 hours of them being reported.

COMMUNITY SURVEY RESULTS BELOW

CEMETERIES SURVEY – PERFORMANCE RATING

Cemeteries	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	58%	59%	60%	56%	67%
Not very satisfied	6%	9%	10%	11%	7%
Don't know	36%	32%	31%	33%	26%

COMMUNITY FACILITIES / ACTIVITIES

Cemeteries

Cost of Service Statement

2013/14		2014/15	2014/15
Actual		Actual	Plan
\$	Operating Costs	\$	\$
161,420	Cemeteries operating and maintenance	136,960	190,896
3,051	Depreciation	3,411	3,052
164,471		140,371	193,948
	Operating Revenue		
74,058	Burial fees and sale of plots	79,013	86,200
74,058		79,013	86,200
	Appropriations		
-	Transfers from reserves	-	(10,000)
\$90,413	Rates Requirement	\$91,358	\$97,748

COMMUNITY FACILITIES AND ACTIVITIES

AIRPORT

The Council manages and operates the Hood Aerodrome, for the benefit of travelling, commercial and recreational aircraft users from within and outside the District.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Safe availability of runways, approaches and open spaces: Compliance with inspection schedule.	100% requirements met.	<u>Achieved</u> Runways were safe and available at all times. Main runway inspections were done as per schedule. Approach clearances were checked.
Incidents of non-availability notified to users.	All occasions.	<u>Achieved</u> Any occasions of non-availability were notified to users.
Annual usage levels.	Usage is no less than previous year.	<u>Not Achieved</u> Aircraft movements, as measured by radio signal recording system were: 2014/15 5,230 2013/14 6,591

COMMUNITY FACILITIES / ACTIVITIES

Masterton Airport (Hood Aerodrome)

Cost of Service Statement

2013/14		2014/15	2014/15
Actual		Actual	Plan
\$	Operating Costs	\$	\$
200,363	Airport operation & maintenance	250,692	276,224
73,167	Depreciation	75,761	76,512
273,530		326,453	352,736
	Operating Revenue		
220,326	Leases and other revenue	204,147	220,500
	Appropriations		
(7,500)	Transfers from reserves	(30,000)	(40,000)
69,482	Provision for loan repayments	74,476	74,476
(14,000)	Reverse depreciation not rates funded	(28,000)	(29,476)
\$101,186	Rates Requirement	\$138,783	\$137,236

Variations from Plan

Rates required is close to planned. Operating cost savings were made on mowing and general maintenance, while operating revenue was lower due to less landing fees and less rental revenue than planned.

The development of airport certification and safety systems was allowed for in the capital budget at \$50,000. Development of procedures, survey work, calibration and certification to date has cost \$35,137.

COMMUNITY FACILITIES / ACTIVITIES

Rates Requirement Summary

2013/14 Actual \$	Activity	2014/15 Actual \$	2014/15 Plan \$
1,994,087	Parks, reserves & sportsfields	2,056,637	2,044,145
1,254,347	Genesis Energy Recreation Centre	1,253,088	1,265,884
90,413	Cemeteries	91,358	97,748
283,213	District building	307,720	322,868
16	Housing for the elderly	(0)	19
61,313	Other rental properties	99,590	78,910
267,565	Public conveniences	283,607	254,947
83,764	Rural halls	86,099	100,860
20,249	Forestry	15,022	20,320
126,073	Mawley Park	115,721	104,803
101,186	Airport	138,783	137,236
1,288,998	Library	1,287,133	1,248,339
275,738	Archives	281,393	287,975
443,912	Community Development	590,405	495,507
341,223	Arts and Culture	351,072	354,311
632,902	Economic Development and Promotion	796,191	670,067
\$7,264,999	Rates Requirement	\$7,753,820	\$7,483,939

Community Facilities Capital Expenditure - Variances from Plan

On the following page, the QE Park rejuvenation plan was progressed. Less value of work was done than planned, which meant less loan funding was needed.

The McJorow Park playground was largely completed at year end, with significant community involvement in it's construction and landscaping.

From the sports facilities provision of \$650,000, \$500,000 was spent on assisting with the upgrade of the Memorial Park artificial turf. A grant was provided to Masterton Tennis Club from this provision, but has been expensed, while the Queen Elizabeth (QE) Park grandstand upgrade has not progressed enough to commit the funding provided. The provision for upgrading of the netball facility was not used as Council worked with Netball Wairarapa to identify upgrade options.

The Genesis Energy Recreation Centre heat pump replacement contract was completed on-budget.

The Town Hall stage upgrade project was completed for less than budgeted. The emergency generator replacement was not progressed.

The Riversdale Beach toilets replacement project was delayed as options to work with the Riversdale Beach Surf Lifesaving Club were progressed.

The signage project had a budget of \$35,000 and included new welcome signs and 'pou' poles with symbols for the north and south entrances to Masterton. The project was completed, but ended up costing more than expected, with additional funding coming from general capital reserves.

The Library's carpet, shelving renewal and redecoration project was completed successfully during the year, while the Library extension design capital provision was not used.

During the year the Council assisted a local music venue by purchasing it's PA system (which they were hiring). The justification centred on the economic benefits that the venue generates for the wider local economy and the arts and cultural opportunities, particularly for the youth of the area.

COMMUNITY FACILITIES/ACTIVITIES
Capital Expenditure Summary

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
Parks, Reserves & Sportsfields			
45,786	Q E Park - rejuvenation project	110,291	215,000
12,929	Q E Park - lake water pump upgrade	0	0
6,257	Q E Park - drinking fountains	0	5,000
43,543	Recreation trails extended	2,450	21,500
48,115	Upgrade facilities - playgrounds, sportsfields	37,030	53,000
0	Reserve fencing & Clarke Memorial Reserve	0	30,000
5,334	McJorrow Park playground	139,341	190,000
18,776	Street tree strategy	19,316	25,000
0	Beach rubbish bins	9,636	12,000
8,633	Henley Lake improvements	3,956	0
12,705	Sports facilities carpark reseals	34,580	12,000
0	Sports facilities upgrades	500,000	650,000
0	South Park - irrigation	0	6,000
0	Netball Facility Upgrade	0	160,000
202,078		856,600	1,379,500
Genesis Energy Recreation Centre			
37,048	Pools plant & equipment renewals	41,696	56,000
26,600	GERC heat pump replacement (part c/fwd)	475,271	475,000
63,648		516,967	531,000
Cemeteries			
-	Cemetery landscaping	19,649	50,000
0		19,649	50,000
District Building			
530,282	Town Square project	0	0
66,023	Facilities & equipment	13,506	40,000
5,569	Building upgrades	39,507	40,000
0	Town Hall stage & emergency generator	201,457	295,000
601,874		254,470	375,000
Housing for the Elderly			
24,483	Pensioner housing upgrades	33,146	60,000
24,483		33,146	60,000
Other Property			
0	Public conveniences upgrade	10,155	3,000
16,774	Rental & Other property upgrades	13,043	30,000
54,016	Riversdale Beach toilets upgrade	0	250,000
18,780	Mawley Park facility upgrades	7,604	50,000
0	Kaituna Land - survey accretion & replant	10,971	70,000
0	Rural Hall upgrades	5,601	20,000
89,570		47,374	423,000
Airport			
0	Airport development /certification	0	50,000
0		0	50,000
Economic Development & Promotion			
47,164	CBD security cameras & public WIFI	32,988	12,000
4,811	CBD under verandah lighting	-	0
0	Signage & promotional signs	93,722	35,000
0	Town Square - christmas tree decoration	16,814	10,000
0	King Street Live - Sound System	33,369	0
89,950	Motorplex facility access road	-	0
141,925		176,893	57,000
\$1,123,578		\$1,905,098	\$2,925,500
Capital Funding			
(800,249)	Transfer from reserves	(1,839,345)	(2,745,500)
(10,170)	Loan funds	(57,555)	(180,000)
(313,159)	External contrib.	(8,198)	-
(\$1,123,578)		(\$1,905,098)	(\$2,925,500)

COMMUNITY FACILITIES / ACTIVITIES

Capital Expenditure Summary

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Library & Archive		
157,640	Book purchases	152,157	156,000
44,048	Computer system upgrades	45,126	40,000
	Carpet renewal	42,207	65,000
44,264	Internal refurbishment - shelving etc	109,862	100,000
	Library extension - design provision	0	50,000
31,324	Building and furniture upgrades	31,903	12,000
15,990	Film reader - Archive	921	17,000
\$293,266		\$382,176	\$440,000
	Capital Funding		
-	Loan funds - Library extension	-	(50,000)
-	Finance lease funding	-	-
(293,266)	Transfers from reserves	(382,176)	(390,000)
(\$293,266)		(\$382,176)	(\$440,000)



REGULATORY SERVICES

The Council provides Regulatory Services in order to:

- manage the development and protection of the natural and physical resources in a sustainable manner;
- protect the safety and wellbeing of the community;
- protect people from hazards to their health and safety.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this group of activities.

Contribution to Community Outcomes: Regulatory Services contributed to *A Sustainable Healthy Environment, A Strong Resilient Economy, A Knowledgeable Community, An Active Involved and Caring Community and An Easy Place to Move Around.*

- The Planning and Resource Manager service implemented and monitored the Wairarapa Combined District Plan including any resource consent conditions, encouraged biodiversity, issued resource consents for events to ensure public safety for the protection of the environment.
- The Environmental Health, Liquor Licensing and General Inspection services monitored public and environmental health standards, undertook water quality testing for public safety, advised when recreational water was unsafe for activities, issued liquor and food premises licences and inspected liquor and food premises conditions.
- Animal Control monitored registration of dogs, ensured that complaints were responded to in a timely manner, and impounded wandering dogs.
- Public programmes to educate on rights and responsibilities were undertaken.

RESOURCE MANAGEMENT AND PLANNING

Council staff implement planning policies and manage the planning functions. These include administering the resource consent process, maintaining and developing the District Plan and providing advice on specific planning issues as required.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Resource consents, Land Information Memorandums (LIMs) and Project Information Memorandums (PIMs) processed within the requirements of the Resource Management Act		<u>Achieved</u> All building consents were checked for planning implications.
Building consents checked for planning implications.	100%	<u>Achieved</u> All non-notified resource consents were processed within the timeframes: Total consents 80 (last year 84)
Non notified consents completed on time	100%	Land Use 50 Subdivisions 30 <u>Achieved</u> Both notified resource consents were processed within the timeframes Notified 2 (last year 2)
Notified consents completed on time	100%	<u>Achieved</u> 353 LIMs (last year 381) Average processing time 6 days, all within timeframes
LIMs completed on time	100%	
PIMs completed on time	100%	No PIMs requested

Performance Indicators	Targets 2014/15	Results Relative to Target
No loss of agreed protected areas.	100%	<u>Achieved</u> No loss.
Completion and implementation of a Management Plan for Castlepoint.	Implementation of Management Plan	<u>Achieved</u> The Castlepoint management plan was completed as part of the Wairarapa Combined District Plan and was adopted in 2008. There were no implementation issues in 2014/15.
Preparation and implementation Riversdale Beach Management Plan.	Implementation of Management Plan	<u>Not Achieved</u> Plan not yet notified.

REGULATORY SERVICES

Resource Management & Planning

Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
400,608 *	Resource management & planning	450,065	451,064
153,481	River scheme contributions	146,926	133,230
9,290	Wairarapa District Plan (MDC share)	1,754	32,000
563,379		598,745	616,294
	Operating Revenue		
66,386	User charges - consent fees & recoveries	68,299	77,700
420,005	Reserves & infrastructure contributions	285,464	457,000
41,004	Internal recoveries	41,004	41,000
527,395		394,767	575,700
	Appropriations		
(1,100)	Transfers from reserves - project funding	(25,600)	(14,500)
159,000	Transfer to reserves - project funding	127,000	117,000
420,005	Transfer to reserves - various contributions	285,464	457,000
\$613,889	Rates Requirement	\$590,842	\$600,094

* Restated last year costs in order to disclosure Wairarapa District Plan (MDC share), aligning to 2014/15 Annual Plan.

Variances from Plan

Operating costs have been close to planned levels. Revenue from reserves and infrastructure contributions has been less than planned. All contributions are charged under the financial contributions regime of the Wairarapa Combined District Plan and are transferred to reserves

Extra river scheme contributions (to GWRC) were required for the Waipoua scheme to effect flood protection and planting measures near Henley Lake.

REGULATORY SERVICES

BUILDING CONTROL

Council staff and contractors undertake regulatory functions such as administering building consents and monitoring and enforcing compliance with the building code.

Performance Measures

Performance Indicators	Targets 2013/14	Results Relative to Target
Retain building consent authority accreditation when assessed every two years	Maintain accreditation	<u>Achieved</u> Current Accreditation Valid Next International Accreditation New Zealand (IANZ) Audit Review Date set for 22 -24 September 2015.
Proportion of building consent applications processed within 20 working days; (excludes days when consent is on hold awaiting additional information)	100%	<u>Not Achieved</u> 546 building consents processed over the 12 month period 1 July to 30 June 2015 87.63% of consents processed within 20 working days. 62 consents exceeded 20 working days by one to nine days over time. Three consents were nine days over time and the balance were 1-2 days overtime.
Proportion of Inspections carried out within one working day of requested inspection date	100%	<u>Achieved</u> All inspections carried out within one working day or same day in some circumstances. No complaints received from applicants.
Proportion of known swimming pools inspected for compliance with requirements (drained if non-compliant)	100%	<u>Achieved</u> New pools constructed under building consent or existing pools inspected on request. If non-compliant, pool required to be emptied.
Progress on addressing earthquake-risk buildings	Monitor progress towards achieving earthquake compliance	<u>Not Achieved</u> 63% of identified buildings have had Initial Evaluation Procedure (IEP) reports completed by the owners consulting structural engineer. Owners of identified earthquake prone buildings have been written to requesting a full assessment of their buildings.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2009/10	2010/11	2011/12	2013/14	2014/15*
Very satisfied/fairly satisfied	43%	48%	44%	49%	39%
Not very satisfied	12%	9%	10%	9%	8%
Don't know	44%	43%	46%	41%	52%

*Does not add up to 100% due to rounding

REGULATORY SERVICES

Building Control

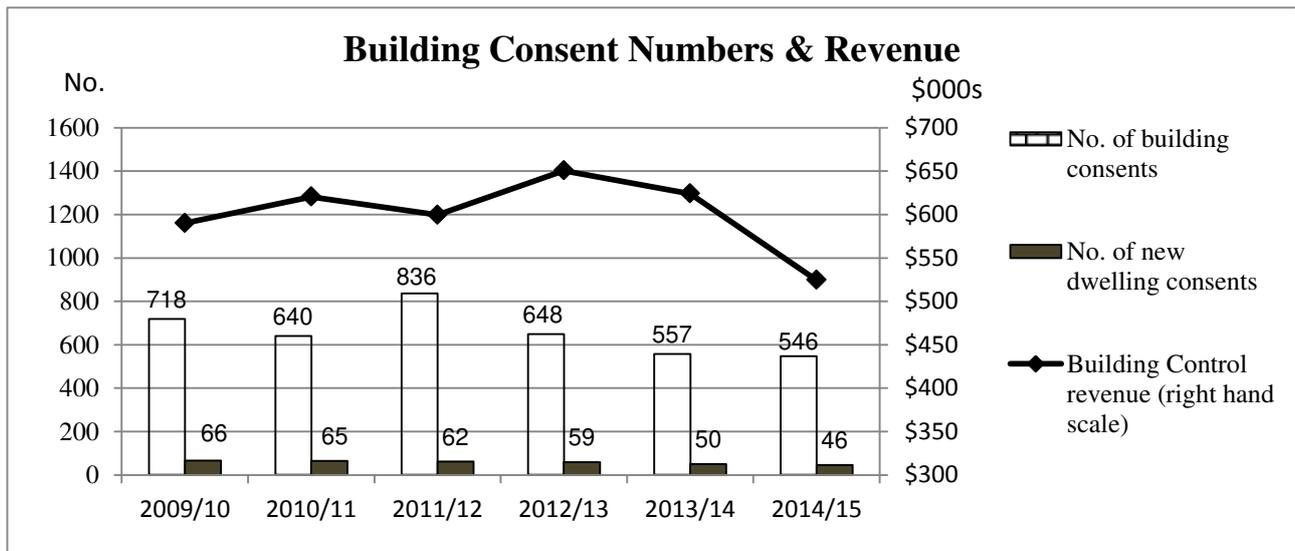
Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$ 750,083	Operating Costs	\$ 760,075	\$ 710,363
	Building Control costs		
\$750,083		\$760,075	\$710,363
	Operating Revenue		
624,020	Consent fees & charges	524,511	625,225
\$624,020		\$524,511	\$625,225
	Appropriations		
-	Transfers from reserves	-	-
30,000	Transfer to reserves	20,000	30,000
\$156,063	Rates Requirement	\$255,564	\$115,138

Variances from Plan

The Building Control activity costs were above the planned level as the department invested in training pre the IANZ accreditation and new technology to improve consent processing.

Building consent fee revenue was 16.1% below the planned level. Although consent numbers were only down 2%, the value of all consents processed was down from \$36m in 2013/14 to \$28m in 2014/15 (a 22% reduction).



REGULATORY SERVICES

ENVIRONMENTAL HEALTH, LIQUOR LICENSING, GENERAL INSPECTION AND PARKING CONTROL

Council staff and contractors carry out environmental health, liquor licensing and general inspection functions which include: monitoring and inspecting food premises, monitoring water quality, dealing with noise complaints, receiving and processing liquor licences and trade waste licences, enforcing bylaws and regulatory requirements as well as patrolling and enforcing parking restrictions.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
All registered premises comply with public safety requirements as evidenced by annual inspection and followed up with further visits for enforcement if necessary.	100%	<p><u>Achieved</u> 208 food premises inspections and an additional 34 re-inspections were carried out.</p> <p>51 health licence inspections were carried out and another four re-inspections required. No enforcement action necessary.</p> <p><u>Not Achieved</u> 134 trade waste inspections were carried out covering 96% of registered Trade Waste premises (140 registered premises). Three inspections were carried out at the three known unregistered premises.</p>
Proportion of all licences or consents issued within statutory or policy deadlines.	100%	<p><u>Achieved</u> 63 special licences issued within 10 working days of all reports received.</p>
Proportion of noise and other urgent complaints responded to within one hour	90%	<p><u>Achieved</u> 635 noise complaints received. 585 responded to within one hour (92%). Response time is dependent on contractor availability.</p> <p>252 urgent complaints received and responded to within one hour.</p> <p>524 non-urgent complaints received and 98% responded to within two working days.</p>
other 'general' complaints responded to within two working days of notification.	100%	<p><u>Achieved</u> Nine community water supplies monitored for water quality in compliance to Drinking Water Standard NZ (DWSNZ) 2005 (revised 2008) bacterial criteria</p>

Performance Indicators	Targets 2014/15	Results Relative to Target
Monitoring of compliance with environmental consent conditions for resource consents.	100% compliance	Achieved 16 consents/sub-consents monitored in accordance with the consent conditions.
Number of public education programmes undertaken annually.	2+ initiatives per year	Achieved Educational information and community training offered to food premises and community water supplies. Water quality of pools at schools and hotels/motels were tested and educational information given to operators. 31 site visits were carried out. In March 2015 an officer made two presentations at St Matthews College on council role in food safety and how to make a food complaint.

COMMUNITY SURVEY RESULTS

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	43%	48%	44%	49%	39%
Not very satisfied	12%	9%	10%	9%	8%
Don't know/NA	44%	43%	43%	41%	52%

*Does not add up to 100% due to rounding

REGULATORY SERVICES

Environmental Health & Licensing

Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
656,103	Environmental health & licensing costs	622,084	694,452
	Operating Revenue		
124,610	License fees & charges	144,233	149,665
209,971	Internal recoveries	188,377	223,690
334,582		332,610	373,355
	Appropriations		
-	Transfer to/(from) reserves - project funding	-	-
\$321,522	Rates Requirement	\$289,474	\$321,097

Alcohol Act & Alcohol Licensing

The figures reported below are included within the activity Environmental Health & Licensing Cost of Service Statement (as reported on the previous page). Separate disclosure below is per the requirements of Sale and Supply of Alcohol (Fees) Regulations 2013 s19 (1).

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
11,653	District Licensing Committee costs	26,195	29,950
109,626	Inspector Operations	110,741	101,897
8,735	Alcohol Act enforcement activities	6,362	6,500
130,013	Total Alcohol licensing costs	143,298	138,347
	Operating Revenue		
68,033	Alcohol Act Licensing fees & charges	84,628	89,690
\$61,981	Rates Requirement	\$58,670	\$48,657

REGULATORY SERVICES

Bylaw Control / General Inspection

Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
257,962	General inspection (includes pool vehicles)	253,792	263,973
	Operating Revenue		
10,663	Miscellaneous recoveries	12,894	7,600
172,073	Internal recoveries	181,050	175,700
182,736		193,944	183,300
	Appropriations		
-	Transfers from reserves - project funding	-	-
\$75,225	Rates Requirement	\$59,848	\$80,673

REGULATORY SERVICES

Parking Control

Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
143,573	Parking control costs	145,621	146,602
18,400	Depreciation - meters	18,511	18,750
161,973		164,133	165,352
	Operating Revenue		
236,980	Parking meters and fines	242,088	237,500
	Appropriations		
6,474	Provision for loan repayments	6,885	6,885
(\$68,533)	Rates Requirement	(\$71,070)	(\$65,263)

REGULATORY SERVICES

ANIMAL CONTROL

Council staff and contractors undertake animal control functions, which include responding to complaints about animals, impounding and releasing animals, finding homes for unclaimed animals, managing dog registrations, as well as educating dog owners and the general public about dog and animal control.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
Customer satisfaction with animal control services.	Maintain satisfaction	<u>Achieved</u> The 2015 survey of residents indicates 72% satisfaction with dog control services. This is a 3% increase from the previous survey in 2014 (69%). The result is 3% below the baseline in 2010/11, and 1% below the peer group average.
Proportion of urgent complaints responded to within one hour (dog attacking people or animals).	100%	<u>Not Achieved*</u> Total received: 100 Responded to = 100% Responded in Time = 94 (94%)
Proportion of non-urgent complaints responded to within 24 hours of notification (barking dogs or wandering animals).	100%	<u>Not Achieved*</u> Total received : 1588 Responded to = 100% Responded in Time = 1516 95.43%
Undertake public education, school and community visits to promote safe behaviour around dogs and/or responsible dog ownership.	6+ visits	<u>Achieved</u> 7 visits completed. 2 Preschool 3 Primary Schools 2 Adult Groups

***NOTES**

Of the six urgent jobs not attended within the hour, all were due to either the complainant not being available or the complaint being left on Council answer phone (as opposed to being reported to our after hours emergency call centre) causing the delay in attending.

There were 72 jobs not completed within the allocated time period of 24 hours (priority 2 & 3). The majority of jobs were reported after hours on Friday and over the weekend and were not actioned until the following working day. These complaints were not deemed to be priority 1 (P1's) and whilst a delay did occur the job was attended and appropriate action taken.

COMMUNITY SURVEY RESULTS BELOW

COMMUNITY SURVEY – PERFORMANCE RATING

Animal Control	2009/10	2010/11	2011/12	2013/14	2014/15
Very satisfied/fairly satisfied	71%	75%	71%	69%	72%
Not very satisfied	22%	19%	24%	22%	20%
Don't know/NA	7%	6%	5%	9%	8%

REGULATORY SERVICES

Animal Control

Cost of Service Statement

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
341,733	Dog control & pound	343,610	349,737
	Operating Revenue		
296,176	Dog registration fees & fines	320,022	332,150
	Appropriations		
-	Transfers from reserves	-	-
\$45,557	Rates Requirement	\$23,588	\$17,587



REGULATORY SERVICES

EMERGENCY MANAGEMENT AND RURAL FIRE

Rural Fire

This activity is managed externally by the Wairarapa Rural Fire Authority. The Council pays a share of that organisation's operational costs, sourcing the funding from rural rates. The Council also incurs other costs such as depreciation on the fire station buildings it owns and corporate overheads allocated to the activity. No performance measures have been set for this activity as it is delivered by an external agency.

Emergency Management

The Wellington region is exposed to a wide range of natural and man-made hazards (earthquake, flooding, landslide, tsunami, storm, biological, chemical, terrorism, etc.). However, there is a great deal that we can do to reduce the impact of these hazards on our communities. Our approach to emergency management is based on the principles of reduction of risk, readiness, response and recovery.

Greater Wellington has joined with the city and district councils in the region to form a semi-autonomous Wellington Region Emergency Management Office (WREMO). All the councils' emergency management staff and resources are pooled together. We expect this to lead to improved effectiveness from increased scale and co-ordination, as well as efficiencies from the centralised provision of services such as training and public education. Local emergency management offices have been retained to enable effective local responses to emergencies.

The Civil Defence Emergency Management (CDEM) Act 2002 requires each region to have a CDEM Group and prepare a CDEM Group Plan. The Act also requires Greater Wellington to be the administering authority for the Wellington region CDEM Group. All WREMO staff are now employed by Greater Wellington while the work of WREMO is overseen by the CDEM Group (a joint committee of all the Mayors in the region, along with the Chair of Greater Wellington) and the Co-ordinating Executive Group (CEG) (CEs of the nine councils, CE of the district health boards, senior representatives from Police, Fire Service, Lifelines Organisations and Regional Welfare (Ministry of Social Development)). Operational matters are overseen by the CEG Sub Committee (the general managers responsible for emergency management of the nine councils).

The new team has been in place since 1 July 2012 and in 2014/15 undertook the following:

- Implemented the next generation Wellington Region CDEM Group Plan and associated plans (CDEM Business Plan, WREMO Annual Plan);
- refined the Community Resilience Strategy that can be viewed on the WREMO website;
- educated people about the risks they face and how to prepare for emergency events;
- maintained the Wellington Region's emergency co-ordination centre (ECC) and the city and district councils' emergency operations centres (EOCs) so that they could be quickly activated to manage a regional emergency event. These centres have information management systems, robust communication systems and trained volunteer staff;
- worked with central government, emergency services, welfare groups, lifeline utilities and a wide range of interested and affected organisations on emergency management issues.

In Masterton the resource register is a living document and is regularly updated to include rural/coastal co-ordinators and other key agencies.

REGULATORY SERVICES

**Emergency Management/CD & Rural Fire
Cost of Service Statement**

2013/14 Actual		2014/15 Actual	2014/15 Plan
\$	Operating Costs	\$	\$
82,600	Emergency management costs	70,519	61,278
90,200	WREMO CD/EM costs (MDC Share)	92,360	130,000
48,388	Rural fire costs (incl recoverable costs)	91,949	44,277
218,501	Wairarapa Rural Fire Authority (MDC share)	225,800	225,800
439,689		480,628	461,355
	Operating Revenue		
47,067	Rural fire & CD/EM recoveries	66,463	22,100
	Appropriations		
21,000	Transfers to reserves	5,000	5,000
\$413,621	Rates Requirement	\$419,165	\$444,255

REGULATORY SERVICES

Rates Requirement Summary

2013/14 Actual	Activity	2014/15 Actual	2014/15 Plan
\$		\$	\$
460,408	Resource Management & Planning	443,915	466,864
153,481	River Scheme Contributions	146,926	133,230
156,063	Building Control	255,564	115,138
321,522	Environmental Health & Licensing	289,474	321,097
75,225	Bylaw Control & General Inspection	59,848	80,673
(68,533)	Parking Control	(71,070)	(65,263)
249,058	Rural Fire Control	270,040	270,077
45,557	Animal Control	23,588	17,587
164,563	Emergency Management	149,125	174,178
\$1,557,344	Rates Requirement	\$1,567,410	\$1,513,581

REGULATORY SERVICES

Capital Expenditure Summary

2013/14 Actual	Capital Expenditure	2014/15 Actual	2014/15 Plan
\$		\$	\$
66,361	Fleet vehicle replacements	98,620	95,000
-	Rural Fire & EM/CD	10,032	30,000
1,830	Environmental Health equipment	14,346	12,400
-	Animal Control Equipment	0	3,000
6,676	Parking meters	6,583	0
-	Dog Pound	0	50,000
\$74,867		\$129,581	\$190,400
	Capital Funding		
(74,867)	Transfer from reserves	(129,581)	(140,400)
-	Loan Funding	-	(50,000)
(\$74,867)		(\$129,581)	(\$190,400)

GOVERNANCE AND CORPORATE SERVICES

Governance and corporate services together perform the duties of local government under the Local Government Act 2002. They maintain the democratic process of local government and deliver a range of public services.

Overall Performance: Service levels have been maintained as per the Long Term Plan (LTP). The LTP did not provide for any significant increase in service levels for this group of activities.

Contribution to Community Outcomes: This activity contributed to *A Knowledgeable Community, An Active, Involved and Caring Community, A Sustainable, Healthy Environment* and *A Strong, Resilient Economy*. Minutes and agendas were posted on the Council's website and were available in the Library and the Council building. The Council supported the Wellington Regional Strategy and contributed to the Regional Amenities Fund recognising the benefits of the wider Wellington region to the Masterton economy. The Council jointly submitted a reorganisation proposal for a Wairarapa United Authority as being in the best strategic interests of the region. The Sister Cities programme resulted in a number of visits to Masterton. Further opportunities for export and exchanges are being followed up.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2014/15	Results Relative to Target
<p>Key documents and projects are consulted on and adopted following consideration of submissions:</p> <p>i) Adoption of Annual Plan</p> <p>ii) Adoption of Annual Report</p> <p>iii) New or revised policies incorporate concepts of sustainable development and are consulted on in accordance with the Significance and Engagement Policy.</p>	<p>By 30 June each year</p> <p>By end of October 2014</p>	<p><u>Achieved</u> The 2015-25 Long Term Plan was adopted by the Council on 24th June 2015.</p> <p><u>Achieved</u> The 2013/14 Annual Report was adopted by the Council on 29th October 2014.</p> <p>No new policies triggered consultation.</p>
<p>The public is informed about council decisions and performance:</p> <p>i) Satisfaction with consultation on Council decisions</p> <p>ii) Key Council information is communicated to all householders and ratepayers via summaries of major documents, the council column and online</p>	<p>Maintain satisfaction</p> <p>100% compliance</p>	<p><u>Achieved</u> The 2015 survey of residents indicates that 54% of residents are very satisfied or satisfied with the way Council involves the public in decisions it makes. This is up from 48% in 2014 and 43% in 2012.</p> <p><u>Achieved</u> A range of communication channels have been used, including the Summary Annual Report being published, the Mayor and CE writing regular information and opinion pieces in the local print media and the Consultation Document being distributed to every household in the District.</p>

Performance Indicators	Targets 2014/15	Results Relative to Target
<p>i) Māori Liaison Task Group considers and reports to the Council on issues of relevance to Māori.</p> <p>ii) Report on implementation of the Memorandum of Relationship with Rangitāne o Wairarapa and Ngāti Kahungunu ki Wairarapa.</p> <p>iii) Iwi advice is sought on relevant resource management issues.</p>	<p>At least four times annually.</p> <p>Members report satisfaction with outcomes of meetings.</p> <p>Annual Report on progress against Implementation Plan</p> <p>Iwi advice reported</p>	<p><u>Not Achieved</u> An Iwi Governance Committee was established to replace the previous Māori Liaison Task Group. The Iwi Governance Committee had its first meeting in March 2015 and met again in June 2015.</p> <p><u>Not Achieved</u> No report was prepared as Council has been reviewing structures for engaging with Maori and establishing the Iwi Governance Committee. However, during the year: new staff have been employed to enhance Council's capacity to engage with Māori; Council worked in partnership with Iwi to deliver Waitangi Day celebrations and supported Iwi led Matariki celebrations; and previous Māori Liaison Task Group funding has been passed to Iwi to decide how this will be allocated.</p> <p><u>Achieved</u> No planning issues required Iwi advice.</p>
<p>Report on impact of collaborative activities with other local authorities.</p>	<p>Report Annually</p>	<p><u>Achieved</u> The full list of initiatives in which the three Wairarapa councils have been working jointly was published in the 2013/14 Annual Report. All those initiatives remain current, including the joint roading contract, the solid waste contract, local alcohol policy, the Combined District Plan and the Wairarapa Geographic Information System (GIS) service.</p> <p>The impacts of the collaboration initiatives to date have yet to be meaningfully measured. The Council is confident that the current level of cooperation and collaboration will assist and benefit the transition to whatever the future governance structures are for the Wairarapa.</p>

Governance

Cost of Service Statement

2013/14 Actual \$	Operating Costs	2014/15 Actual \$	2014/15 Plan \$
334,309	Mayor & Councillors' remuneration	363,817	357,600
86,704	Reporting & consultation	111,873	97,000
26,471	Wairarapa governance study (MDC share)	33,531	60,000
29,137	Election costs (net)	477	0
416,964	Operating expenses	414,407	425,138
893,585		924,105	939,738
	Operating Revenue		
360,000	Internal allocation of governance costs (per Funding Policy 40% internal)	378,500	378,500
360,000		378,500	378,500
	Appropriations		
(15,000)	Transfers from reserves	-	-
20,288	Transfers to reserves	18,000	18,000
\$538,873	Rates Requirement	\$563,605	\$579,238

Variances from Plan

Not all of the provision for expenditure on a Wairarapa governance study was used.

INTERNAL FUNCTIONS

Roading Advisory Services

Cost of Service Statement

2013/14 Actual \$	Operating Costs	2014/15 Actual \$	2014/15 Plan \$
481,996	Professional staff & operating costs	505,739	492,801
3,066	Depreciation	3,517	4,146
485,062		509,256	496,947
	Operating Revenue		
272,314	Prof. services - subsidised roading	287,599	298,501
195,972	Prof. services - non-subsidised roading	181,843	189,500
21,814	Prof. services - other Council activities	10,558	0
51,490	External revenue	58,153	50,000
541,590		538,153	538,001
	Appropriations		
5,000	Transfer to reserves	-	5,000
(\$51,528)	Rates Requirement	(\$28,897)	(\$36,054)

INTERNAL FUNCTIONS

Asset & Project Management

Cost of Service Statement

2013/14 Actual \$	Operating Costs	2014/15 Actual \$	2014/15 Plan \$
594,360	Professional staff & operating costs	647,281	667,756
	Operating Revenue		
593,960	Internal charges	644,679	652,756
400	External recoveries	2,602	15,000
594,360		647,281	667,756
	Appropriations		
-	Transfer to reserves	-	-
\$0	Rates Requirement	\$0	\$0

Variances from Plan

The Roading Advisory function continued to provide professional engineering services to Carterton District Council during the year and the external revenue reported on the previous page reflects this.

INTERNAL FUNCTIONS

Corporate Services

Cost of Service Statement

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Operating Costs		
1,362,085	Management & administration	1,687,916	1,582,807
1,246,004	Financial management	1,397,594	1,358,659
384,681	Information systems	405,851	459,291
2,992,770		3,491,361	3,400,756
	Operating Revenue		
208,579	Miscellaneous revenue & recoveries	217,059	201,835 *
693,634	Interest revenue (external)	898,736	795,000
311,188	Interest revenue (on internal loans)	260,595	235,000 *
53,757	Other Internal recoveries	47,768	39,100
2,603,340	Support services allocated internally	2,829,445	2,746,821
3,870,498		4,253,602	4,017,756
	Appropriations		
-	Transfer (from) reserves	(75,000)	(128,000)
110,000	Transfers to reserves (c/fwd funds)	0	-
767,727	Transfer to reserves - interest	837,241	745,000
\$0	Rates Requirement	\$0	(\$0)

*The adopted Annual Plan had misstated "Interest revenue (on internal loans)". This has been restated to reflect the corrected revenue categories. There is no change to the overall Plan revenue.

INTERNAL FUNCTIONS

Capital Expenditure Summary

2013/14 Actual \$		2014/15 Actual \$	2014/15 Plan \$
	Roading Advisory Services		
-	Survey Equipment	3,495	-
	Asset Management		
-	Asset management system & equipment	67,591	75,000
	Corporate Services		
46,901	Computer equipment & software upgrades	63,078	85,000
4,131	GIS (shared service) upgrades	-	30,000
-	Council Meetings IT upgrade	-	25,000
-	Records management system	-	50,000
51,032		134,164	265,000
	Capital Funding		
(51,032)	Transfer from reserves	(134,164)	(265,000)

Variances from Plan

Interest revenue was more than planned as surplus funds were invested to best advantage. As a consequence, more interest has been transferred to reserves.

The total of \$2.83 million of corporate costs allocated across the organisation was 3% more than planned and represents 7.6% of the organisation's operating expenditure (last year 7.1%).

Reporting as required by the:

Local Government (Financial Reporting and Prudence) Regulations 2014

LOCAL GOVERNMENT ACT 2002 - Financial Disclosures

The Local Government Act 2002 sets out a number of disclosure requirements for Councils over and above the generally accepted accounting practice (GAAP) information. Some of these have disclosures were in place last year, while several new disclosures have been added in recent legislative changes and additions to the Local Government (Financial Reporting and Prudence) Regulations 2014.

Network Assets

Schedule 6 of the Regulations requires the Council to add to the information currently disclosed under GAAP, to enable separate disclosure for each of the five network infrastructures (water supply; sewerage; stormwater; roads and footpaths; and flood protection and control works). In addition, water supply and sewerage are to be separated between treatment plant and facilities and other assets. Also, any asset additions are to be split between assets constructed by the Council and those transferred to (or vested in) the Council.

Most of the detail required to comply with these regulations can be found in Notes 12 and 13 to the Financial Statements. Additional information on the replacement values of network assets is disclosed below.

Optimised Replacement Value of network assets is as follows:

as at 30 June 2015	\$ millions	Optimised Replacement Values	Optimised Depreciated Replacement Values
Roads & footpaths (includes bridges & culverts, excludes land)		518.2	420.1
Water treatment plant & facilities - Masterton		19.2	9.2
Water reticulation (including rural supplies)		61.9	27.6
Sewerage treatment plant & facilities - Masterton		33.7	31.9
Sewerage reticulation - Masterton		86.2	25.9
Sewerage systems - rural*		9.9	8.8
Stormwater assets		25.8	15.0
Flood protection & control works		5.4	4.2
		<u>\$ 760.2</u>	<u>\$ 542.6</u>

Notes: excludes land values associated with the assets.

Infrastructural assets were revalued as at 30 June 2014

* Rural sewerage systems at Riversdale Beach, Castlepoint and Tinui have not been split into treatment and reticulation components, but the value split is estimated at 29/71 (treatment/retic).

Rating Base Information

The recently passed Local Government Act (Amendment No.3) includes a clause 30A in Schedule 10. The information below satisfies the disclosure requirements of that clause and adds comparative information for the current year, value of rates income and average rates.

30 June 2015

Number of rating units within the District as at 30 June 2015	12,197
Capital Value of rating units as at 30 June 2015	\$4,640.8 million
Land Value of rating units as at 30 June 2015	\$2,458.4 million
Rates income for 2015/16 (per 2015-25 LTP)	\$26,061,822 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,137 (excl GST)

30 June 2014

Number of rating units within the District as at 30 June 2014	12,227
Capital Value of rating units as at 30 June 2014	\$4,510.7 million
Land Value of rating units as at 30 June 2014	\$2,426.2 million
Rates income for 2014/15 (per Stmt of Comp. income)	\$25,231,679 (excl GST & capital contribution rates)
Average rates income per rating unit	\$2,064 (excl GST)

Insurance information

Local Government Act (Amendment No.3) clause 31A in Schedule 10 requires disclosure of information relating to the insurance of assets.

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, Councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

Set out below is detail of the Council's insurance of assets, under the prescribed three headings.

Insurance of Assets - for the year ending 30 June 2015

Asset values from Statement of Financial Position	Carrying value 1 July 2014	All values in \$000's
Property, plant and equipment	84,440	
Infrastructural assets	630,723	
Forestry	459	
Investment properties	2,053	
	717,675	
Less:		
Land component of operational assets	47,527	
Land under roads & road formation	339,110	
	386,637	
Net Non-Financial Assets (excluding land)	\$ 331,038	
Insurance Arrangements 2014/15		
Material damage cover for buildings, plant, contents	\$ 101,625	Cover spread over 3 insurers, \$5k excess, covers 226 buildings, of which 44 are insured for indemnity value only, the balance for full reinstatement value, contents cover totals \$4.5 million, earthquake claims are limited to \$75 million annual aggregate (shared with CDC & SWDC).
Motor vehicle insurance cover - value estimate	\$ 280	Insured for market value, carrying value assumed here.
Forestry (standing timber) cover	\$ 492	Cover for trees declared value for fire, windstorm value \$17.5k, deductible of 1.5% of declared value
Risk Sharing Arrangements		
Cover for infrastructural assets as a member of LAPP (generally underground assets)	\$ 211,463	This is the replacement value (ORV) of assets listed on the LAPP Fund schedule for 2014/15. LAPP cover equated to 40% ie \$84,585k, with a deductible of \$592k. LAPP factor up the ORV for additional costs of recovery and had reinsurance to cover up to \$100m through the course of 2014/15. The Government's disaster recovery plan commits to paying 60% of the costs of recovering from a disaster, with a deductible for Masterton DC of \$338k.
Cover for roading assets (subsidised)	\$ 239,234	This is the replacement value of all roading assets that would be subject to NZTA subsidies, including bridges and culverts, but excluding land and formation value. The NZTA subsidy on flood and other roading network damage is 54%, but a sliding scale would see that increase depending on the severity of the event. Council's share of the recovery costs on these assets would be met from existing budgets, the flood damage fund, bridge depreciation funds, general capital funds and raising new debt (if required).
Assets Self-insured		
Airport runway & taxiways	\$ 3,617	Masterton airport's runway and taxiways are not covered by insurance. The risk of damage is low and it is expected that in the event of an earthquake causing damage, the cost of repair would be done from Council's general reserves (currently \$4m).
Non-subsidised roading (footpaths, CBD paving, street furniture, berms and street trees)	\$ 24,609	This is the replacement value of roading assets which are not subject to NZTA subsidy. The risk of damage to these assets is low and other than depreciation funds held, no specific insurance cover is provided for.

The Council has no insurances relating to financial or intangible assets

Rates affordability benchmarks

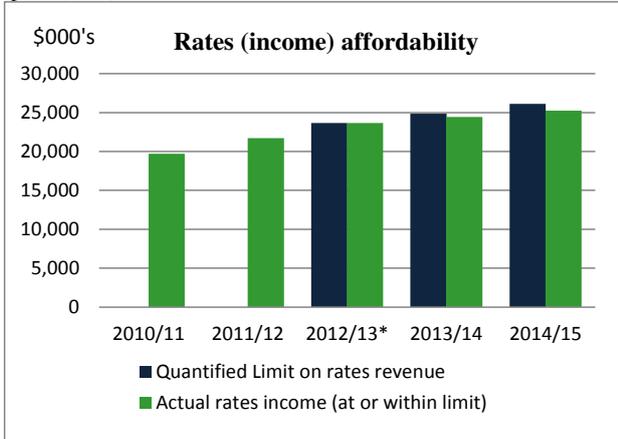
The Council meets this benchmark if: 1. The actual rates revenue equals or is less than each quantified limit on rates; and

2. Actual rates increases equal or are less than each quantified limit on rates increases.

Note: prior to 2012, there were no specified limits on rates income or increases in the 2009-19 LTCCP.

Rates (income) affordability

This graph compares the Council's actual revenue from rates, with the rates revenue limit forecast in the 2012-22 Long-term plan (LTP).

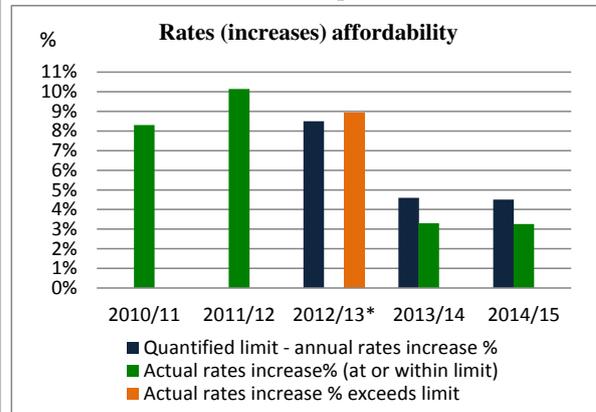


* 2012/13 rates were 0.04% above planned - this is considered to be 'at the limit'.

The rates income signalled in the 2012 LTP for 2013/14 and 2014/15 were modified in subsequent Annual Plans.

Rates (increases) affordability

This graph compares the Council's actual rates increases with a quantified limit on rates increases included in the 2012 financial strategy and LTP. The limit is that rates increases will be within the LGCI increase, plus 1%.



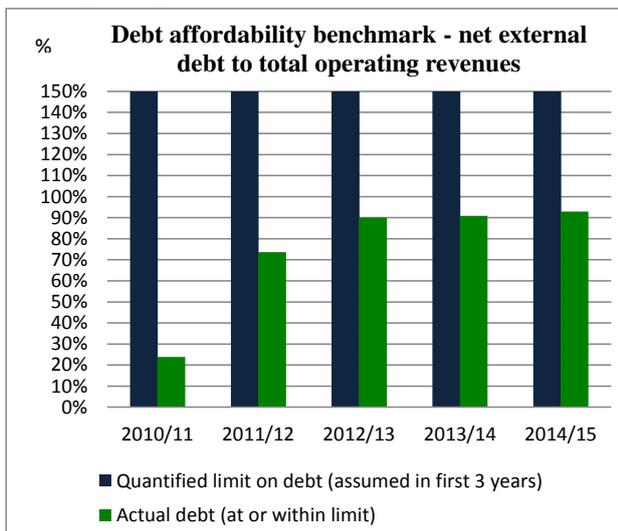
* In the 2012-22 LTP, the first year was specifically noted as being an exception - the rates increase would exceed the limit.

The rates increases from 2009 to 2011 were well signalled in the 2009-19 LTP and were largely driven by the urban sewerage treatment upgrade project.

Debt affordability benchmarks

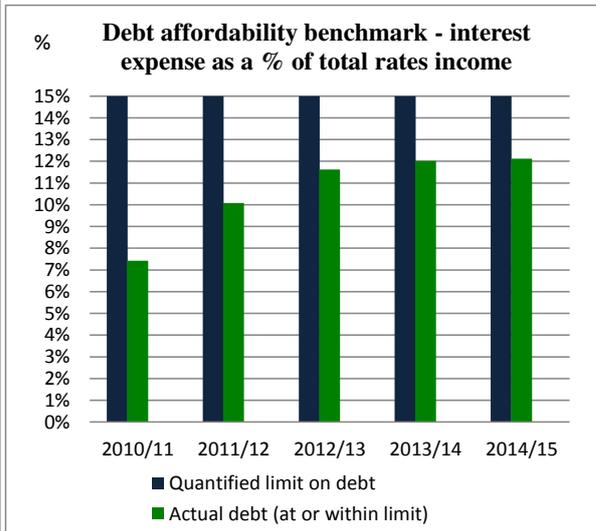
The Council meets the debt affordability benchmarks if its actual borrowing and borrowing costs are within the Council's quantified limits for borrowing, as set in the LTP.

The graph below compares the Council's actual borrowing with the quantified limit: Net External Debt⁽¹⁾ not to exceed 150% of Total Operating Revenues⁽²⁾.



¹Net External Debt is defined as gross external debt (aggregate borrowings of the council, including any capitalised finance leases and financial guarantees provided to third parties) less any financial assets (excluding trade and other receivables).

The graph below compares the Council's actual borrowing cost with the quantified limit: Interest expense on external debt not to exceed 15% of total rates income.

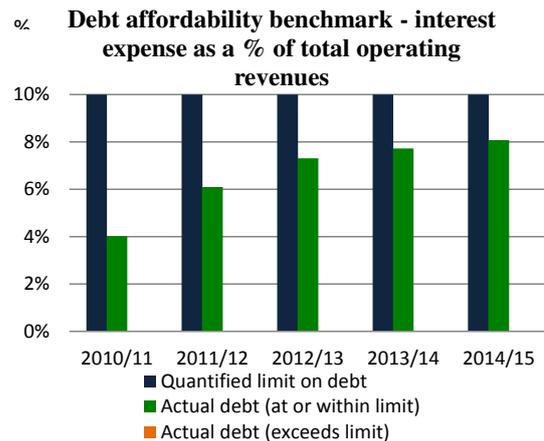


⁽²⁾ Operating Revenue is as per the Statement of Comprehensive Revenue & Expense - all earnings including financial contributions, but excluding vested assets.

Debt affordability benchmarks (continued)

The graph to the right compares the Council's actual borrowing cost with the quantified limit: Interest expense on external debt not to exceed 10% of total operating revenues (1).

(1) Operating revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue but excluding vested assets.



Balanced budget benchmark

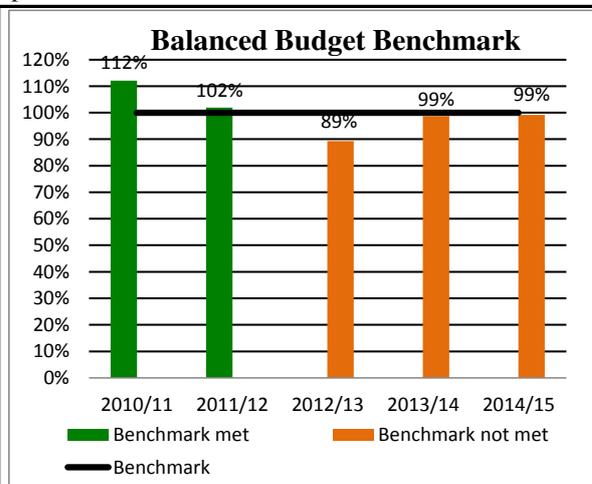
The graph below shows the Council's operating revenue as a proportion of operating expenses. The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

As per the regulations, Operating Revenue definition excludes financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment. Operating Expenses excludes losses on derivative financial instruments and any losses on revaluation of property, plant, or equipment.

Notes:

In both 2010/11 and 2011/12 the revenue includes capital contributions and a central government subsidy for the Riversdale Beach sewerage scheme.

In 2012/13 the Council wrote down \$3.9m in asset value on the urban wastewater treatment plant oxidation ponds, resulting in an unplanned accounting deficit. The ponds were replaced as part of an upgrade based on a 2009 resource consent for the plant. The plant upgrade has been loan funded. Without the asset value write down the result would have been 99%.



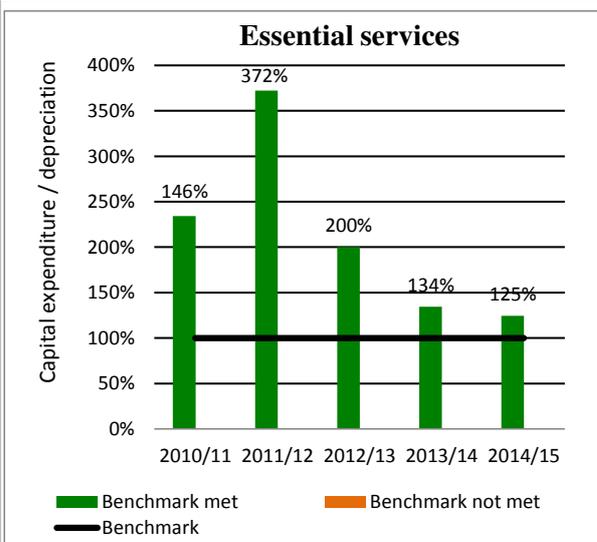
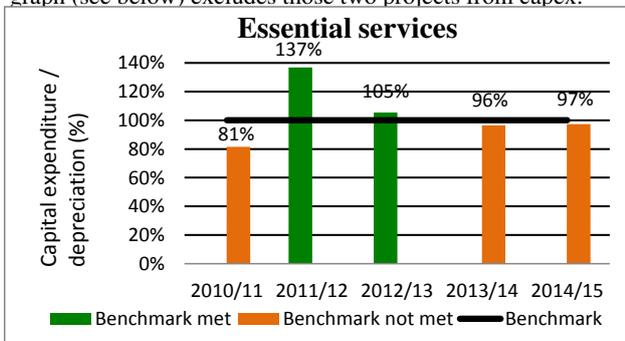
Essential services benchmark

The graph below to the right shows the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on those network services.

Notes:

Essential services are: roads and footpaths, water supplies, sewerage systems and stormwater systems.

Capital expenditure on the Homebush wastewater plant and the Riversdale Beach sewerage scheme have significantly influenced the result in the graph on the right. The alternate graph (see below) excludes those two projects from capex.



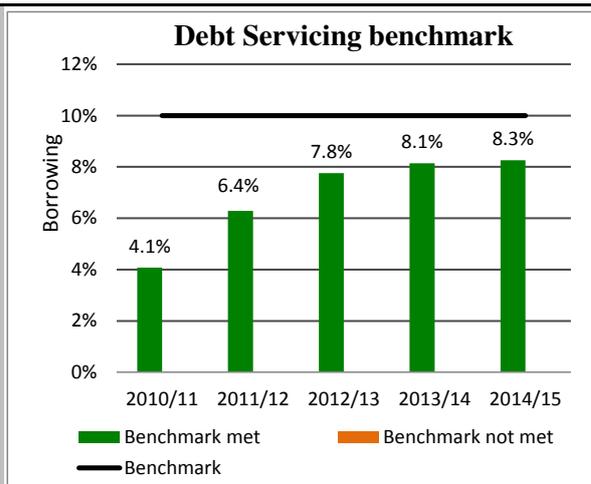
Debt servicing benchmark

The graph on the right shows the Council's borrowing costs as a proportion of operating revenue, as required by the regulations. The benchmark to stay within is 10%.

This measure differs from the Council's debt affordability benchmark as Operating Revenue definition excludes financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment.

Notes:

The cost of debt servicing has increased over the last five years in line with the Council's investment in the upgrade of the Homebush wastewater treatment and disposal facility and the Riversdale Beach sewerage scheme.



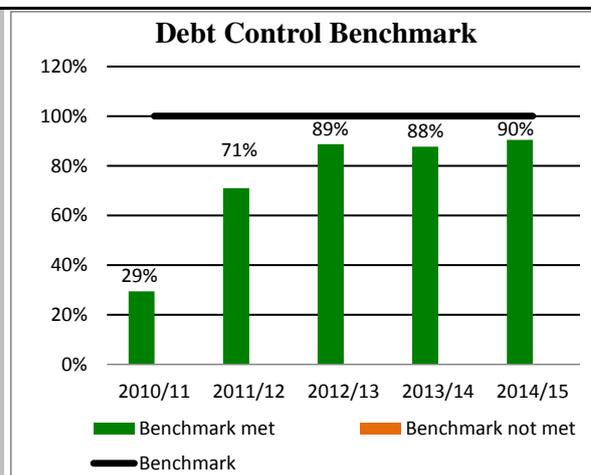
Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt

In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Notes:

As the Homebush project proceeded, some delays resulted in later drawing of debt that was planned. This saw actual debt being well below the planned level in 2011 and 2012.

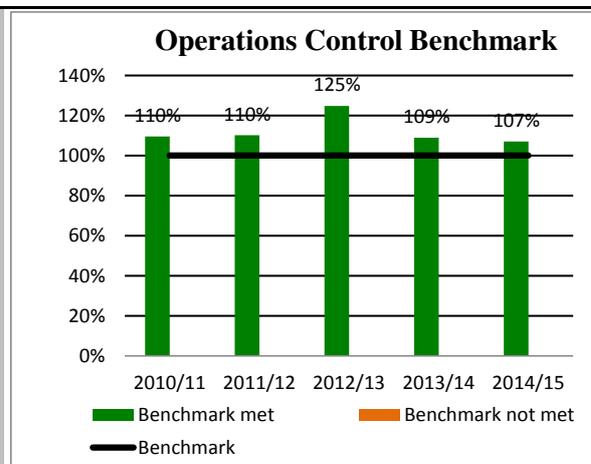


Operations control benchmark

The graph below shows the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the benchmark when actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

Notes:

The Council's cashflow from operation's has been consistently better than planned over the last 5 years, indicating operational expenditure is being managed within budgets.



FUNDING IMPACT STATEMENTS

As per the Local Government Act 2002 (Schedule 10, sec 26) the Council is required to produce an audited funding impact statement for the Council and for each group of activities comparing the information in the required format with the Long-Term Plan (LTP). Set out below and on the following 10 pages are the funding impact statements in the required format. Both Plan, LTP and prior year comparatives are shown where required.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting & Prudence) Regulations 2014

COUNCIL	2013-14 Annual Plan	2013-14 Actual	2014-15 Annual Plan	2014-15 Actual
	\$000s	\$000s	\$000s	\$000s
Sources of Operating Funding				
General rates, uniform charges, rates penalties*	13,708	14,001	13,848	14,114
Targeted rates (excluding water by meter)*	10,871	10,802	11,506	11,362
Subsidies and grants (for operating)	2,255	2,034	2,333	2,208
Fees & charges (incl metered water)	6,293	6,304	6,316	6,109
Interest & dividends	822	712	817	977
Other receipts (incl petrol tax & fines)	280	260	297	281
Total operating funding (A)	34,228	34,113	35,117	35,050
Applications of Operating Funding				
Payments to staff and suppliers	23,703	22,034	24,187	23,548
Finance costs	3,144	2,936	3,168	3,057
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	26,848	24,970	27,355	26,605
Surplus/(Deficit) of operating funding (A-B)	7,381	9,142	7,761	8,444
Sources of Capital Funding				
Subsidies & grants for capital expenditure	2,531	2,180	2,459	1,917
Development & financial contributions	354	625	694	426
Increase/(decrease) in debt	3,911	2,539	1,637	1,702
Gross proceeds from sale of assets	215	871	-	21
Lump sum contributions	-	-	-	851
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	7,011	6,215	4,790	4,917
Application of Capital Funding				
Capital expenditure:				
- to meet additional demand	-	-	-	818
- to improve level of service	4,878	3,739	4,284	3,388
- to replace existing assets	10,311	8,537	10,357	9,205
Increase/(decrease) in reserves	(1,125)	2,308	(2,372)	(298)
Increase/(decrease) in investments	327	773	285	248
Total application of capital funding (D)	14,391	15,357	12,554	13,361
Surplus / (deficit) of capital funding (C-D)	(7,380)	(9,142)	(7,762)	(8,444)
Funding balance (A-B)+(C-D)	0	0	0	0

* Rates revenue at the Council level is net of rates charged on Council properties.

FUNDING IMPACT STATEMENT

	2013-14 Annual Plan \$000s	2013-14 Actual \$000s	2014-15 Annual Plan \$000s	2014-15 Actual \$000s
Reconciliation				
- between FIS & Financial Statements				
Operating Revenue - per FIS	34,228	34,113	35,117	35,050
Capital Funding (revenue)- per FIS	2,885	2,805	3,153	3,194
	<u>37,113</u>	<u>36,917</u>	<u>38,270</u>	<u>38,244</u>
Other Gains	0	1,374		399
Operating Revenue - per Stmt of Comp. Rev. & Exp.	<u>37,113</u>	<u>38,291</u>	<u>38,270</u>	<u>38,644</u>
	-	-	-	-
Operating Expenditure - per FIS	26,848	24,970	27,355	26,605
Add depreciation	10,013	10,609	10,738	10,721
	<u>36,860</u>	<u>35,579</u>	<u>38,093</u>	<u>37,326</u>
Other Losses	0	957	0	3,259
Operating Expenditure - per Stmt of Comp. Rev. & Exp.	<u>36,860</u>	<u>36,536</u>	<u>38,093</u>	<u>40,585</u>
	-	-	-	-
Capital Expenditure - per FIS	15,189	12,276	14,641	13,411
Capital Expenditure - per Cost of Service Statements	<u>15,189</u>	<u>12,276</u>	<u>14,641</u>	<u>13,411</u>
	-	-	-	-
Transfer to/(from) Reserves - per COSS	(5,196)	(2,288)	(6,511)	(4,486)
Depreciation transferred to reserves - per COSS	3,871	4,052	4,118	4,168
Proceeds from sale of assets - tsf to reserves	200	544	20	21
	<u>(1,125)</u>	<u>2,308</u>	<u>(2,372)</u>	<u>(298)</u>
Increase/(Decrease) in Reserves - per FIS	<u>(1,125)</u>	<u>2,308</u>	<u>(2,372)</u>	<u>(298)</u>
	-	-	-	-

DEPRECIATION by Group

	2013-14 Annual Plan \$000s	2013-14 Actual \$000s	2014-15 Annual Plan \$000s	2014-15 Actual \$000s
Groups of Activities				
Roading	4,457	4,522	4,793	4,581
Water Services	1,259	1,251	1,346	1,258
Sewerage Services	1,945	2,311	2,129	2,327
Stormwater	223	306	257	274
Solid Waste Services	83	83	84	85
Community Facilities/Activities	1,871	1,910	1,900	1,987
Regulatory Services	106	102	106	94
Governance	25	17	17	35
Internal Functions	84	106	107	81
	<u>10,052</u>	<u>\$10,609</u>	<u>\$10,738</u>	<u>\$10,721</u>

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

ROADING

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties *	5,502	5,731	5,613
Targeted rates	-	-	-
Subsidies and grants (for operating)	1,991	2,058	1,985
Fees & charges	62	64	105
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	162	162	176
Total operating funding (A)	7,717	8,014	7,879
Applications of Operating Funding			
Payments to staff and suppliers	4,474	4,623	4,069
Finance costs	28	31	20
Internal charges and overheads applied	1,140	1,171	1,229
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,642	5,824	5,319
Surplus/(Deficit) of operating funding (A-B)	2,075	2,190	2,561
Sources of Capital Funding			
Subsidies & grants for capital expenditure	2,008	1,990	1,868
Development & financial contributions	103	107	100
Increase /(decrease) in debt	(122)	108	(98)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	505
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,990	2,204	2,375
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	472
- to improve level of service	303	764	54
- to replace existing assets	3,601	3,705	3,567
Increase/(decrease) in reserves	(924) *	(1,197) *	683 *
Increase/(decrease) in investments	1,085	1,122	160
Total application of capital funding (D)	4,065	4,394	4,936
Surplus / (deficit) of capital funding (C-D)	(2,075)	(2,190)	(2,561)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

WATER SERVICES

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates (excl water by meter)	2,988	3,232	3,017
Subsidies and grants (for operating)	-	-	-
Fees & charges (incl metered water)	280	288	306
Internal charges & overheads recovered	-	-	-
Interest & dividends	10	10	13
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	3,278	3,530	3,335
Applications of Operating Funding			
Payments to staff and suppliers	1,432	1,466	1,484
Finance costs	162	178	169
Internal charges and overheads applied	483	498	513
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,077	2,143	2,166
Surplus/(Deficit) of operating funding (A-B)	1,201	1,388	1,169
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	4	4	27
Increase/(decrease) in debt	542	(74)	(40)
Gross proceeds from sale of assets	-	-	0
Lump sum contributions	-	-	93
Other operating funding applications	-	-	-
Total sources of capital funding (C)	546	(70)	80
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	93
- to improve level of service	52	-	130
- to replace existing assets	1,691	1,278	1,482
Increase/(decrease) in reserves	(1,001) *	(1,078) *	(432) *
Increase/(decrease) in investments	1,005	1,118	(24)
Total application of capital funding (D)	1,747	1,318	1,250
Surplus / (deficit) of capital funding (C-D)	(1,201)	(1,388)	(1,169)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

SEWERAGE SERVICES

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	6,065	6,441	6,335
Subsidies and grants (for operating)	-	-	-
Fees & charges	620	627	381
Internal charges & overheads recovered	4	4	5
Interest & dividends	-	-	56
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	6,690	7,071	6,775
Applications of Operating Funding			
Payments to staff and suppliers	1,370	1,297	1,227
Finance costs	2,846	2,866	2,566
Internal charges and overheads applied	708	715	911
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,924	4,878	4,704
Surplus/(Deficit) of operating funding (A-B)	1,766	2,193	2,071
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	14
Increase /(decrease) in debt	470	(558)	2,078
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	156
Other operating funding applications	-	-	-
Total sources of capital funding (C)	470	(558)	2,247
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	156
- to improve level of service	887	162	2,198
- to replace existing assets	1,778	1,731	2,358
Increase/(decrease) in reserves	(1,123) *	(1,238) *	(488) *
Increase/(decrease) in investments	694	980	95
Total application of capital funding (D)	2,236	1,635	4,319
Surplus / (deficit) of capital funding (C-D)	(1,766)	(2,193)	(2,072)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

STORMWATER SERVICES

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	418	431	394
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	418	431	394
Applications of Operating Funding			
Payments to staff and suppliers	126	127	83
Finance costs	76	70	60
Internal charges and overheads applied	112	115	140
Other operating funding applications	0	-	0
Total applications of operating funding (B)	314	312	282
Surplus/(Deficit) of operating funding (A-B)	104	119	112
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(97)	(103)	(124)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	97
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(97)	(103)	(27)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	97
- to improve level of service	31	-	-
- to replace existing assets	125	130	168
Increase/(decrease) in reserves	(261) *	(235) *	(147) *
Increase/(decrease) in investments	112	121	(34)
Total application of capital funding (D)	7	16	84
Surplus / (deficit) of capital funding (C-D)	(104)	(119)	(111)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

SOLID WASTE SERVICES

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	831	882	576
Targeted rates	440	450	466
Subsidies and grants (for operating)	68	70	84
Fees & charges	2,105	2,153	2,379
Internal charges & overheads recovered	162	167	201
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	3,607	3,722	3,705
Applications of Operating Funding			
Payments to staff and suppliers	2,815	2,906	2,757
Finance costs	102	109	99
Internal charges and overheads applied	597	613	506
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,514	3,628	3,362
Surplus/(Deficit) of operating funding (A-B)	93	94	344
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	41
Development & financial contributions	-	-	-
Increase /(decrease) in debt	(62)	209	(8)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	(62)	209	32
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	270	85
- to replace existing assets	73	-	-
Increase/(decrease) in reserves	(83) *	(10)	75 *
Increase/(decrease) in investments	41	43	216
Total application of capital funding (D)	31	303	376
Surplus / (deficit) of capital funding (C-D)	(93)	(94)	(344)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

COMMUNITY FACILITIES / ACTIVITIES

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	5,445	5,535	5,667
Targeted rates	1,662	1,770	1,766
Subsidies and grants (for operating)	53	54	119
Fees & charges	1,408	1,673	1,416
Internal charges & overheads recovered	223	230	252
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	24	25	-
Total operating funding (A)	8,815	9,287	9,220
Applications of Operating Funding			
Payments to staff and suppliers	6,288	6,542	6,735
Finance costs	241	278	142
Internal charges and overheads applied	1,162	1,194	1,291
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,691	8,014	8,168
Surplus/(Deficit) of operating funding (A-B)	1,123	1,273	1,052
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	8
Development & financial contributions	-	-	-
Increase /(decrease) in debt	35	695	(91)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	35	695	(82)
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	335	1,343	836
- to replace existing assets	654	754	1,451
Increase/(decrease) in reserves	(1,082) *	(1,533)	(1,148) *
Increase/(decrease) in investments	1,251	1,403	(169)
Total application of capital funding (D)	1,158	1,967	970
Surplus / (deficit) of capital funding (C-D)	(1,123)	(1,272)	(1,053)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

REGULATORY SERVICES

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	1,586	1,618	1,570
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	-
Fees & charges	1,345	1,386	1,272
Internal charges & overheads recovered	401	409	410
Interest & dividends	2	2	1
Other receipts (incl petrol tax & fines)	65	67	105
Total operating funding (A)	3,400	3,482	3,359
Applications of Operating Funding			
Payments to staff and suppliers	2,326	2,389	2,332
Finance costs	4	4	1
Internal charges and overheads applied	850	875	796
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,180	3,268	3,129
Surplus/(Deficit) of operating funding (A-B)	220	214	230
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	238	245	285
Increase /(decrease) in debt	(5)	(6)	(14)
Gross proceeds from sale of assets	-	-	10
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	233	239	282
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	-	17
- to replace existing assets	70	72	113
Increase/(decrease) in reserves	277 *	275 *	387 *
Increase/(decrease) in investments	106	107	(4)
Total application of capital funding (D)	453	454	512
Surplus / (deficit) of capital funding (C-D)	(220)	(215)	(230)
Funding balance (A-B)+(C-D)	-	-	-

* The Plan allowed for depreciation funded into reserves as part of the change in investments.

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

GOVERNANCE

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	519	537	568
Targeted rates (excluding water by meter)	-	-	-
Subsidies and grants (for operating)	-	-	-
Fees & charges	-	-	-
Internal charges & overheads recovered	334	346	379
Interest & dividends	-	-	-
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	853	883	947
Applications of Operating Funding			
Payments to staff and suppliers	577	597	594
Finance costs	-	-	-
Internal charges and overheads applied	276	286	325
Other operating funding applications	-	-	-
Total applications of operating funding (B)	853	883	920
Surplus/(Deficit) of operating funding (A-B)	-	-	27
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	-	-	-
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	53
Increase/(decrease) in investments	-	-	(25)
Total application of capital funding (D)	-	-	28
Surplus / (deficit) of capital funding (C-D)	-	-	(28)
Funding balance (A-B)+(C-D)	-	-	-

FUNDING IMPACT STATEMENT

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014

INTERNAL FUNCTIONS

	Year 2 LTP 2013/14 \$000s	Year 3 LTP 2014/15 \$000s	Actual 2014/15 \$000s
Sources of Operating Funding			
General rates, uniform charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants (for operating)	-	-	20
Fees & charges	176	176	250
Internal charges & overheads recovered	3,989	4,085	4,262
Interest & dividends	743	789	907
Other receipts (incl petrol tax & fines)	-	-	-
Total operating funding (A)	4,908	5,050	5,439
Applications of Operating Funding			
Payments to staff and suppliers	3,845	3,944	4,267
Finance costs	-	-	-
Internal charges and overheads applied	254	262	301
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,099	4,206	4,567
Surplus/(Deficit) of operating funding (A-B)	809	844	872
Sources of Capital Funding			
Subsidies & grants for capital expenditure	-	-	-
Development & financial contributions	-	-	-
Increase /(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	10
Lump sum contributions	-	-	-
Other operating funding applications	-	-	-
Total sources of capital funding (C)	-	-	10
Application of Capital Funding			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve level of service	104	-	68
- to replace existing assets	83	151	67
Increase/(decrease) in reserves	547	584	719
Increase/(decrease) in investments	75	110	29
Total application of capital funding (D)	809	845	882
Surplus / (deficit) of capital funding (C-D)	(809)	(845)	(872)
Funding balance (A-B)+(C-D)	-	-	-

REPORT ON EQUAL EMPLOYMENT OPPORTUNITIES

The Masterton District Council supports the principles and practices of Equal Employment Opportunities (EEO) as a means of ensuring all applicants and employees have equal opportunity to achieve their potential.

The Council is committed to ensuring equality of opportunity in all forms of paid employment and therefore rejects unfair discrimination on any grounds including gender, marital status, religious or ethical belief, race or colour, ethnic or national origins, disability, age, political opinion, employment status, family status, sexual orientation and involvement in union activities.

EEO is also a means of recognising the aims and aspirations of Māori thereby contributing to the spirit of partnership envisaged by the Treaty of Waitangi.

The Council believes that the organisation will benefit from a diverse workforce. It is committed to recognising and valuing the different skills, talents, experiences and perspectives of its employees. The Council's EEO Policy, reviewed in 2002, aims to provide a culturally sensitive, safe and healthy working environment which promotes a positive climate for employees, actively seeks to enhance employee skills and abilities, and ensures appointment and promotional opportunities on relevant merit.

Key Activities

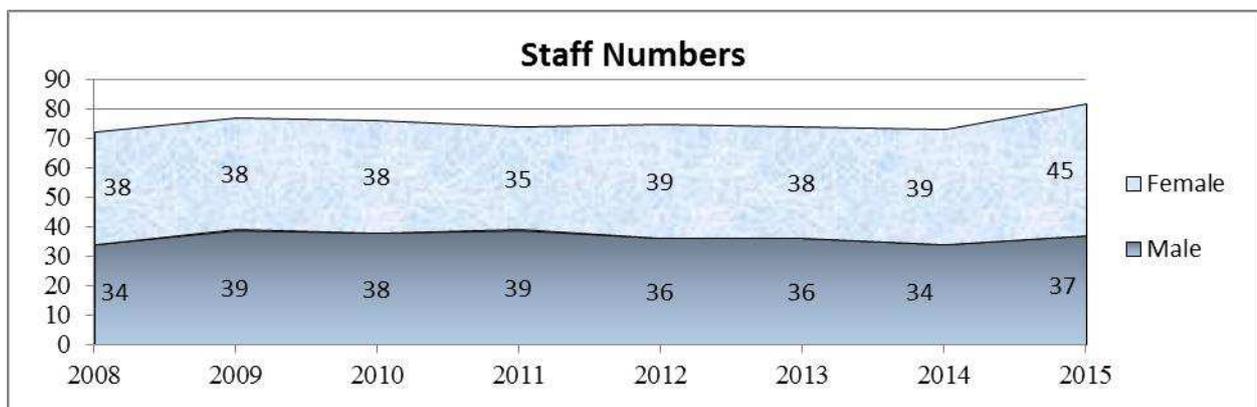
Maintain an effective EEO database of Council employees.

Objectives	Performance Measures	Results
Update and maintain the EEO database.	Database is up to date	<u>Achieved</u> Database is maintained as part of payroll systems.

The following staff analysis reflects the position at 30 June in each year (note: F/T = full time, P/T = part time where a full time employee is determined on the basis of a 40 hour working week). The figures represent all staff employed by the Council, but exclude contractors and any people paid via the Council's payroll, but employed by other organisations. The numbers for part timers have been converted to full time equivalents to be consistent with the numbers reported in Note 19.

Staff Analysis

	30 June 2012		30 June 2013		30 June 2014		30 June 2015	
	F/T	P/T	F/T	P/T	F/T	P/T	F/T	P/T
Male								
Māori	0	1	0	1	0	1	0	1
European	33	2	32	2	29	3	30	4
Other	1	0	1	0	1	0	2	0
Female								
Māori	1	1	1	1	1	1	3	0
European	24	10	23	12	26	10	28	12
Other	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>0</u>
	59	14	58	16	59	14	65	17





2014/15

FINANCIAL STATEMENTS

&

NOTES TO THE ACCOUNTS



MASTERTON DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2015

\$		Notes	\$	\$
30 June 2014			30 June 2015	Plan
CURRENT ASSETS				
3,445,313	Cash & cash equivalents	10	4,321,805	2,800,000
5,882,149	Other financial assets	11	5,559,510	2,610,000
206,599	Inventories	8	209,279	200,000
4,158,807	Debtors and other receivables	9	2,323,667	3,048,000
<u>13,692,868</u>	Total Current Assets		<u>12,414,261</u>	<u>8,658,000</u>
NON-CURRENT ASSETS				
84,439,853	Property, equipment & other assets	12,13	88,244,311	92,735,000
630,722,898	Infrastructural assets	12,13	632,325,089	668,036,000
4,391,272	Intangible assets	14	4,285,331	4,098,000
459,436	Forestry assets	15	549,203	330,000
2,053,000	Investment property	16	2,087,000	1,800,000
224,185	Derivative financial instruments	22	0	20,000
	Other financial assets	11		
764,016	- Investments in CCO's & other similar entities		940,730	700,000
7,969,215	- Investments in other entities		8,338,350	9,269,000
<u>731,023,875</u>	Total Non-current Assets		<u>736,770,014</u>	<u>776,988,000</u>
<u>\$744,716,743</u>	TOTAL ASSETS		<u>\$749,184,275</u>	<u>\$785,646,000</u>
CURRENT LIABILITIES				
6,312,765	Creditors & other payables	20	5,325,013	6,010,272
0	Derivative financial instruments	21	22,896	0
791,369	Employee benefits	21	855,139	772,000
58,963	Provisions (current)	23	75,472	235,000
5,859,902	Financial liabilities - current portion	24	1,972,132	1,987,000
<u>13,022,999</u>	Total Current Liabilities		<u>8,250,652</u>	<u>9,004,272</u>
NON-CURRENT LIABILITIES				
46,731,999	Financial liabilities	24	52,321,958	52,220,000
786,616	Derivative financial instruments	22	2,821,875	1,550,000
87,980	Employee benefits	21	93,859	75,000
249,568	Provisions & other liabilities	23	215,011	250,000
<u>47,856,163</u>	Total Non-current Liabilities		<u>55,452,703</u>	<u>54,095,000</u>
<u>\$683,837,581</u>	NET ASSETS		<u>\$685,480,920</u>	<u>\$722,546,728</u>
PUBLIC EQUITY				
429,866,464	Retained earnings (ratepayers' equity)	25	428,474,415	426,533,728
234,430,510	Revaluation reserves	25	237,763,905	279,422,000
19,540,607	Special funds & restricted reserves	28	19,242,600	16,591,000
<u>\$683,837,581</u>	TOTAL PUBLIC EQUITY		<u>\$685,480,920</u>	<u>\$722,546,728</u>

The accompanying notes form part of these financial statements.



MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE				
For the Year Ended 30 June 2015				
\$ Actual 2013/14		Note	\$ Actual 2014/15	\$ Plan 2014/15
REVENUE				
24,435,959	Rates Revenue	3	25,231,679	25,168,272
366,686	Rural sewerage scheme capital rates	3 & 4	244,528	186,163
625,453	Financial Contributions		425,853	693,500
3,894,862	Subsidies and grants	4	4,124,472	4,818,564 *1
705,019	Finance Revenue	5	968,556	816,800
6,576,439	Other Operating Revenue	4	6,431,159	6,586,587 *1
310,959	Assets vested from developments/subdivisions	4	818,178	-
1,374,566	Other Gains	4a	399,397	-
38,289,943	Total Operating Revenue		38,643,822	38,269,886
EXPENDITURE				
5,622,444	Personnel Costs	6	6,454,617	6,087,274 *2
16,412,044	Other Expenses	7	17,093,410	18,099,296 *2
2,935,802	Finance Costs	5	3,057,221	3,168,228
10,609,007	Depreciation & amortisation	12, 13, 14	10,720,987	10,738,360
956,798	Other Losses	4a	3,258,602	-
36,536,096	Total Operating Expenditure		40,584,837	38,093,158
\$1,753,847	Surplus/(Deficit) before tax		(\$1,941,015)	\$176,728
-	Income tax expense		-	-
\$ 1,753,847	SURPLUS/(DEFICIT) AFTER TAX		\$ (1,941,015)	\$176,728
Other Comprehensive Revenue & Expense				
11,212,109	Gain/(Loss) on Infrastructure asset revaluations	12, 13, 25	-	-
-	Gain/(Loss) on Land and Buildings revaluations	13, 25	3,610,769	5,085,000
4,834,071	Infrastructure assets inventory adjustments	12	-	-
(245,928)	Change in value of financial assets at fair value through comprehensive revenue & expense	25	(26,415)	-
15,800,252			3,584,354	5,085,000
\$17,554,099	TOTAL COMPREHENSIVE REVENUE & EXPENSE		\$ 1,643,339	\$5,261,728

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2015						
	\$ Revaluations (Note 25)	\$ Special Funds & Reserves (Note 28)	\$ Ratepayers' Equity (Note 25)	\$ Total 2014/15	\$ Plan 2014/15	\$ Total 2013/14
Opening Balance						
1 July 2014	234,430,510	19,540,607	429,866,464	\$683,837,581	717,285,000	\$666,283,482
Comprehensive revenue & expense for the year	3,584,354		(1,941,015)	1,643,339	5,261,728	17,554,099
Tsf disposals revaltns	(250,959)		250,959	0		
Transfers from Reserves		(6,810,880)	6,810,880	0		
Transfers to Reserves		2,324,646	(2,324,646)	0		
Tsf proceeds on sale of assets		20,582	(20,582)	0		
Tsf depreciation to reserves		4,167,645	(4,167,645)	0		
Closing Balance	237,763,905	19,242,600	428,474,415	\$685,480,920	722,546,728	\$683,837,581

*1 The plan for subsidies & grants has been adjusted to reflect more than just roading subsidies.

*2 The plan for personnel costs has been adjusted by \$67,750 to reflect a position previously included in Other Expenses.

The accompanying notes form part of these financial statements.



MASTERTON DISTRICT COUNCIL

STATEMENT OF CASHFLOWS for the Year Ending 30 June 2015

Last Year 2013/14		Notes	Actual 2014/15	Plan 2014/15
	Cash Flows from Operating Activities:			
	Cash was provided from:			
24,443,119	Rates (M.D.C. only)		25,227,836	25,198,000
366,686	Riversdale sewerage rates & subsidy		244,528	186,000
625,453	Financial Contributions		425,853	693,500
3,336,307	Subsidies and grants		5,248,998	4,664,000
703,217	Interest received		966,450	816,000
891	Dividends received		7,951	1,000
6,127,231	Receipts from other revenue		6,731,046	6,741,500
<u>35,602,904</u>			<u>38,852,662</u>	<u>38,300,000</u>
	Cash was applied to:			
(16,257,030)	Payments to suppliers		(17,894,760)	(17,949,726)
(5,645,270)	Payments to employees		(6,390,847)	(6,137,274)
(2,884,986)	Interest paid		(3,037,457)	(3,168,000)
87,842	Goods and services tax (paid)/received (net)		290,096	-
<u>(24,699,444)</u>			<u>(27,032,968)</u>	<u>(27,255,000)</u>
10,903,460	Net Cash from Operating Activities	<u>29</u>	11,819,694	11,045,000
	Cash Flows from Investing Activities:			
	Cash was provided from:			
99,578	Receipts from sale of property, plant and equipment		8,074	
709,514	Receipts from sale of forestry		-	292,000
88,614	Receipts from sale of investments		2,356,546	1,467,000
<u>897,706</u>			<u>2,364,620</u>	<u>1,759,000</u>
	Cash was applied to:			
(11,881,357)	Purchase of property, plant and equipment		(12,421,538)	(14,641,000)
(119,725)	Purchase of intangible assets		(174,702)	-
(2,331,112)	Acquisition of investments		(2,189,586)	-
<u>(14,332,194)</u>			<u>(14,785,826)</u>	<u>(14,641,000)</u>
(13,434,488)	Net Cash from Investing Activities		(12,421,206)	(12,882,000)
	Cash Flows from Financing Activities:			
	Cash was provided from:			
4,469,770	Proceeds from new financial liabilities		3,600,000	3,527,000
<u>4,469,770</u>			<u>3,600,000</u>	<u>3,527,000</u>
	Cash was applied to:			
(1,675,231)	Repayment of term liabilities		(2,101,742)	(1,857,000)
(52,239)	Repayment of finance lease liabilities		(20,254)	(33,000)
<u>(1,727,470)</u>			<u>(2,121,996)</u>	<u>(1,890,000)</u>
2,742,300	Net Cash from Financing Activities		1,478,004	1,637,000
\$211,272	Net Increase/(Decrease) in Cash and cash equivalents		876,492	(\$200,000)
3,234,041	Cash and cash equivalents at beginning of the year		3,445,313	3,000,000
<u>\$ 3,445,313</u>	Cash and cash equivalents at the end of the year	<u>10</u>	<u>\$ 4,321,805</u>	<u>\$ 2,800,000</u>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

During the period, MDC acquired PPE (office equipment) totalling \$nil (2014: \$9,570) by means of finance leases.

The accompanying notes form part of these financial statements.

MASTERTON DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies
For the Year Ended 30 June 2015

Reporting Entity

Masterton District Council ("MDC" "the Council") is a Territorial Authority governed by the Local Government Act 2002. The Council was constituted on 1st November, 1989 pursuant to the Local Government (Wellington Region) Reorganisation Order 1989. The Council consists of a single operating entity with no subsidiaries or associates.

The Masterton District Council provides local infrastructure, local public services and performs regulatory functions for the community. The Council's primary objective is to provide goods & services for the community or social benefit rather than making a financial return. Accordingly, MDC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of MDC are for the year ended 30 June 2015. The financial statements were authorised for issue by the Council on 28 October 2015.

Basis of Preparation

Statement of compliance

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

The financial statements have been prepared in accordance with Tier 1 Public Sector Entity (PBE) accounting standards. These financial statements comply with PBE Standards.

The financial statements are the first financial statements prepared in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructural assets, investment property, forestry assets, library books and certain financial instruments (including derivative instruments). The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are presented in New Zealand dollars. The functional currency of MDC is New Zealand dollars. The financial statements are rounded to the nearest dollar.

Changes in accounting policies

From the year commencing 1 July 2014 a new Accounting Standards Framework developed by the External Reporting Board is applicable to Public Benefit Entities, replacing the previously applied standards with a suite of PBE accounting standards. This framework incorporates a tier structure with MDC classified as a Tier 1 reporting entity required to apply full Public Benefit Entity Accounting Standards. MDC has adopted the new PBE International Public Sector Accounting Standards (IPSAS) from 1 July 2014 with the new standards not requiring any material adjustment within the financial statements.

Standards issued and not yet effective and not early adopted

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.

Significant Accounting Policies

Revenue

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

- **Rates revenue**

Rates are set annually by resolution and according to the processes required under the Local Government Act 2002 and the LG (Rating) Act 2002 and they relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

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

Rates remissions are recognised as a reduction of rates revenue when the Council applies the remission to the rates accounts of those properties which qualify for the remissions, as per the remissions policy.

Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the financial statements, as the Council is acting as an agent for GWRC.

- **Other revenue**

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

Parking and dog control infringements are recognised when infringement notices are issued.

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

Other 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.

Revenue from the providing of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods and services are recognised when a product is sold to the customer. Sales are usually in cash or by credit account.

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

Interest revenue is recognised using the effective interest method.

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

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

For Development and Financial Contributions the revenue recognition point is at the latter of the point when MDC is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation. Financial contributions revenue is shown separately on the Statement of Comprehensive Revenue and Expense. Those contributions that are required as a nominal contribution towards specific future work, are recognised as revenue and held as part of special funds (equity).

Classification of Revenue

Revenue may be derived from either exchange or non-exchange transactions.

Assets and revenues arising from exchange and non-exchange transactions are recognised in accordance with the requirements of PBE IPSAS 9 while revenue from exchange transactions in accordance with PBE IPSAS 23.

- **Revenue from exchange transactions**
Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).
- **Revenue from non-exchange transactions**
Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.
- **Approximately equal value**

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (e.g. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays, cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices.

Most of the services that Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly most of Council's revenue is categorised as non-exchange.

Due to the volume of transactions, classifying revenue as exchange or non-exchange is on a broad category basis where the deciding factor is the nature of the main proportion of transactions within any revenue stream.

Construction contracts

Contract costs are recognised as expenses by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

Borrowing costs

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

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where MDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the MDC's decision.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax. Generally, MDC's structure and activities mean no income tax is applicable.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, MDC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether MDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from date of acquisition, and bank overdrafts. Bank overdrafts (if any) are shown within borrowings in current liabilities in the Statement of Financial Position.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by MDC at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of comprehensive revenue & expense as a grant.

A provision for impairment of receivables is established when there is objective evidence that MDC 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 asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

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 and current replacement cost. The cost of purchased inventory is determined using the FIFO method.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The write down from cost to current replacement cost or net realisable value is recognised in the surplus or deficit in the Statement of Comprehensive Revenue & Expense.

Financial assets

MDC classifies its financial assets into one of the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through comprehensive revenue. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the Statement of Comprehensive Revenue & Expense.

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

The fair value of financial instruments, whether traded in active markets or not, is based on a market price valuation supplied by an investment advisor.

The four categories of financial assets are:

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 profit or loss 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. Derivatives are also categorised as held for trading unless they are designated as hedges. 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 sheet date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the Statement of Comprehensive Revenue & Expense. Financial assets in this category include the investment funds managed by ANZ Investments Ltd.

Loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included as current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. There are no loans to community organizations made at nil or below-market interest rates. Loans and receivables are classified as “debtors and other receivables” in the Statement of Financial Position.

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that MDC 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 & Expense.

Financial assets at fair value through other comprehensive revenue are those that are not classified in any of the other categories above. They are included in non current assets unless council intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. This category encompasses: investments that MDC intends to hold long-term, but which may be realised before maturity; and shareholdings that MDC holds for strategic purposes. After initial recognition these investments are measured at their fair value. Gains and losses are recognised directly in other comprehensive revenue except for impairment losses, which are recognised in the surplus or deficit. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the surplus or deficit even though the asset has not been derecognised. On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue is re-classified from equity to surplus or deficit.

Impairment of financial assets

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

Carbon Credits

Council has classified carbon credits in its investment portfolio. Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Accounting for derivative financial instruments and hedging activities

MDC does use derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, MDC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. MDC designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or hedges of highly probable forecast transactions (cash flow hedge).

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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.

Property, plant and equipment

Property, plant and equipment consists of:

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

Restricted assets — Restricted assets are parks and reserves owned by MDC 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 MDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping, manholes, sewer pump stations and a portion of the laterals to private properties.

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

Additions

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

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

Disposals

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

Subsequent costs

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

Depreciation

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

Buildings - component lives range from	5 to 100 years	(1%-20%)
Landfill post closure	20 years	(5%)
Plant and equipment	10 years	(10%)
Intangibles - software	4 years	(25%)
Motor vehicles	6.67 years	(15%)
Office equipment, office furniture	4 and 5 years	(20% and 25%)
Library books	5 to 7 years	(14.3% to 20%)
Infrastructural assets		
Rooding network		
Formation (not depreciated)		
Top surface (seal) 2 nd coat/1 st coat	17 and 40 years	(5.9% & 2.5%)
Road metal (unsealed)	3 years	(33%)
Pavement (base course) 50% depreciated	40 years	(2.5%)
Pavement (sub base) 15% depreciated	40 years	(2.5%)
Pipe culverts	90 years	(1.1%)
Footpaths (basecourse) 40% depreciated	50 years	(2%)
Footpaths (seal) chip/AC/concrete	15/18/50 years	(6.67%, 5.55%, 2%)
Kerbs	100 years	(1%)
Signs	12 years	(8.33%)
Road markings	1 year	(100%)
Streetlights (lamps, fittings & poles)	5/15/50 years	(20%, 6.67% and 2%)
Bridges	80 to 100 years	(1% to 1.25%)
Other structures	50 years	(2%)
Water system		
Treatment plant	10 to 100 years	(1% to 10%)
Pipes	60 to 80 years	(1.25% to 1.6%)
Valves, hydrants, connections	50 years	(2%)
Reservoirs & tanks	50 and 80 years	(1.25% and 2%)
Sewerage system		
Pipes	60 to 80 years	(1.25% to 1.6%)
Manholes	75 years	(1.33%)
Treatment plant	10 to 80 years	(1.25% to 10%)
Drainage network		
Pipes	70 to 90 years	(1.1% to 1.4%)
Stopbanks & seawall	100 years	(1%)
Airport runway		
Pavement & seal	80 years and 15 years	(1.25% and 6.67%)

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each revaluation, which are carried out every 3 years.

Revaluation

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

Operational land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Jones Lang LaSalle Ltd, and the valuation is effective as at 30 June 2015.

Restricted land and buildings

Some land owned by the Council has reserve status while other land has obligations to prior owners if sold. Reserve status can be revoked and land with prior obligations is not of any significant value. On that basis the Council has not identified any of its land and buildings assets as restricted.

Infrastructural asset classes: roads, water systems, sewerage systems and stormwater systems
At fair value determined on a depreciated replacement cost basis by an independent valuer. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected 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 the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue & expense. To minimise this risk, infrastructural asset 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 asset condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

At balance date MDC assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by Opus International Consultants Ltd and the valuation is effective as at 30 June 2014. Other asset classes carried at valuation were revalued as below.

Land under roads

Land under roads was valued based on fair value of adjacent land determined by Opus International Consultants Ltd, effective 30 June 2003. Under the previous NZ IFRS MDC has elected to use the fair value of land under roads as at 30 June 2003 as deemed cost. Land under roads is no longer revalued.

Library collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ in May 2002. Library valuations are performed by the Library Manager and are not subject to an independent review because books are purchased at current market prices and these are used to determine fair value. The last valuation was performed in June 2015.

Accounting for revaluations

MDC accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset in other comprehensive revenue. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised as intangible assets on the basis of the costs incurred to acquire and use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. MDC has not incurred any costs that are directly associated with the in-house development of software for use by MDC only. Software assets are depreciated, straight line, over 4 years.

Resource consents

MDC holds resource consents for many of its activities. Where the consent has a life beyond one year and the costs of obtaining the consents have been identified separately from the asset, the value of the consent is treated as an intangible asset and is amortised over its useful life. Costs associated with gaining a consent are included with the consent value e.g. engineering investigations, assessment of environmental effects, legal review, consent processing charges, hearings and appeals. The period over which the consent value is amortised over (straight line) is based on the life of the consent as granted by the Greater Wellington Regional Council (consent granted is for 25 years).

Easements

While MDC holds easements for only some of its assets, no comprehensive register is kept, no historical cost information is available and no attempt has been made to place a value on the easements held. Because easements have an indefinite useful life and are not generally amortised, the lack of recognition of the value does not significantly affect the financial results of the Council.

Forestry assets

Forestry assets are independently revalued annually. The 30 June 2015 valuation has been performed by Stuart Orme of Woodnet Ltd, at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit. The costs to maintain the forestry assets are included in the surplus or deficit.

Investment property

MDC currently holds no properties solely to earn rentals. Any properties which are leased to third parties under operating leases are owned primarily to meet service delivery objectives. MDC does hold some properties for strategic purposes and hence is gaining capital appreciation.

The investment properties have been valued 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.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets is the present value of expected future cash flows. If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Employee entitlements

Short-term employee entitlements

Employee benefits that MDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, alternative leave owing but not taken for working on statutory holidays and retiring gratuity entitlements expected to be settled within 12 months.

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

MDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Retirement leave entitlements that are payable beyond 12 months, have been calculated on an actuarial basis. The calculations are based on: likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of the estimated future cash flows. A discount rate of 4.6%, and an inflation factor of 2% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes: obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficits incurred.

Defined benefit schemes: MDC has two employees who belong to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. MDC's contributions to the scheme are based on the employees' annual earnings and the resulting contribution level calculated by the scheme managers. There is a very low level of variability of earnings of the one employee, hence predictability of scheme contributions is high and solely the responsibility of the scheme managers. MDC have no expectation that a future scheme deficit will result in any liability for future extra employer contributions.

Provisions

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

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires MDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability MDC will be required to reimburse a holder for a loss incurred, discounted to present value. The

portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if MDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

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 Council have an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are not expected to be settled within 12 months.

Equity

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

The components of equity are:

- Retained earnings
- Special funds & restricted reserves
- Asset revaluation reserves

Special funds and restricted reserves

These are a component of equity representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by MDC for a designated purpose.

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

Also included in this category are reserves restricted 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.

MDC's objectives, policies and processes for managing capital are described in Note 27.

Property revaluation reserves

These reserves relates to the revaluation of property, plant and equipment to fair value.

Goods and Service Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

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

Cost allocation

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

- Direct costs are those costs directly attributable to an activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.
- Direct costs are charged directly to significant activities.
- Indirect costs are charged to significant activities using an allocation model that utilises cost drivers such as actual usage of support services, staff numbers and rates funding required.

Critical accounting estimates and assumptions

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

Landfill aftercare provision

Note 23 discloses an analysis of the exposure of MDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations of infrastructural assets. These are listed under the Revaluation heading above.

Critical judgements in applying MDC's accounting policies

Management has exercised the following critical judgements in applying the MDC's accounting policies for the period ended 30 June 2015

Classification of property

MDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The 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 MDC's social housing policy. These properties are accounted for as property, plant and equipment.

MDC currently has partly-occupied land and buildings in its ownership that had previously been occupied by the Masterton Borough Council depot and gasworks. This land has been identified by MDC as surplus to requirements, but site contamination issues and previous ownership issues will require further work before it can realistically be regarded as a 'property intended for sale'. It remains listed within Property, Plant and Equipment, with its valuation discounted as a result of the site contamination.

Urban Wastewater Resource Consent and Treatment Plant upgrade

The Council has worked through the process of renewing its resource consent for its waste water treatment and disposal facility and constructed a new plant between 2010 and 2015. Over the past 13 years, costs relating to the options analysis, consultation, concept design and resource consent application process, have been capitalised as intangible assets – recognising the one-off costs of gaining the consent. In December 2009 the Council was granted a consent, based on a proposed scheme, for 25 years. The capitalised costs of the consent have been assumed to be written off over the 25 year life of the consent. As at 30 June 2015, close to 100% of the construction costs had been incurred and the plant was fully operational.

RATES REQUIREMENT SUMMARY				
2013/14		2014/15	2014/15	
Actual		Actual	Plan	Variance
	Groups & Activities			
	Roading			
\$		\$	\$	\$
3,820,461	Subsidised Roothing	3,951,511	3,995,449	43,938
1,757,228	Non-subsidised Roothing	1,513,517	1,660,247	146,730
	Water Services			
2,818,305	Urban Water Supply	2,887,209	2,921,880	34,671
154,377	Rural Water Supplies & Races	130,918	119,222	(11,696)
	Sewerage Services			
5,472,048	Urban Sewerage System	5,890,599	5,867,189	(23,411)
575,347	Rural Sewerage Schemes*	456,167	385,682	(70,486)
	Stormwater Services			
424,304	Urban Stormwater System	427,641	437,284	9,643
	Solid Waste Services			
593,788	Solid Waste Services	603,255	693,890	90,636
341,751	Waste Minimisation Services	248,742	267,888	19,146
	Community Facilities/Activities			
1,994,087	Parks, Reserves & Sportsfields	2,056,637	2,044,145	(12,491)
1,254,347	Genesis Energy Recreation Centre	1,253,088	1,265,884	12,797
90,413	Cemeteries	91,358	97,748	6,390
1,564,736	Library & Archive	1,568,525	1,536,313	(32,212)
716,121	Property	792,039	777,924	(14,115)
1,418,036	Community Services	1,737,668	1,519,884	(217,784)
101,186	Airport	138,783	137,236	(1,547)
126,073	Mawley Park	115,721	104,803	(10,918)
	Regulatory Services			
613,889	Resource Management & Planning	590,842	600,094	9,252
156,063	Building Control	255,564	115,138	(140,425)
321,522	Environmental Health	289,474	321,097	31,623
75,225	Bylaw Control/General Inspection	59,848	80,673	20,825
(68,533)	Parking	(71,070)	(65,263)	5,807
45,557	Animal Control	23,588	17,587	(6,001)
413,621	Emergency Management & Rural Fire	419,165	444,255	25,089
	Governance			
538,873	Representation	563,605	579,238	15,633
(51,528)	Internal Functions	(28,897)	(36,054)	(7,157)
25,267,297	Total Rates Requirement	25,965,497	25,889,435	(76,064)
	Rates Revenue			
24,889,559	Masterton District rates levied	25,713,764	25,676,272	37,492
366,686	Rural Sewerage capital contributions	244,528	186,163	58,365
353,665	Rates penalties	364,125	200,000	164,125
(276,923)	Rates remissions	(303,292)	(135,000)	(168,292)
(37,925)	Discounts (on prompt payment)	(41,080)	(38,000)	(3,080)
25,295,062	Rates Revenue (incl Council properties)	25,978,045	25,889,435	88,610
27,765	Net Rates Surplus/(Deficit)	12,548	0	12,547

The figures above represent the net requirement for rates funding for each significant activity of the Council.

The figures include capital expenditure from rates, transfers to and from reserves and loan principal repayments funded from rates. Depreciation not funded into asset replacement reserves has been reversed before arriving at the net figures.

COST OF SERVICES SUMMARY			Actual Net	Plan Net	
for the 2014/15 Year			Operating Cost	Operating Cost	Capital Expenditure
	Operating Revenue	Operating Expenditure			
Roading					
Subsidised Roading	1,984,911	8,748,784	6,763,873	7,135,155	3,548,527
Non-subsidised Roading	380,934	1,150,331	769,397	887,063	544,303
Water Services					
Urban Water supply	159,292	3,145,619	2,986,327	3,081,880	1,526,013
Rural Water Supplies & Races	186,163	277,915	91,752	141,109	179,625
Sewerage Services					
Urban Sewerage System	436,351	6,499,665	6,063,314	5,892,189	4,644,132
Rural Sewerage Schemes	18,204	532,888	514,685	419,165	67,501
Stormwater Services					
Urban Stormwater System	-	555,272	555,272	572,284	264,642
Solid Waste Services					
Solid Waste Management	2,348,427	2,541,093	192,666	291,268	85,237
Waste Minimisation Services	315,054	905,688	590,634	690,511	
Community Facilities/Activities					
Parks, Reserves & Sportsfields	120,208	2,309,071	2,188,864	2,179,145	856,600
Genesis Energy Recreation Centre	56,270	1,467,527	1,411,257	1,435,884	516,967
Cemeteries	79,013	140,371	61,358	107,748	19,649
Library & Archive	106,354	1,720,958	1,614,604	1,566,312	382,176
Property	797,544	1,862,342	1,064,798	1,092,457	327,386
Community Services	111,479	1,909,994	1,798,515	1,682,586	176,893
Airport	204,147	326,453	122,307	132,236	-
Mawley Park	312,893	448,413	135,519	49,710	7,604
Regulatory Services					
Resource Management & Planning	394,767	598,745	203,978	40,594	
Building Control	524,511	760,075	235,564	85,138	
Environmental Health	332,610	622,084	289,474	321,097	14,346
Bylaw Control/General Inspection	193,944	253,792	59,848	80,673	98,620
Parking	242,088	164,133	(77,955)	(72,148)	6,583
Animal Control	320,022	343,610	23,588	17,587	
Emergency Mgmt & Rural Fire	66,463	480,628	414,166	439,255	10,032
Governance					
Representation	378,500	924,105	545,605	561,238	
Internal Functions	5,439,038	4,647,898	(791,140)	(658,053)	134,164
External funding of capital expend.*	2,768,414		(2,768,414)	(2,459,377)	
Eliminate internal recoveries**	(5,509,383)	(6,011,221)			
	12,768,218	37,326,235	25,059,855	25,712,707	13,411,000
* Includes NZTA subsidy for roading renewals					
** Includes rates paid for council properties					
		Capital expenditure	13,411,000	14,640,900	
		Add loan principal repayments	2,278,987	2,192,270	
		Less loan funds applied to capex	(3,744,769)	(3,527,000)	
		Less finance lease funds applied	-	-	
		Transfers to reserves	2,324,646	1,783,000	
		Transfers from reserves	(6,810,880)	(8,293,600)	
			32,518,839	32,508,277	
		Depreciation not funded from rates	(6,553,342)	(6,618,842)	
		Rates Requirement	\$25,965,497	25,889,436	

Notes to the Accounts

Note 3

RATES REVENUE	Notes	\$		
		Actual 2014/15	Plan 2014/15	Last Year 2013/14
excluding metered water supply rates				
Gross MDC Rates Levied		25,713,764	25,676,272	24,889,559
less Rates levied on Council properties		(514,677)	(535,000)	(505,016)
plus Rates Penalties		364,125	200,000	353,665
less Rates Remissions	30	(303,292)	(135,000)	(276,923)
less Discounts on prompt payment		(28,241)	(38,000)	(25,326)
		25,231,679	25,168,272	24,435,959
Rural Sewerage capital contributions		244,528	186,163	366,686
Total Revenue From Rates		\$25,476,207	\$25,354,435	\$24,802,645

Notes to the Accounts

Note 4

SUBSIDIES AND GRANTS	Actual 2014/15	Plan 2014/15	Last Year 2013/14
Roading subsidies ex NZTA	3,827,847	4,664,214	3,688,988
Other Government grants	173,931	128,250	167,093
Other grants	122,694	26,100	38,781
Total Subsidies and Grants	\$4,124,472	\$4,818,564	\$3,894,862
OTHER REVENUE			
Regulatory fee revenue	1,249,249	1,383,490	1,249,730
Rental revenue	870,699	918,975	903,260
Solid waste user charges	2,378,797	2,349,800	2,346,173
Other user charges and recoveries	1,456,455	1,514,322	1,637,635
Metered water & sewer rates charged in CDC area	187,376	161,000	172,199
Infringements and fines	104,806	86,000	92,599
Dividend revenue	7,951	10,000	7,018
Local authority petrol tax	175,826	163,000	167,825
Sub total	6,431,159	6,586,587	6,576,439
Revenue recognised from vested assets	818,178	-	310,959
Total Other Revenue	\$7,249,337	\$6,586,587	\$6,887,398
There are no unfulfilled conditions or other contingencies attached to government grants recognised.			
Annual Rates Revenue - per LGFA Guarantee and Indemnity Deed		\$	\$
		Actual	Last Year
Rates revenue per Note 3 (includes rural sewerage capital contributions)		25,476,207	24,802,645
Targeted water supply rates (metered water)		148,586	135,103
Rates levied in Carterton District for sewerage		38,790	37,096
		\$25,663,583	\$24,974,844

Notes to the Accounts

Note 4a

OTHER GAINS/(LOSSES)	\$ Actual 2014/15	\$ Plan 2014/15	\$ Last Year 2013/14
Gains			
Forestry asset revaluation gain	89,767	-	-
Property, plant and equipment gains on disposal	12,508	-	61,723
Library books revaluation gain	-	-	32,866
Carbon credits (on forestry) value gain	24,953	-	3,907
Investment property revaluation gains	34,000	-	11,300
Total non-financial instrument gains	161,228	-	109,796
Gain on valuation of financial assets (fair value thru surplus/deficit)	238,169	-	-
Gain on mark-to-market valuation of cash flow hedges *	-	-	1,264,770
Total Gains	399,397	-	1,374,566
Losses			
Forestry asset revaluation loss	-	-	(10,159)
Carbon credits revaluation loss on forestry	-	-	-
Property, plant and equipment losses on disposal	(972,645)	-	(849,502)
Library books revaluation loss	(3,617)	-	-
Total non-financial instrument losses	(976,262)	-	(859,661)
Loss on valuation of financial assets (fair value thru surplus/deficit)	-	-	(97,137)
Loss on mark-to-market valuation of cash flow hedges *	(2,282,340)	-	-
Total Losses	(3,258,602)	-	(956,798)
* Interest rate swaps (or cash flow hedges) are disclosed in Note 22. Their change in value is required to be brought through the Surplus/Deficit as per PBE IPSAS 29.			

REVENUE ANALYSIS - Exchange & Non-exchange	\$	\$	\$
	Actual	Plan	Last Year
	2014/15	2014/15	2013/14
Exchange Revenue			
Finance revenue	968,556	816,800	705,019
Dividend revenue	7,951	10,000	7,018
Rental revenue	870,699	918,975	903,260
Solid waste user charges	2,378,797	2,349,800	2,346,173
Other user charges and recoveries	1,456,455	1,514,322	1,637,635
Metered water & sewer rates charged in CDC area	187,376	161,000	172,199
Total Exchange Revenue	\$5,869,834	\$5,770,897	\$5,771,304
Non-Exchange Revenue			
Rates revenue	25,476,207	25,354,435	24,802,645
Financial contributions	425,853	693,500	625,453
Subsidies and grants	4,124,472	4,818,564	3,894,862
Regulatory fee revenue	1,249,249	1,383,490	1,249,730
Infringements and fines	104,806	86,000	92,599
Local authority petrol tax	175,826	163,000	167,825
Assets vested from developments/subdivisions	818,178	-	310,959
Other gains	399,397	-	1,374,566
Total Non-Exchange Revenue	\$32,773,988	\$32,498,989	\$32,518,640
Total Revenue	\$38,643,822	\$38,269,886	\$38,289,943

Explanation of the Analysis

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions

This revenue arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).

Revenue from non-exchange transactions

This revenue arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arms length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (e.g. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays, cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices. Most of the services that Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly most of Council's revenue is categorised as non-exchange.

Broad category basis

Due to the volume of transactions, classifying revenue as exchange or non-exchange is on a broad category basis where the deciding factor is the nature of the main proportion of transactions within any revenue stream.

FINANCE REVENUE & FINANCE COSTS		\$	\$	\$
Finance revenue		Actual	Plan	Last Year
		2014/15	2014/15	2013/14
Interest Revenue on:				
- financial assets held/invested by MDC		598,965	416,800	421,325
- financial assets managed by ANZ Investments Ltd		369,591	400,000	283,694
Total finance revenue		968,556	816,800	705,019
Finance costs				
Interest expense:	- on bank borrowings	569,306	646,228	1,304,695
	- on LGFA bonds	2,242,709	2,500,000	1,609,592
	- on Secure Floating Note (FRN)	228,111		
	- on finance leases	2,124	2,000	5,059
Discount unwind on provisions (Note 23)		14,971	20,000	16,455
Total finance costs		3,057,221	3,168,228	2,935,802
Net Finance Costs/(Revenue)		\$2,088,665	\$2,351,428	\$2,230,783

Notes to the Accounts

Note 6

PERSONNEL COSTS	Actual	Plan	Last Year
	2014/15	2014/15	2013/14
Salaries & wages	5,677,346	5,428,450	4,999,179
Mayor & Councillors' honorariums	345,998	346,100	329,436
Medical insurance (incl FBT)	152,191	125,180	130,733
Superannuation - employer contributions	209,433	187,544	180,386
Incr/(Decr) in employee benefits liability	69,649	-	(17,290)
Total Personnel costs	\$6,454,617	\$6,087,274	\$5,622,444

Notes to the Accounts

Note 7

OTHER EXPENSES	Actual	Plan	Last Year
	2014/15	2014/15	2013/14
Fees to principal auditor:			
- for annual report	103,783	107,000	102,235
- for LTP/projects	66,000	70,000	-
Donations	11,631	10,000	5,196
Grants - funding community development	543,777	469,050	432,054
Grants - funding arts & culture	306,146	303,750	319,716
Grants - funding economic development	487,166	476,240	441,559
ACC levies	33,581	34,110	30,834
Inventories (change in value)	(2,680)	-	(20,816)
Impairment of receivables	12,741	2,900	3,018
Election costs (net of recoveries)	477	0	29,137
Civic entertainment costs	12,024	12,000	10,320
Ceremonies & presentations	6,878	5,300	8,586
Other operating expenses	15,511,886	16,608,946	15,050,205
Total other expenses	\$17,093,410	\$18,099,296	\$16,412,044

Notes to the Accounts

Note 7a

COST OF SERVICE STMT RECONCILIATION - Note 2 to Other Notes		Actual	Plan
		2014/15	2014/15
Revenue			
Financial Contributions		425,853	693,500
Subsidies and grants (per note 4)		4,124,472	4,818,564
Other Revenue (per Note 4)		7,249,337	6,586,587
Finance Revenue (per Note 5)		968,556	816,800
Total Operating Revenue (per Note 2)		12,768,218	12,915,451
Expenditure			
Personnel Costs (per Note 6)		6,454,617	6,087,274
Other Expenses (per Note 7)		17,093,410	18,099,296
Finance Costs (per Note 5)		3,057,221	3,168,228
Depreciation (per Notes 12,13,14)		10,720,987	10,738,360
Total Operating Expenditure (per Note 2)		\$37,326,235	\$38,093,158
Add back MDC rates on Council properties (net of discount)		501,838	535,000
Net Operating Cost		\$25,059,855	\$25,712,707

Notes to the Accounts

Note 8

INVENTORIES		\$
30 June 2014		30 June 2015
	Held for distribution inventory:	
81,009	Water & sewer reticulation spares	81,009
5,960	Street furniture & pavers	6,025
30,587	Water treatment chemicals	58,553
23,297	Pre-paid envelopes	22,342
	Commercial inventory:	
25,707	Rubbish bags & bins	15,970
15,600	Baleage - ex Homebush	0
24,439	Miscellaneous items	25,380
\$206,599	Total Stock	\$209,279

No inventories are pledged as security for liabilities (2014 \$ nil). The write-downs of inventory during the year was \$950 (2014 \$nil). There have been no reversals of write-downs of inventory (2014 \$nil).
No inventory is pledged as security for liabilities (\$2014 \$nil).

DEBTORS & OTHER RECEIVABLES		\$
<u>30 June 2014</u>		<u>30 June 2015</u>
573,200	Rates receivables	577,620
1,537,660	Roading subsidies receivable	413,134
1,790,958	Sundry debtors & receivables	1,273,277
273,444	GST receivable	46,179
113,689	Prepayments	160,115
4,288,951		2,470,325
(130,144)	- less provision for doubtful debts	(146,658)
\$4,158,807	Total Debtors & Other Receivables	\$2,323,667
<i>Total receivables comprise:</i>		
669,217	Receivables from exchange transaction	943,772
3,489,590	Receivables from non-exchange transaction	1,379,895

Fair Value

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.

Impairment

MDC provides only a nominal sum of \$4,000 for any impairment of rates receivable, as the Local Government (Rating) Act 2002 provides a range of powers to recover outstanding debts, including approaching mortgage holders and legal proceeding which can lead to sale of the property to recover the rates. Ratepayers can apply for payment plan options to allow them to catchup. The value of those debts is not considered significant enough to calculate discounted values.

Exchange & Non-Exchange

Receivables from exchange transactions includes outstanding amounts for commercial sales, fees & charges that have not been subsidised by rates.

Receivables from non-exchange transactions includes outstanding amounts for rates, grants, infringements & fees and charges that are partly subsidised by rates.

The status of receivables as at 30 June 2014 and 2015 are detailed below:

<u>30 June 2014</u>		<u>30 June 2015</u>
3,447,481	Not past due	1,655,252
337,040	Past due 1-60 days	300,816
116,966	Past due 61-120 days	115,720
387,464	Past due > 120 days	398,537
\$4,288,951	Total	\$2,470,325

The impairment provision has been calculated based on potential losses from MDC's pool of debtors. Potential losses have been determined based on analysis of MDC's write-offs in previous periods and review of specific debtors.

<u>30 June 2014</u>		<u>30 June 2015</u>
38,812	Individual impairment	47,670
91,332	Collective impairment	98,988
\$130,144	Total provision for impairment	\$146,658

Individually impaired receivables have been determined to be impaired because of the doubt over the collectability of the debt. An analysis of the age of these debts is as follows:

<u>30 June 2014</u>		<u>30 June 2015</u>
0	Past due 1-60 days	0
405	Past due 61-120 days	609
38,407	Past due > 120 days	47,061
\$38,812	Total individual impairment	\$47,670

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

<u>30 June 2014</u>		<u>30 June 2015</u>
109,810	At 1 July	130,144
24,834	Additional provisions made during the year	28,302
(4,500)	Provisions reversed during the year	(7,397)
-	Receivables written off during the year	(4,391)
\$130,144	As At 30 June	\$146,658

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

Notes to the Accounts

Note 10

CASH & CASH EQUIVALENTS		\$
30 June 2014		30 June 2015
605,313	Cash at bank and in hand	641,805
2,840,000	Short term deposits of 3 months or less (from acquisition)	3,680,000
\$3,445,313	Total cash and cash equivalents	\$4,321,805

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value. The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant Trust Deed is \$209,546 (2014 = \$205,231).

Notes to the Accounts

Note 11

OTHER FINANCIAL ASSETS			\$
30 June 2014	Current	Notes	30 June 2015
3,492,546	Short term deposits - maturities > 3 but less than 12 mths	*2	3,515,735
64,000	Corporate bonds & Borrower Notes (LGFA)	*4	1,012,102
2,325,603	Investments held by fund manager	*3	1,031,673
\$5,882,149	Total Current Portion of Financial Assets		\$5,559,510
Non-current			
Investments in CCO's & other similar entities			
242,498	Shares (NZLGFA & NZLGIC)	*1	252,676
521,519	Borrower notes (NZ LGFA)	*5	688,054
\$764,016			\$940,730
Investments in other entities			
20,216	Shares (Airtel)	*1	21,147
3,387,639	Corporate bonds	*4	2,338,013
7,177	NZ Units - Carbon Credits on forestry	*7	32,130
4,554,183	NZ fixed interest investments held by fund manager		5,947,060
\$7,969,215			\$8,338,350
\$8,733,231	Total Non-Current Portion of Financial Assets		\$9,279,080
\$14,615,380	Total Other Financial Assets		\$14,838,590
Internal loans/investments			
\$4,704,906	Balance at 30 June (also see Note 24)	*6	\$4,448,249
\$22,765,599	Total Funds On Hand or Invested (including Cash & Internal)		\$23,608,644

Notes:

Fair value: the carrying amount of term deposits approximates their fair value.

Impairment: There are no impairment provisions for Other Financial Assets. None of the financial assets are either past due or impaired.

- *1 Shares are valued as 'fair value through comprehensive revenue & expense' and consist of:
127,230 New Zealand Local Government Insurance Corporation Ltd fully paid ordinary \$1.00 shares valued at \$ 1.20 each, 13,300 Airtel Ltd shares valued at \$1.59 each and 100,000 paid up shares in the NZ LGFA valued at cost of \$1 each (a further 100,000 remains uncalled).
- *2 Bank deposits have maturity dates which range from 1 to 12 months. The deposits are spread across three financial institutions, as per the Council's investment policy and are valued as 'held to maturity'.
- *3 ANZ Investments are contracted to actively manage a portfolio of fixed interest investments within the Council's investment policies and are valued as 'fair value through surplus/deficit'.
- *4 Corporate bonds held directly by the Council are valued as 'fair value through comprehensive revenue & expense'.
- *5 The Council holds \$640,000 of borrower notes issued by NZ LGFA, valued at 'fair value through comprehensive revenue & expense'. These will be repaid on maturity of borrowings from the NZ LGFA, with interest accrued and payable on maturity.
- *6 The Council has continued to utilise internal loans/investments for both long term funding of certain capital projects and short term cash flow funding to allow optimal timing of external debt drawdowns.
- *7 The Council has been allocated 5,100 NZU carbon credits, based on it's forestry area. These have been re valued at the estimated carbon price at 30 June 2015 of \$6.30 per NZU.

Notes to the Accounts

Note 12

PROPERTY PLANT & EQUIPMENT

2015	Original Cost/ Valuation 30-Jun-14	Accum. Depreciation 30-Jun-14	Carrying Amount 30-Jun-14	Current Year Additions	Vested Assets *3	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation 30-Jun-15	Accum. Depreciation 30-Jun-15	Carrying Amount 30-Jun-15
Operational Assets												
Land	47,527,380	-	47,527,380	32,509					(202,888)	47,357,001	-	47,357,001
Buildings	37,396,064	(3,263,495)	34,132,569	1,180,983		(49,892)	49,892	(1,693,529)	3,813,657	37,433,680	-	37,433,680
Plant & vehicles	2,843,906	(1,777,584)	1,066,322	718,350		(5)	26,600	(214,327)		3,526,790	(1,929,850)	1,596,940
Equipment & furniture	4,056,324	(2,926,642)	1,129,682	489,123		(6,667)	5,335	(267,648)		4,496,609	(3,146,784)	1,349,825
Office equip (finance lease)	46,496	(26,657)	19,839	0		-		(9,327)		46,496	(35,984)	10,512
Library books	482,234	-	482,234	152,157		(15,742)		(142,979)	(3,617)	472,053	-	472,053
Work in progress	81,827	-	81,827	24,300			(81,827)			24,300	-	24,300
Total operational assets	92,434,231	(7,994,378)	84,439,853	2,597,422		(72,306)	0	(2,327,810)	3,607,152	93,356,929	(5,112,618)	88,244,311
Infrastructural Assets												
Land (under roads)	84,951,000	-	84,951,000	0	89,939			-		85,040,939	-	85,040,939
Roading network	420,886,000	-	420,886,000	3,653,160	382,073	(257,304)		(4,561,003)		424,663,929	(4,561,003)	420,102,926
Water treatment plant & facilities - Masterton	8,254,000	-	8,254,000	430,572		(1,170)	944,088	(395,788)		9,627,490	(395,788)	9,231,702
Water reticulation (incl rural supplies)	27,466,000	-	27,466,000	1,069,998	93,161	(291,827)	20,160	(755,432)		28,357,492	(755,432)	27,602,060
Sewerage treatment plant - Masterton	30,510,000	-	30,510,000	2,005,740		-	-	(578,218)		32,515,740	(578,218)	31,937,522
Sewerage reticulation - Masterton	24,905,000	-	24,905,000	2,089,089	156,035	(317,203)	208,516	(1,171,802)		27,041,437	(1,171,802)	25,869,636
Sewerage systems - rural *4	8,966,000	-	8,966,000	34,992		(2,133)		(225,335)		8,998,859	(225,335)	8,773,524
Stormwater assets	15,083,000	-	15,083,000	167,672	96,970	(43,685)		(282,691)		15,303,957	(282,691)	15,021,266
Flood protection & control works	4,235,000	-	4,235,000					(59,169)		4,235,000	(59,169)	4,175,831
Other infrastructure	4,195,000	-	4,195,000					(75,114)		4,195,000	(75,114)	4,119,886
Work in progress	1,271,898	-	1,271,898	359,427		(8,764)	(1,172,764)			449,797	-	449,797
Total infrastructural assets	630,722,898	-	630,722,898	9,810,650	818,178	(922,086)	(0)	(8,104,552)	-	640,429,641	(8,104,552)	632,325,089
Total Property, Plant & Equipment	\$ 723,157,129	(\$7,994,378)	\$ 715,162,751	\$ 12,408,071	\$ 818,178	(\$994,392)	\$ 0	(\$10,432,362)	\$ 3,607,152	\$ 733,786,570	(\$13,217,170)	\$ 720,569,400

There are no restrictions over the title of MDC's Plant, Property and Equipment assets, nor are any assets pledged as security for liabilities.

Notes: Land and buildings were revalued at fair value as determined by market based evidence as at 30 June 2015. For buildings this largely involved the Optimised Depreciated Replacement Cost methodology.

The valuation undertaken by Jones Lang LaSalle, registered valuers.

Library books are valued at depreciated replacement cost annually by the Library Manager.

Infrastructural assets (at fair value determined on an Optimised Depreciated Replacement Cost) were revalued as at 30 June 2014 by Opus International Consultants Ltd,

Land under roads was valued effective June 2003. On transition to NZ IFRS MDC elected to use fair value of land under roads as at 30 June 2003 as deemed cost.

There have been no events or changes in circumstances over the year that have required any adjustments for impairment.

*1 Disposals are reported net of accumulated depreciation.

*2 In the Transfers & Adjustments column \$1,254,591 was transferred out of work in progress as detailed below:

In operational, a heat pump at the Genesis Recreation Centre was fully commissioned, McJorow Playground was finished and initial design costs for Riversdale Toilets written off as not to be Council owned.

In infrastructural assets, the Water Filter, roading median work, one rural water upgrade and two sewerage main replacement projects were completed.

*3 Vested Assets include roading, water, sewer & stormwater assets transferred to the Council from completion of the Casel Mews & Totara Estate Subdivisions.

*4 Rural sewerage systems at Riversdale Beach, Castlepoint and Tinui have not been split into treatment and reticulation components, but the value split is estimated at 29/71 (treatment/retic).

Notes to the Accounts

Note 13

PROPERTY PLANT & EQUIPMENT

2014

	Original Cost/ Valuation 30-Jun-13	Accum. Depreciation 30-Jun-13	Carrying Amount 30-Jun-13	Current Year Additions	Vested Assets *3	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation 30-Jun-14	Accum. Depreciation 30-Jun-14	Carrying Amount 30-Jun-14
Operational Assets												
Land	47,388,296	-	47,388,296	139,084						47,527,380	-	47,527,380
Buildings	37,261,952	(1,610,799)	35,651,153	263,012		(123,620)		(1,657,976)		37,396,064	(3,263,495)	34,132,569
Plant & vehicles	2,548,158	(1,664,617)	883,540	382,982		(2,861)		(197,339)		2,843,906	(1,777,584)	1,066,322
Equipment & furniture	3,838,652	(2,749,255)	1,089,397	280,138		(439)		(239,413)		4,056,324	(2,926,642)	1,129,682
Office equip (finance lease)	212,253	(165,652)	46,602	9,570		(4,295)		(32,037)		46,496	(26,657)	19,839
Library books	453,438	-	453,438	157,640		(17,716)		(143,995)	32,866	482,234	-	482,234
Work in progress	0	-	0	81,827			-			81,827	-	81,827
Total operational assets	91,702,749	(6,190,323)	85,512,426	1,314,253		(148,931)	-	(2,270,760)	32,866	92,434,231	(7,994,378)	84,439,853
Infrastructural Assets												
Land (under roads)	84,988,182	-	84,988,182	7,300		(44,490)		-	9	84,951,000		84,951,000
Roading network	416,546,555	(8,911,253)	407,635,302	4,055,033	310,959	(138,903)	33,619	(4,502,606)	13,492,597	420,886,000		420,886,000
Water treatment plant & facilities - Masterton	9,343,528	(672,820)	8,670,708	23,788		-		(341,656)	(98,841)	8,254,000		8,254,000
Water reticulation (incl rural supplies)	29,146,250	(1,602,041)	27,544,209	1,341,878		(298,834)	3,667	(794,748)	(330,173)	27,466,000		27,466,000
Sewerage treatment plant - Masterton	28,734,747	(262,152)	28,472,595	2,598,927		-	-	(558,163)	(3,357)	30,510,000		30,510,000
Sewerage reticulation - Masterton	27,081,899	(2,356,908)	24,724,991	1,178,638		(259,402)	943,761	(1,187,188)	(495,800)	24,905,000		24,905,000
Sewerage systems - rural *4	9,661,307	(389,175)	9,272,132	30,194		(5,908)		(225,299)	(105,119)	8,966,000		8,966,000
Stormwater assets	12,718,842	(434,292)	12,284,550	96,955		(28,595)	4,834,071	(319,152)	(1,784,831)	15,083,000		15,083,000
Flood protection & control works	4,200,000	(107,054)	4,092,946	0		-		(53,527)	195,580	4,235,000		4,235,000
Other infrastructure	3,935,956	(140,549)	3,795,407	129,709		-		(72,159)	342,043	4,195,000		4,195,000
Work in progress	1,136,885	-	1,136,885	1,116,060			(981,047)			1,271,898	-	1,271,898
Total infrastructural assets	627,494,151	(14,876,244)	612,617,907	10,578,482	310,959	(776,131)	4,834,071	(8,054,497)	11,212,108	630,722,898	-	630,722,898
Total Property, Plant & Equipment	\$ 719,196,900	(\$21,066,567)	\$ 698,130,333	\$ 11,892,735	\$ 310,959	(\$925,062)	\$ 4,834,071	(\$10,325,258)	\$ 11,244,974	\$ 723,157,129	(\$7,994,378)	\$ 715,162,751

There are no restrictions over the title of MDC's Plant, Property and Equipment assets, nor are any assets pledged as security for liabilities.

Notes: Land and buildings were revalued as at 30 June 2012, the valuation undertaken by Darroch Valuations, registered valuers.

Library books are valued at depreciated replacement cost annually by the Library Manager.

Infrastructural assets (at fair value determined on an Optimised Depreciated Replacement Cost) were revalued as at 30 June 2014 by Opus International Consultants Ltd.

Land under roads was valued effective June 2003. On transition to NZ IFRS MDC elected to use fair value of land under roads as at 30 June 2003 as deemed cost.

*1 Disposals are reported net of accumulated depreciation.

*2 In the Transfers & Adjustments column \$981,047 was transferred out of work in progress as detailed below:

Roading carpark & median work, one water reticulation mains renewal and six sewerage main replacement projects.

During the year work was done on improving the stormwater asset inventory and, prior to the asset revaluation, this was incorporated into the stormwater asset valuation.

This exercise resulted in \$4.8 million (39%) of asset value increase. This figure shows in the Stmt of Comprehensive Revenue & Expense as infrastructural asset adjustments.

*3 Vested Assets include assets transferred to the Council as part of the Town Square development.

*4 Rural sewerage systems at Riversdale Beach, Castlepoint and Tinui have not been split into treatment and reticulation components, but the value split is estimated at 29/71 (treatment/retic).

Notes to the Accounts

Note 14

INTANGIBLE ASSETS	\$		\$	\$		\$
	2014	2014		2015	2015	
	Computer Software	Resource Consents	2014 Total	Computer Software	Resource Consents	2015 Total
Opening Original Cost	856,731	6,433,347	7,290,078	885,546	6,486,533	7,372,079
Opening Accum. Amortisation	(776,319)	(1,920,738)	(2,697,057)	(818,231)	(2,162,576)	(2,980,807)
Carrying Amount (start of year)	80,412	4,512,609	4,593,021	67,315	4,323,957	4,391,272
Additions	28,815	53,186	82,001	84,129	100,622	184,751
Disposals (net BV)	-	-	-	(2,067)	-	(2,067)
Amortisation Change	(41,912)	(241,838)	(283,750)	(36,770)	(251,855)	(288,625)
Closing Original Cost	885,546	6,486,533	7,372,079	965,360	6,587,155	7,552,515
Closing Accum. Amortisation	(818,231)	(2,162,576)	(2,980,807)	(852,753)	(2,414,431)	(3,267,184)
Carrying Amount (end of year)	67,315	4,323,957	\$ 4,391,272	112,607	4,172,724	\$ 4,285,331

There are no restrictions over the title of MDC's Intangible assets, nor are any assets pledged as security for liabilities. Computer software is amortised over the assessed useful life of 4 years.

Resource consents are amortised over the number of years for which each consent has been granted. Those consents which have yet to be granted by GWRC are amortised over the number of years for which the consent has been applied for. In the case of the Homebush sewage treatment and disposal consent, the Council received a 25 year consent in 2009. The Council does hold easements over some of its assets where they affect private property, but the incomplete nature of the easement coverage means little reliance could be placed on the valuation of easements, hence no disclosure has been made as part of these financial statements.

Notes to the Accounts

Note 15

FORESTRY ASSETS	Actual 2015	Actual 2014
Opening balance 1 July	459,436	899,077
Gains/(losses) arising from changes in fair value	89,767	(10,159)
Decreases due to harvest		(429,482)
Balance at 30 June	\$ 549,203	\$ 459,436

There are no restrictions over the title of MDC's forestry assets, nor are any assets pledged as security for liabilities. The Council's investments in forestry total 61.1 ha and are spread across the district in relatively small areas of planting. These areas have been planted for one of two reasons: 1) the desire to best utilise what would otherwise be unproductive land and 2) for stabilisation of roadsides. Currently 28 separate blocks are recognised, measured and valued. Blocks vary in size from 0.3 ha to 16 ha. Roadside blocks are primarily planted for road asset protection and where a negative value is identified because of the cost of removal, a zero value has been assumed.

Registered valuers Woodnet Ltd (Stuart Orme) have valued the forestry assets as at 30 June 2015, in accordance with PBE IPSAS 27. A discount rate of 7% has been used to discount the present value of expected cash flows. Notional land rental costs have been included for freehold land. The forests have been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis. The valuation assumes inflation will impact equally on both costs and revenue at a rate of 3% pa. No allowance for cost improvements in future operations. Log prices are based on a 5 year average. The valuation does not include any value in respect of carbon trading opportunities. As Councils forestry assets are relatively small and not held for investing purposes, no measures have been taken to manage the risks of a decline in timber prices.

Notes to the Accounts

Note 16

INVESTMENT PROPERTY	Actual 2015	Actual 2014
Opening balance 1 July	2,053,000	2,041,700
Acquisitions / (Disposals)	-	-
Fair value gains/(losses) on valuation	34,000	11,300
Balance at 30 June	\$ 2,087,000	\$ 2,053,000

MDC's investment properties are valued at fair value effective 30 June 2015. All investment properties were valued on open market evidence. The valuation was performed by Nigel Fenwick NZIV, of Jones Lang LaSalle.

Further information about the revenue & expenses in relation to investment property as required per IPSAS 16.86 is listed below:

	2015	2014
Rental Revenue	19,458	29,611
Expenses from investment property generating Revenue	12,759	12,298
Expenses from investment property not generating Revenue	3,771	3,672
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	-	-

CAPITAL EXPENDITURE SUMMARY		2014/15	2014/15	Source of Funding			
Activity	Project	Plan	Actual	Rates	Reserves	Other	
Roading		<i>(Renewal/New)</i>					
Roading	Roading renewals - rural	R 2,167,000	2,115,422	947,314		1,168,108 *2	
	Roading renewals - urban	R 847,000	681,148	305,027		376,121 *2	
	Bridge renewals	R 751,000	296,242	0	128,498	167,743 *2	
	Urban footpath renewals	R 290,000	203,093	101,547	101,546		
	Rural/Urban minor improvements	R 500,000	200,128	69,164		130,964 *2	
	CBD footpath resurfacing project (stage	R 270,000	17,465		17,465		
	Car park seal renewals	R 24,000	8,202		8,202		
	Castlepoint safety improvements	R 182,000					
	Streetscape/neighbourhood upgrades	N 61,000	53,731		20,429	33,302 *3	
	Railway station streetscape upgrade c/fw	N 10,000					
	Horseshoe carpark - landscaping	R 50,000	45,388		20,388	25,000 *3	
Water Services							
Urban Water Tmt.	Water treatment plant equip. renewal	R 93,000	111,963		111,963		
	Water treatment consent renewal	N 30,000	34,741		34,741		
	Water tmt filter refurb & renewal	R	381,646		181,646	200,000 *1	
Urban Water Retic.	Water reticulation - mains renewals	R 843,000	772,597		772,597		
	Water reticulation - connections	R 310,000	131,905		131,905		
Rural Water	Tinui water supply upgrade	N	95,750			95,750 *1	
	Te Ore Ore water race	R 15,000					
	Opaki water race weir construction	R	14,491		14,491		
	Castlepoint water supply equipment	R	8,094		8,094		
	Wainuioru water supplies upgrades	R 32,000	61,290		61,290		
Sewerage Services							
Urban Sewerage	Homebush sewerage plant upgrade	N 1,250,000	2,148,737		30,728	2,118,008 *1	
	Sewerage reticulation mains renewals	R 2,430,000	2,339,360		1,159,360	1,180,000 *1	
	Reticulation - hydraulic modelling	N 160,000					
Rural Sewerage	Tinui sewerage wetland	R 5,000					
	Riversdale sewerage scheme	N	49,019			49,019 *1	
	Castlepoint sewerage equipment	R	18,482		18,482		
Stormwater Services							
Stormwater	Stormwater - renewals	R 200,000	167,672		167,672		
	Cutoff drains	N 30,000					
Solid Waste Services							
Solid Waste	Special Waste Facilities	N 270,000	85,237			85,237 *1&3	
Community Facilities/Activities							
Parks & Reserves	Q. E. Park renewal project	R 215,000	110,291		46,516	63,775 *1&3	
	Drinking fountains	N 5,000					
	Playgrounds/sportsfields	R 53,000	37,030		37,030		
	Street trees additions & replacements	N 25,000	19,316		19,316		
	Henley Lake upgrades	N	3,956		3,956		
	Recreational trails	N 21,500	2,450		2,450		
	McJorrow Park playground	N 190,000	139,341		139,341		
	Clarke Memorial power & var. fencing	R 30,000					
	Netball facility upgrade	N 160,000					
	Sports facilities upgrading - provision	N 650,000	500,000		500,000		
	South Park irrigation	N 6,000					
	Sports facilities upgrades	R 12,000	34,580		34,580		
	Beach rubbish bins & signs	R 12,000	9,636		9,636		
GE Rec Centre	GERC - misc items	R 56,000	41,696		41,696		
	GERC - heat plant replacement	R 475,000	475,271		475,271		
Cemeteries	Cemetery landscaping	N 50,000	19,649		19,649		
Library	Library book purchases	R 156,000	152,157		152,157		
	Computer & equipment upgrades	R 40,000	45,126		45,126		
	Library building & furniture upgrades	R 12,000	31,903		31,903		
	Library carpet renewal	R 65,000	42,207		42,207		
	Library shelving & redecoration	R 100,000	109,862		109,862		
	Library extension design provision	N 50,000	-				
Archive	Archives equipment renewal	R 17,000	921		921		
sub totals to carry forward to next page		\$13,220,500	\$11,817,194	\$ 1,423,052	\$4,701,113	\$5,693,028	

CAPITAL EXPENDITURE SUMMARY			2014/15	2014/15	Source of Funding		
Activity	Project		Plan	Actual	Rates	Reserves	Other
sub totals carried forward			\$13,220,500	\$11,817,194	\$ 1,423,052	\$4,701,113	\$5,693,028
District Building	District Building facilities & equipment	R	40,000	13,506		13,506	
	Building upgrades	R	40,000	39,507		39,507	
	Town hall stage flying system	R	295,000	201,457		201,457	
Elderly Housing	Pensioner housing renewals	R	60,000	33,146		33,146	
Forestry	Kaituna land - survey accretion & replan	R	70,000	10,971		10,971	
Other Property	Public conveniences - misc items	R	3,000	10,155		10,155	
	Public conveniences - Riversdale	R	250,000				
	Rental & other property upgrades	R	30,000	5,601		5,601	
	Rural Hall upgrades	R	20,000	13,043		13,043	
Airport	Airport certification/safety system	N	50,000				
Mawley Park	Mawley Park facility upgrades	N	50,000	7,604		7,604	
Economic Devlpmnt	CBD security cameras - renewals	R	12,000	32,988		32,988	
	Town Square - christmas decorations	N	10,000	16,814		16,814	
	King Street Live Sound System	N		33,369		33,369	
	Signage & promotional signs	N	35,000	93,722		91,743	1,978 *3
Regulatory Services							
Environ. Health	Testing equipment	R	12,400	14,346		14,346	
Rural Fire	Rural fire capital upgrades (MDC share)	N	30,000				
Emergency Mgmt	Emergency mgmt equip.	N		10,032		10,032	
Gen. Inspection	Vehicle replacements	R	95,000	98,620		98,620	
Animal Control	Animal control - equipment	R	3,000				
	Animal control - pound renewal/replace	R	50,000				
Parking	Parking meter (new)	N		6,583		6,583	
Internal Functions							
Corporate Serv.	Computer and office equip upgrades	R	85,000	63,078		63,078	
	GIS (shared service) upgrades	R	30,000				
	Council meetings IT upgrade	N	25,000				
	Document Management system c/fwd	N	50,000				
Asset Managemen	Asset Management system (c/fwd)	N	75,000	67,591		67,591	
Roading Advisory Services		R		3,495		3,495	
Vested Assets (acquired from subdivision)							
	Casel Mews & Totara Estate	V		818,178			818,178 *4
Total Capital Expenditure			\$ 14,640,900	\$ 13,411,000	\$ 1,423,052	\$ 5,474,763	\$ 6,513,185
<p>*1 New External loan funding totals \$3,600,000 and internal loans total \$144,770</p> <p>*2 NZ Transport Agency subsidies on roading capital and renewals expenditure totals \$1,843,799</p> <p>*3 External grants & contributions towards asset purchases \$107,301</p> <p>*4 Vested assets from subdivision include; Roading \$472,012; Water \$93,161; Sewer \$156,035 & Stormwater \$96,970.</p>							
Capital Expenditure Analysis			Plan	Actual			
	Asset Renewals		11,347,400	9,205,179			
	New Assets (improve level of service)		3,293,500	3,387,642			
	Vested Assets		-	818,178			
Work in Progress							
Property, plant and equipment in the course of construction by class of asset is detailed below:							
			2015	2014			
			\$000	\$000			
	Water treatment plant & facilities - Masterton		-	944			
	Water reticulation (incl rural supplies)		-	20			
	Sewerage reticulation - Masterton		250	209			
	Sewerage treatment plant - Masterton		44	32			
	Roading network		156	67			
	Buildings		24	50			
	Plant & vehicles		-	27			
	Equipment & furniture		-	5			
Total work in progress			474	1,354			
Commentary on variances from Plan							
There is commentary provided in each of the Cost of Service statements to describe any major variance from the Planned capital expenditure.							

RELATED PARTY TRANSACTIONS

During the year Councillors and staff of the Council were involved in minor transactions with the Council (such as payment of rates, trade waste charges and building consents). In addition, during the year the Council had dealings with a number of entities where there is a direct relationship between a Councillor or staff member. These are considered related party transactions and are disclosed below.

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 would have adopted in dealing with the party at arm's length in the same circumstances.

As part of the annual plan process and grants funding decisions during the year, the Council may decide on grants to, or funding of organisations to which there is a related party relationship. The agendas at any meetings where these grants are decided always start off with the declaring of any potential conflicts of interest. The intention of this is that these parties do not unfairly influence the decision. For the sake of public information, the detail below clarifies the potentially more significant relationships.

Related party transactions disclosed:

Connecting Communities Wairarapa was paid a total of \$255,563 for a range of community development functions they perform on behalf of the Council. Her Worship the Mayor Lyn Patterson is the Council's appointed member of the Connecting Communities Wairarapa board.

Wairarapa Community Centre was given a \$10,000 grant for the operation of the Centre & \$10,000 for the Volunteer Centre. Both Cr. G. Caffell & Cr. P. Hannon are members of the Wairarapa Community Centre Board.

Wairarapa Balloon Society Inc. was given a \$12,000 grant towards the annual balloon festival. Cr. J. Hooker & Mr D. Paris (Manager Finance) are office holders of the Society.

Wairarapa Regional All Weather Track Trust was given a \$12,730 grant towards lighting at the track. Both Cr J. Hooker & Cr. M. Harris are trustees of the Trust.

Team Wairarapa Athletics Inc. was given a \$1,665 grant. Cr. M. Harris is a committee member of the entity.

Wellington Free Ambulance was give a \$3,000 grant towards rental. Mr.S. Rossiter-Stead (Communications & Marketing Advisor) is a trustee of the entity.

During the year \$500,000 was allocated as the Council's contribution to the project to upgrade Memorial Park's turf and install lights. The Wairarapa Multi Sports Stadium Trust was subsequently set up and the CE Dr Pim Borren was appointed as a trustee on the governance board to allow better reporting back to Council. The Council has provided a guarantee over the bank borrowings of the Wairarapa Multi Sports Stadium Trust to a maximum of \$100,000.

Transactions with key management personnel		\$ 2014/15	\$ 2013/14
Councillors	Remuneration	\$346,000	\$329,436
	Full-time equivalent members	11	11
Senior Management Team, including the Chief Executive	Remuneration	\$1,040,099	\$761,039
	Full-time equivalent members	7.2	4
	Total key management personnel remuneration	\$1,386,099	\$1,090,475
	Total full-time equivalent personnel	18.2	15

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

REMUNERATION - Elected Representatives

		\$ 2014/15	\$ 2013/14
The Masterton District Council consists of a Mayor and ten councillors. The Mayor's honorarium and Councillors' remuneration pool are set by the Remuneration Authority. The allocation of the 'pool' is decided by the Council.			
Mayor (since Oct'13)	Lyn Patterson	88,338	60,109
Deputy Mayor (since Oct'13)	Graham McClymont	29,832	20,624
Councillor & committee chair	Chris Peterson	25,990	25,881
Councillor & committee chair	Jonathan Hooker	28,250	27,443
Councillor & committee chair	David Holmes	27,820	24,947
Councillor & committee chair	Doug Bracewell	25,990	24,055
Councillor & committee chair	Gary Caffell	25,990	24,055
Councillor & committee chair	Phillipa Hannon	25,990	24,055
Councillor (since Oct'13)	Brent Goodwin	22,600	15,624
Councillor (since Oct'13)	Simon O'Donoghue	22,600	15,624
Councillor (since Oct'13)	Mark Harris	22,600	15,624
Mayor (until Oct'13)	Garry Daniell		23,394
Deputy Mayor (until Oct'13)	Jane Terpstra		7,913
Councillor & com'tee chair (until Oct'13)	Lyn Patterson		7,913
Councillor (until Oct'13)	Judith Callaghan		6,087
Councillor (until Oct'13)	Graham McClymont		6,087
		\$ 346,000	\$ 329,436

REMUNERATION - Chief Executive

The Chief Executive of the Masterton District Council is appointed under section 42 of the LG Act 2002.

Dr Pim Borren's appointment commenced in May 2014. The previous CE's salary is disclosed in the prior year figures.

The previous CE's salary includes holiday pay of 18 weeks paid in his final pay.

	\$ 2014/15	\$ 2013/14
Dr Pim Borren's total salary paid, including benefits is:	\$213,749	\$20,192
Mr Wes ten Hove total salary paid (prior year) is:	\$0	\$258,728

REMUNERATION - Council employees

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

	2015		2014
< \$60,000	55	< \$60,000	54
\$60,000- \$79,999	24	\$60,000- \$79,999	22
\$80,000- \$99,999	9	\$80,000- \$99,999	7
\$100,000-\$139,999	8	\$100,000-\$139,999	6
\$140,000-\$219,999	3	\$140,000-\$219,999	3
(includes part time & casuals)	Total Employees 99		Total Employees* 92
	Total FTEs 82		Total FTEs 73

Total remuneration includes all financial and non-financial benefits provided to employees.

Where the number of employees in any band is 5 or fewer, the number for that band is combined with the next-highest band. At balance date the Council employed 65 (2014 = 59) full-time employees, with the balance of staff representing 17 (2014 = 14) full-time equivalent (FTE) employees.

A full-time employee is determined on the basis of a 40 hour working week.

SEVERENCE PAYMENTS - Council employees

For the year ended 30 June 2015, the Council made 3 (2013/14 = 0) severance payments to employees totalling \$106,789 (2014 \$0). The value of those severance payments were \$35,777, \$68,312 and \$2,700.

CREDITORS & OTHER PAYABLES

30 June 2014		\$
5,152,716	Trade payables	4,240,309
189,797	Deposits & bonds	157,694
88,264	Agency rates collected - Greater Wellington Regional Council	107,398
717,175	Revenue received in advance	700,568
164,813	Community organisations - funds held in trust	119,044
\$6,312,765		\$5,325,013
Exchange & Non-exchange transactions analysis		
<i>Payables and deferred revenue under exchange transactions:</i>		
4,323,972	Trade payables and accrued expenses	3,290,451
796,917	Contract retentions	944,570
5,120,889		4,235,021
<i>Payables and deferred revenue under non-exchange transactions:</i>		
31,845	Grants Payable	5,303
253,077	Bequests & funds held in Trust	226,442
906,954	Payments received in advance (inclgd bonds)	858,247
1,191,876		1,089,992
\$6,312,765	<i>Total payables and deferred revenue</i>	\$5,325,013

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

Notes to the Accounts

Note 21

EMPLOYEE BENEFIT LIABILITIES		\$
30 June 2014		30 June 2015
658,841	Staff holiday provision	695,095
39,792	Salaries & wages accrued	69,137
21,762	Councillor's honorariums payable	31,597
12,727	Staff sick leave provision	13,937
7,433	Staff alternative leave provision	6,397
138,794	Staff retirement gratuities	132,834
\$879,349	Total Employee Benefit Liabilities	\$948,998
791,369	Comprising:	855,139
87,980	Current	93,859
\$879,349	Non-current	\$948,998
	Total Employee Benefit Liabilities	

The present value of staff retirement gratuities represents the discounted value of long service leave payable to nine staff. The entitlement was 'grandfathered' in the 1990s, with the nine staff having their entitlement frozen, except for salary movements. The discounted rate for future payments is 4.6% (last year 4.5%) while no salary inflation factor has been applied. The discounted rate has been applied to the best estimate of future cashflows. Any changes to these assumptions will affect the carrying amount of the liability.

Notes to the Accounts

Note 22

DERIVATIVE FINANCIAL INSTRUMENTS		Actual
30 June 2014		30 June 2015
\$		\$
224,185	Assets	
\$224,185	Non-current	-
	Interest rate swaps - fair value hedges	\$0
-	Liabilities	
786,616	Current	22,896
\$786,616	Non-current	2,821,875
	Interest rate swaps - fair value hedges	\$2,844,771

Fair value

The fair value of interest rate swaps have been determined using a discounted cash flows valuation technique based on current market prices and have been calculated using a tool known as Hedgebook.

Interest rate swaps

The notional principal amounts and interest rate details of the interest rate swap contracts are:

#	Notional Principal	Term remaining	Maturity Date	Interest Rate (excl margin)
2B	2,500,000	8.3 years	31/10/23	5.800%
3	2,500,000	9.1 years	30/07/24	5.600%
7	1,000,000	3.7 years	29/03/19	5.165%
8	1,200,000	0.1 years	20/07/15	4.030%
9	800,000	4.1 years	20/07/19	5.340%
10	1,200,000	2.8 years	20/04/18	4.2% / 4.0% *2
11	1,000,000	8.3 years	20/10/23	5.515%
12	1,500,000	2.9 years	22/05/18	4.480%
13	2,000,000	2.7 years	21/03/18	4.650%
14A	1,000,000	2.0 years	22/06/17	4.590%
14B	2,000,000	2.0 years	22/06/17	4.045%
15A	2,000,000	1.1 years	25/07/16	3.900%
16	2,000,000	4.3 years	23/10/19	5.080%
17	2,000,000	5.2 years	24/08/20	4.660%
18	2,000,000	0.8 years	20/04/16	4.300%
19	2,000,000	4.5 years	22/12/19	4.900%
20	2,000,000	3.4 years	22/11/18	4.99% / 4.65% *2
21	2,000,000	7.0 years	22/06/22	4.570%
22	2,000,000	6.2 years	22/09/21	4.570%
23	2,000,000	6.1 years	26/07/21	4.680%
24	1,000,000	9.2 years	22/08/24	4.550%
26	1,500,000	6.5 years	24/12/21	4.405%
27	3,000,000	5.5 years	24/12/20	4.370%
28	1,000,000	6.9 years	15/05/22	4.840%
29	1,200,000	9.1 years	20/07/24	4.850% *1
30	2,000,000	8.3 years	20/10/23	4.860% *1
31	2,000,000	3.8 years	25/04/19	4.670% *1
32	1,200,000	9.1 years	30/07/24	4.860% *1
	47,600,000			

Movements in the value of the derivative instruments are shown through the Surplus/(Deficit) in the Statement of Comprehensive Revenue & Expenses, as per IPSAS 29 & 30.

*1 : At year end there were four forward dated swaps due to commence in the next one to two years.

*2 : At year end two swaps had their term extended and a new fixed interest rate will apply from the next rate reset date. The interest rates shown are as at the 30th June and from their next renewal (within 90 days).

The maturity date is the extended maturity date.

PROVISIONS

30 June 2014	Landfill Aftercare Provision	30 June 2015
\$		\$
378,020	Opening balance	308,531
(29,749)	Amounts used during the year	(20,794)
(56,196)	Adjustments to provision*	(12,225)
16,455	Discount unwinding (Note 5)	14,971
<u>\$308,531</u>	Closing balance	<u>\$290,483</u>

Commentary

The Nursery Road landfill was closed for general refuse on 30th September 2006. An interim closure plan was accepted by the GWRC and a resource consent application has been lodged for the closure plan and on-going limited disposal of special wastes. MDC's responsibilities under the closure plan include progressive capping using cleanfill (as it is deposited) and some imported material. The liabilities for this work were recognised and allowed for over a 10 year time period to 2020.

* In 2010/11 the resource consent, including a closure plan was finalised. The sums expended in 2014/15 were less than expected (for monitoring and adding cover material on the site). The capping work is now expected to be done over the next 4 years using cleanfill deposited at the site - hence a reduction in the provision.

Provision for Financial Guarantees**NZ Local Government Funding Agency**

Masterton District Council is a shareholder of the NZ 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 credit rating from Standard and Poors of AA+.

Masterton District Council is one of 30 council shareholders of the NZLGFA, along with the NZ Government. In that regard it has uncalled capital of \$100,000. When aggregated with uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders, Masterton DC is a guarantor of all of NZLGFA's borrowings. At 30 June 2015, NZLGFA had lent \$4.955 billion (2014: \$3.695 billion). Financial reporting standards require Masterton District 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 default events 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.

Community Organisations

MDC has provided banks with guarantees on the borrowings of community organisations. Currently only one of these guarantees remains in place - it is listed below. MDC is obligated under these guarantees to pay the overdraft or debt if the community organisation defaults. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. A financial provision would be prudent to be carried if any one of these groups' guarantees is likely to be called upon. No provision is currently considered necessary.

	Value of Guarantee	Amount owing 30 June 2015	Amount owing 30 June 2014
Masterton Motorplex Inc.	300,000	274,867	290,253
Wairarapa Multi-Sport Stadium Trust Board	100,000	87,945	
	<u>400,000</u>	<u>362,812</u>	<u>290,253</u>

30 June 2014	Total Provisions	30 June 2015
\$		\$
308,531	Landfill aftercare provision	290,483
0	Financial guarantees provision	0
<u>\$308,531</u>	Closing carrying value - Provisions	<u>\$290,483</u>
58,963	Current	75,472
249,568	Non-current	215,011
<u>\$308,531</u>		<u>\$290,483</u>

FINANCIAL LIABILITIES as at 30 June 2015

	\$	\$	\$
	30 June 2014	30 June 2015	Plan 2015
SUMMARY			
Secured (bank) loans	17,516,040	9,262,290	11,187,000
Secure Floating Note (FRN)	0	5,000,000	
LGFA bonds	35,000,000	40,000,000	43,000,000
EECA Energy Efficiency Crown Loan	23,810	0	0
Finance leases	52,051	31,797	20,000
Internal loans	4,704,906	4,448,251	4,408,000
Sub total - all financial liabilities	57,296,807	58,742,338	58,615,000
Less current portion of external liabilities	(5,859,902)	(1,972,132)	(1,987,000)
Internal loans/investments reversed	(4,704,906)	(4,448,248)	(4,408,000)
Total non-current financial liabilities	\$46,731,999	\$52,321,958	\$52,220,000

	\$	\$	\$
	Actual		Plan
COST OF DEBT SERVICING			
Loan repayments (external)	1,897,814		1,857,301
Interest expense (external)	3,042,250		3,159,370
Cost of Debt Servicing (external)	4,940,064		5,016,671
Loan repayments (internal)	401,428		334,969
Interest expense (internal)	260,595		235,006
Cost of Debt Servicing (internal)	662,023		569,975
Treasury Policy Compliance		Policy Limits	
Net External Debt to Operating Revenues	92.9%	150%	101.5%
Interest (external) as % of operating revenue	8.0%	10%	8.3%
Interest (external) as % of total rates revenue	12.1%	15%	12.6%
Interest (internal & external) as % of total rates revenue	13.1%	20%	13.5%

MOVEMENTS IN TOTAL DEBT

	\$ Actual	\$ Plan
Opening Balance 1 July 2014	\$57,296,810	\$57,280,270
Loan repayments	(2,299,242)	(2,192,270)
New borrowing (external, internal & finance leases)	3,744,770	3,527,000
Closing Balance 30 June 2015	\$58,742,338	\$58,615,000

MATURITY ANALYSIS

The following is a maturity analysis of MDC's borrowings (excluding finance leases & internal borrowings).

	30 Jun 2014	30 Jun 2015	
Repayments due in less than one year	5,859,902	1,972,132	Weighted average interest on external loans
Later than one year, less than five	7,548,906	7,490,662	
Later than five years	39,131,042	44,799,496	
	\$52,539,850	\$54,262,290	5.5%

ANALYSIS OF FINANCE LEASE LIABILITIES

	Actual 2014	Actual 2015
Payable no later than one year	22,544	15,819
Later than one, not later than two years	15,819	15,208
Later than two, not later than five years	17,985	2,777
Future financing charges	(4,297)	(2,007)
	\$52,051	\$31,797
Representing lease liabilities - Current	22,544	15,819
- Non-current	29,507	15,978

Security: The Council has secured its loans and debenture borrowing using a Debenture Trust Deed (DTD). Under the DTD the Council's rates revenue is offered as security and all lenders rank equally, with a trustee representing the lenders. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Term: Each bank loan facility has a term which may be shorter than the sanctioned term of the borrowing, but for the maturity analysis above, it has been assumed that they will be repaid over sanctioned terms and refinanced as they mature. The loans include two Cash Advance Facilities (CAFs) with \$9.3m drawn and \$10.7m undrawn. The CAFs have interest rate resets every 90 days, priced off the bank bill rate plus a margin. Interest rate swaps have been used to fix interest rates for terms ranging from two to nine years.

FINANCIAL LIABILITIES as at 30 June 2015

Debentures: The Local Government Funding Agency (LGFA) bonds are used to fund capital projects. These bonds are floating rate, with swaps used to fix interest rates to comply with treasury policies.

Leases: The Council has entered into finance leases for a number of photocopiers. The value of these assets is disclosed in Note 13. The finance leases can be renewed at MDC's option and MDC does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on MDC by any of the finance leasing arrangements.

New Debt: The Council borrowed \$17.6 million externally during the year. The loan funds were applied to capital projects (\$3.6 million) while \$14 million was used to replace existing external debt.

Internal loans: \$144,770 in internal borrowing was used to fund new capital projects. Internal interest paid/earned totalled \$260,595 and was charged on the average balance due. The interest rates charged averaged 4.59% for the year to 30 June 2015. The rates were based on the mid-point between what the Council could earn and what Council was paying on its external loans.

Schedule of Internal Loan/Investment Movements by Groups of Activities

for the year ended 30 June 2015

Internal Interest \$ 000's		Opening Balance \$ 000's	New Borrowing \$ 000's	Reduction \$ 000's	Closing Balance \$ 000's
7	Roading	162	0	(11)	151
12	Water	95	96	(75)	115
150	Sewerage Services	2,425	49	(156)	2,318
0	Stormwater	0	0	-	0
23	Solid Waste	500	0	(26)	474
69	Community Facilities/ Activities	1,523	0	(133)	1,390
261		4,705	145	(401)	4,448

EQUITY**RETAINED EARNINGS**

30 June 2014

\$

30 June 2015

425,164,322	Opening Balance	429,866,464
5,030,889	Transfers From Special Funds & Reserves	6,810,880
(7,338,904)	Transfers (To) Special Funds & Reserves	(6,512,873)
422,239	Revaluation reserve on disposal assets to equity	250,959
4,834,071	Infrastructure assets inventory adjustments	0
1,753,847	Surplus/(Deficit) for the year	(1,941,015)
\$429,866,464	Closing Balance	\$428,474,415

REVALUATION RESERVES

30 June 2014		Notes	Movements due to asset disposals	Revaluation Movements	30 June 2015
31,413,587	Land	*1		(202,888)	31,210,699
15,666,369	Buildings	*2		3,813,657	19,480,026
	Infrastructural Assets	*3			
3,707,655	Land (under roads)		-		3,707,655
155,863,115	Roading & footpath assets		(63,367)		155,799,748
12,174,290	Water supply - urban		(51,652)		12,122,638
257,877	Water supplies - rural		(5,878)		251,999
10,273,739	Sewerage system - urban		(121,500)		10,152,239
(118,836)	Sewerage systems - rural		(409)		(119,245)
2,361,051	Stormwater assets		(8,153)		2,352,898
3,032,419	Other infrastructure assets		-		3,032,419
(200,756)	Financial assets value change via comprehensive revenue			(26,415)	(227,171)
\$ 234,430,510			(\$250,959)	\$ 3,584,354	\$ 237,763,905

Analysis of Movements

*1 Land revalued by Jones Lang LaSalle as at 30 June 2015, per 3 yearly cycle.

*2 Buildings revalued by Jones Lang LaSalle as at 30 June 2015, per 3 yearly cycle.

*3 Revalued portion of infrastructural assets disposed/replaced included the following:

Roading assets: - kerb & channel, footpaths, signs, culverts, streetlighting

Water assets: - water reticulation mains & connections

Sewerage assets: - sewer reticulation, manholes & connections

Stormwater assets: - stormwater reticulation

FINANCIAL INSTRUMENTS**Financial instrument categories**

The accounting policies for financial instruments have been applied to the line items below:

	\$000	\$000
Financial Assets	30 June 2015	30 June 2014
Fair value through profit & loss		
Fund manager - cash and cash equivalents	14	6
Fund manager - current financial assets	1,032	2,326
Fund manager - non-current financial assets	5,947	4,554
	<u>6,993</u>	<u>6,885</u>
Cash Deposits, Receivables & Community Loans		
Debtors and other receivables	2,324	4,159
Cash and cash equivalents	4,307	3,440
Bank deposits - current financial assets	3,516	3,493
	<u>10,147</u>	<u>11,091</u>
Fair value through comprehensive revenue & expense		
Derivative financial instrument assets	0	224
Corporate bonds - current	0	64
Corporate bonds - non-current	4,038	3,909
Unlisted shares	274	263
	<u>4,312</u>	<u>4,460</u>
Financial Liabilities		
Fair value through comprehensive revenue & expense		
Derivative financial instrument liabilities	2,845	787
Financial liabilities at amortised cost		
Trade and other payables	5,325	6,313
Borrowings - secured loans	9,262	17,516
- LGFA bonds	40,000	35,000
- Secure Floating Note (FRN)	5,000	0
	<u>59,587</u>	<u>58,829</u>

FINANCIAL INSTRUMENT RISKS

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

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. MDC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity and fair value through P&L. This price risk arises due to market movements in tradeable securities. This price risk is managed by diversification of MDC's investment portfolio in accordance with the limits set out in MDC's Investment policy.

MDC holds shares (equity instruments) in NZ Local Government Insurance Corporation, Airtel Ltd and NZ Local Government Funding Agency, none of which are publicly traded. Change in value is calculated by calculating MDC's share of the reported value of the entity's equity.

Currency risk

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

Interest rate risk

The weighted average interest rate that the MDC's investments are earning at 30 June 2015 is 4.71% (last year 4.85%) and on MDC's borrowings (as shown in Note 24) weighted average interest rate is 5.47% (last year 5.79%).

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. Borrowing issued at fixed rates exposes the MDC to fair value interest rate risk. MDC's Liability Management Policy outlines the minimum and maximum level of borrowing (55% and 90%) that is to be subject to fixed interest. Floating to fixed interest rate swaps have been entered into to hedge the fair value interest rate risk arising where MDC has borrowed at floating rates.

In addition, investments at fixed interest rates expose the MDC to fair value interest rate risk. If interest rates on **investments** at 30 June 2015 had fluctuated by plus or minus 1%, the effect would have been to decrease/increase the fair value through P&L and/or equity reserve by \$188,400 (2014 \$177,900).

If interest rates on **borrowings** at 30 June 2015 had fluctuated by plus or minus 1%, the effect would be to decrease/increase the surplus/(deficit) in future periods by up to \$542,900 (2014 \$525,900) as a result of higher/lower interest expense on borrowings.

Cash flow interest rate risk

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

MDC manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if MDC borrowed at fixed rates directly. Under the interest rate swaps, MDC 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.

Credit risk

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

Due to the timing of its cash inflows and outflows, the MDC invests surplus cash into term deposits. MDC also holds reserve funds that are invested in a number of financial instruments, according to criteria in the Investment Policy. These investments can give rise to a credit risk. MDC invests funds only in deposits with registered banks, local authority stock and corporate bonds of BBB credit rating or better, and its Investment Policy limits the amount of credit exposure to any one institution or organisation and the percentage of the portfolio that can be invested in less than A rated instruments. Investments in other Local Authorities are secured by charges over rates. One investment fell below the BBB credit rating during the year and was still held at year end. This policy breach was reported to the Council.

MDC has no significant concentrations of credit risk in its general debtor assets as it has a large number of credit customers, mainly ratepayers, and MDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

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

In meeting its liquidity requirements, MDC maintains a prudent level of investments held short term to enable operational access to funds if required.

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

MDC is a shareholder in the NZ LGFA and borrowed \$9m from them during 2014/15. There are two cash advance facilities with Westpac and ANZ. The maximum amount that could be drawn down using these facilities during 2014/15 was \$20m (2014 \$36m). The intent of using these type of facilities is two-fold: 1) to assist meeting cashflow requirements on capital projects prior to conversion to longer term debt, and 2) to enable floating-to-fixed interest rate risk management instruments to be used. The amount currently drawn against the CAFs is \$9.3m (2014 \$17.5m).

The maturity profile of MDC's interest bearing investments is disclosed in Note 11 with a split between cash, deposits of less than 3 months, financial assets of less than 12 months and financial assets with terms greater than 12 months.

Maximum exposure to credit risk		\$000	\$000
		30 June 2015	30 June 2014
Cash at bank and term deposits		7,838	6,938
Debtors and other receivables		2,324	4,159
Local authority, LGFA and government stock		4,674	4,063
Corporate bonds/discounted securities/SOEs		6,343	6,425
		<u>21,178</u>	<u>21,585</u>
Credit quality of financial assets			
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:			
Counterparties credit ratings			
Cash at bank and term deposits	AA-	6,542	5,445
	Not Rated	1,296	1,493
		<u>7,838</u>	<u>6,938</u>
Government stock	AA	3,986	3,062
LGFA	AA+	1,550	1,001
Local authority stock	A	0	364
		<u>5,536</u>	<u>4,428</u>
Corporate bonds/discounted securities	AAA	186	178
	AA	0	206
	A- to AA-	3,103	4,063
	A1 & A1+	980	1,400
	BB+ to BBB+	1,209	577
		<u>5,479</u>	<u>6,425</u>
Counterparties without credit ratings			
Debtors and other receivables		2,324	4,159
		<u>2,324</u>	<u>4,159</u>
Debtors and other receivables mainly arise from MDC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors with reference to internal or external credit ratings.			

Contractual maturity analysis of financial liabilities					
	Carrying amount	Contractual cash flows	Less than 1 year	1 -5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
As at 30 June 2014					
Creditors and other payables	6,313	6,313	6,313		
Net settled derivative liabilities*	787	9,963	1,998	6,160	1,804
Committed cash advances	17,516	17,949	346	17,603	
Secured loans	24	24	24	0	
Debenture stock & LGFA bonds	35,000	36,273	4,255	21,018	11,000
Finance leases	52	52	23	29	
	<u>59,692</u>	<u>70,572</u>	<u>12,959</u>	<u>44,810</u>	<u>12,804</u>
As at 30 June 2015					
Creditors and other payables	5,325	5,325	5,325		
Net settled derivative liabilities*	2,845	11,716	1,977	6,764	2,975
Committed cash advances	9,262	9,601	271	9,330	
Secure Floating Note (FRN)	5,000	5,000	16	4,984	
LGFA bonds	40,000	43,640	728	27,912	15,000
Finance leases	32	32	16	16	
	<u>62,464</u>	<u>75,314</u>	<u>8,333</u>	<u>49,006</u>	<u>17,975</u>

* Contractual cashflow estimate is based on the variance between fixed rate and floating rate on balance date

Contractual maturity of financial liabilities

Note 24 contains a table which discloses the relevant maturity groupings of MDC's term liabilities. The table on the previous page analyses all MDC's financial liabilities based on the remaining period from the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the undiscounted cash flows and include interest payments.

The table on the previous page also includes MDC's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

FAIR VALUE HIERACHY DISCLOSURES

Note 26b

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

- Quoted market prices (level 1)
- Valuation technique using observable inputs (level 2)
- Valuation techniques with significant non-observable inputs (level 3)

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

Fair Value Hierarchy	Total	Valuation technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
as at 30 June 2014				
Financial Assets	\$000	\$000	\$000	\$000
Derivatives	224		224	0
Local Authority stock	1,366	0	1,366	0
Shares	263	0	0	263
Corporate bonds & disc. securities	6,425	6,425	0	0
Government Bonds	3,062	3,062	0	0
	11,340	9,487	1,590	263
Financial Liabilities				
Derivatives	787		787	
as at 30 June 2015				
Financial Assets				
Derivatives	0		0	0
Local Authority stock & LGFA	688	0	688	0
Shares	274	0	0	274
Corporate bonds & disc. securities	6,343	6,343	0	0
Government Bonds	3,986	3,986	0	0
	11,291	10,329	688	274
Financial Liabilities				
Derivatives	2,845		2,845	

There were no transfers between the different levels of the fair value hierarchy.

SENSITIVITY ANALYSIS

Note 26c

The table below illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

Sensitivity Analysis	2015				2014			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity	Surplus	Other Equity
Interest Rate Risk								
Financial Assets								
Cash & cash equivalents	(43)		43		(34)		34	
Other financial assets ¹	267	0	(267)	0	202	0	(202)	0
Other financial assets ²	(34)	212	34	(212)	(34)	238	34	(238)
Derivatives ³	0	0	29		(224)		1,265	
Financial Liabilities								
Term Debt	543		(543)		525		(525)	
Derivatives ³	(2,166)		1,997		(1,752)		588	
Total Sensitivity	(1,433)	212	1,293	(212)	(1,317)	238	1,194	(238)
Foreign Exchange Risk	Minimal - foreign exchange transactions are limited to some library book purchases.							
Equity Price Risk	Nil - there are no listed shares within financial assets.							
	1. Financial assets whose fair value change is shown through Surplus/(Deficit)							
	2. Financial assets whose fair value change is shown through Comprehensive Revenue & Expense							
	3. Derivatives (interest rate swaps) fair value change is shown through Surplus/(Deficit) (not hedge accounted)							

Notes to the Accounts

Note 27

CAPITAL MANAGEMENT

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

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

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

MDC has the following types of Council-created Special Funds and Reserves:

- Reserves representing accumulating asset replacement provisions;
- Reserves representing developer contributions towards assets & infrastructure;
- General purpose reserves originating from asset sales and carried forward funding;
- Restricted reserves intended for special purpose assets or originating from a bequest.

Reserves for asset replacement are used where there is a discrete asset for which renewal or replacement expenditure is required to be met over and above annual revenue.

Developer contributions taken under the District Plan are held in reserves and applied to asset development projects, giving effect to the intent of the District Plan, to help fund the impacts of growth.

Interest is added to reserve fund balances as per the Council policy of protecting the reserve funds against inflation while maximising the interest return for use on Council development projects. Full interest is allocated to bequest and special purpose asset reserves. Deductions from reserves are made based on Council's Annual Plan decisions on the funding source for a range of expenditure.

MOVEMENTS IN SPECIAL FUNDS & RESERVES - 2014/15					
	Opening Balance	Transfers Out	Transfers In	Closing Balance	Plan
Plant & Equipment Funds	1,543,351	(359,298)	411,841	1,595,894	1,488,628
General Capital Funds	4,015,170	(662,897)	36,837	3,389,110	3,411,483
Investment Interest Fund	182,010	(775,650)	644,347	50,707	56,761
Reserves & Development Funds	1,066,916	(279,568)	125,388	912,736	825,484
Building Depreciation Funds	5,365,892	(1,344,440)	1,516,994	5,538,446	4,731,221
Roading, Bridges & Flood Damage	3,704,981	(316,546)	957,069	4,345,504	3,358,072
Urban Infrastructural Depreciation	2,392,014	(2,542,106)	1,976,230	1,826,138	1,942,939
Miscellaneous Funds	1,270,273	(530,375)	844,167	1,584,065	776,809
Total	\$19,540,607	(\$6,810,880)	\$6,512,873	\$19,242,600	\$16,591,397
				Actual 2014/15	Plan 2014/15
Analysis of Transfers 'OUT' of Funds & Reserves					
Funding of Capital Expenditure from special funds & reserves				5,474,763	6,940,900
Funding of Operating Expenditure from special funds & reserves				1,336,117	1,352,700
				6,810,880	8,293,600
Analysis of Transfers 'IN' to Funds & Reserves					
Reserves & Development Contributions received				115,539	272,500
Infrastructure & Rooding Contributions received				296,720	473,500
Carry forward funding for on-going project commitments				1,075,146	212,000
Interest earned and retained in special funds				192,894	268,520
Interest earned and allocated to Investment Interest fund				644,347	476,480
				Sub Total	1,703,000
Depreciation funded into asset replacement reserves funds				4,167,645	4,118,273
Total of Transfers into funds from Operations				6,492,291	5,821,273
Proceeds from sale of plant & equipment assets				20,582	20,000
Proceeds from sale of land & building assets (including forestry harvested)				0	80,000
Total Transfers into funds from Asset Sales				20,582	100,000
				6,512,873	5,921,273

Explanation of variances from Plan:

The balance of Special Funds & Reserves, at \$19.09 million, is \$2.5 million or 15.1% more than planned.

Plant & Equipment Funds - 7% more than Plan

The planned spending on some IT upgrades did not proceed during the year.

General Capital Funds - within 1% of Plan

The anticipated proceeds from harvest of the Blairlogie forestry block did not proceed, offset by no drawing for the Riversdale toilets replacement (this work being referred until 2016).

Investment Interest Fund - \$6,000 less than Plan

More interest was received than planned, while unplanned allocations included funding economic development initiatives and writing off Te Ore Ore water race debt.

Reserves & Development Funds - 10.6% more than Plan

Revenue from reserves and development contributions was below Plan, but distributions were down also.

Building Depreciation Funds - 17% more than Plan, \$0.8 million

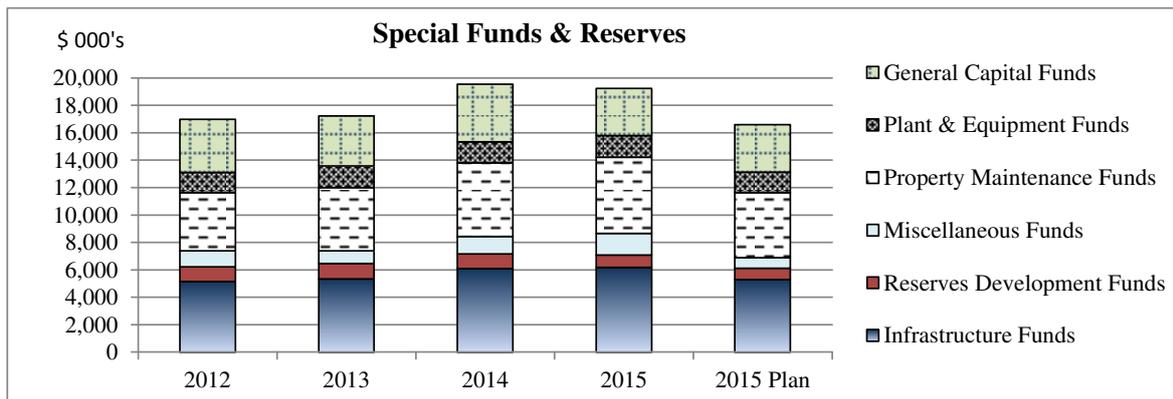
\$163k more depreciation has been funded while several projects expected to be funded were delayed. These include the netball facility upgrade, part funding Riversdale toilets and district building re-carpet and generator.

Infrastructural Assets Funds

Roading funds are 29% more than planned, some \$987k, due to flood damage funding carried forward and the bridge replacement project that was planned, being deferred to next year. The Flood Damage fund has a balance of \$388k. Urban infrastructure fund is 6% less than planned. Some \$2.5m of planned expenditure from the fund did happen, but less infrastructural contributions were received than planned.

Miscellaneous Funds

These funds have ended the year \$807k above the planned level due to carrying forward surplus funding.



Purpose and Application of Special Funds & Reserves

Plant & Equipment Depreciation Funds

These funds are built up from depreciation on plant and equipment and are used to fund replacements.

General Capital Reserves

These funds have been set aside from the sale of assets, the most significant of which was the Wairarapa Electricity shares sold in 1996. Forestry sale proceeds are added to this reserve. Funds can be utilised for new asset purchases and to fund one-off Council projects and grants.

Investment Interest Fund

These funds are generated by receiving the proceeds of interest earnings on investments, after allocating interest at the rate of inflation to all other special funds balances. The funds are applied to offset debt servicing costs on specific projects including the CBD upgrading, Chapel St stormwater line, Castlepoint seawall and rural transfer stations.

Reserves & Development Funds

These funds represent reserves and development contributions that are generated from the District Plan provisions for financial contributions on development and subdivision. The funds can only be applied to the purpose for which they were taken ie development of assets on reserves and general district development.

Buildings Depreciation Funds

The Council has a series of specific depreciation reserve accounts for assets such as Housing for the Elderly, the District Building, Genesis Energy Recreation centre and parks & reserves buildings. Depreciation funds on these assets are accumulated in these funds and used for renewal expenditure as required.

Roading, Bridges & Flood Damage Funds

Most roading renewal expenditure is funded from rates and NZTA subsidies, but some funding for Council's share of bridge renewals and street furniture is being built up in this fund. Roothing contributions taken as per the District Plan financial contributions are accumulated in this fund and a separate fund for responding to road flood damage is also part of this group. Use of these funds can be for roading and bridge renewals, upgrades and flood damage.

Urban Infrastructure Depreciation Funds

Depreciation on urban infrastructural assets is accumulated in this fund and applied to renewal of those assets. Infrastructure contributions taken as per the District Plan financial contributions are accumulated in this fund and utilised on renewing and upgrading the network assets.

Miscellaneous Funds

These funds are made up of surpluses and deficits of various distinct entities under Council's control. Separate balances are maintained for a number of rural water and sewerage supplies and the Dog Control carry forward supluses. A separate Special Funds account represents a balance of funds carried forward. They are generally rated for specific items, but not spent. The sums are identified at year end and carried forward so they can be applied to the expenditure for which they were raised. The Council has also utilised, or borrowed from these funds to advance projects and repay back to the fund, eg Wairarapa Combined District Plan project.

Crematorium Fund – ex Mrs Smart bequest

To manage a bequest made to establish a crematorium.

RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW		
2013/14	FROM OPERATING ACTIVITIES	2014/15
\$ 1,753,847	Operating Surplus / (Deficit)	(\$1,941,015)
	- Add (less) non-cash items	
10,609,007	Depreciation and amortisation	10,720,987
(310,959)	Vested asset gains	(818,178)
10,159	(Gains)/losses in fair value of biological assets (forestry)	(89,767)
(11,300)	(Gains)/losses in fair value of investment property	(34,000)
(36,773)	Other non-cash items	(21,336)
	- Add (less) items classified as investing or financing	
466,047	(Gains)/losses on disposal of property, plant & equipment	960,137
(1,167,633)	(Gains)/losses on change in fair value of financial assets/liabilities	2,044,171
	- Add (less) movements in working capital items	
(734,418)	Receivables & current assets	1,832,460
667,939	Accounts payable	(964,872)
(17,290)	Payroll & accrued leave liabilities	69,649
(325,166)	Other current liabilities	61,458
\$ 10,903,460	Net Cash Inflow from Operating Activities	\$ 11,819,694

RATING POLICIES REPORT				
RATES REMISSIONS	2014/15		2013/14	
	No.	\$	No.	\$
The cost of the Council's Rates Remission Policy is summarised below.				
Rates remissions were given on:				
Community halls, volunteer & charitable groups	62	72,222	61	62,314
Sporting, arts and cultural use	25	40,279	27	47,494
Land protected for conservation or heritage purposes	74	7,179	70	6,802
Rate penalty remissions*	8,207	176,901 *	7,397	154,969
Uniform charges on non-contiguous units	7	2,970	4	1,452
Urban land with rural use	7	3,741	7	3,892
Total (as per Note 3)	<u>8,382</u>	<u>\$303,292</u>	<u>7,566</u>	<u>\$276,923</u>

* Note: The majority of these penalty remissions were given to properties which had a direct debit (DD) in place to clear the instalment by the end of the quarter. At the penalty date they had a balance due on which an automatic penalty has been calculated, then remitted. 8,207 is the number of transactions, and these relate to penalty remissions on 2,396 properties. The increase from the previous year, both in terms of volume and value, is a reflection of the growth in people paying by way of DD and in particular, choosing to pay on a weekly, fortnightly or monthly basis.

No estimate has been attempted to establish the value of rates revenue which would have been chargeable on those properties which the Rating Act 2002 makes non-rateable. If those properties had been rateable the Council would have still collected the same total rates to fund its activities and the rates-in-the-\$ would have been less, effectively making all other ratepayers' rates less.

RATES POSTPONEMENTS - Subdivision Developments

Under the Council policy on Rates Postponements for subdivision developments, zero (2014 = 0) ratepayers have received the benefit of being allowed to postpone 50% of the rates on unsold sections.

- Postponements for Hardship or Against Equity

In 2014/15, no properties (2013/14 = 0) requested or were allowed to postpone rates based on the Council's policy for postponement under extreme financial circumstances, or for postponement against equity on the homes of elderly ratepayers.

PLAN COMPARISON & BUDGET VARIATIONS		2014/15	2014/15	2013/14
Treasury Policy	Policy Limit	Actual	Plan	Actual
Net External Debt* as % of Operating revenue	150%	92.9%	101.5%	90.9%
Interest expense (external) as % of Op revenue	10%	8.0%	8.3%	7.9%
Interest expense as % of Rates revenue	15%	12.1%	12.6%	11.9%
Interest (external & internal) as % Rates revenue	20%	13.1%	13.5%	13.2%
Long Term Debt (external) per capita		\$2,241	\$2,236	\$2,001

* For consistency, the definition of Net External Debt used above, has changed from the one used in the 2013/14 Annual Report. It is now Financial liabilities (including current), less current and term financial assets and cash.

Major Variations from Plan

Explanations for major variations from the Council's 2014/15 Annual Plan are as follows:

Statement of Comprehensive revenue & Expense

The accounting deficit of \$1.94m compares to the planned figure of \$0.177m surplus, but after excluding Other Gains & Losses and vested assets, there was an overall surplus of \$0.10m

Total Operating Revenue of \$38.6m is more than plan by \$373,936 1.0%

- Revenue recognised but not budgeted includes the value of vested assets of \$818,178 and gains from financial asset and forestry revaluations of \$327,936
- Financial contributions of \$425,853 were less than planned by \$267,647
- Subsidies & grants were \$694,092 less than planned as the Manawa bridge replacement was not done and the value of flood damage repairs planned for, were able to be done at lower cost (hence lower subsidy)
- Other operating revenue of \$6.43m was \$155,500 (2.4%) less than planned, being largely building control revenue \$100,714 down and forestry harvest proceeds of \$80,000 not received
- Interest revenue of \$968,556 was \$151,756 (18.6%) more than planned.
- Rates revenue was within 0.25% of Plan.

Personnel Costs are more than plan by (\$367,343) -6.0%

- Additional costs resulted from a management restructure that included the addition of several new roles including HR. The cost of staff benefits such as medical insurance and superannuation exceeded the plan.

Other Expenses are less than plan by \$1,005,886 5.6%

- Roading costs were \$689,000 less due to planned flood damage repairs being completed at lower than expected cost and savings made on some of the non-subsidised work such as footpaths & street gardens.
- Solid waste/waste minimisation costs were underspent by \$174,000 (4.8%)
- Water supply operating and maintenance costs were lower than planned by \$59,000 (1.8%)
- Property maintenance costs were below planned levels by \$83,000 (4.3%)
- Expenditure above planned levels occurred in the economic development activity.

Finance costs were less than plan by \$111,007 3.5%

- Lower than planned average interest rates on term debt have resulted in savings.

Depreciation & amortisation is less than plan by \$17,373 0.2%

Other Losses more than planned by \$3,258,602

- Other losses were not allowed for in the Annual Plan. There were losses on revaluation of cash flow hedges (\$2.28m) and write-downs of the values of assets disposed (\$0.98m).

Statement of Financial Position as at 30 June 2015

- Current assets are \$2.7m more than planned (32%) with more cash and current financial assets than expected. This is due to less capital expenditure from reserve funds than was planned and more carried forward funding from activity surpluses held as short term investments.
- The plan expected a higher level of revaluation of assets at 30 June 2015 than occurred. Non-current Assets and Revaluation Reserve (in Equity) are both approx \$40m different from the planned figures.
- Current liabilities are below plan as more work was completed during the year - less was done in June.
- Non-current Liabilities are more than plan after revaluation of derivatives reflected market interest rates.

Statement of Movements in Equity

- Overall the Council's Equity is \$37m (5.1%) less than anticipated in the Plan. This is due to the revaluation variations that are noted above.
- Special funds and reserves are \$2.5m (15%) more than planned due to less drawing on depreciation and flood damage funds for roading work and more surplus funding carried forward.

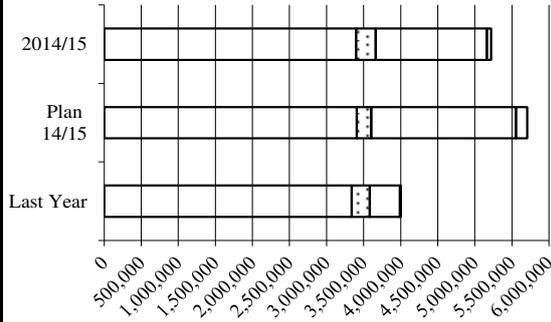
Statement of Cashflows

- Cash from operating activities was 1.4% more than planned, while cash applied was 0.8% less. A total of \$0.77m more cash from operating activities than planned (7%).
- \$2.2m less cash was applied to investing activities, balanced against less drawing on investments.
- \$0.16m less cash was applied from financing activities.
- Overall, the increase in cash held short term is \$1.1m more than planned.

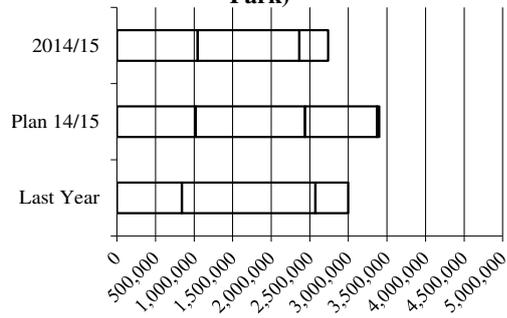
Funding Comparisons by Activity

■ Rates □ Other revenue ▨ Reserves ■ Loans

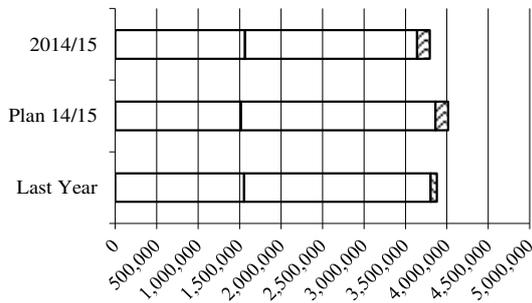
Parks & Recreation



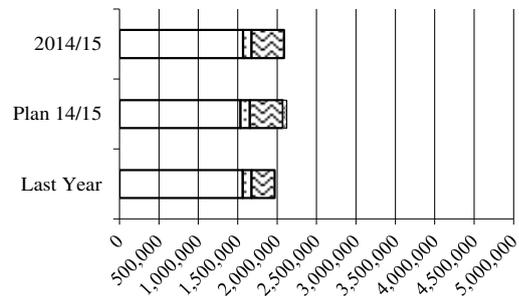
Property Mgmt (including Mawley Park)



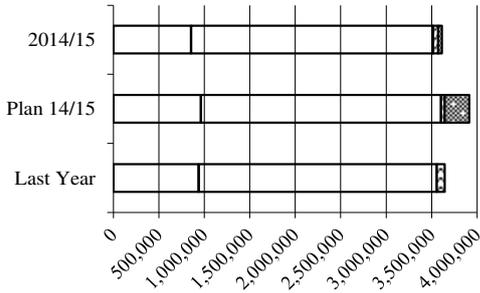
Regulatory Services



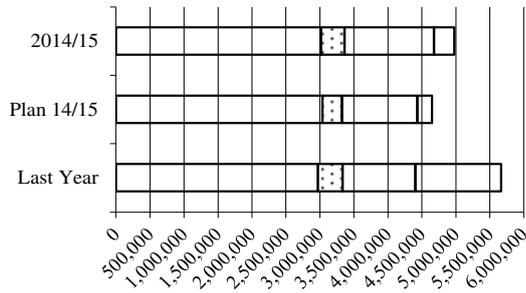
Library & Archives



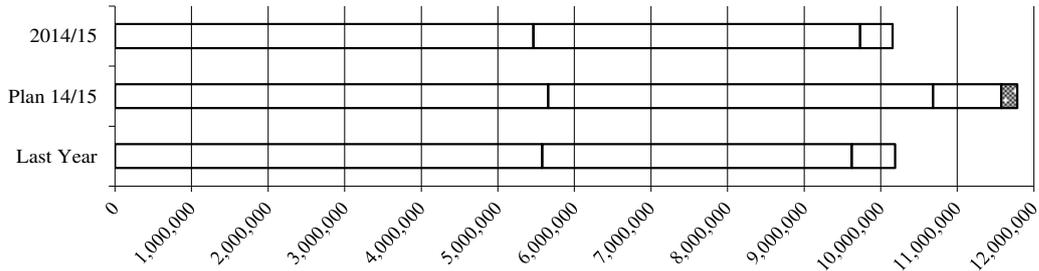
Solid Waste Services



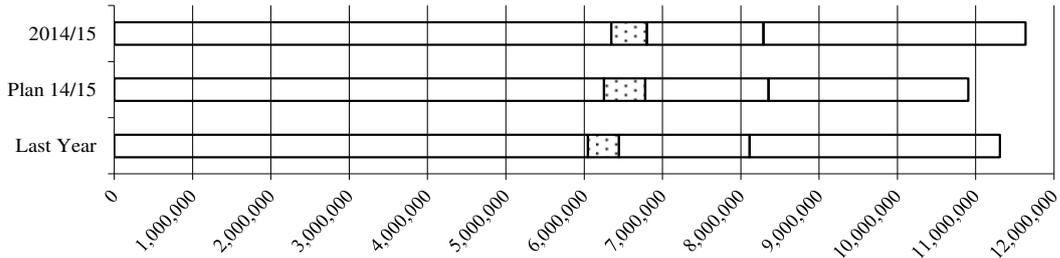
Water Supplies



Roading



Sewerage Services



STATEMENT OF COMMITMENTS AND CONTINGENCIES**As at 30 June 2015****Capital Commitments**

This statement gives an indication of the funds that the Council is committed to spending on major projects and discloses information on contingent liabilities.

Activity	2015	2015	2014
	No. Of Contracts	\$	\$
Roading	8	1,415,868	179,532
Water Services		0	211,726
Sewerage Services	5	869,106	1,699,538
Community Facilities		0	440,111
	<u>13</u>	<u>2,284,974</u>	<u>2,530,908</u>

Capital commitments represent capital expenditure contracted for at balance date, but not yet incurred.

There are 13 significant construction contracts in progress at 30 June 2015 (2014 = 15). These were:

- ♦ Six roading renewal contracts were partially completed: Pavement Marking (Downer NZ) \$206,000 remaining; Rural rehab (Fulton Hogan) \$99,000 remaining; urban rehab \$305,000, district reseals \$99,000, footpaths \$86,000 and urban rehab \$11,000 remaining. The latter four contracts were with Higgins.
- ♦ Two roading contracts were not started. These were for the CBD footpaths (PCL Contracting) with a \$280,000 commitment and Jetty Road at Castlepoint Stage 2 (Higgins) with a \$330,000 commitment.
- ♦ Three sewer contracts were committed but not started. Two contracts were with Higgins - relating to First Street sewer mains replacement (\$178,000) and Russell Street sewer main (\$35,000). The third contract not started is with G C Diggers for the Roberts Road to Te Ore Ore sewer main replacement (\$121,000).
- ♦ Two sewer mains replacements contracts were partially completed. These were to Higgins (Johnstone Street) with \$397,000 remaining and G C Diggers (Harley - Solway) with \$138,000 remaining.

Contract Commitments

There were a number of professional and maintenance contracts commitments in operation at 30 June 2015.

Professional services contracts commitments have been made for wastewater, roading and community facilities. These are invoiced based on scheduled rates or on an hourly basis.

Maintenance contract commitments has been made for roading, services, parks, and solid waste.

In addition, there is a management facilities contract commitment for the Recreation Centre.

Operating Lease Commitments (as a lessee)

Council leases property in the normal course of its business. Two of these leases have non-cancellable terms; they are the Wairarapa Archive and the Genealogy Centre at 79 Queen Street.

Future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2015	2014
Not later than one year	37,100	37,100
Later than one year and not later than five years	37,100	8,350
Later than five years	6,183	0
<u>Total Non-cancellable operating leases</u>	<u>\$80,383</u>	<u>\$45,450</u>

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

Operating Lease Commitments (as a lessor)

In the course of its business Council has a number of leases in place. Residential tenancies are not included as they have two weeks to one month notice periods respectively. The non-cancellable leases include 18 for grazing (2014, 20), 15 sporting groups (including a mix of ground & building rentals) (2014,15), 24 airport sites (2014, 25) and 11 other properties (2014, 12). 12 of these leases expire in the next 12 months (2014, 16), 23 within five years (2014, 47) and 11 have a term greater than five years (2014, 11). A number of other leases are in the process of being renewed or are on year by year renewals. These future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2015	2014
Not later than one year	311,520	357,755
Later than one year and not later than five years	328,041	446,753
Later than five years	95,276	64,652
<u>Total Non-cancellable operating leases</u>	<u>\$734,837</u>	<u>\$869,160</u>

No contingent rents have been recognised during the period.

STATEMENT OF COMMITMENTS AND CONTINGENCIES

As at 30 June 2015

Contingencies**Contaminated Sites**

The Council is aware of the existence of three sites within the Masterton urban boundary which have some level of contamination as a result of the operation of former gas works. The Council is meeting its obligations with respect to disclosure about these sites pursuant to the Resource Management Act and has commissioned studies into the levels of contamination and continues to undertake monitoring as required.

The former gas works site in Bentley Street is owned by the Council and may need some remediation in the future. The investigations to date indicate some limited off-site migration of a number of contaminants. This is not considered significant as the groundwater is not utilised in the area and the plumes are generally very limited in extent. Council is currently working with the Greater Wellington Regional Council as a resource consent for this site is in place and involves on-going monitoring costs.

The Council purchased, for a nominal sum, a piece of land on the corner of Church St and Colombo Road. The site has some sub-soil contamination and subsidence problems and will be used for passive recreation. One other site is in part Council ownership, part private. Studies have been commissioned by Council to establish that the level of contamination is not causing any threat to the current occupiers, but has accepted no liability for this site and is working with the property owners and insurers to resolve any issues.

Local Government Funding Agency - Guarantee

As stated in Note 23 (Provisions) and Note 26a (Financial Instrument Risks), the Council is a shareholding guarantor of the LGFA which has a credit rating of AA+. The Council holds \$0.1m value of shares and \$0.1m uncalled capital. That brings with it obligations in terms of the guarantee liability which has been disclosed in those Notes. The Council has been unable to determine a sufficiently reliable and fair value for the guarantee and therefore has not recognised a liability or contingency value.

Local Authority Protection Programme (LAPP) - Mutual self-insurance no longer applicable

The Council is a member of the LAPP disaster insurance scheme. The scheme is designed to provide the Council's 40% share of the cost of recovery of infrastructural assets (excluding roading) following a disaster. Since 1 July 2014 the mutual self-insurance arrangements have not applied to the LAPP membership.

Weather-tight Homes

The Council is not aware of any properties with potential unresolved weather-tightness issues within the District. Council's liability insurer, Riskpool is a mutual liability fund and they have made four calls on their member Councils relating to mutual liability for weather-tightness claims made in relation to fund years 2002/03 and 2003/04. The MDC share of those calls has been \$160,498. There were no calls made in 2014/15 and there are not expected to be any further calls by Riskpool.

Contingent Assets - carbon credits

The Council owns land and forestry assets that were planted prior to 1990. These forested areas are eligible for carbon credits under the Government's emissions trading scheme (ETS). An account for NZU carbon credits has been setup in the Council's name and 79 ha of pre-1990 forestry has initially been confirmed as eligible for carbon credits. A value has been assigned in these accounts for those credits, but their value remains subject to the market price of traded NZUs (refer to note 11).

There were no other contingent assets.

EVENTS AFTER BALANCE DATE

Note 34

There are no events after balance date that have a material bearing on the financial statements.

IPSAS ACCOUNTING STANDARDS CONVERSION

Note 35

As stated in the Accounting Policies, these financial statements are the first since the Council transitioned its reporting to comply with the IPSAS Public Benefit Entity accounting Standards. The Council has worked through a process of identifying the new and changed requirements. There have been no changes to, or restatement of prior year figures, opening balances or comparators as a result of applying the new standards. There have been new disclosures incorporated into the financial statements and notes to the accounts.

STATEMENT OF RESOURCES

Year Ended 30th June 2015

Masterton District Council provides a wide range of services to the residents, businesses and visitors to the area. In order to meet its objectives and provide the services required, the Council employs a large number of resources. Although some of these resources are valued within the Statement of Financial Position, in many cases the quantitative information is more meaningful.

This statement therefore tends to reflect in quantitative terms those resources the Council uses in its day-to-day activities in order to service the community.

Statistics

Population (Census 2013)

Masterton	Rural area	5,220	<u>Area</u>	229,500 ha
	Urban area	<u>18,132</u>		(urban area – 1,796 ha)
		<u>23,352</u>		

District Rateable Valuations (June 2015)

Land Value	Rural	\$1,516,100,000	Capital Value	Rural	\$2,354,250,000
	Urban	\$ 942,265,000		Urban	\$2,286,500,000

No. Rateable Properties	Rural	3,781
	Urban	<u>8,416</u>
		12,197

Staff

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full time	32	33	65
Part time	5	12	17

Water Reticulation (urban only)

Storage capacity (megalitres)	12
Kaituna	9
Lansdowne	3

Length of watermains (kms)	161
Storage reservoirs and tanks (megalitres)	12
Hydrants	1,056
Valves	826
Peak daily demand (Mstn) (m ³)	29,550
Water treatment plant at Kaituna	

Sewage Reticulation (urban only)

Length of sewers (kms)	138
Number of pumping stations	2
Number of manholes	1,777
Qty treated daily (average) (m ³)	14,600

Roading

System length (kilometres)	801
Sealed	517
Metalled	285

Buildings (owned)

District Building (including offices, town hall, Council chambers and meeting rooms)	
Rental houses	7
Retail outlets	0
Residential flats	86
Public halls	9
Library	1
Sports/recreation facilities	12
Off-street carparks	845
Fire stations	5
First aid post	1
Public toilets	13
Camping ground & cabins	24
Camping ground ancillary	5
Landfill buildings	6
Bentley Street ex-depot	1
Parks buildings	

Vehicles

Fleet number	21
Utilities/vans	9
Cars	10
Tractors	2

Recreation Reserves

Total Area (hectares)		205
	<u>Urban</u>	<u>Rural</u>
Natural Bush	2	39
Beach Front esplanades	-	9
Nursery, cemeteries/sports grounds/formal gardens	54	5
Neighbourhood reserves	49	47

MAP OF DISTRICT

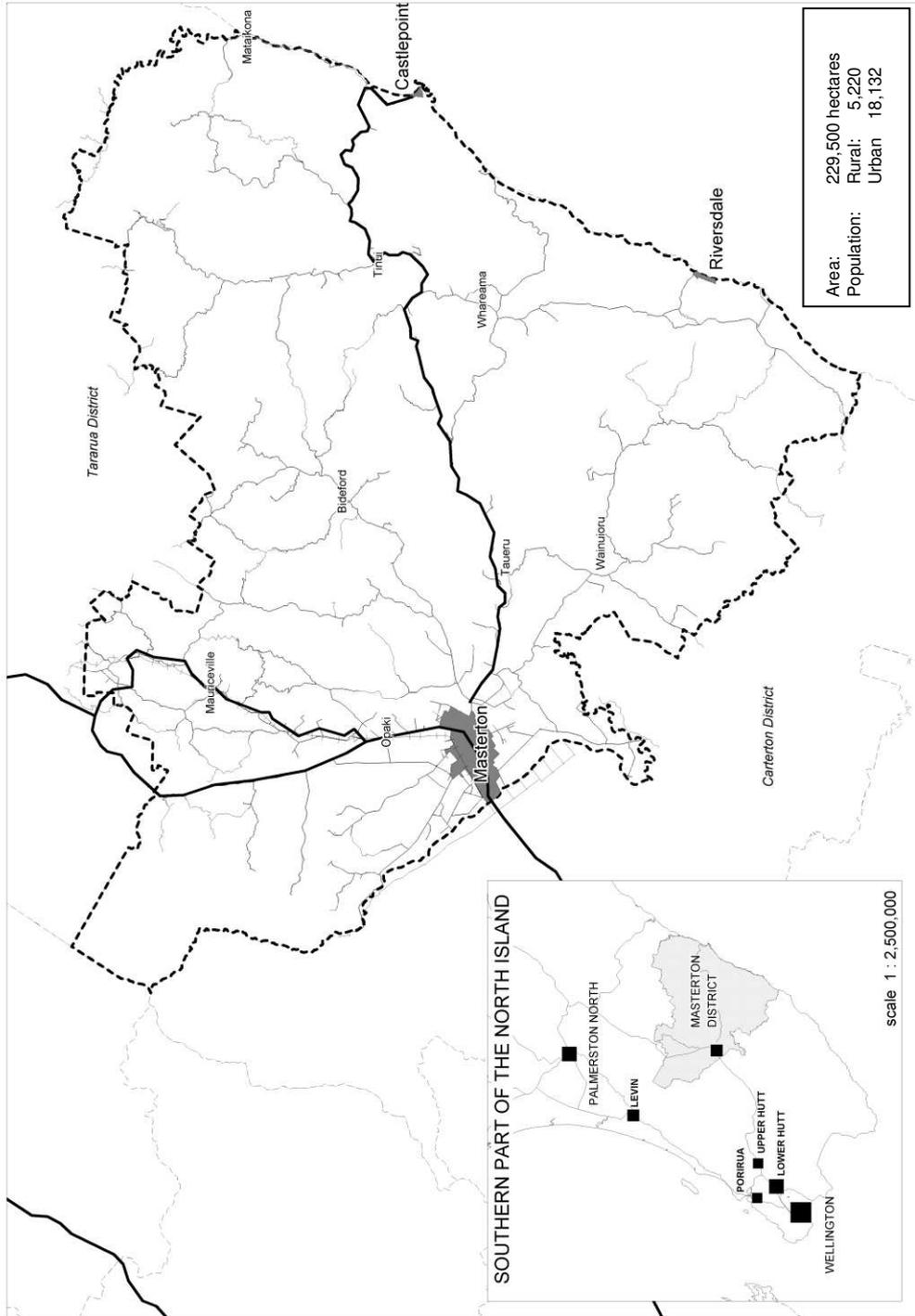


MASTERTON DISTRICT

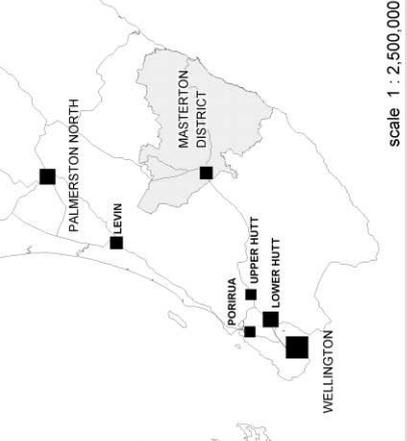
SCALE 1 : 400,000



Masterton
District
Council



SOUTHERN PART OF THE NORTH ISLAND



scale 1 : 2,500,000