



matamata-piako district council
2015/16 calendar

A summary of our 2014/15 Annual Report

See inside for
key dates such
as rubbish and
recycling
collection



Mayor's Message



Welcome everyone to our Summary Annual Report showcasing our performance during the 2014/15 year. Each year Matamata-Piako District Council is required to produce a Summary Annual Report. This compares our actual performance for the year against what we had planned for.

Matamata-Piako has enjoyed a good year; a year of improved services and investment that we'll benefit from for generations to come. At the end of our financial year Council is in a very good financial position, and we have lived within our means.

Business friendly approach

Council has been very successful in its approach to becoming more business friendly for the community. Having a strong focus on economic development, we have established the Economic Development working party to look at ways we can help develop and drive initiatives to benefit our local economy. We hosted a series of workshops with local businesses to find out what the barriers are for future economic growth in our district. The lack of high speed internet was a concern for many businesses. In response to this we have submitted an application to Central Government for our district to be reprioritised to receive ultra fast broadband.

We have created a new staff position so that businesses have one main point of contact when getting a project or idea off the ground. To save time working with multiple departments within Council, this staff member acts as a liaison between the business person and staff to ensure a more streamlined process.

A number of improvements have been made to our website. This has allowed for the public to make applications online for Land Information Memorandum Reports and Community Grants, to receive rates invoices via email, and to lodge and track their building consents through our website. Our Facebook audience is continually growing and we have also created a Facebook page for our libraries.

Key projects

We have achieved some great outcomes in 2014/15 through a number of projects. For the first time this year we produced the Annual Report Summary in a calendar format, which received positive feedback. The calendar incorporated key dates including the kerbside collection dates for each town, Council meetings dates, and key dates for rates notices and dog registrations.

I'm very pleased with the way Council is continuing to meet its statutory obligations. Council adopted its Long Term Plan in late June following a good level of input from the community. We received very positive feedback from our auditors, Audit New Zealand, praising Council for the way in which the councillors and staff worked so closely together to produce the Long Term Plan.

As shown in the Summary Annual Report, Council remains in a very good financial position and has seen a reduction in our debt levels by \$6 million.

Your elected members will continue to work with our community and businesses in partnership, to deliver savings for our ratepayers while still delivering a high standard of service so Matamata-Piako remains a great place to live, work and play.

Jan Barnes, Mayor



A foggy morning in the district.

This summary does not include all of the information provided in the full Annual Report, and for this reason cannot be expected to provide a complete understanding of Council's performance as provided by the full Annual Report. The financial statements contained in the full Annual Report comply with GAAP (Generally Accepted Accounting Practice). The financial statements in the full Annual Report have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards, and are the first financial statements presented in accordance with the new PBE accounting standards. These are the first summary financial statements presented in accordance with the new PBE accounting standards. The full Annual Report has been audited by our independent auditors, Audit New Zealand. They have issued an unmodified audit opinion. The financial statements and this summary were authorised for issue by Council on 14 October 2015. The full Annual Report for 2014/15 is available to view at our offices and libraries in Matamata, Morrinsville and Te Aroha. If you would like a copy of the Annual Report you can download it at www.mpdc.govt.nz.

Performance



Community Facilities

Community Facilities includes Council activities that are focused on recreational and cultural opportunities in the district. This includes providing services and assets such as libraries, swimming pools, parks and reserves and other public amenities. For this group of activities 7 out of 17 performance measures were achieved.

Key performance measures	2013/14 Actual	2014/15 Target	2014/15 Actual
Number of people accessing library information online each year	6,389 visitors	6,709 visitors	8,154 visitors
Library users satisfied with library services*	90%	95%	85%
Pensioner housing occupation	99%	92%	99%
Users satisfied with parks and reserves*	80%	92%	75%
Number of complaints received regarding dissatisfaction with public toilets per year	42 complaints	30 complaints	48 complaints
Visitor satisfaction with Council cemeteries	79%	94%	90%
Four independent audits will be carried out on our pools to assess them for safety compliance	Compliant	Compliant	Compliant

Community Infrastructure

Community Infrastructure represents many of the responsibilities that Council has historically managed, including maintenance and development of roads, stormwater, water supply and waste management. For this group of activities 5 out of 22 performance measures were achieved, with two measures still awaiting confirmation from Waikato Regional Council.

Key performance measures	2013/14 Actual	2014/15 Target	2014/15 Actual
Users who believe the roading network is safe*	75%	85%	64%
Customers satisfied with management of urban flooding*	41%	65%	40%
Percentage of waste diverted from landfill	44.7%	35%	46.6%
Complaints per month regarding water supply services	3.7 on average per month	less than 30 on average per month	4.6 on average per month
Number of wastewater overflows into the environment	16	20 or less	13

Community Development

Community Development focuses on economic, social, environmental, and cultural wellbeing, and includes activities such as communications, democracy, the District Plan, the Long Term Plan and generally increasing community input into Council decision making. For this group of activities 5 out of 9 performance measures were achieved.

Key performance measures	2013/14 Actual	2014/15 Target	2014/15 Actual
Number of people visiting Council's website	63,958 visits	55,000 visits	74,696 visits
Residents satisfied with how Council keeps them informed*	64%	80%	60%
State of the Environment report published	19 November	20 November	20 November
Residents satisfied with the consultation process*	53%	72%	48%
Te Manawhenua Mo Matamata-Piako members satisfied with involvement in decision making	66%	77%	70%

Environmental Care

Environmental Care represents Council's role in, and commitment to protecting the natural resources of the district and our responsibility to balance the different needs and interests of community members. It also contributes to the safety and health of our communities. This activity is responsible for resource consents, building consents, environmental health, alcohol licences, animal control and civil defence. For this group of activities 11 out of 13 performance measures were achieved.

Key performance measures	2013/14 Actual	2014/15 Target	2014/15 Actual
Number of animal control property visits	791	600	711
Building consents processed within statutory timeframes	99.9%	100%	100%
Food premises, hairdressers and camping grounds inspected or audited	100%	100%	100%
Licensed alcohol premises inspected	100%	100%	100%
Resource consents processed within statutory timeframes	99.2%	100%	98.1%
Resource consent reports (peer reviewed) each year	5 reports in 2013/14	5 reports per year	5 reports in 2014/15

* Results taken from our Annual Customer Survey. While some targets were not met, our levels of service have not changed for these activities and satisfaction remains relatively high, and levels of dissatisfaction remain relatively low. Please view the full Annual Report on Council's website for more information on the Annual Customer Survey results, how we have performed over the year and any actions that Council is taking to improve its performance.



Cleaning of the Central Business Districts

The kerb and channel in the CBD of each town (Matamata, Morrinsville and Te Aroha) is swept twice a week. This clears the streets of litter and keeps our shopping precincts looking good. Our team at Kaimai Valley Services work from 10pm till approximately 5am to get this job done for the community.

November 2015



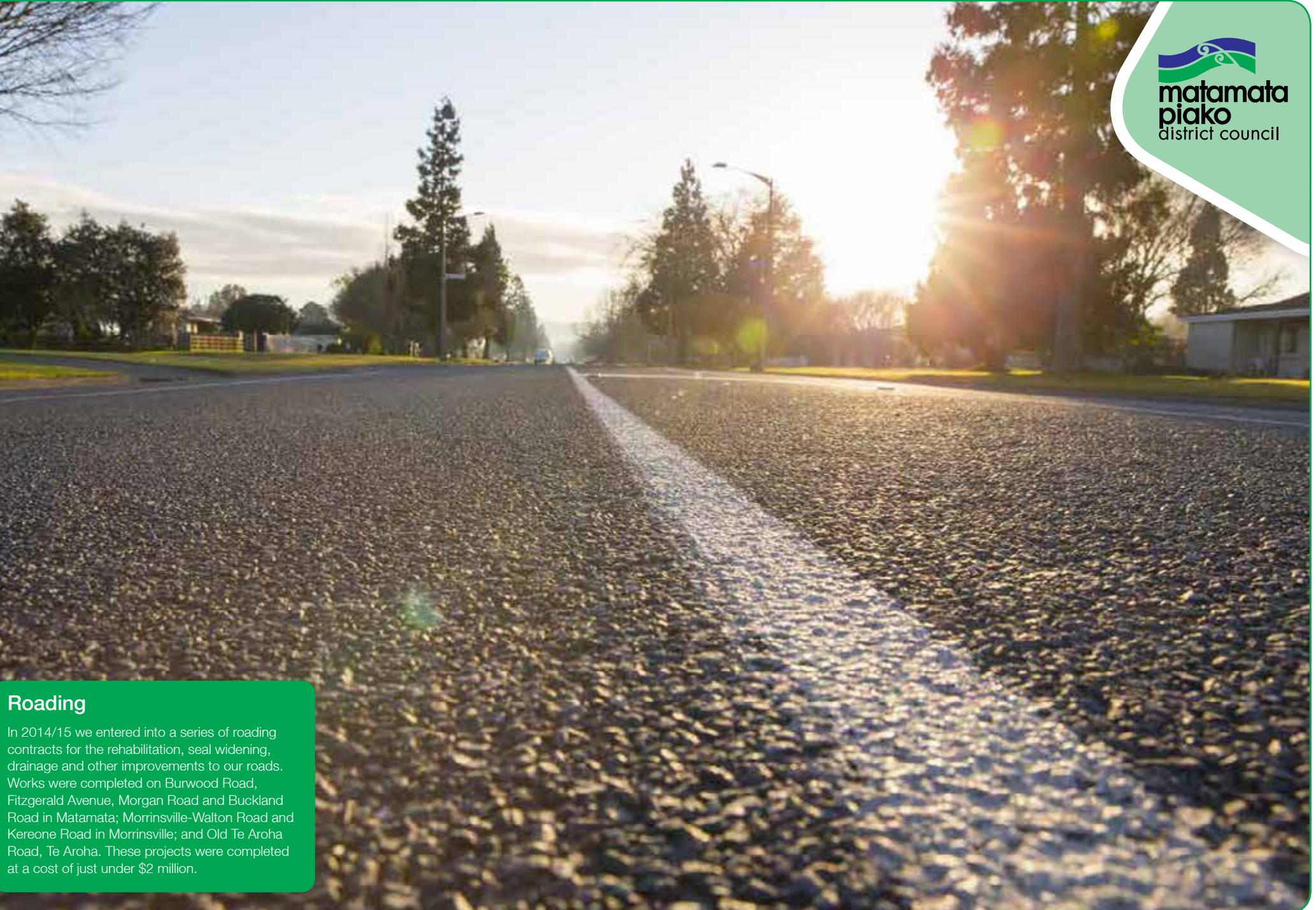
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
1	2 Rates notices sent	3	4	5	6	7 Morrisville Fireworks Extravaganza	
8	9	10	11 Council meeting	12	13	14	
15	16	17	18	19	20	21	
22	23	24	25 Last day to pay your rates Corporate & Operations Committee meeting	26 Matamata Rose Show	27	28 Morrisville Murray Oaks Craft Day	
29	30						
				Don't forget your rubbish and recycling collection is one day later after Christmas Day			

Rubbish and
Recycling Key



December 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Te Manawhenua Forum meeting	2 Council meeting	3	4	5 Matamata Christmas Parade
6	7	8 'Summer Beach Read' enrolments open at your local library	9 Corporate & Operations Committee meeting	10	11	12 Morrisville Christmas Parade
13	14	15	16	17	18	19 Te Aroha Christmas Parade
20	21	22	23	24 Council offices close for Christmas at 3pm	25 Christmas Day	26 Boxing Day
27	28 Boxing Day public holiday	29	30	31 New Year's Eve		



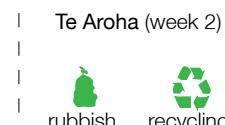
Roading

In 2014/15 we entered into a series of roading contracts for the rehabilitation, seal widening, drainage and other improvements to our roads. Works were completed on Burwood Road, Fitzgerald Avenue, Morgan Road and Buckland Road in Matamata; Morrinsville-Walton Road and Kereone Road in Morrinsville; and Old Te Aroha Road, Te Aroha. These projects were completed at a cost of just under \$2 million.

January 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31					1 New Year's Day	2 New Year Holiday
						
3	4 New Year public holiday	5 Council offices re-open after Christmas	6	7 	8 	9
10	11	12	13	14 	15 	16
17	18	19	20	21 	22 	23
24	25	26	27	28 	29 	30

Rubbish and
Recycling Key



Don't forget your rubbish and recycling collection is one day later after Auckland Anniversary Day and Waitangi Day

February 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Auckland Anniversary Day	2 Rates Notices sent	3	4	5	6 Waitangi Day
7	8 Waitangi Day public holiday	9	10 Council meeting	11	12 	13 Morrinville Motorama 13th to 14th
14 Valentine's Day	15	16	17	18 	19	20
21	22	23	24 Corporate & Operations Committee meeting	25 Last day to pay your rates	26 	27
28	29 Leap Day					





ANZAC Day

ANZAC Day is a national day of commemoration, observed on 25 April each year. This day marks the day in 1915 when Australian and New Zealand Army Corps (ANZAC) landed at Gallipoli in Turkey. It commemorates those who died serving New Zealand during war and it honours servicemen and women, past and present.

Each year we hold ANZAC Day Civic Services in Matamata, Morrinsville, Te Aroha and Walton for our community to attend and to honour those who served our country.

March 2016



April 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Te Manawhenua Forum meeting	2	3	4	5
6 Te Aroha A day in the Domain	7	8	9 Council meeting	10	11	12
13	14	15	16	17	18	19 Te Aroha Echo Walking Festival, 19th March to 10th April
20	21	22	23 Corporate & Operations Committee meeting	24	25 Good Friday	26
27 Easter Day	28 Easter Monday	29	30	31		

Rubbish and Recycling Key



Morrinsville (week 1)
incl. Waihou, Waitoa, Tahuna

Matamata (week 2)

incl. Waharoa, Walton



Can it be recycled?

The following items can be recycled:

- in your green bin
 - empty glass bottles and jars (not broken)
- in your black and yellow wheelie bin
 - clean household plastic e.g. soft drink and milk bottles
 - clean tins/cans
 - paper and cardboard



The following items cannot be recycled:

- ceramics, crockery, porcelain or ovenware
- hot ashes
- food or garden waste
- polystyrene
- plastic wrap or bags
- electrical goods
- containers used for motor oil, herbicides or other poisons
- mirrors, glass lightbulbs or broken glass bottles
- waxed or foil-lined cartons
- oil soaked or food contaminated cardboard
- aerosols and liquids



May 2016

June 2016



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Rates notices sent	3	4	5	6	7
8 Mother's Day	9	10	11 Council meeting	12	13	14
15 Matamata Festival of Music	16	17	18 Annual Plan hearing	19	20	21
22	23	24	25 Corporate & Operations Committee meeting Last day to pay your rates	26	27	28
29	30	31				

Rubbish and Recycling Key



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6 Queen's Birthday	7 Te Manawhenua Forum meeting Rubbish bag vouchers sent	8 Council meeting	9	10	11
12	13 Dog registration notices sent	14	15	16	17	18
19	20	21	22 Corporate & Operations Committee meeting	23	24	25
26	27	28	29	30 Last day to apply for rates rebate		



Te Aroha Mineral Spas

The Te Aroha Mineral Spas are one of Te Aroha's main tourist attractions.

We budgeted \$160,000 to replace the hot water storage tanks and supply pipes at the Te Aroha Mineral Spas. The two new wooden hot water tanks were installed with 10% additional storage. This project was completed in December 2014, costing approximately \$70,000.

July 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31					1 	2
3	4	5	6	7 	8 	9
10	11	12	13 Council meeting	14 	15 	16
17	18	19	20	21 	22 	23
24	25	26	27 Corporate & Operations Committee meeting Applications for community grant funding open	28 	29 	30

Rubbish and Recycling Key



rubbish recycling



rubbish recycling



rubbish recycling

August 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Rates notices sent Last day to pay dog registrations	2	3	4	5 	6
7	8	9	10 Council meeting	11	12	13
						
14	15	16	17	18 	19	20
21	22	23	24 Corporate & Operations Committee meeting	25 Last day to pay your rates	26	27
						
28	29	30	31 Applications for community grant funding close			





Grants

Each year we provide a number of grants to organisations that provide services to the community through the Long Term Plan or the Community Grants Policy. In 2014/15 we granted approximately \$275,000 to various organisations in the community.

Council granted the Te Miro Mountain Bike Club \$4,000 to maintain the mountain bike tracks following their submission to the Annual Plan 2014/15; this is used to fund general maintenance of the mountain bike tracks.

The Club has also extended and realigned existing tracks as part of work to construct a beginners track. They have also refurbished an old picnic area at the Te Miro reserve, with the help of community grant funding from Council. We have also allocated \$10,000 towards building a toilet at Te Miro Forest, designs have been completed and building and resource consent was issued in June. Construction of the toilet is due to start late 2015.

September 2016



October 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 	2 	3
4 Father's Day	5	6 Te Manawhenua Forum meeting	7	8 	9 	10
11	12 Rates rebate applications open	13	14 Council meeting	15 	16 	17
18	19	20	21	22 	23 	24
25 Daylight saving begins	26	27	28 Corporate & Operations Committee meeting	29 	30 	

Rubbish and Recycling Key

Te Aroha (week 2)

The logo consists of the word "Morrisville" above "(week 1)" in a bold, black, sans-serif font. Below this, the words "incl. Waihou, Waitoa, Tahuna" are written in a smaller, regular black font. To the left of the text is a small orange icon of a person sitting on a toilet. To the right is a red recycling symbol with three chasing arrows forming a triangle.

Atamata (week 2) I. Waharoa, Walton

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31					1 Te Aroha Aroha Cruise In
2	3	4	5 Council meeting	6	7	8 MPDC Elections
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24 Labour Day	25	26	27	28	29



BMX tracks

Due to the rise in popularity of BMX and the need to maintain this community facility, we gave priority to finance \$20,000 from our bulk fund (this was funded over two years), for the refurbishment of the BMX track at Swap Park, Matamata.

The Matamata BMX Club worked with Wil Peck from the Tauranga BMX Club to design the track. They hosted a number of working bees during October 2014 and worked with Kaimai Valley Services, J Swap Contractors, Matamata Tractors and Matamata Motor Cycles to complete the refurbishment work.

We have also allocated \$20,000 towards assisting the Te Aroha BMX Club with soil and earthworks to complete their BMX project at Boyd Park. Work is expected to start in 2015/16.



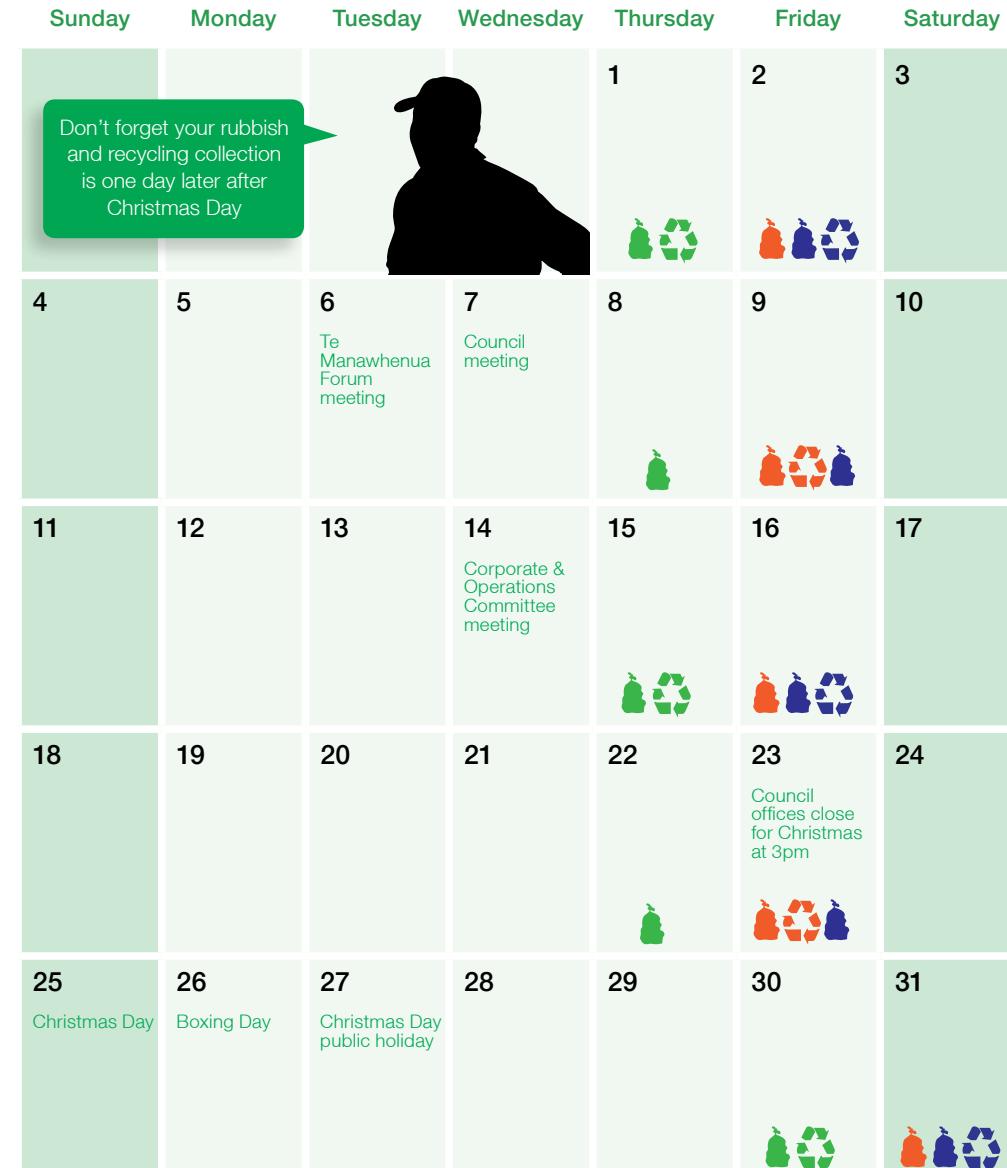
November 2016



December 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Rates notices sent	2 Council meeting	3	4	5
6	7	8	9 Council meeting	10	11	12
13	14	15	16	17	18	19
20	21	22	23 Corporate & Operations Committee meeting	24	25 Last day to pay your rates	26
27	28	29	30			

Rubbish and Recycling Key



Annual report disclosure statement for the year ending 30 June 2015

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information including definitions of some of the terms used in this statement.

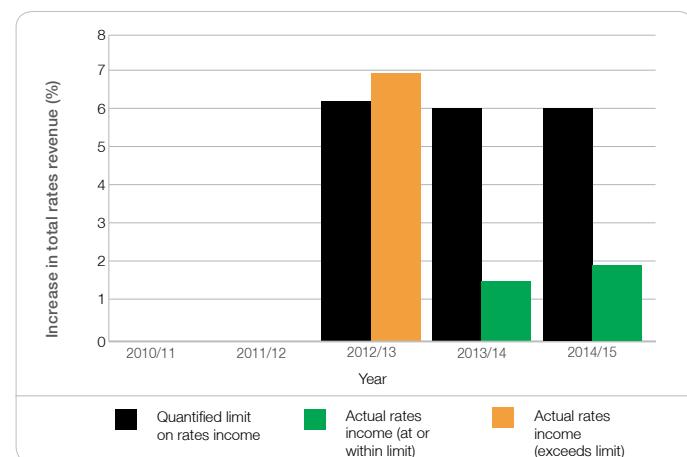
Rates affordability benchmark

The Council meets the rates affordability benchmark if –

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

Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The quantified limit is set at a level that was intended to meet forecast increase in costs each year as set out in the Long Term Plan 2012-22.

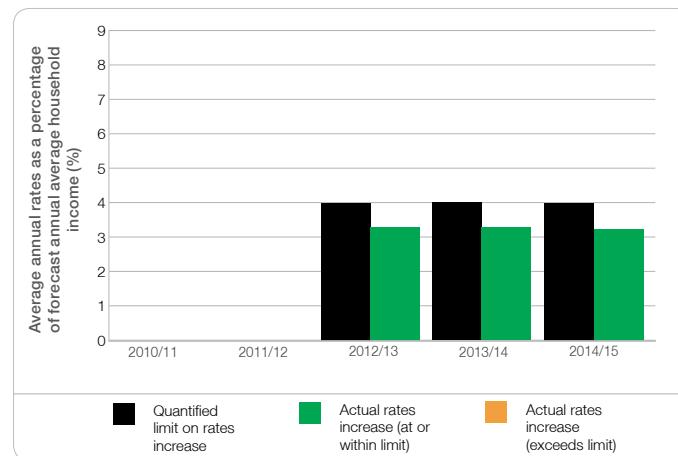


Comment:

The limit for 2012/13 was exceeded because we had more ratepayers (because of growth) and rates penalty income than expected. The rate increase for the years following was much lower than the limit as a result of cost savings. The compound increase in rates revenue over the last three years was just 10.6% compared to the budgeted limit of 18%.

Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Financial Strategy in the Council's Long Term Plan. The quantified limit is average annual rates will not increase to more than 4% of forecast average annual household income.



Comment:

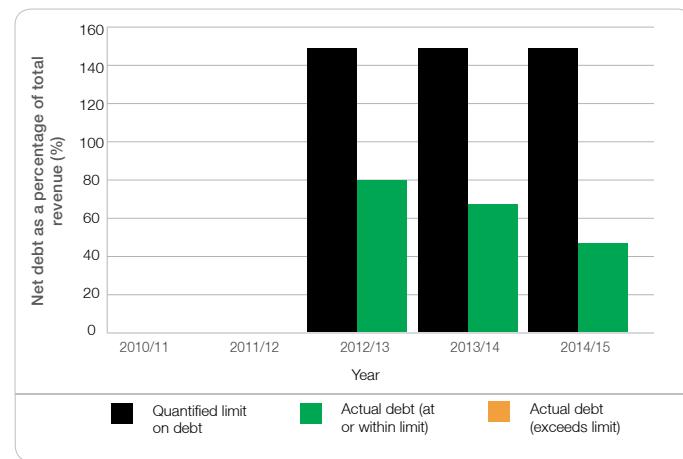
Over the last three years, the average annual rates as a percentage of forecast annual average household income has actually declined slightly from 3.32% to 3.25%, compared to the limit on increases of 4%.

Debt affordability benchmark

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

Net debt as a percentage of total revenue will not exceed 150%

The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is net debt as a percentage of total revenue will not exceed 150%.

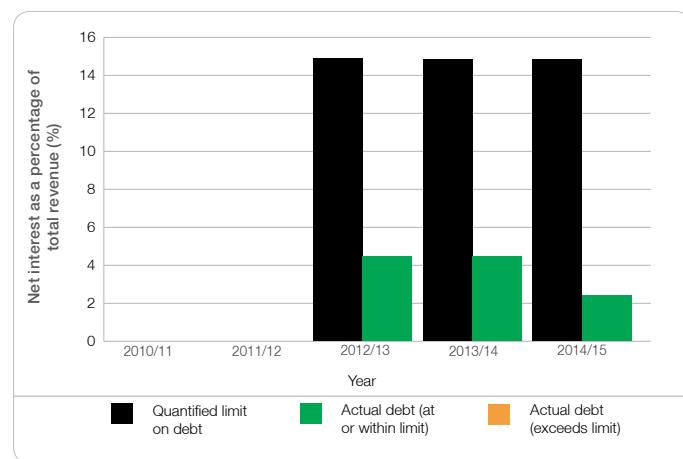


Comment:

Council's actual net debt as a percentage of total revenue has reduced over the last three years from 80% in 2012/13 to 47% in 2014/15. This is compared to the limit of 150%, which is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

Annual interest costs will be less than 15% of total revenue

The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is annual interest costs will be less than 15% of total revenue.

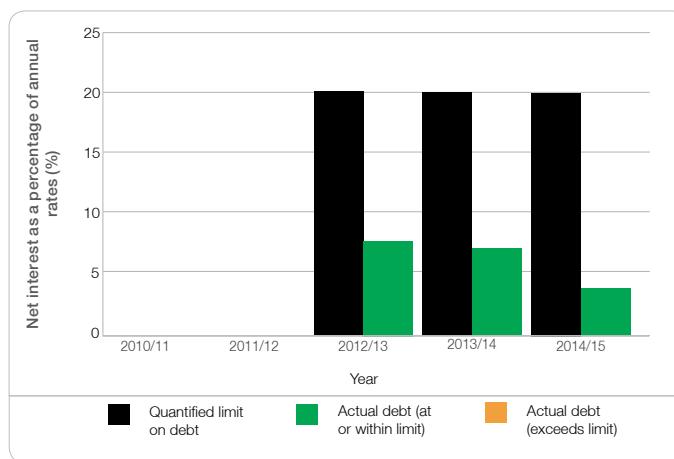


Comment:

Council's actual interest costs have reduced from 4.86% of total revenue in 2012/13 to 2.42% in 2014/15. This is compared to the limit of 15%, which is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

Annual interest costs will be less than 20% of rates revenue

The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is annual interest costs will be less than 20% of rates revenue.

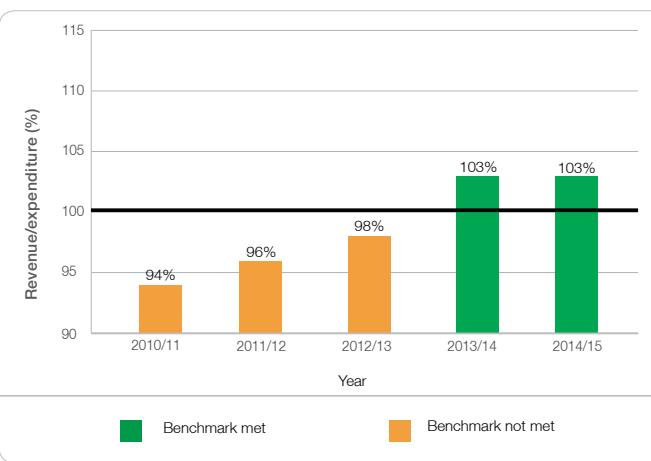


Comment:

Council's actual interest costs have reduced from 7.26% of rates revenue in 2012/13 to 3.64% in 2014/15. This is compared to the limit of 20%, which is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

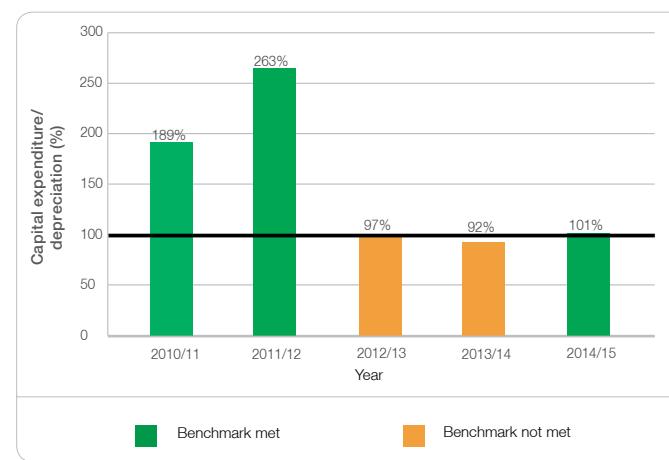


Comment:

Council spent a significant amount on upgrading wastewater and water treatment plants in the years up to 2012/13. For accounting purposes, the old replaced assets are "disposed of" and the "loss" from doing so is recorded as "operating expenses". Council does not rate to cover this expenditure.

Essential services benchmark

The following graph displays 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 network services.

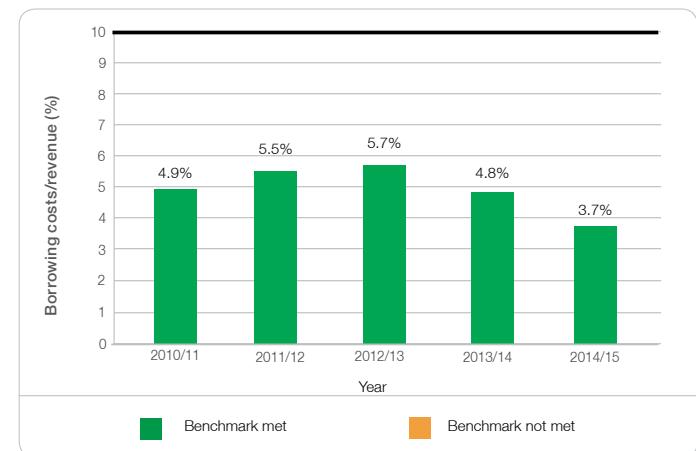


Comment:

Council's capital expenditure in 2010-2012 financial years was well in excess of the depreciation charged as Council completed some significant wastewater and water upgrade projects in those years. Capital spending is not programmed on a straight-line basis consistent with depreciation, however over a period of time it would be more closely aligned.

Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



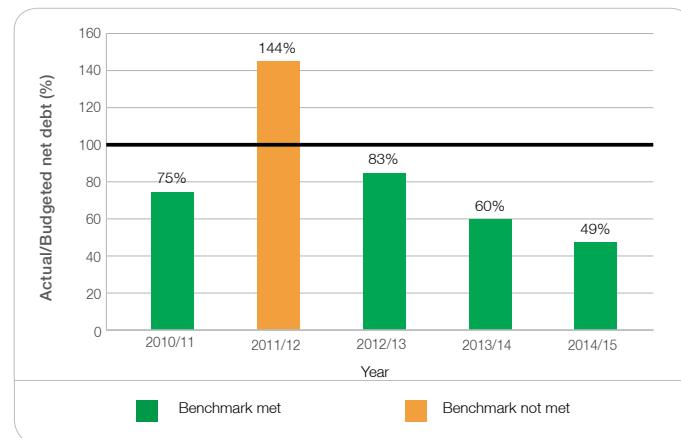
Comment:

Council's borrowing costs are sustainable and well under the 10% limit.

Financials

Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Comment:

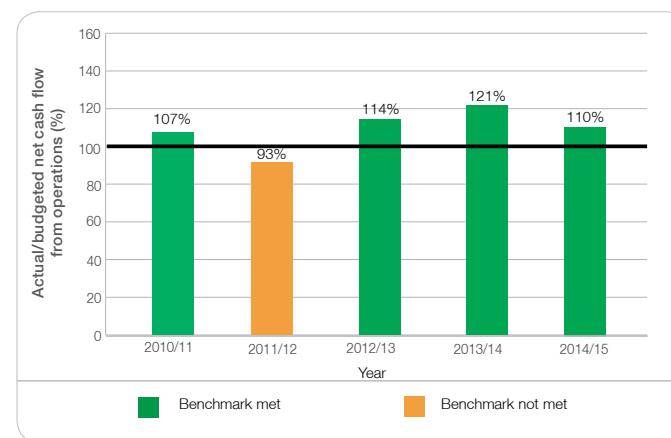
Net debt rose significantly in the 2011/12 year as the bulk of the construction work for the Morrinsville wastewater upgrade project was completed in that year. This was slightly later than planned. Debt in the last three years has reduced as capital spending has been lower than budgeted and maturing investments have been used to repay debt.

Power New Zealand Fund - Overseas share investments returned to New Zealand

The total value of the overseas shares at the start of the 2014/15 financial year was \$10.699 million. When it was announced that the equity fund that the shares were invested in was to be wound up in October 2014, we sought professional advice on the best options at that time, keeping in mind that Council had previously resolved to repatriate the funds to New Zealand when a benchmarked level of returns were reached. The final value of the shares at the date of sale was \$10.4 million. \$5 million of this was used to repay a maturing external loan during the period, resulting in significant interest savings going forward. The remaining balance of \$5.4 million has been added to Council's treasury investments, with the annual interest returns from that investment earmarked for the continued use of subsidising roading rates – an asset that everyone in the district benefits from.

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



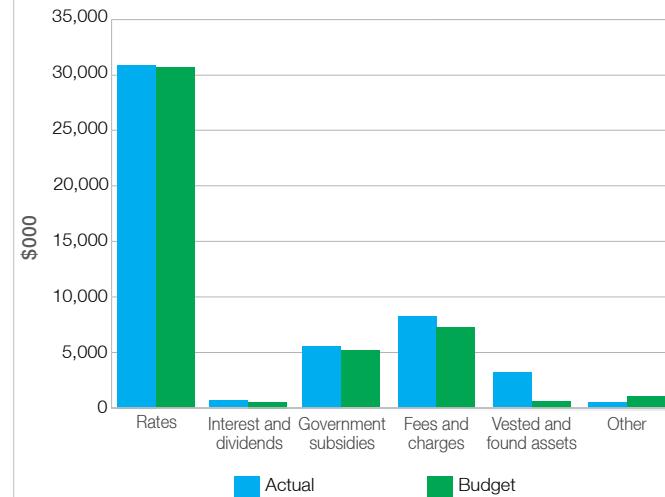
Comment:

In 2011/12 the New Zealand Transport Agency subsidy received was lower than budgeted, and receipts of development contributions were significantly lower than budgeted.

What are interest rate swaps and why do we use them?

Over the past few years Council has entered into a range of interest rate swaps - contracts that effectively lock in the current rates of interest on our future debt. The swap contracts are put in place while interest rates are considered low, with the expectation that over the next ten years, interest rates are likely to rise. The benefit of having this certainty over the interest rates is that we can avoid having to ask our ratepayers for extra rates in years where the market interest rates rise sharply. It gives ratepayers and Council much more certainty into the future. We value the swap portfolio on the 30th of June each year for financial reporting purposes, and the valuations may go up and down depending on how market interest rates are tracking, but these annual movements have no impact on Council's cash position – the focus of the swap portfolio is on the long-term gains. The average interest rate that we have locked in with these contracts is 4.13%, which is the average rate that will apply on up to \$34.5 million of our debt over the next ten years. These interest rates swaps provide us with a level of certainty and stability in our financing costs in the future.

2014/15 Revenue compared to budget



What was our planned revenue?

Council budgeted for a revenue of \$45.1 million.

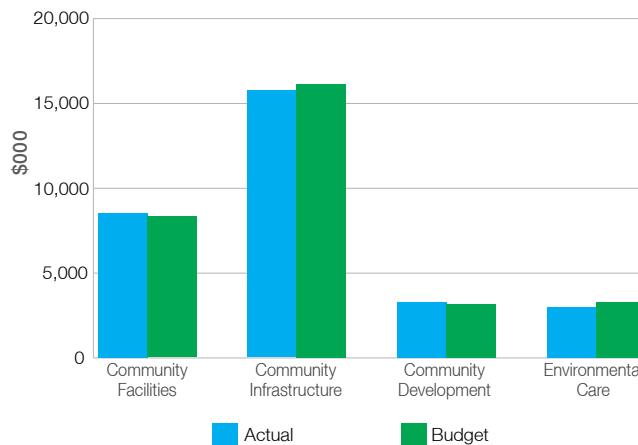
What was our actual revenue?

The actual revenue for the year was \$48.7 million.

Why is there a difference?

In terms of general day to day operations, the overall actual revenue for the year was very close to budget, with minor ups and downs across the board. The biggest increase came from metered water and trade waste revenue, which exceeded the level budgeted by \$799,000, driven by increased demand from the district's significant industrial users. During the year we identified that the value of Council's swimming pool tanks had not previously been recorded in our books. Accounting standards require the value of these identified assets to be shown as revenue. These assets are valued at \$2.2 million. Expected revenue from development contributions fell short of the level budgeted by \$334,000. Other areas where revenue exceeded expectations were roading subsidy income, interest, and revenue from external works undertaken by Kaimai Valley Services (Council's works department).

2014/15 Expenses by activity group compared to budget (excluding depreciation)



Spending on assets this year

We budgeted for a total of \$14.8 million to be spent during the year on building new and renewing existing assets within the district. The actual amount spent was \$12.4 million.

Why is there a difference?

\$2.3 million was budgeted for a new reservoir and booster pumps for Morrinsville. Investigations into the best way to proceed with the project are being undertaken, with just \$100,000 of the budget spent to date. Similarly, new pumps and water mains were scheduled for Burwood Road, Matamata at a budgeted cost of \$135,000, which have not yet been started. \$1 million was budgeted to be spent in this financial year on the design and construction of the Te Aroha Events Centre. Delays in the process have meant that only \$340,000 of that budget was spent by the end of the year. The 2014/15 budget also allowed for \$200,000 to be spent on the Matamata Civic Centre, however no capital was spent this year as Council consulted further on the scope and scale of the project with the community. All of these unspent budgets and projects will be carried forward to be spent in the coming year.

Similarly, there were projects and budgets unspent from the 2013/14 year that were completed and spent during the 2014/15 year. These include \$110,000 on the Matamata Sports Centre upgrade, \$422,000 on the Morrinsville water back wash project and just over \$600,000 on various wastewater projects including rotary screens, membrane replacements and aerators for treatment plants.

What did we plan to spend?

Our expenses (excluding finance costs and other losses) were budgeted to be \$42.4 million this year.

What did we actually spend?

Our expenses (excluding finance costs and other losses) were \$41.5 million.

Why is there a difference?

In terms of the general day to day activities of Council, overall costs were largely in line with what was budgeted for this year, if not slightly under in a number of areas. Wastewater was the main activity where costs were higher than budget by \$196,000 particularly due to issues at the Matamata treatment plant with odour control and plant. Council's works division, Kaimai Valley Services experienced an increase in external work (stock underpasses etc), compared to budget, increasing their costs by \$160,000. A revaluation of Council's infrastructure and property assets in June 2014 resulted in depreciation savings this year of \$1.5 million.

What about finance costs?

Significant savings of \$485,000 were achieved this year on the interest cost of Council's external loans as the level of external debt was significantly lower than planned due to a delay in capital spending. As well, \$5 million of external debt was repaid in the last quarter of the year, saving further interest costs.

Average rates per rating unit



Note: Total rates excludes metered water income and individual targeted rates for industries in respect of the Morrinsville Wastewater Treatment Plant upgrade project.

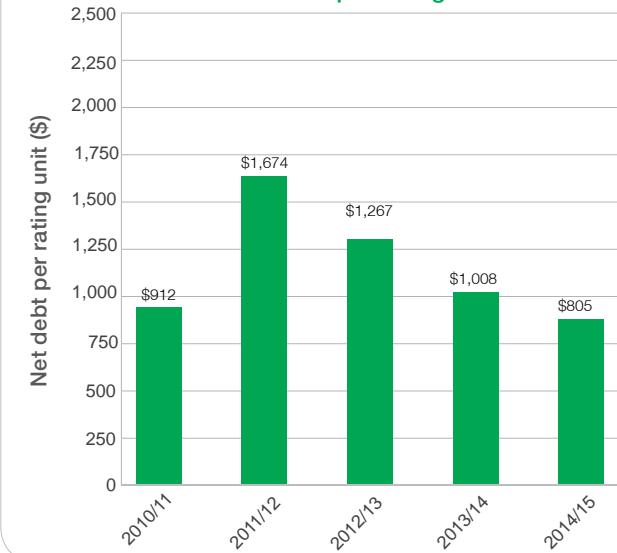
How do we pay for our assets?

We collect rates to pay for a lot of the day to day things that we do, but we also borrow money to pay for large projects that will provide services to the community for a long time (such as water and wastewater treatment plants). By borrowing the money over a long period of time it means that those who benefit from the service in the future will also pay their share. Where we have funds available internally, we utilise these instead of borrowing externally, reducing overall interest costs.

What did we borrow this year?

We didn't borrow any additional money this year – in fact we were able to repay \$6 million of our core external debt. \$5 million of this came from the proceeds of the Power New Zealand overseas shares sold during the year. Total debt at the end of this financial year was budgeted to be \$41.6 million. At 30 June 2015, our debt was \$26.1 million, down from \$32.1 million last year. Over the past few years, capital spending has not happened as quickly as planned and some projects have been delayed or cancelled. As such, new debt was not required to be raised. Also last year and again this year, Council have utilised available funds from maturing investments to reduce existing debt or to delay raising new debt. This, combined with lower interest rates than budgeted has meant that the cost of interest to finance our loans was \$485,000 lower than budgeted.

Net debt per rating unit



Net debt rose significantly from 2010/11 as Council undertook a number of significant wastewater upgrade projects which were completed in 2012. Note: Net debt is calculated as per the financial prudence regulations, except that it also excludes the industry's share of debt in respect of the Morrinsville Wastewater Treatment Plant upgrade project, which these industries are repaying by way of an annual targeted rate.

Financials

Where is Council's debt heading?

A key focus of the Council (as set out in the Long Term Plan) is to not overburden future generations with debt by living beyond our means today. We sought professional advice on an appropriate limit for Council's borrowing, and these limits were adopted in Council's Liability Management Policy. The limits have regard for Council's long term financial sustainability that future lenders will look for when we need to secure finance in future years.

A limit on a prudent level of debt was set as follows: net debt as a percentage of total revenue will not exceed 150%. Our level of debt compared to revenue has been falling over the last 3 years, and we are now sitting at just 47% compared the limit of 150%. What this means is that we have significant capacity to take up opportunities as they arise and perhaps more importantly, we have plenty of capacity to recover quickly if a disaster occurs (as it did in Canterbury). Having a lower level of debt makes us more resilient. In the recently adopted 2015-25 Long Term Plan, we have forecast over the next 10 years that our debt will peak at around \$48 million in 2019/20, and will average around 81% of our revenue, so still well below the prudent limit of 150%.

Statement of cashflows - where did the cash come from and where did it go?

Our total cash held at year end increased by \$3.0 million over the year - nearly \$2 million more than we had budgeted for. In terms of our day to day operating activities, extra cash of \$1.4 million was received (compared to budget) in the form of increased metered water and trade waste revenue from industrial users, increased interest from investments and a reduction in finance costs. In terms of our investing activities, (that is cash earned/spent in the purchasing and selling of assets), our net spend was \$7.99 million less than we had budgeted. This was due to the delayed capital spending, and from the unbudgeted proceeds from the sale of assets and the overseas shares and investments. For our financing cashflows, we had budgeted to refinance a \$5 million loan that matured during the year, and to borrow an additional \$2.5 million for capital spending. Instead we used \$5 million from the sale of the overseas shares to repay the loan, and no further funding was required.

Statement of financial position – how do we stand overall?

The key aspects to assessing a Council's financial health is the state of their network of assets and their level of debt. Matamata-Piako District Council is in good financial shape. Our physical assets valued at \$569 million are generally in a good state. We do have some planned capital work to catch up on, but we have plenty of capacity financially to do so. Our current level of debt, at \$26.1 million is considered low for a Council of our size and nature. The delayed capital spending and the returned Power New Zealand fund, now held as term deposits, mean that our current assets at 30 June are much higher than budgeted. Current liabilities were higher than budgeted due to payments of rates and metered water being received in advance of being invoiced. In addition an unbudgeted liability is recognised at year end for the unfavourable valuation of Council's interest rate swap portfolio at 30 June 2015.

Revenue
This is day to day revenue received from things such as rates, metered water, pool fees, resource consents etc.

Expenses
These are our day to day expenses such as the cost of collecting rubbish, mowing reserves and maintaining roads

Finance costs
This is the interest we pay on our external loans

Other gains and losses
These measure annual movements in the value of our assets that aren't property, plant and equipment

Total comprehensive revenue and expense
This is the difference between revenue and total expenses for the current year i.e.
more revenue = surplus
more expenses = (deficit)

Assets
The property we own

Liabilities
The amount we owe

Equity
This is the total that we own minus the total that we owe

Operating activities
The difference between operating revenue and operating expenses

Investing activities
The difference between buying and selling assets

Financing activities
The difference between borrowing and the repayment of loans

Cash held
Money in the bank

Summary financial statements

Statement of comprehensive revenue and expense for the year ended 30 June	Actual 2013/14 \$000	Budget 2014/15 \$000	Actual 2014/15 \$000
Revenue	47,093	45,116	48,703
Expenses	(41,420)	(42,400)	(41,479)
Finance costs	(2,206)	(2,156)	(1,671)
Other gains and losses	365	-	(3,200)
Share of joint venture surplus/(deficit)	18	-	5
Net surplus/(deficit)	3,850	560	2,358
Other comprehensive revenue and expense			
Gain on property, plant and equipment revaluation	11,443	-	-
Total comprehensive revenue and expense	15,293	560	2,358
Statement of changes in equity for the year ended 30 June	Actual 2013/14 \$000	Budget 2014/15 \$000	Actual 2014/15 \$000
Balance at 1 July	537,625	567,838	552,918
Total comprehensive revenue and expense	15,293	560	2,358
Balance at 30 June	552,918	568,398	555,276
Equity represented by:			
Retained earnings	419,559	420,336	411,542
Other reserves	133,359	148,062	143,734
Statement of financial position for the year ended 30 June	Actual 2013/14 \$000	Budget 2014/15 \$000	Actual 2014/15 \$000
Current assets	8,419	6,874	16,427
Non-current assets	584,986	610,342	574,372
Total assets	593,405	617,216	590,799
Current liabilities	13,014	6,994	8,330
Non-current liabilities	27,473	41,824	27,193
Total liabilities	40,487	48,818	35,523
Equity	552,918	568,398	555,276
Statement of cash flows for the year ended 30 June	Actual 2013/14 \$000	Budget 2014/15 \$000	Actual 2014/15 \$000
Net from operating activities	15,122	13,837	15,275
Net from investing activities	(10,901)	(14,245)	(6,268)
Net from financing activities	(3,346)	1,506	(5,968)
Net increase/decrease in cash held	875	1,098	3,039
Opening cash balance	624	694	1,499
Closing cash balance	1,499	1,792	4,538

Figures shown in brackets indicate a deficit or loss

What are other gains and losses?

For accounting purposes, we recognise any changes in the value of our financial assets each year, for example, the changes in the value of the interest rate swap contracts we have entered into. A valuation of Council's interest rate swaps at 30 June 2015 showed a loss in value of \$1,737,000 since the last valuation a year ago, caused by the recent and sharp decline in interest rates (read more on our interest rate swaps on page 20). The value of the Power New Zealand investment fund decreased by \$310,000 up to October 2014 when the investment was sold, and the value of the foreign currency hedging contracts associated with that investment fund decreased by \$233,000 also. Council has shown a loss of \$891,000, which recognises the value of assets that were replaced before the end of their estimated useful life. All of these non-cash losses do not have any impact on Council's cash position – they are adjustments made in our books to ensure that the financial statements comply with International Financial Reporting Standards.



Hobbit house at Hobbiton, Matamata.

Additional Disclosures

Reporting entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA), and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The financial statements are for the Council and include a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence Committee. There have been no changes in accounting policies during the financial year.

Capital Commitments

At 30 June 2015, Council have commitments of \$4.704 million for projects where contracts have been entered into but goods or services have not been received. (2014: Nil).

Contingent Liabilities

Uncalled capital - Council has a contingent liability of \$1,500,000 for uncalled capital in respect of our 15.625% shareholding in the Waikato Regional Airport Limited (WRAL) (2014: \$1,500,000). Subsequent to balance date Council has entered into a sale and purchase agreement with WRAL for the company to buy back Council's portion of the unpaid capital.

Local Government Funding Agency - The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+. The LGFA has 30 local authority shareholders and this Council is one of eight local authority guarantors of the LGFA.

Together with the shareholders and other guarantors, Council is a guarantor of all of the LGFA's lending. At 30 June 2015, LGFA lending totalled \$4.955 billion (2014: \$3.728 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council have been unable to determine a sufficiently reliable fair value for the guarantee, and therefore have not recognised a liability. The Council considers the risk of the LGFA 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.

Local Authority Protection Programme Disaster Fund - Up to 30 June 2014, Council was party to an agreement of the Local Authority Protection Programme Disaster Fund. This fund was built up by local authorities to provide mutual self-assurance. In previous years a contingent liability was disclosed in respect of the potential for additional contributions to be called for. From 1 July 2014, Council has withdrawn from the mutual fund, and as such, no contingent liability exists going forward.

Unquantified claims - As disclosed in note 25 of the Annual Report, a provision of \$50,000 (2014: \$100,000) has been recognised for weathertightness claims whereby Council is aware of specific potential future claims. Council may also be exposed to potential future claims that have not yet been lodged, up until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

The Supreme Court decision in October 2012 on a council's liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council is yet to receive any claims as a result of this ruling.

Council is also aware of two further potential claims against Council that have been advised to our insurers (2014: Nil). Council's potential liability in both cases is limited to the insurance excess payable on any successful claim of \$10,000.

Te Aroha wastewater resource consent – under the new resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment plant during 2015, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

There are no contingent liabilities associated with Council's joint venture, Thames Valley Combined Civil Defence Committee (2014: nil).

Event after balance date

Other than the WRAL agreement, there were no further significant events after balance date.

Independent Auditor's Report

Independent Auditor's Report

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

The summary annual report was derived from the annual report of the Matamata Piako District Council (the District Council) for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 23:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 14 October 2015.

Opinion

In our opinion:

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

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.



B H Halford,
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

14 October 2015



Matamata-Piako District Council

PO Box 266, Te Aroha 3342

Phone 0800 746 467

Fax 07 884 8865

Email info@mpdc.govt.nz

www.facebook.com/MatamataPiakoDistrictCouncil

www.mpdc.govt.nz