



Contents

- 1 From the Mayor and Chief Executive
- 3 End of year financial performance
- 5 Explanatory notes to the summary financial statements
- 9 Service performance
- 10 Statement of comprehensive revenue and expense
- 11 Statement of financial position
- 12 Statement of changes in equity
- 12 Statement of cashflows
- 13 Other disclosures
- 16 Independent Auditors Report

About the Summary Annual Report

The full Annual Report provides information about our performance during the 2019/20 financial year. This document is a summary of that report intended to quickly provide an overview of the full report. If you wish to know more, then the full Annual Report is available on the Council's web site at:

www.hurunui.govt.nz



Summary Annual Report 2019-2020

From the Mayor and Chief Executive Officer

This Annual Report looks back on the second year of our 2018/28 Long Term Plan, which was specifically covered by the 2019/20 Annual Plan.

Our focus over this past year began with building stability and a strong base for the community to drive innovation and growth in the district, while we continued to recover from the November 2016 earthquake. This growth included the completion of the Summer '19 project for the Hanmer Springs Thermal Pools and Spa and the performance during that key

summer period had predictions that it would be a record year in both patronage and profitability, all of which benefits the entire Hurunui District.

All that changed in March 2020, when the world was gripped by the unprecedented events arising from the COVID-19 pandemic. The Hurunui District was not immune with the country placed into lockdown for an extended period from the end of March. This had an immediate effect on the performance of the Hanmer

Springs Thermal Pools and Spa, with the decision to close its operations from 22 March 2020. The Pools did not re-open until 25 May and even then, it was open with severe restrictions until the country went back in Alert Level 1 on 9 June 2020.

During that period of closure, the Council was required to complete its budgeting process for the 2020/21 year and with a very high degree of uncertainty about the future profitability of the Pools and Spa and its importance to the Hurunui District, the Council was

required to make a number of difficult decisions to ensure the increase on the rates for the year could be minimised.

The effects of the reduced revenue from the Hanmer Springs Thermal Pools and Spa will continue to permeate throughout the Annual Report for the 2019/20 year.

Financial Performance:

Our financial performance at the end of the year is summarised below (in rounded figures):

- Total income (rates, subsidies, Hanmer Springs thermal pools and spa revenue, development contributions and fees) = \$45.0 million. This was \$5.0 million down on our budget prediction.
- Total operating expenditure (staffing, wages and operating costs, depreciation and overheads) = \$46.1 million, which was down by \$2.5 million on the budget prediction
- Total capital expenditure (infrastructure projects mainly) = \$18.8 million. While there is a number of compensating variances between capital projects, the \$18.8 million matches the budget allowed for in the Annual Plan for the 2019/20 year, showing that the Council is delivering much of the capital programme it set out to achieve at the start of the year.

Water, Sewerage and Stormwater

Council has not changed its focus on service delivery to improve the reliability and quality of our drinking water supplies to comply with New Zealand drinking water standards.

There has been a level of catch up on projects that were previously allowed for and carried forward into the 2019/20 year and as such, we have made significant investments in upgrades across the water, sewerage and stormwater

networks. Upgrade work on drinking water supplies has been completed and the majority of the wastewater disposal project in Hanmer Springs had been completed by year end.

Ever increasing regulatory standards continue to impact on our service delivery, but our aim continues to be the provision of sustainable drinking water, wastewater and storm water systems that meet the current and future needs of the district.

Roads and Footpaths

The renewal and maintenance of our district's roading network continues to be an important focus of our work programme. There is still work to be undertaken on the bridging network as a result of the earthquakes and this work is expected to be completed during the 2020/21 year.

Public Services

Public services cover a range of areas such as waste and recycling, libraries, tourism, property, reserves, parks and civil defence. Delivery of the plans for the majority of these areas have continued as usual.

During the year, the Council sold the Doctor's House in Cheviot, relieving a large level of debt for the Cheviot Rating Area relating to the Cheviot Medical Centre. The Council also sold the Ashworths Forestry Block releasing funds to manage external debt. It also was anticipated that the Amberley Swimming Pool would be constructed during the year, however, the decision was made to defer the construction by one year to stabilise the Council's debt in the uncertain times post the COVID-19 lockdown period. This has allowed for detailed plans to be completed in anticipation of construction beginning as soon as practicable after 1 July 2021.

Regulatory Services

The Regulatory Services branch of the Council has been particularly busy this past year with continued increase in workflows for both the building and planning areas.

During the year, 493 building consents were processed by the building department and 70 land use consents and 35 subdivision consent were processed by the planning department.

Hanmer Springs Thermal Pools and Spa

As discussed earlier, the completion of the Summer '19 project provided new attraction and experiences for the visitors to the Hanmer Springs Thermal Pools and Spa. Patronage and profitability were very strong for the period to February but the effects of the COVID-19 lockdown put a severe dent on the forecasts.

Conclusion

Despite the challenges that COVID-19 has presented, the Council has continued to make progress particularly on completing its capital programme. With a range of funding provided from Central Government to stimulate the economy after the COVID-19 period and coupled with the strong financial performance experienced by the Hanmer Springs Thermal Pools and Spa for the first three months of the new year, we are confident that the Hurunui community will continue to pull out of the period in a strong position as it leads into the next phase with the preparation of the 2021-31 Long Term Plan.

We are delighted with the level of service that our council has been able to deliver during the extended period of lockdown. We believe we read the situation well and with a considered team effort have achieved a positive outcome for the district.

We would like to thank you for your ongoing support during this year, and your high level of engagement, as we continue to strive towards finding the balance between keeping rates affordable and enabling our district to grow and prosper. To all our residents, elected members and staff, thanks for your contribution to our thriving district. We are privileged to be able to lead Hurunui's future by listening to our community and empowering good decisions for the long term benefit for all.

Mani H. Black.

Mayor



Chief Executive Officer

End of year financial performance

Financial type	Total	Notes
Operating revenue	\$45.0 million	<ul style="list-style-type: none"> • Subsidies and Grants are lower than budget due to the level of Rooding work relating to the Earthquake was not as high as budgeted and the financial assistance from NZTA was lower as a result. The was offset by further grants received for projects arising from the Earthquake. • With the restrictions placed as a result of the various Alert Level associated with COVID-19, the revenue derived from the Hanmer Springs Thermal Pools and Spa has been affected. • Other revenue is greater than the level budgeted for due to a higher level of assets vested in Council during the year.
Operating expenditure	\$46.1 million	<ul style="list-style-type: none"> • Other expenses are lower than was budgeted for due to the level of Rooding expenditure, particularly in relation to the Earthquake Recovery, was lower than was allowed for. • The Finance Expenses are lower than was budgeted for due to the significant decrease in the interest rate market. • Depreciation, Amortisation and Loss on Disposals are higher than budget due to the revaluation undertaken for the Rooding Network in 2019 has resulted a higher level of depreciation to be charged. In addition, there was \$357,000 of water assets disposed during the year.
Net deficit after tax	\$1.1 million	The deficit recorded was lower than the budgeted surplus of \$1.5 million due to the factors outlined above.
Comprehensive revenue and expense	\$8.0 million	<ul style="list-style-type: none"> • Included in the Comprehensive revenue is: <ul style="list-style-type: none"> • Land and Building were revalued as at 30 June 2020, which resulted in an increase in the value of \$6.4 million, which was not budgeted for. • A re-assessment of the Impairment of the Council Assets has resulted in a \$2.8 million increase in value from last year.
Capital expenditure	\$17.8 million	Capital expenditure is \$1 million down on budget due to the deferment of some key projects.
Council owned assets	\$480.4 million	<ul style="list-style-type: none"> • Included in Council owned assets as at 30 June 2020 was: <ul style="list-style-type: none"> • Land, Buildings, Plant, Equipment, Library Books and the Hanmer Springs Thermal Pools and Spa assets totalling \$118.4 million. • Rooding network assets valued at \$260.5 million • Water Assets of \$58.8 million • Sewer Assets of \$24.6 million • Drainage Assets of \$8.4 million
Debt	\$40 million	• The 2019/20 Annual Plan predicted that total debt would be \$39 million as at 30 June 2020.

Council activities summary for the year to 30 June 2020

Activity	2019/20 Actual operating deficit/surplus	2019/20 Budget operating deficit/surplus	Key variances from budget
Water supplies	\$792,583 deficit	\$288,723 deficit	<ul style="list-style-type: none"> Overall, Other Income is higher than budget due to the higher level of connection fees for Ashley Water Supply than was anticipated. Development Contributions are down on the allowed budget as the level of development was lower than was anticipated for the year. Vested Asset Income is up on budget as a result of the recognition of assets vested in the Council in Hanmer Springs. Employment costs directly attributable to Water Supplies were higher than was budgeted due to a higher level of staff time allocated to Water, both in maintenance and renewals. Other direct expenditure is higher than was budgeted for due to a range of maintenance and materials applied to Water were at a higher level than was allowed for in the budget. In addition, an increased level of compliance testing was imposed during the year. Loss on Disposal of Assets was \$357,330 for the year – an item that cannot be budgeted for.
Sewerage	\$1,352,609 surplus	\$2,466,103 surplus	<ul style="list-style-type: none"> Other Income is down on budget as Council has budgeted to receive \$2,250,000 in Tourism Infrastructure Funding for assistance in the completion of the Hanmer Springs Disposal Project. For the 2019/2020 year, only \$1,059,296 of the funding was claimed with the balance to be received upon completion of the project. The level of Vested Assets is \$117,004 higher than was allowed for in the budget as a result of the recognition of assets vested in the Council in Cheviot and Hanmer Springs. Other direct expenditure is higher than was budgeted for due to a range large scale maintenance works being carried out during the year.
Stormwater and drainage	\$734,916 surplus	\$194,131 surplus	<ul style="list-style-type: none"> Vested Assets are significantly higher than was allowed for in the budget due to stormwater assets for a major subdivision in Hanmer Springs being passed over the Council ownership during the year. Employment Costs are lower than was budgeted for due to the lower level of maintenance work required.
Roads and footpaths	\$1,128,887 deficit	\$463,013 surplus	<ul style="list-style-type: none"> As the level of expenditure (both operational and capital) is lower than was budgeted for, the level of subsidies received has reduced. No vested assets have been recognised in 2019/2020, whereas the budget is \$337,293. Operational and Capital Expenditure are lower than was budgeted for, with some projects to be carried over to the 2020/21 year.
Public services	\$2,149,161 deficit	\$2,470,299 deficit	<ul style="list-style-type: none"> Employment Costs, particularly associated with District Reserves, are lower than was budgeted for due to costs being allocated elsewhere in the organisation. The level of Other Operating Expenditure is lower than budgeted due to a range of reserve projects not progressing as anticipated.

Activity	2019/20 Actual operating deficit/surplus	2019/20 Budget operating deficit/surplus	Key variances from budget
Regulatory	\$254,527 surplus	\$209,232 deficit	<ul style="list-style-type: none"> Other income is higher than was budgeted due to the level of Building Control income being higher than was anticipated. Employment Costs were lower than as budgeted for as the number of employees have been lower than was anticipated. Other Direct Expenditure is lower than budget due to the level of external costs incurred for Building and Animal Control were less than was expected.
Hanmer Springs Thermal Pools and Spa	\$968,487 surplus	\$2,698,218 surplus	<ul style="list-style-type: none"> The effects of the Alert Levels 3 and 4 for the COVID-19 pandemic had meant that the complex was unable to trade during those periods of lockdown.
Corporate and governance	\$189,106 surplus	\$45,983 deficit	<ul style="list-style-type: none"> Rates associated with Governance and Corporate Services was \$223,391 greater than budget. This was due to Rate Penalties of \$135,000 offsetting the rates for the year. Internal Interest Received and Paid varies from budget due to the level of Internal Debt being dependent on the timing of the Capital Programme. Employment Costs were greater than budgeted. This was the result of the organisation re-structure undertaken during the year. Other Direct Expenditure was lower than budget which was principally due to the lower external interest paid during the year, which was due to the lower interest rate market prevalent in the economy.
Earthquake recovery	\$320,004 deficit	\$424,826 deficit	<ul style="list-style-type: none"> The anticipated level of roading expenditure was not incurred and as a result, the level of financial support from NZTA was not received. The specific costs incurred in respect to the COVID-19 response has also been allowed for in this activity for the year.

Explanatory notes to the summary financial statements

The summary financial statements:

- Are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).
- Were approved for issue by the Hurunui District Council on 17 December 2020. The specific disclosures included in the summary financial statements have been extracted from the full Annual Report.
- Cannot be expected to provide as complete an understanding as provided by the full Annual Report.
- In compliance with Financial Reporting Standard No 43 - Summary Financial Statements.

The full Annual Report was:

- Approved for issue on 17 December 2020. Section 98 of the Local Government Act 2002 requires that Council adopt its annual report within four months after the end of the financial year. For the 2020 year, the statutory deadline has been extended by two months.
- Has been audited and the auditors have provided an opinion with an emphasis of matter with respect to the impacts of COVID-19.

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

The Hurunui District Council is a public benefit entity.

Contingent Assets

As at 30 June 2020, the Council had no outstanding contingent assets. (2019: \$Nil).

Contingent assets related to earthquake recovery

As a result of the earthquake on 14 November 2016, the Council has contingent assets in the form of funding avenues to assist in meeting the cost of damage caused by the earthquake.

The Council has a contingent asset for subsidies from central government relating to the

restoration of infrastructural assets in the District. The Government policy is to subsidise 60% of the recovery costs incurred by Council. The Council is still determining the extent of the damage to the underground water and sewer reticulation, so is not in a position to accurately assess the amount of this contingent asset.

Contingent Liabilities

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. LGFA has a current credit rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2020, the Council is one of the participating authorities of the LGFA. In that regard, it has uncalled capital of \$1.0 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2020, the LGFA had borrowings totalling \$11.907 billion (2019: \$9.840 billion).

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

- It is 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.

RiskPool

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the Fund year. The Council has been asked to make calls in the past for Fund years as a result of deficits incurred due to the "leaky building" issue. No call has been made by the Board of New Zealand Mutual Liability RiskPool for the 2020/2021 year (2019/2020: \$16,410.66). There may be further calls on any shortfalls on the mutual pool's funds in the future, but the full extent of these calls have yet to be ascertained.

The Council has assessed that the potential liability to Council arises from these claims is minimal.

Impairment of Buildings

Council has started a process of reviewing all of its buildings for earthquake strengths. Currently the Council's policy is to ensure that buildings are at least 67% of New Building Standard (NBS), however, central government is in the process of reviewing this standard nationally. The Council has identified some buildings that are less than 33% NBS, which is the level that the current valuation for buildings has been assumed.

Council has had some indicative costings on certain buildings to bring them up to the new standard of 67% NBS, however, there is not enough reliability to determine what level of costs would be required to match the level that the buildings were previously valued at and as a result, no specific impairment assessment has been allowed for in this Annual Report.

Impact of earthquake

The District suffered a 7.8 magnitude earthquake on 14 November 2016, which resulted in damage to the Council's infrastructural assets and some buildings.

Waiau Township, Waiau Rural, Hurunui #1 and Cheviot Water Supplies sustained damage as did approximately 10% of the roading network of the District. An assessment of the impairment to these assets has been made in each subsequent annual report.

All expenditure incurred to date relating to the response, recovery and repairs to the infrastructural and community assets and any revenue (including insurance) received to offset those costs have been disclosed in the Group Activity - Earthquake Recovery table on page 28 of the Annual Report.

COVID-19

On 31 December 2019 China alerted the World Health Organisation to the outbreak of a virus, now commonly referred to as COVID-19, with the outbreak declared a pandemic on 11 March 2020. The New Zealand Government declared a State of National Emergency on 25 March 2020. The next day the country was put into Alert Level 4 and effectively lockdown. On 28 April 2020, the Alert Level was reduced to Level 3, and then further reduced to Level 2 on 14 May 2020.

The country moved to Level 1 on 9 June 2020.

During Level 4 and Level 3 around 90% of our staff were able to work from home in business as usual mode, while other staff focused on the COVID-19 response and training. During Level 2, most of our business activity resumed with the required health and safety protocols in place and our staff began returning to their usual place of work. Level 1 predominantly saw a return to pre COVID-19 activity.

The key effect of the lockdown in Alert Levels 3 and 4 has been the closure of the Hanmer Springs Thermal Pools and Spa, resulting in revenue for this business unit being impacted. When the Country entered Alert Level 2, the Hanmer Springs Thermal Pools and Spa were able to re-open but with restricted numbers to ensure appropriate social distancing could be achieved. The move to Alert Level 1 allowed the Hanmer Springs Thermal Pools and Spa to open with no restrictions, however the closures of borders and restrictions to international travel has meant that the visitation from patrons from overseas will not occur for a significant period of time. In addition, increased competition is expected for the domestic market from those destinations that have traditionally catered for the international market.

On the basis of the severely reduced revenue for the period from 22 March to 9 June 2020, the Hanmer Springs Thermal Pools and Spa applied for the Wage Subsidy scheme. The business unit received a total of \$685,893.60 in the Wage Subsidy and a further \$298,556.80 in the Wage Subsidy Extension. The Council is in discussions with the Ministry of Social Development to

confirm the balance of the subsidy claim and as a result, the full amount has been recognised as a liability.

The loss of expected revenue from the Hanmer Springs Thermal Pools and Spa has a significant effect on the revenue for the Hurunui District Council as a portion of the surpluses recorded from the complex is actively used to offset the rates.

With the forecast of reduced surpluses from the Hanmer Springs Thermal Pools and Spa affecting the 2020/21 year, Staff and Council worked to identify savings for the 2020/21 Annual Plan. The Long Term Plan had predicted that the average rates increase for 2020/21 would be 5.0%. After a shorter engagement period, the Council confirmed an overall rates increase of 3.74%.

The lockdown and potential future impacts of COVID-19 may negatively impact residents' ability to pay rates. This could lead to a short term cashflow impact and increased rates arrears. Council approved a Rate Deferment Policy which allowed ratepayers to spread the cost of rates for the fourth instalment for 2019/20 and the first instalment for 2020/21 over the remainder of the rating year, with no penalty.

Council incurred some additional civil defence costs in response to providing emergency accommodation and other welfare costs. The Council incurred a total of \$171,000 in response to the emergency. This includes staff time associated with the Emergency Operations Centre and welfare costs. A claim for these civil defence costs directly associated with COVID-19 of

\$50,000 has been filed and subsequently paid by Central Government. The unclaimable portion of costs totalling \$121,000 is an additional cost to the Council.

Council undertook a revaluation of its Land and Buildings as at 30 June 2020 in line with its policy to revalue each class of asset on a three yearly basis. This valuation was carried out by QV Limited (Registered Valuers). The basis of valuation is fair value with reference to highest and best use. QV Limited had reported in their report "due to a lack of current market evidence, there is significant valuation uncertainty. As New Zealand has moved down the Covid-19 Alert Levels more sales evidence has become available however evidence remains limited. As this is a relatively recent event and due to the comparatively low levels of property sales turning over compared to normal, it has made the drawing of market movement conclusions challenging. As more market evidence becomes available, the changes in the market due to the Covid-19 influence will become more apparent. Given the information we have available to date and the ongoing uncertainty, we have adopted our Fair Value assessments towards the lower end of the market value ranges as indicated by comparable sales evidence. We consider this position to be appropriate in light of the current climate."

There has been an impact on the Council's achievement of its performance targets during the year. The impact on the performance targets are explained in the relevant activity sections of the full annual report.

Events after balance date

COVID-19 Second Wave

On the 11 August 2020 4 new cases of COVID-19 were identified in South Auckland. From midday on 12 August 2020 Auckland went into a Level 3 lockdown and the rest of New Zealand including the Hurunui District went into a Level 2 lockdown, which required the Hanmer Springs Thermal Pools and Spa to restrict numbers visiting the complex to ensure appropriate social distancing. This may have an effect on the revenue projections for the complex for the period until the country (except for Auckland) returned to Alert Level 1 on 21 September 2020.

Three Waters Reform

In July 2020, the Government announced a \$761 million funding package to provide post COVID-19 stimulus to maintain and improve three waters infrastructure and support a three-year programme of reform of local government water service delivery arrangements. The Hurunui District Council resolved to sign to the Memorandum of

Understanding and Funding Agreement on 27 August 2020, which was duly executed by the Mayor and Chief Executive Officer on 28 August 2020. The agreement will provide the Hurunui District Council with \$7.5 million of funding towards improvement works on the three waters infrastructure.

Provincial Growth Fund

In March 2020, Council signed a Funding Agreement with the Provincial Development Unit of the Ministry of Business, Innovation and Employment for the Hanmer Springs Tourism Package. The package provides for funding of \$1.1 million of which the Council has met the milestones for the receipt of \$360,000. The remainder of the funding relates to Tourism Projects in Hanmer Springs including a Fly Ride operation and feasibility studies on the Chisholm Spa proposal.

Tourism Infrastructure Fund

In August 2020, Council signed a Funding Agreement with the Tourism Infrastructure Fund Panel

of the Ministry of Business, Innovation and Business for the Installation of five toilets in the Hurunui District Council. The funding of \$935,808 is to be received for installation of public toilets in Hanmer Springs, Hurunui River and Waipara.

Shovel Ready Projects

Council has entered into Funding Agreements with the Ministry of Business, Innovation and Business for two key "Shovel Ready" projects. The first being funding for \$2.0 million from the COVID-19 Response and Recovery Fund to assist in the development of the Fly Ride project in Hanmer Springs. The second from the funding package for immediate worker redeployment for the renovation of town halls, war memorials, Marae and Pasifika churches. Council has secured funding of \$935,175 for work on council owned buildings in Culverden, Scargill, Waiau and Hanmer Springs.

(2019: No significant post balance date events).

Overall service performance for the year to June 30 2020

In the Council's Long Term Plan for 2018-2028, there are 60 non-financial performance measures in place to gauge the service performance of the Council's seven groups of activities. The full analysis of the performance is included on pages 120 to 141 of the full Annual Report. The summary is as follows:

Activity	Targets achieved	Targets not achieved	Targets almost achieved	Not measured	Total targets
Water Supplies	6	7	0	2	15
Sewerage	6	3	2	0	11
Stormwater and Drainage	7	1	0	0	8
Roading and footpaths	1	5	0	0	6
Public Services	3	5	0	2	10
Regulatory Services	2	4	0	1	7
Hanmer Springs Thermal Pools & Spa	0	3	0	0	3
Total - 2019/20	25	28	2	5	60

The summary of results for the 60 performance measures for the 2018/2019 year was as follows:

Activity	Targets achieved	Targets not achieved	Targets almost achieved	Not measured	Total targets
Water Supplies	5	8	0	2	15
Sewerage	7	2	2	0	11
Stormwater and Drainage	7	1	0	0	8
Roading and footpaths	2	4	0	0	6
Public Services	7	0	1	2	10
Regulatory Services	3	2	2	0	7
Hanmer Springs Thermal Pools & Spa	1	2	0	0	3
Total - 2018/19	32	19	5	4	60

Statement of comprehensive revenue and expense for the year ended 30 June 2020

	Group		Council		
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Budget 2020 \$000's	Actual 2019 \$000's
Revenue					
Rates, excluding targeted water supply rates	19,791	18,619	19,791	19,649	18,619
Targeted rates for water supply	744	708	744	749	708
Subsidies and grants	6,780	9,740	6,780	8,102	9,740
Development and financial contributions	402	357	402	620	357
Fees and charges, excluding those for water supplies	14,299	15,050	14,299	19,192	15,050
Fees and charges for water supplies	425	391	425	181	391
Interest revenue	38	172	38	0	172
Other revenue	2,522	1,992	2,522	1,497	1,992
	45,001	47,030	45,001	49,991	47,030
Less Expenditure					
Employee Benefits	14,520	14,244	14,520	14,686	14,244
Other Expenses	19,470	24,081	19,470	22,054	24,081
Finance Expenses	1,444	1,668	1,444	1,732	1,668
Depreciation, Amortisation and Loss on Disposal	10,644	9,621	10,644	10,062	9,621
Total Operating Expenditure	46,079	49,615	46,079	48,534	49,615
Operating Surplus/(Deficit) before tax	(1,078)	(2,585)	(1,078)	1,456	(2,585)
Share of associates surplus/(deficit)	3	16	0	0	0
Net Surplus/(Deficit) before tax	(1,075)	(2,569)	(1,078)	1,456	(2,585)
Tax Expense	0	0	0	0	0
Net Surplus/(Deficit) after tax	(1,075)	(2,569)	(1,078)	1,456	(2,585)
Add Other Comprehensive Revenue and Expense					
Gains/(Losses) on Asset Revaluation	6,352	14,422	6,352	0	14,422
Gains/(Losses) in Fair Value of Shares	(55)	(37)	(55)	0	(37)
Impairment to Property Plant and Equipment	2,804	3,003	2,804	0	3,003
	9,101	17,388	9,101	0	17,388
Total Comprehensive Revenue and Expense	8,026	14,819	8,023	1,456	14,803

Statement of financial position as at 30 June 2020

	Group		Council		
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Budget 2020 \$000's	Actual 2019 \$000's
Assets					
Current Assets					
Cash and cash equivalents	4,979	3,674	4,979	329	3,674
Trade and other receivables	2,709	5,605	2,709	5,717	5,605
Inventories	133	148	133	166	148
Non-current assets held for sale	0	924	0	0	924
Derivative financial instruments	0	0	0	0	0
Total current assets	7,820	10,352	7,820	6,212	10,352
Non-current assets					
Property, plant and equipment					
- Operational	57,177	51,260	57,177	50,664	51,260
- Restricted	45,609	41,738	45,609	45,983	41,738
- Infrastructure	367,850	360,869	367,850	355,530	360,869
Intangible assets	610	451	610	225	451
Forestry assets	333	415	333	677	415
Other financial assets	1,044	1,170	1,044	1,038	1,170
Investments in associates	264	261	0	0	0
Derivative financial instruments	0	0	0	0	0
Total non-current assets	472,886	456,164	472,623	454,117	455,903
Total assets	480,707	466,516	480,443	460,329	466,255
Liabilities					
Current liabilities					
Payables and deferred revenue	9,053	7,523	9,053	7,185	7,523
Landfill aftercare provision	8	8	8	0	8
Employee entitlements	1,453	1,440	1,453	1,519	1,440
Current portion of term debt	11,000	4,500	11,000	0	4,500
Derivative financial instruments	465	59	465	0	59
Total current liabilities	21,978	13,529	21,978	8,704	13,529
Non-current liabilities					
Term debt	29,000	30,000	29,000	39,000	30,000
Payables and deferred revenue	0	1,230	0	0	1,230
Landfill aftercare provision	96	91	96	0	91
Employee entitlements	107	90	107	0	90
Derivative financial instruments	1,478	1,579	1,478	2,494	1,579
Total non-current liabilities	30,681	32,991	30,681	41,494	32,991
Total liabilities	52,658	46,520	52,658	50,198	46,520
Net assets	428,048	419,996	427,785	410,131	419,735
Equity					
Asset revaluation reserve	273,826	264,670	273,826	245,247	264,670
AFS investments revaluation reserve	368	423	368	0	423
Special fund reserves	3,698	3,297	3,698	0	3,297
Rate reserve funds	(44,916)	(37,887)	(44,916)	(43,404)	(37,887)
Retained earnings	195,072	189,494	194,808	208,288	189,233
Total Equity	428,048	419,996	427,785	410,131	419,735

Statement of changes in equity for the year ending 30 June 2020

	Group		Council		
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Budget 2020 \$000's	Actual 2019 \$000's
Equity at Start of Year	419,995	404,543	419,736	408,675	404,299
Add Total Comprehensive Revenue and Expense for Year	8,026	14,819	8,023	1,456	14,803
Found Assets	25	634	25	0	634
Equity at End of Year	428,046	419,995	427,785	410,131	419,736

Statement of cash flows for the year ending 30 June 2020

	Group		Council		
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Budget 2020 \$000's	Actual 2019 \$000's
Cash flows from operating activities					
Revenue	45,408	47,727	45,408	49,242	47,727
Agency receipts	3,411	3,295	3,411	2,243	3,295
Interest received	38	172	38	0	172
Dividends received	215	197	215	72	197
Payments to suppliers and employees	(32,530)	(39,795)	(32,530)	(36,559)	(39,795)
Interest and other costs of finance paid	(1,193)	(1,060)	(1,193)	(1,732)	(1,060)
Agency payments	(3,411)	(3,295)	(3,411)	(2,243)	(3,295)
Net GST Movement	1,020	(727)	1,020	0	(727)
Net cash from operating activities	12,958	6,514	12,958	11,023	6,514
Cash flows from investing activities					
Payment on Loan	0	0	0	0	0
Proceeds from the sale of plant, property & equipment	991	105	991	0	105
Proceeds on sale of investments	64	0	64	0	0
Insurance recoveries	0	0	0	0	0
Payment for purchase of investments	0	(305)	0	0	(305)
Payment for plant, property & equipment	(18,208)	(15,820)	(18,208)	(18,142)	(15,820)
Net cash from investing activities	(17,153)	(16,020)	(17,153)	(18,142)	(16,020)
Cash flows from financing activities					
Proceeds from the issue of debt securities	5,500	11,000	5,500	7,000	11,000
Repayment of loans	0	0	0	0	0
Net cash from financing activities	5,500	11,000	5,500	7,000	11,000
Increase/(decrease) in cash & cash equivalents	1,305	1,494	1,305	(119)	1,494
Cash and cash equivalents as 1 July	3,674	2,180	3,674	448	2,180
Cash and cash equivalents as 30 June	4,979	3,674	4,979	329	3,674

The GST (net) component of operating activities reflect 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

Other Annual Report disclosures for the year to 30 June 2020

Rating base information:

The following rating base information for Hurunui District Council is disclosed based on the rating base information at the end of the preceding financial year:

Number of rating units within the district	9,260
Total Capital Value of rating units within the district	\$7,821,958,410
Total Land Value of rating units within the district	\$5,150,003,570

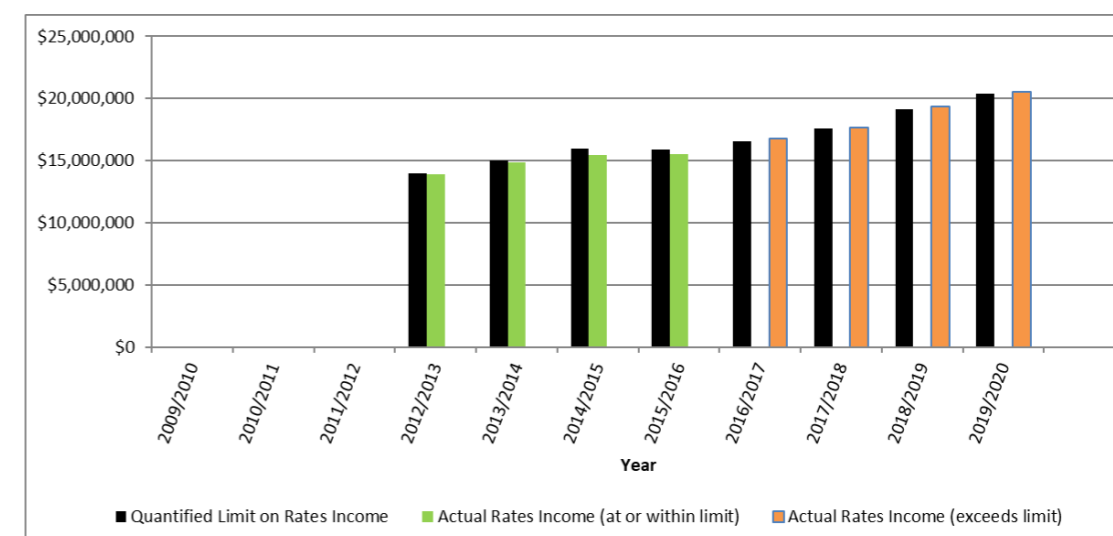
Key Benchmarks:

Under the Local Government (Financial Reporting and Prudence) Regulations 2014, the full Annual Report is required to provide a series of benchmarking graphs to enable the assessment of whether the Council is prudently managing its revenues, expenses assets, liabilities, and general financial dealings.

Below is a selection of those benchmark graphs:

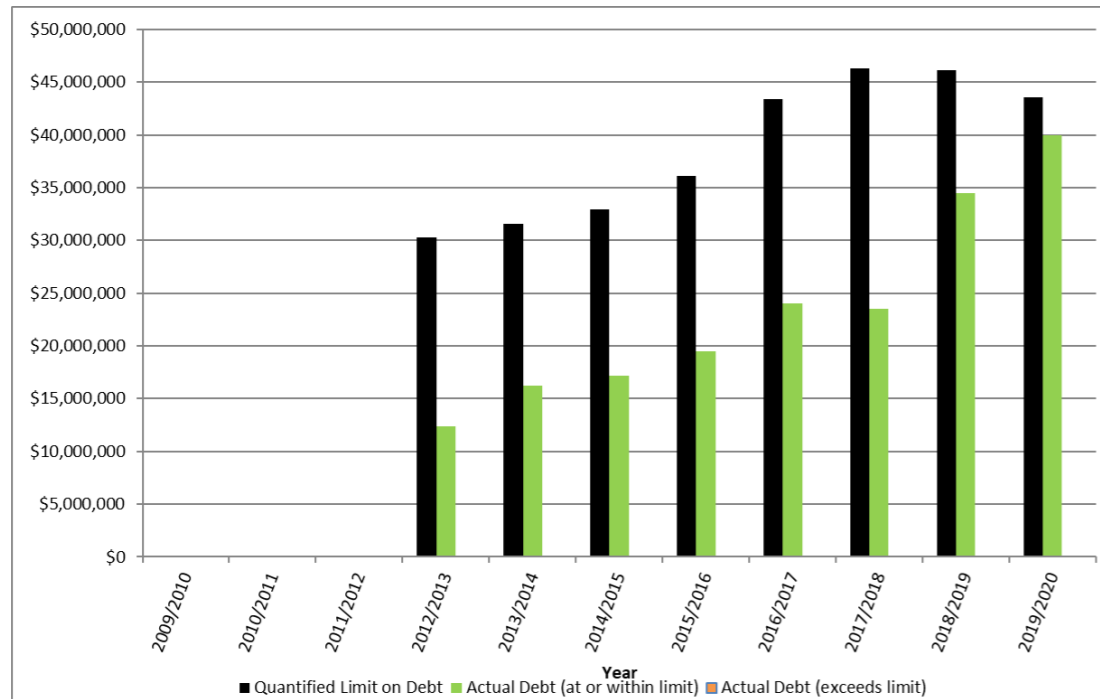
Rates (income) affordability

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.



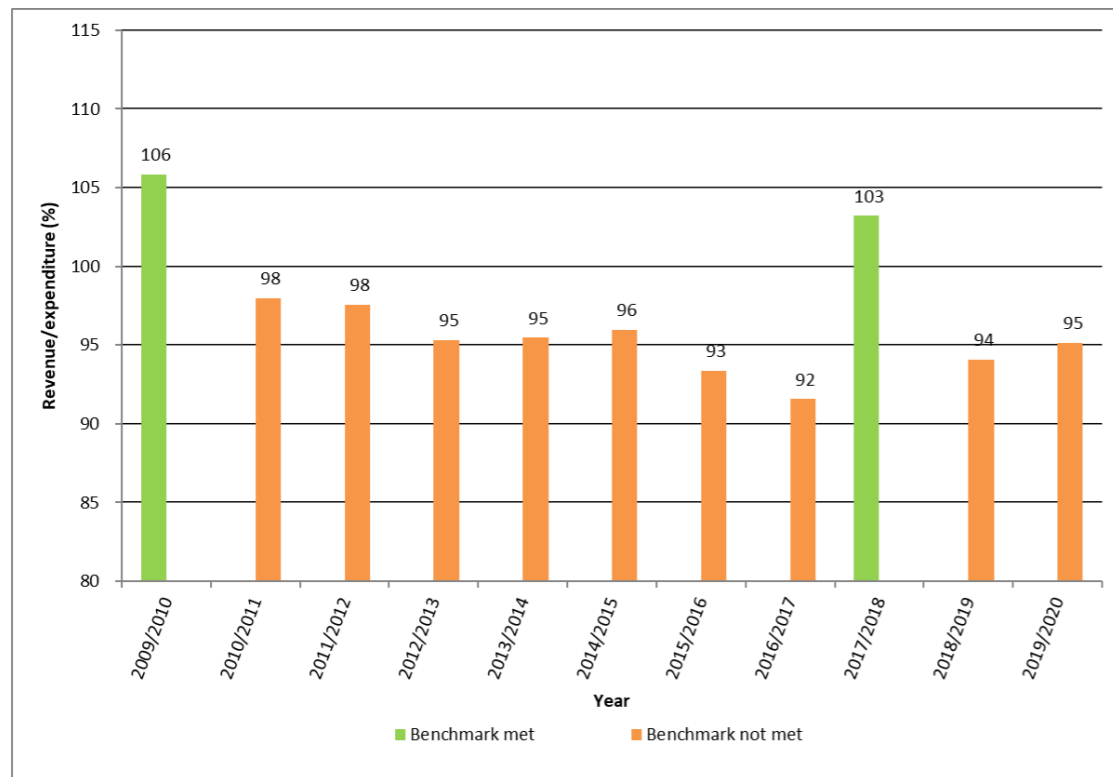
Debt affordability benchmarks

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The key benchmark is that total debt is no more than 100% of total income.



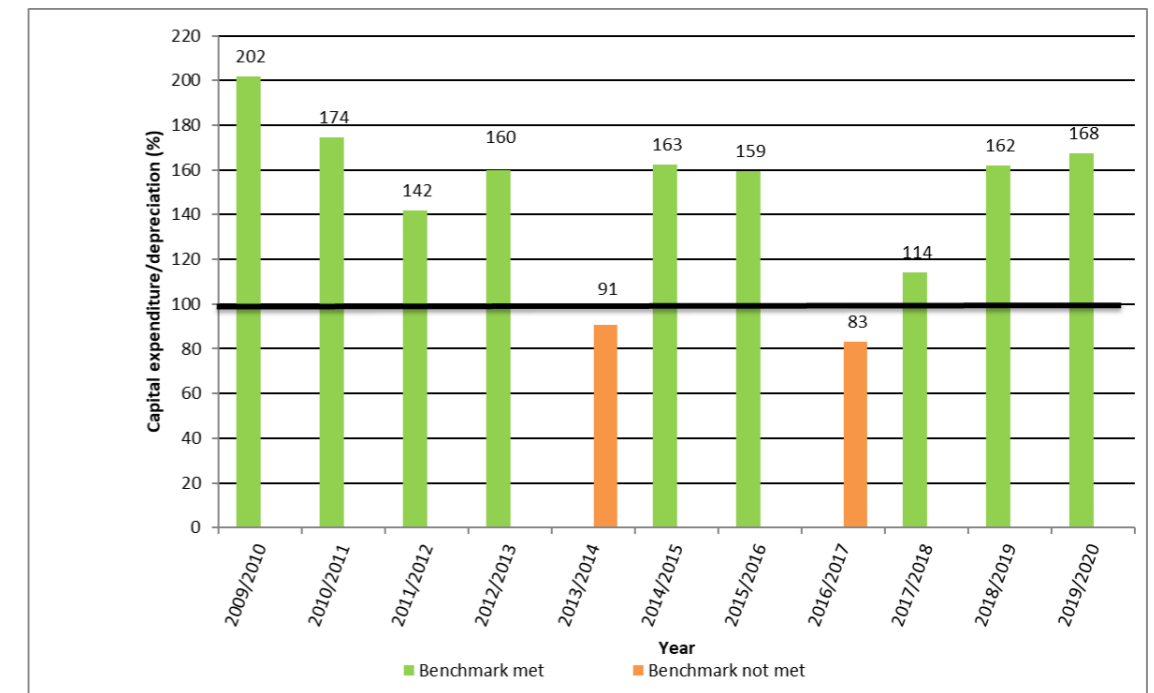
Balanced budget benchmark

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.



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.



Independent Auditor's Report

To the readers of Hurunui District Council's and group summary of the annual report for the year ended 30 June 2020

The summary of the annual report was derived from the annual report of the Hurunui District Council and group (the Group) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements:

- the summary statement of financial position as at 30 June 2020;
- 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 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary Council Activities Statements and performance measures.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 17 December 2020. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council as set out in the full annual

report in note 85 to the financial statements and pages 120 to 141 of the performance information. We drew specific attention to Note 30 on page 85, which describes that the District Council applied for, and received, the Covid-19 wage subsidy from the Ministry of Social Development.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council and its subsidiaries and controlled entities.

Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
17 December 2020



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