

**Matters relating to the electronic presentation of the summary audited financial statements, statement of service performance and the other requirements**

This audit report relates to the summary financial statements, statement of service performance and the other requirements of Masterton District Council for the year ended 30 June 2011 included on the Masterton District Council's website. The Council is responsible for the maintenance and integrity of the Masterton District Council's website. We have not been engaged to report on the integrity of the Masterton District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, statement of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, statement of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements, statement of service performance and the other requirements as well as the related audit report dated 16 November 2011 to confirm the information included in the audited summary financial statements, statement of service performance and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

# THE YEAR IN BRIEF

## A Summary of the 2010/2011 Annual Report

Masterton District Council

December 2011



Masterton District Council adopted its Annual Report for the year ended 30 June 2011 on Wednesday 26 October 2011. You can view the full Annual Report on [www.mstn.govt.nz](http://www.mstn.govt.nz) or visit the Council or library to get your own copy.

## MAYOR & CHIEF EXECUTIVE'S REPORT

We are proud to present the Annual Report Summary of the Masterton District Council for the 2010/11 year. In this very busy year a great deal has been achieved through teamwork among Councillors, staff, our contractors, the other local authorities in the Wairarapa and with many local organisations.



We have maintained good progress on the planned infrastructural projects. Although the economic downturn has shown little sign of easing its grip on the local, national or world economies, the Council has continued with our key projects and progressive focus that has provided employment within the district. The Council's financial result again demonstrates our fiscally prudent approach to managing the business of service delivery and project management for our community.

The 2010/11 year has seen the Council's total expenditure increase to over \$50 million – its highest ever level – and largely due to the major capital projects being undertaken. The biggest of these is the urban wastewater treatment plant upgrade being built by Hopper Construction at our Homebush site. The project has been in planning and

consenting stages for over ten years and construction work finally got underway this year, but not without some last minute difficulties which are described later in this summary.

Hopper Construction also made good progress on the Riversdale sewerage scheme and at 30 June 2011 project was on track for commissioning in October. We were pleased that the Riversdale Terraces owners have decided to join the community scheme - this was a good result for them and for all Riversdale property owners.

In other projects we have continued the renewal of sewer and water mains, built stage two of the Castlepoint seawall, upgraded Mawley Park camping ground and opened a new regional recycling facility at the Nursery Road transfer station.

We have continued to look for efficiencies through working more closely with the other Wairarapa Councils and remain open to future structural changes to local governance.

The local body elections in October 2010 saw the retirement of Roddy McKenzie after serving 30 years on the Masterton County and District Councils. His service was recognised with a Queen's Service Medal (QSM) in the Queen's Birthday honours list. We also acknowledged the valuable contributions of Councillors Brent Goodwin and Edwin Perry who were not re-elected.

In October 2010, we welcomed four new councillors around the Council table and they have all enthusiastically grasped the challenge of learning and understanding the many aspects and nuances of local government while contributing fresh ideas to the way the services of the Council can be delivered.

We are proud of the achievements of the Council over the past year. We wish to thank everyone involved in achieving the results for the year.

G E (Garry) Daniell  
*Mayor*

Wes ten Hove  
*Chief Executive Officer*

## HIGHLIGHTS AND ACHIEVEMENTS

The past year has seen the Council continue to deliver a range of services to Masterton's residents as well as make significant progress on a number of major projects. The Council's work programme was based on 'Year 2' of the 2009-19 Long Term Council Community Plan (LTCCP).

### MASTERTON URBAN WASTEWATER UPGRADE

The resource consent for the biggest project that the Council has ever undertaken was gained in 2009 and required a review process. The Council used the review opportunity to evaluate centre pivot irrigation as an alternate land disposal method. That review was completed in September 2010 and the Council confirmed border strips as the preferred land disposal method. In parallel to this work, design and tendering work for the new ponds was proceeding. The Council accepted Hopper Construction's tender for new ponds at an estimated total construction cost of \$23 million.

Work was delayed while a consent was obtained to increase the height of a stopbank and the design for the

base of the pond walls was modified to provide a level of protection against liquefaction in an earthquake. This second aspect has added \$1.6 million to the cost of the project. In January, the Council was advised that the estimates had not included costs for some additional structural, mechanical and electrical work. This correction and the pond wall base design changes resulted in the total cost being revised up to \$30 million and is now subject to legal review.

To 30 June 2011 \$6.3 million of the project had been completed. This is less than the project cost expected in the 2010/11 Plan due to the delayed start. The lower spend also meant less loan funding was required in the year.

### RIVERSDALE BEACH COMMUNITY SEWERAGE SCHEME



Construction work on the Riversdale Beach sewerage scheme progressed well throughout 2010/11. Work began late in 2009/2010 and, at 30 June 2011, the only part of the \$9 million project still to be completed was the oxidation ponds.

The Council spent \$4.03 million constructing the scheme in 2010/11 and received \$1.8 million of the Ministry of Health's Sanitary Works Subsidy Scheme funding and \$3.1 million from ratepayer contributions. The Council was pleased with the good take-up of Riversdale ratepayers paying their capital contributions promptly.

During the year, the property owners of the Riversdale Terraces subdivision agreed to join the community scheme with the outcome of lower costs for all Riversdale Beach ratepayers.

At 30 June 2011, the Council is carrying a debt of \$2.69 million on behalf of the Riversdale Beach Community Sewerage Scheme. This will be repaid by ratepayers who are paying off their contributions and by contributions paid by future joiners to the scheme.

### WATER & SEWERAGE MAINS RENEWED

Residents of a number of Masterton streets would have seen work done on our water and sewerage pipes during 2010 and 2011. Nearly nine kilometres of sewer mains were renewed or relined at a cost of \$3.7 million. Sewer mains were replaced in Durham, Bentley, Devon, Harley, Johnstone, Hope, French, Renall, Essex and Perry Streets,

Kummer Crescent and Stamford Place. Sewers were relined in Ngaumutawa Road and Papawai Place.

During 2010/11 nearly 2.7 kilometres of water mains were renewed at a cost of \$363,700. Water mains were replaced in Kuripuni, King Edward, Jordan, Essex and Michael Streets.

### WAIRARAPA COMBINED DISTRICT PLAN

The Wairarapa Combined District Plan was launched as 'proposed' in 2006 and has since been through a series of consultation stages and consideration of appeals. In May 2011 it was confirmed as 'operative' and the three Wairarapa Councils set up a joint committee to administer the Plan.

Work has continued on the biodiversity strategy and landscape study aspects of the Plan, while a number of Plan amendments have been identified and will be consulted on in 2011/12.

## CASTLEPOINT BEACH SEAWALL – STAGE II

The second stage of the seawall at Castlepoint was completed during 2010/11. Over a number of years the Council has worked with the ratepayers association, directly affected neighbours and the Dept of Conservation to reach agreement on what should be done about erosion issues at the eastern end of the beach. A design was agreed, a resource consent

was eventually obtained and a funding solution was agreed with the ten land owners whose properties receive direct benefit from the seawall. The low seawall was constructed in November 2010. Shaping and planting of the dunes above the wall is being co-ordinated by the Castlepoint Residents and Ratepayers Association.

## ROAD UPGRADES

The Council's roading engineers and the New Zealand Transport Agency (NZTA) have agreed to an increase in the economic life of the road seal component of roads from 13 to 16 years. This change allowed a reduction in the reseal work for the 2010/11 year. The NZTA share of funding is available in 2011/12, while the rates funding has been carried over also. The subsidised road renewal programme of \$3.6m was \$0.68m less than planned.

During the year the Council decided to delay its footpath resurfacing programme, a Central Business District footpath upgrade and replacement of parking meters as we anticipated progress with the Government's high-speed broadband initiative. The Council didn't want to do work on footpath surfaces to potentially then have the footpaths dug up for broadband cables to be laid.

## RECYCLING CENTRE & SOLID WASTE

Masterton has invested \$1.2 million in a new regional recycling centre. The centre was completed and opened in June 2011. The design and layout was developed in partnership with the Council's recycling and solid waste contractor, Earthcare Environmental. All of the Wairarapa's recycling volumes come through the regional facility for sorting, processing and sale to a range of markets.

Waste volumes to landfill from Masterton District continued the downward trend we have seen over the last five years, dropping to below 12,000 tonnes for the year. Meanwhile it is pleasing to note that income from the gate fees at the transfer station met the budget in the last year.

## MAWLEY HOLIDAY PARK UPGRADE

Masterton's Mawley Holiday Park will be providing four-star campground accommodation in the near future, after the Council approved \$1.2 million in 2010/11 to upgrade the facility.

The approval was given based on a business plan for the park to improve the usage and turnover. By 30 June 2011 just over \$0.92m had been spent on the upgrade, with several construction contracts still in progress.



## SUSTAINABILITY INITIATIVES

All Council-delivered water, wastewater and solid waste services have an environmentally sustainable focus that ranks equally with a service delivery/economic focus.

The Council's regulatory functions (administering the Wairarapa Combined District Plan, the Resource Management Act, Building Act and other legislation) are designed to ensure an equitable balance between development, heritage and the environment.

The Council has continued to support the Wairarapa Healthy Homes initiative, which attracted a 60 percent subsidy from the Energy Efficiency Conservation Authority. This scheme provides insulation and other improvements for homes of residents with low incomes and/or high health needs.

A contract to prepare a sustainable development strategy was let during the year. This strategy took a broad approach to sustainability and identified short and long term goals for addressing energy efficiencies, waste reduction and procurement policies.

## COLLABORATION & SHARED SERVICES

The Council has been working with other councils in the Wairarapa and the wider Wellington region on a number of initiatives to achieve efficiencies through collaboration.

The award winning Wairarapa Combined District Plan is reported above. From 1 July 2011, emergency management services will be run as a shared service across the three Wairarapa council districts and all rural fire forces will be under the control of the Wairarapa Rural Fire District.

The Council has done work on a business case for collaboration within the Wairarapa in building control

and other regulatory activities. Other areas where shared services contracts have been implemented include insurance, rating valuations and rates notice printing.

The Masterton District Library has implemented a shared library service with Porirua and Hutt City Councils, Kapiti Coast District Council, the Wellington Institute of Technology (WelTec) and Whitireia Community Polytechnic. This project will give Masterton residents access to extensive resources across all six library services. Residents will be able to borrow and return materials at any of their libraries.

## FINANCIAL RESULT COMMENTARY

The Council is in a sound financial position after achieving a better than planned surplus and having most operational areas come in close to or less than budget. Good progress was made on a number of large infrastructural asset projects.

Operating revenue was \$35.8m (excluding one-off gains) compared to a Plan of \$35.7m.

Operating expenditure was \$31.1m (excluding one-off losses) compared to a Plan of 31.9m.

A surplus of operating revenue over expenditure of \$3.5m was achieved, but after excluding one-off gains and losses the surplus is \$4.7m versus a Plan of \$3.8m.

Capital expenditure was \$19.45m compared to a Plan of \$38.9m.

Areas where variances from Plan have occurred include:

- ◆ Riversdale Beach sewerage capital contributions were \$368,000 (13.6%) more income as more ratepayers took advantage of early payment options
- ◆ Riversdale Beach sewerage Government subsidy \$305,000 more income due to a timing variance
- ◆ interest income \$302,000 more than planned generated by having more funds than planned on deposit earning interest
- ◆ roading subsidy income from NZTA \$892,000 less than planned as a result of a proportion of road maintenance and renewal work being deferred
- ◆ depreciation expense was \$523,000 (6.1%) more than planned due to an anticipated reduction in depreciation (linked to extended roading asset lives) not occurring
- ◆ some road maintenance has been deferred, as were footpath renewals, the airport runway reseal and parking meter replacements

- ◆ grants of \$222,000 were not given as planned, including \$150,000 to the All Weather Track Trust and \$50,000 to the Wairarapa Community Centre
- ◆ interest costs were \$353,000 (19.4%) less than planned as a result of later and lower drawing of loan funding for major capital projects
- ◆ a net \$400,000 (2.6%) of savings have been made against other operating expenditure items, including expenditure in some areas higher than planned
- ◆ urban wastewater upgrade project capital expenditure is \$6.3m against a plan of \$19.8m as the project start was delayed by the Council's further consideration of disposal options.

The Statement of Financial Position at 30 June 2011 shows a higher level of cash and financial assets (\$18.1m) than both the prior year (29%) and the level planned (107%). This is due to funding for roading and other projects being carried forward and loan funding drawn down in anticipation of payments due in July.

Creditors at 30 June 2011 of \$7.6m are \$2.2m more than the prior year and \$2.7m more than planned – reflecting the high value capital projects underway at year end. Loans (financial liabilities) of \$26.8m are less than the planned \$43.0m due to the urban wastewater upgrade project not being as far advanced as expected.

A revaluation of infrastructural assets has been done as at 30 June 2011 and resulted in a \$65.5m increase in the assets' depreciated replacement value (DRV), a 12.5 percent increase. This is also reflected via an increase in equity. Also part of equity, the special funds and restricted reserves have finished the year at \$18.2m, some 45 percent more than the \$12.5m planned. This result reflects less drawing on those funds for asset renewal and other projects, and more funding carried forward to be used in future years.



## SUMMARY FINANCIAL REPORT

### Introduction

The Council's overall financial result for the 2010/11 year was a \$3.46 million surplus of income over expenditure, which was close to the planned position of \$3.86 million. One-off capital funding for the Riversdale Beach sewerage scheme is the main reason for the large surplus. Rates and other revenue of \$31.5 million was very close to plan. Operating expenditure of \$20.6 million was 4.3% less than plan. A revaluation of the Council's infrastructural assets has been included, resulting in an increase of \$65.5 million. Rates income has been applied to the Council activities and shown on the right on a 'cost per resident' basis. This net cost has risen 10.5% from the prior year, largely because of increased urban wastewater interest costs.

### Financial Performance

The Statement below summarises the financial performance of the Council for the last two financial years and against the plan. It shows revenue from rates being close to the amount planned and other operating revenue 1% more than planned. Within this figure, roading subsidies were less due to lower spending on roading projects, with some held over to 2011/12. In other operating areas income was more than planned, interest earned on funds invested was more and a gain was made on forestry asset revaluation.

### What it cost to run the district

TABLE 1 shows the rates cost per resident for Council activities.

TABLE 1		
Net Rates cost per resident		
Group of activities	2010/11 Actual	2009/10 Actual
Roads/transport	\$240	\$220
Water services	\$104	\$95
Waste services	\$215	\$170
Community facilities	\$153	\$145
Community services	\$112	\$110
Planning & Regulatory	\$61	\$63
Governance	\$22	\$19
	<b>\$907</b>	<b>\$821</b>

Operating expenditure (excluding depreciation & finance costs) was \$0.94m (4.3%) less than planned. This is made up of a number of under and over plan items. Please see the full Annual Report (Note 31) and each of the activity cost of service statements for more detail on operating expenditure variances from Plan.

SUMMARY STATEMENT OF COMPREHENSIVE INCOME					
for the year ended 30 June 2011		NZ\$ 000s	Actual 2010/11	Plan 2010/11	Last Year 2009/10
Rates revenue			19,715	19,851	18,203
Other operating revenue			11,788	11,674	10,858
Capital rates & subsidy - Riversdale Beach sewerage			4,874	4,202	-
<b>Total operating revenue</b>			<b>36,377</b>	<b>35,727</b>	<b>29,061</b>
Operating expenditure			20,594	21,530	19,239
Finance costs			1,464	1,817	992
Depreciation & amortisation			9,039	8,516	9,009
Other losses (including valuation changes)			1,822	-	773
<b>Total operating expenditure</b>			<b>32,919</b>	<b>31,863</b>	<b>30,013</b>
<b>Net surplus/(deficit) before taxation</b>			<b>3,458</b>	<b>3,864</b>	<b>(952)</b>
Provision for taxation			-	-	-
<b>Net surplus/(deficit) after taxation</b>			<b>3,458</b>	<b>3,864</b>	<b>(952)</b>
Other Comprehensive Income Items					
Asset value changes and write offs on disposal			68,308	29,443	(425)
<b>Total Comprehensive Income</b>			<b>\$ 71,766</b>	<b>\$ 33,307</b>	<b>(\$ 1,377)</b>

SUMMARY STATEMENT OF CHANGES IN EQUITY						
for the year ended 30 June 2011	NZ\$ 000s	Special Funds & Reserves	Ratepayer's Equity	Total 2010/11	Plan 2010/11	Last Year 2009/10
Equity at the beginning of the year	161,753	15,747	420,232	597,732	600,221	599,109
Total Comprehensive Income	65,526		6,240	71,766	33,307	(1,377)
Movements within Equity	(504)	2,474	(1,970)	-		
<b>Equity at the end of the year</b>	<b>226,775</b>	<b>18,221</b>	<b>424,502</b>	<b>669,498</b>	<b>633,528</b>	<b>597,732</b>

## FINANCIAL POSITION

The following table provides a summary of the Council's financial position (that is what is owned and what is owed) at the end of the financial year. Current assets have grown by \$2.7 million since June 2010, largely through having more financial assets and more receivables at 30 June 2011. Non-current infrastructural assets were revalued as at 30 June 2011 resulting in a \$65.5m increase, while the Plan had only anticipated a \$29.4m increase. Current liabilities are higher than last year and plan due to several large projects being in progress at 30 June 2011. Non-current liabilities are not as high as planned due to the wastewater project starting later than expected.

SUMMARY STATEMENT OF FINANCIAL POSITION			
	NZ\$ 000s	Actual	Plan
		30 June 2011	30 June 2011
Current assets		12,310	7,064
Non-current assets		694,429	675,879
<b>Total assets</b>		<b>706,739</b>	<b>682,943</b>
Current liabilities		9,370	7,720
Non-current liabilities		27,871	41,695
<b>Total liabilities</b>		<b>37,241</b>	<b>49,415</b>
<b>Net assets/Ratepayers' equity</b>		<b>669,498</b>	<b>633,528</b>
			<b>Last Year</b>
			30 June 2010
			9,587
			613,713
			<b>623,300</b>
			7,077
			18,491
			<b>25,568</b>
			<b>597,732</b>

## CASH FLOWS

The following table summarises how Council generated and used cash during the respective financial years. The figures show an increase in cash surplus generated from operating activities due to Riversdale Beach sewerage.

SUMMARY STATEMENT OF CASH FLOWS			
for the year ended 30 June 2011	NZ\$ 000s	Actual	Plan
		2010/11	2010/11
Net cash flow from operating activities		13,977	12,758
Net cash flow from investing activities		(22,506)	(37,667)
Net cash flow from financing activities		8,540	25,056
<b>Net increase/(decrease) in cash</b>		<b>11</b>	<b>147</b>
			<b>Last Year</b>
			2009/10
			8,598
			(11,794)
			<b>3,189</b>
			<b>(7)</b>

Lower than planned investing (capital expenditure) is matched by lower than planned funding from financing activities (loans).

## CAPITAL EXPENDITURE

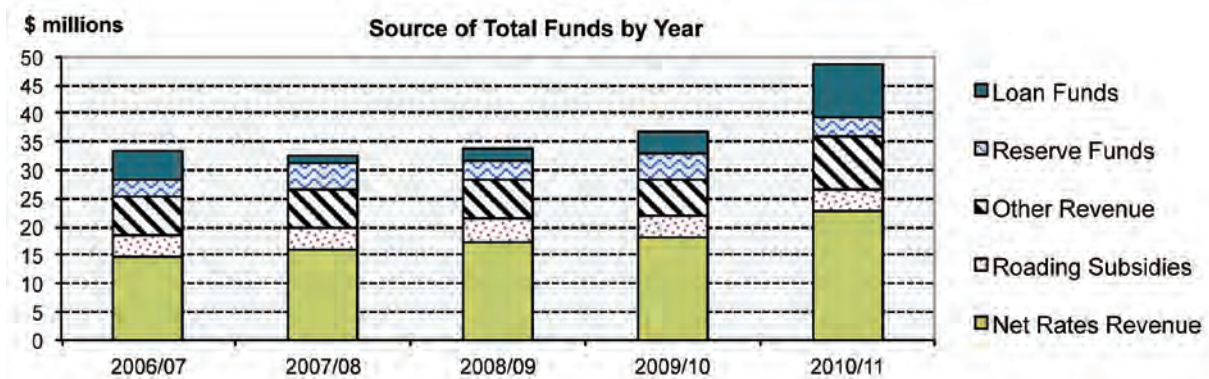
The table below shows a capital expenditure total of \$19.4 million (2009/10 \$11.3m)

Capital Expenditure				
for the year ended 30 June 2011	NZ\$ 000s	Actual	Plan	Last Year
		2010/11	2010/11	2009/10
Roading renewals programme		2,963	4,244	3,407
Other roading & footpaths		98	243	292
CBD footpaths & parking meters		-	631	-
Urban water supply renewals		856	2,119	892
Urban waste water treatment & disposal upgrade		6,285	19,820	975
Urban sewerage network renewals		1,413	1,865	2,320
Urban stormwater upgrades		126	330	-
Riversdale sewerage scheme		4,086	5,020	1,800
Solid waste management projects		1,351	1,080	16
Parks & Reserves upgrades		360	585	323
District Building and Town Hall stage upgrades		79	383	19
Airport upgrades & renewals		126	390	146
Other property		1,163	1,751	245
Library books & other capital		183	188	178
Vested assets from subdivisions		-	-	330
Other assets		360	293	325
<b>Total</b>		<b>19,449</b>	<b>38,942</b>	<b>11,268</b>

Note: explanation of variances against Plan can be found on page 115 of the Annual Report.

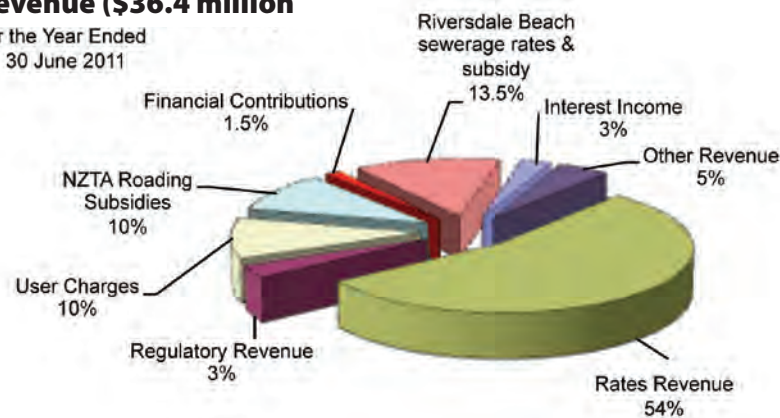
## SOURCES OF FUNDING

The graph below illustrates the sources of funds that have been used to pay for Council services and assets. Points to note are: the gradual increase in rates revenue, the 2010/11 rates revenue includes \$3m of Riversdale Beach sewerage capital contributions, Other Revenue in 2010/11 also includes a Riversdale Beach sewerage subsidy amount of \$1.8m, and reserve funds are regularly drawn on largely to fund renewal expenditure on water and sewerage assets.



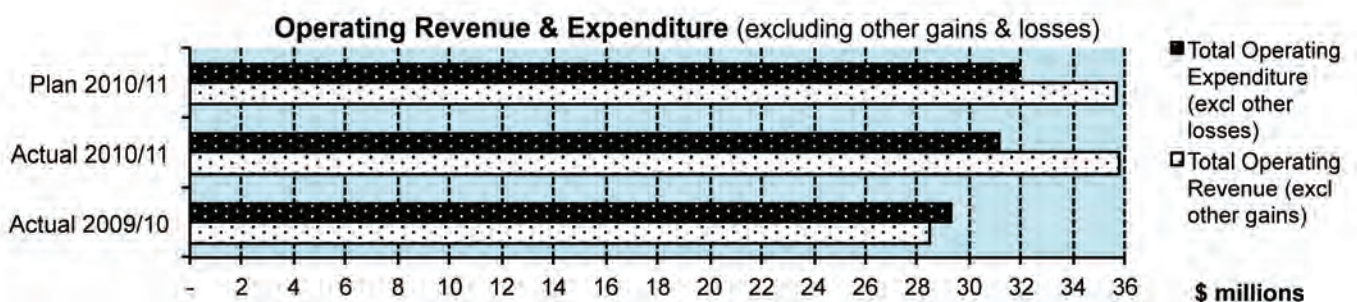
### Total Operating Revenue (\$36.4 million)

for the Year Ended  
30 June 2011



## OPERATING REVENUE & EXPENDITURE

The graph below illustrates the total operating revenue and expenditure for 2010/11 and the degree to which they vary from the plan and from the prior year. Operating Revenue was close to Plan, operating expenditure (including depreciation) was 2.4% less than planned.



## STATEMENTS OF SERVICE PERFORMANCE SUMMARY

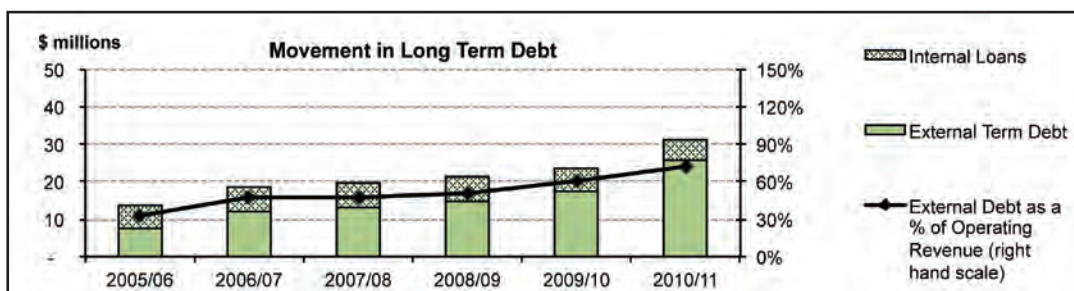
### SERVICE PERFORMANCE : NON-FINANCIAL TARGETS

Group of Activities	Achieved	Part Achieved	Not Achieved	Not Measured
Transport	12	1	6	0
Waste Services	14	1	3	3
Water Services	8	1	0	1
Community Services	15	0	4	1
Community Facilities	18	2	4	2
Regulatory Services	32	0	5	0
Governance & Corporate	8	0	2	0

## LONG TERM DEBT

The graph below shows the change in the composition of the Council's long term debt over the last six years. The debt is being repaid, generally over 25 years and interest rate risk is managed with swaps from floating to fixed rates. \$9.6m of new external borrowing was needed in 2010/11.

Debt is used to fund long term assets. The Council policy maximum is for debt not to exceed 150% of operating revenue.



## NOTES

This is a summary of Masterton District Council's activities for the year 1 July 2010 to 30 June 2011. The information has been extracted from our Annual Report 2010/11, which was authorised for issue by the Mayor, Chief Executive and Manager Finance on 26 October 2011. This Summary was authorised for issue by the Chief Executive on 16th November 2011. It has been prepared in accordance with FRS-43: Summary Financial Statements. The Annual Report contains detailed information about our finances and service performance. Audit NZ has audited the full financial statements and issued an unmodified report. This Summary has been examined by Audit NZ for consistency with the Annual Report. Masterton District Council is a public benefit

entity for financial reporting purposes. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with New Zealand equivalents to IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The summary financial report cannot be expected to provide as complete an understanding as provided by the full Report. A copy of the full Annual Report can be obtained from the Council's offices, 64 Chapel Street, Masterton or from the Council's website [www.mstn.govt.nz](http://www.mstn.govt.nz) or by phoning 06 370 6300 to request a copy be mailed to you.

## INDEPENDENT AUDITOR'S REPORT

To the readers of the Masterton District Council's summary of the annual report (the summary) as set out on pages 4 to 8, which was derived from the audited statements in the annual report of the Masterton District Council (the District Council) for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 26th October 2011.

The summary comprises:

- ◆ the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and other explanatory information; and
- ◆ the summary of the District Council's statements of service performance and summaries of other information contained in its annual report.

### OPINION

In our opinion the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

### BASIS OF OPINION

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand)

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 26th October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the 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 in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary based on the procedures required by the Auditor-General's auditing standards and the International Standards on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

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

Leon Pieterse, Audit New Zealand

On behalf of the Auditor-General, Auckland, New Zealand

16th November 2011