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## About the Summary Annual Report

The full Annual Report provides information about our performance during the 2017/18 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](http://www.hurunui.govt.nz)

# Annual Report Summary 2017-18

## From the Mayor and Chief Executive Officer

### *Message from the Mayor*

Our Annual Report looks back on the 2017/18 year which is year 3 of our 2015/25 Long Term Plan.

Our focus has been on building stability and a strong base for the community to drive innovation and growth in the district as we have continued to recover and move forward after the November 2016 earthquake.

Our continued focus on affordability and prudent financial management over a long period of time has held us in good stead to deal with the adverse events that Mother Nature has thrown our way. While not quite where we intended to be, our long-term planning has enabled us to

continue to move forward. Whereas some capital projects have been delayed and carried forward, we intend to complete these as soon as possible.

A major emphasis for us over the past year has been on the wellbeing of our communities. Our residents have continued to display the self-sufficiency they demonstrated during the earthquake and our communities are even stronger as a result. We are still committed to assisting those who need our help and will continue to stand alongside our residents to meet their on-going needs.

### **Financial Performance**

By 30 June, our financial position in rounded figures was:

- Total income was \$47 million. Our income comes from rates, government subsidies, our Hanmer Springs thermal pools and spa profits, fees and charges.
- Total operating expenditure was \$45 million. Our operating costs include wages, depreciation and overheads.
- Total capital expenditure was \$12.1 million (\$2.2 million less than we had planned to spend). Capital is mainly infrastructure projects for roads, water, sewerage and property.

## Resident Satisfaction

We have undertaken an annual resident satisfaction survey every year since 2007 to help us understand how you view our services and where we can improve. We did not carry out a satisfaction survey last year due to the earthquake but did it again in 2018.

73% of residents said they were satisfied with the service they received at council offices. Most of our services such as libraries, public toilets, reserves, halls, etc, continue to receive high satisfaction levels.

## Water, Sewerage and Stormwater

Due to the earthquake, we still had major challenges relating to water in particular. Our focus to improve the reliability and quality of our water continues. We did not complete all of the projects we had intended to do as the focus was on earthquake repair work. Even so, we made significant investments in upgrades to our water, sewerage and stormwater networks and have implemented a stricter maintenance regime.

## Roads and Footpaths

Our roading network continues to be an important focus of our work programme. The reopening of SH1 at the end of 2017 eased the pressure on the other major roads that run through the Hurunui district. This year roading projects were primarily focused on completing most of the earthquake repairs. Our unsealed roads are in better condition than they have been for years with an improved maintenance and auditing programme.

## Public Services

In 2017, the Ministry for the

## Earthquake recovery

In our last Annual Report we reported on the impact from the magnitude 7.8 earthquake that occurred on Monday 14 November 2016 centred near Waiau. Because of the significant damage, we still have an increased workload.

We are continuing to settle insurance

Environment made a substantial grant to Hurunui and Kaikōura District Councils for waste services after the earthquake. The grant was spent on funding hazardous waste and asbestos management, and repairing earthquake damage to our transfer stations, including the rebuild the Waiau transfer station.

Several earthquake damaged Council properties have been repaired, such as the Rotherham and Waiau Halls, Watters Cottage in Rotherham, the Cheviot and Rotherham swimming pools, and the Waiau tennis and netball courts.

We have also been progressively upgrading the older Council housing units to modernise them for the occupants.

## Regulatory Services

The number of building consent applications has greatly increased by 45% on the previous year with 646 processed and issued during the year.

Our new District Plan was adopted this year after years of hard work and consultation with the community. This has been complex but we are satisfied that the new District Plan provides a more flexible approach to subdivisions for rural zoned land. It also contains updated and important natural hazard information.

## Hanmer Springs Thermal Pools and Spa

Our thermal pools complex in Hanmer Springs has continued to be a popular tourist destination. Our focus has been to continue to be an award winning pool and spa complex. We are proud to have won an award for our innovation in converting methane gas from thermal water bores into electricity.

claims with the Crown and insurers while the repair work continues.

Negotiations with our insurers for above ground assets (such as buildings and roads) have been finalised. Negotiations with our insurers for below ground infrastructure (for example pipes)

## Conclusion

Overall, I am pleased with the progress we have made over the past year. While we have various outstanding capital projects to complete, we have been able to provide a strong economic base which has acted as a stable platform for the district's growth.

We will continue to act in the best interests of our residents, and the community's wellbeing will be at the heart of our future work programmes. We expect the next year to be a busy and successful one for our district.

## Message from the CEO

Earlier this year the Council resolved to purchase up to 1190 Hurunui Water Project shares, subject to public consultation and certain conditions being observed before the money is spent. Subsequently, the Amuri Irrigation Company made an offer to purchase the consents of the Hurunui Water Project. The offer was accepted and the offer to sell shares to Hurunui District Council was withdrawn.



Winton Dalley  
Mayor



Hamish Dobbie  
Chief Executive Officer

are still underway. The challenging aspect of settling this type of claim is to provide supporting evidence of the damage sustained when it is not visible or immediate. For example, it can take some time to establish where pipes are damaged until the symptoms present.

## Water and Sewerage

Various repairs that are currently underway or have been completed include:

### Above ground

- Replacement of various intake reservoirs, tanks and structures
- Repairs to damaged components of waste water treatment plants and ponds

### Below-ground

- Introduction of flow monitoring to assess the extent of damage
- Replacement of various water pipes throughout the network
- Replacement of damaged sewers

## Roading

Of the district's 601 kms of sealed roads and 853 km of unsealed, approximately 10% of were affected by the earthquake. (This does not include state highways.)

The long-term effects of the earthquake continue to be a major focus to our roading programme. One of the impacts is the slip areas that we expect to keep moving for the next four to five years at a faster rate than pre- earthquake with more material falling onto the roads. Another is the significant fault line going through Leader Road that is continually dropping. There is evidence of new movement with every new shake.

Despite the effort on damaged roads, the roading projects went ahead as planned. More new seal coating was done than in most years due to disturbed surfaces.

We expect the earthquake affected roads to remain rougher for a few more years as the ground settles and groundwater finds its new paths. Worldwide evidence shows that there is typically a period of five or so years following a major earthquake where road and bridge networks are more fragile, prone to further damage and have increased maintenance costs. We expect this to be the case in Hurunui and are focussed on keeping on top of these fragilities.

## Community and Well Being

Well-being has been at the heart of our approach to the earthquake recovery. We have continued to receive generous external funding to ensure we are staffed to meet community needs. For example, the recent appointment of our Rebuild Officer has been a well-received by residents needing support and advice for their repair or rebuild processes. Around 80 households have sought help from our Rebuild Officer in the few months he has been employed.

We have instigated many events throughout the district with a focus on well-being. Examples include:

- Community planning Peter Kenyon – community development expert
- 'Let's Connect' engagement sessions
- Entertainment

The following community facilities have been repaired:

- Rotherham and Waiau Halls
- Watters Cottage in Rotherham
- Cheviot and Rotherham swimming pools
- Waiau tennis and netball courts
- Waiau War Memorial
- Spotswood cenotaph

## Funding

External funding for earthquake related activity and insurance pay outs have refunded much of the known cost of the initial response and subsequent repairs to council infrastructure. Funding sources have included Lotteries grants from the Department of Internal Affairs, Rata Foundation, Tindall Foundation, Ministry of Social Development and New Zealand Transport Agency (NZTA).

Over the past year, we have received:

- External grants \$782,698
- Department of Internal Affairs \$440,000
- Insurance for above-ground water and sewerage assets \$1,019,425
- Funding for below-ground water and sewerage assets \$458,830
- NZTA subsidies for our local roads \$3,719,418

## Overall performance

Given the huge amount of additional work arising from earthquake, we are pleased to report that we continued to deliver on our business as usual activities.

## End of year financial performance

Financial Type	Total	Notes
Comprehensive revenue and expenses income	\$6.9 million	This takes into account of the revaluation of our three water assets (water, sewerage and stormwater) and the adjustment to the value of assets where recognised an impairment to in the previous year.
Net deficit after tax	\$1.5 million	This was \$7.7 million lower than the budgeted surplus of \$2.27 million.
Operating revenue	\$46.5 million	This was \$19.7 million lower than our budget due to an adjustment to the NZTA subsidies recognised for Route 70 (Inland Road) in the previous year.
Operating expenditure	\$45.0 million	This was \$12.0 million lower than our budget due to the adjustment to operating costs for Route 70 (Inland Road) that were recognised in the previous year.
Capital expenditure	\$11.7 million	This was \$9.6 million lower than our budget. This is mainly due to the adjustment to Capital Expenditure for Route 70 (Inland Road) that was recognised in the previous year and also due to \$4.6 million of sewer capital expenditure that has been deferred.

Financial Type	Total	Notes
Council owned assets	\$438 million	The significant variance between the budgeted total assets and the balance as at 30 June 2018 was due to a correction to the value of the roading assets in the 2016/17 year that was not anticipated when the budget was prepared.
Debt	\$23.5 million	Council's debt level as at 30 June 2018 was \$12.3 million lower than was budgeted for. This has been due to the lower level of capital expenditure incurred during the year.

### Council activities summary for the year to 30 June 2018

Activity	2017/18 Actual operating deficit/surplus	2017/18 Budget operating deficit/surplus	Key variances from the budget
Water supplies	\$420,475 deficit	\$474,849 deficit	<ul style="list-style-type: none"> <li>Income from development contributions and vested assets was lower due to less development in the district during the year than expected.</li> <li>A range of external repairs that were budgeted for were not required.</li> </ul>
Sewerage	\$57,394 surplus	\$73,104 deficit	<ul style="list-style-type: none"> <li>Income from vested assets was lower due to less development in the district during the year than expected.</li> <li>Planned desludging work at the Cheviot wastewater ponds was not carried out.</li> </ul>
Stormwater and drainage	\$16,929 deficit	\$116,982 surplus	<ul style="list-style-type: none"> <li>Income from vested assets was lower due to less development in the district during the year than expected.</li> </ul>
Roads and footpaths	\$974,680 deficit	\$321,000 surplus	<ul style="list-style-type: none"> <li>NZTA subsidies received were \$535,341 more than was budgeted for when the roading programme was confirmed in October 2017. There were also a higher level of emergency reinstatement works undertaken as a result off weather events.</li> </ul>
Public services	\$2,240,108 deficit	\$2,528,532 deficit	<p>Income exceeded the budget by \$1,275,947 due to:</p> <ul style="list-style-type: none"> <li>Received more external funding for community programmes.</li> <li>The sale of the remaining four sections from the Ensor Road subdivision in Hanmer Springs.</li> <li>External funding received to construct the Culverden service hub.</li> <li>Receiving \$532,073 from the Waiau School to assist the rebuild of the Waiau swimming pool.</li> </ul> <p>Operating expenditure exceeded the budget by \$957,522 due to:</p> <ul style="list-style-type: none"> <li>\$126,247 more was spent on waste and recycling.</li> <li>Transfer of rural fire vehicles and equipment to Fire Emergency New Zealand showed as a loss on our disposal of assets register. This had not been allowed for in the budget.</li> </ul>
Regulatory	\$141,698 surplus	\$11,077 deficit	Income exceeded the budget due to the increase in building consent applications.
Hanmer Springs Thermal Pools and Spa	\$1,625,296 surplus	\$1,952,092 surplus	Overall, an operating surplus of \$1,625,296 was recorded against a budgeted surplus of \$1,952,092.
Earthquake Recovery	\$3,130,660	\$2,968,182	Income exceeded budget due to grants and other funding received for recovery purposes. Expenditure was down on the level budgeted for as the recovery work on the bridging network did not progress as budgeted.

# 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 1 July 2019. 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 which can be obtained from Hurunui District Council's website.
- In compliance with Financial Reporting Standard No 43 - Summary Financial Statements.

The full Annual Report was:

- Approved for issue on 30 May 2019. 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.
- Has been audited and the auditors have provided a qualified opinion specifically on the performance information in the comparative year.

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 2018, the Council had no outstanding contingent assets. (2017: \$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.

The Council also has a contingent asset for insurance recoveries relating to damage on its insured infrastructural assets. The Council has insurance to cover the 40% of the value of underground water, sewer and stormwater assets not covered by the government subsidy. Again, as the Council is still determining the extent of the damage, an accurate assessment of the contingent asset is not possible. The Council is processing a claim for damage to the above ground water and sewer assets.

## 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 2018, the Council is one of 56 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 2018, the LGFA had borrowings totalling \$8.272 billion (2017: \$7.946 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 calls have been made by the Board of New Zealand Mutual Liability RiskPool for the 2017/2018 year (2017: Nil). 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.

### **Statutory deadline**

Section 98 of the Local Government Act 2002, requires that Council adopts its full annual report within four months after the end of the financial year. Council was not able to comply with this requirement for the year ended 30 June 2018 and the full annual report was not adopted until 30 May 2019.

### **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 were made in June 2017 and in June 2018.

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 10 of the Annual Report.

### **Accounting treatment of Route 70 (Inland Road)**

Following the 14 November 2016 earthquakes "Route 70 – Inland Road" which was operated and maintained jointly by Hurunui and Kaikōura District Councils, was severely damaged. An agreement was made between New Zealand Transport Agency (NZTA) and the Councils to transfer the powers of the Councils to the NZTA to operate the Inland Road with the purposes of providing vehicle access to Kaikōura and providing an alternative to State Highway 1. Both these are functions of NZTA and not of the Councils.

Changes in accounting policies - During the year, the Council has changed its accounting policy for accounting for the costs incurred by NZTA repairing Route 70 (Inland Road). In the audited financial statements for the 2016/2017 year, the costs incurred by NZTA were recognised in the Council's financial statements as a combination of Operational and Capital Expenditure, with a corresponding balance recognised as NZTA subsidies. NZTA has the primary decision-making responsibility for the design of the

road and any asset management decisions (the costs incurred in repairing, upgrading and maintaining the road). NZTA does not need any approval from Council for the work undertaken. Therefore Council has concluded that not recognising cost incurred by NZTA and matching NZTA subsidy, better reflects the substance of the arrangement between the Council and the NZTA.

The result of the change to the accounting policy is as follows:

- Reversal of the recognition of Operating and Capital Expenditure for the 2016/2017 year.
- Reversal of the corresponding amount recognised as Subsidies in the 2016/2017 year.
- Reversal of the impairment recognised in the 2016/2017 year for Route 70 (Inland Road).
- Adjustment required to the amount of Depreciation charged in the 2016/2017 year as a result of the reduced Capital Expenditure and also the reinstatement of value that was previously impaired.

Page 85 of the full annual report shows the impact to the financial statements.

# Statement of Comprehensive Revenue and expense for the year ended 30 June 2018

	Group			Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Budget 2018 \$000's	Actual 2017 \$000's
<b>Revenue</b>					
Rates, excluding targeted water supply rates	16,971	16,053	16,971	16,916	16,053
Targeted rates for water supply	664	710	664	668	710
Subsidies and grants	10,116	8,742	10,116	3,782	8,742
Development and financial contributions	164	234	164	575	234
Fees and charges, excluding those for water supplies	15,377	15,503	15,377	23,701	15,503
Fees and charges for water supplies	280	158	280	124	158
Interest revenue	41	12	41	0	12
Other revenue	2,893	3,260	2,893	664	3,260
	<b>46,505</b>	<b>44,673</b>	<b>46,505</b>	<b>46,430</b>	<b>44,673</b>
<b>Less Expenditure</b>					
Employee Benefits	13,317	12,550	13,317	12,387	12,550
Other Expenses	20,743	24,449	20,743	21,995	24,449
Finance Expenses	1,155	438	1,155	1,866	438
Depreciation, Amortisation and Loss on Disposal	9,766	9,286	9,766	7,912	9,286
<b>Total Operating Expenditure</b>	<b>44,981</b>	<b>46,723</b>	<b>44,981</b>	<b>44,160</b>	<b>46,723</b>
<b>Operating Surplus/(Deficit) before tax</b>	<b>1,525</b>	<b>(2,050)</b>	<b>1,525</b>	<b>2,270</b>	<b>(2,050)</b>
Share of associates surplus/(deficit)	19	25	0	0	0
<b>Net Surplus/(Deficit) before tax</b>	<b>1,544</b>	<b>(2,025)</b>	<b>1,525</b>	<b>2,270</b>	<b>(2,050)</b>
Tax Expense	0	0	0	0	0
<b>Net Surplus/(Deficit) after tax</b>	<b>1,544</b>	<b>(2,025)</b>	<b>1,525</b>	<b>2,270</b>	<b>(2,050)</b>
<b>Add Other Comprehensive Revenue and Expense</b>					
Gains/(Losses) on Asset Revaluation	4,128	(22,821)	4,128	5,235	(22,821)
Gains/(Losses) in Fair Value of Shares	(60)	85	(60)	0	85
Impairment to Property Plant and Equipment	1,273	(9,614)	1,273	0	(9,614)
	<b>5,341</b>	<b>(32,350)</b>	<b>5,341</b>	<b>5,235</b>	<b>(32,350)</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>6,885</b>	<b>(34,375)</b>	<b>6,865</b>	<b>7,505</b>	<b>(34,400)</b>

# Statement of Financial Position as at 30 June 2018

	Group		Council		
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Budget 2018 \$000's	Actual 2017 \$000's
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	2,180	2,195	2,180	67	2,195
Trade and other receivables	5,602	3,887	5,602	1,850	3,887
Inventories	163	179	163	214	179
Non-current assets held for sale	0	241	0	305	241
Derivative financial instruments	0	0	0	0	0
<b>Total current assets</b>	<b>7,946</b>	<b>6,503</b>	<b>7,946</b>	<b>2,436</b>	<b>6,503</b>
<b>Non-current assets</b>					
Property, plant and equipment					
- Operational	49,839	48,728	49,839	48,676	48,728
- Restricted	39,722	39,663	39,722	39,056	39,663
- Infrastructure	339,024	332,650	339,024	383,242	332,650
Intangible assets	399	400	399	275	400
Forestry assets	677	414	677	502	414
Other financial assets	1,038	1,098	1,038	1,424	1,098
Investments in associates	244	225	0	0	0
Derivative financial instruments	5	50	5	0	50
<b>Total non-current assets</b>	<b>430,948</b>	<b>423,227</b>	<b>430,704</b>	<b>473,175</b>	<b>423,002</b>
<b>Total assets</b>	<b>438,894</b>	<b>429,730</b>	<b>438,649</b>	<b>475,611</b>	<b>429,505</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables and deferred revenue	6,894	6,379	6,894	6,072	6,379
Landfill aftercare provision	8	8	8	0	8
Employee entitlements	1,450	1,257	1,450	1,008	1,257
Current portion of term debt	2,000	2,000	2,000	0	2,000
Derivative financial instruments	19	27	19	0	27
<b>Total current liabilities</b>	<b>10,371</b>	<b>9,671</b>	<b>10,371</b>	<b>7,080</b>	<b>9,671</b>
<b>Non-current liabilities</b>					
Term debt	21,500	22,000	21,500	35,800	22,000
Payables and deferred revenue	1,230	0	1,230	0	0
Landfill aftercare provision	102	112	102	0	112
Employee entitlements	85	72	85	0	72
Derivative financial instruments	1,063	994	1,063	1,792	994
<b>Total non-current liabilities</b>	<b>23,979</b>	<b>23,178</b>	<b>23,979</b>	<b>37,592</b>	<b>23,178</b>
<b>Total liabilities</b>	<b>34,350</b>	<b>32,848</b>	<b>34,350</b>	<b>44,672</b>	<b>32,848</b>
<b>Net assets</b>	<b>404,543</b>	<b>396,882</b>	<b>404,299</b>	<b>430,939</b>	<b>396,657</b>
<b>Equity</b>					
Asset revaluation reserve	247,246	241,845	247,246	280,230	241,845
AFS investments revaluation reserve	459	519	459	0	519
Special fund reserves	3,234	2,610	3,234	0	2,610
Rate reserve funds	(30,575)	(29,439)	(30,575)	(35,892)	(29,439)
Retained earnings	184,179	181,347	183,935	186,501	181,122
<b>Total Equity</b>	<b>404,543</b>	<b>396,882</b>	<b>404,299</b>	<b>430,839</b>	<b>396,657</b>



## Statement of Changes in Equity for the year ended 30 June 2018

	Group		Actual 2018 \$000's	Council	
	Actual 2018 \$000's	Actual 2017 \$000's		Budget 2018 \$000's	Actual 2017 \$000's
<b>Equity at Start of Year</b>	<b>396,882</b>	<b>431,112</b>	<b>396,657</b>	<b>423,334</b>	<b>430,912</b>
Add Total Comprehensive Revenue and Expense for Year	6,885	(34,375)	6,865	7,505	(34,400)
Adjustment to opening balance of Revaluation Reserve	0	(265)	0	0	(265)
Adjustment to opening balance of Special Funds	0	(4)	0	0	(4)
Adjustment to opening balance of Rate Reserve Funds	0	229	0	0	229
Found Assets	777	185	777	0	185
<b>Equity at End of Year</b>	<b>404,543</b>	<b>396,882</b>	<b>404,299</b>	<b>430,839</b>	<b>396,657</b>

# Statement of Cash Flows for the year ended 30 June 2018

	Group		Actual 2018 \$000's	Council	
	Actual 2018 \$000's	Actual 2017 \$000's		Budget 2018 \$000's	Actual 2017 \$000's
<b>Cash flows from operating activities</b>					
Revenue	43,042	42,129	43,042	45,767	42,129
Agency receipts	3,121	3,121	3,121	2,243	3,121
Interest received	41	12	41	0	12
Dividends received	221	276	221	150	276
Payments to suppliers and employees	(31,901)	(36,043)	(31,901)	(34,383)	(36,043)
Interest and other costs of finance paid	(1,049)	(1,107)	(1,049)	(1,866)	(1,107)
Agency payments	(3,121)	(3,121)	(3,121)	(2,243)	(3,121)
Net GST Movement	(288)	(115)	(288)	0	(115)
<b>Net cash from operating activities</b>	<b>10,066</b>	<b>5,152</b>	<b>10,066</b>	<b>9,668</b>	<b>5,152</b>
<b>Cash flows from investing activities</b>					
Payment on Loan	0	0	0	0	0
Proceeds from the sale of plant, property & equipment	360	399	360	0	399
Proceeds on sale of investments	0	0	0	0	0
Insurance recoveries	0	0	0	0	0
Payment for purchase of investments	211	(96)	211	(500)	(96)
Payment for plant, property & equipment	(10,152)	(9,034)	(10,152)	(13,801)	(9,034)
<b>Net cash from investing activities</b>	<b>(9,581)</b>	<b>(8,731)</b>	<b>(9,581)</b>	<b>(14,301)</b>	<b>(8,731)</b>
<b>Cash flows from financing activities</b>					
Proceeds from the issue of debt securities	0	5,200	0	4,600	5,200
Repayment of loans	(500)	(700)	(500)	0	(700)
<b>Net cash from financing activities</b>	<b>(500)</b>	<b>4,500</b>	<b>(500)</b>	<b>4,600</b>	<b>4,500</b>
<b>Increase/(decrease) in cash &amp; cash equivalents</b>	<b>(15)</b>	<b>921</b>	<b>(15)</b>	<b>(33)</b>	<b>921</b>
Cash and cash equivalents as 1 July	2,195	1,274	2,195	100	1,274
<b>Cash and cash equivalents as 30 June</b>	<b>2,180</b>	<b>2,195</b>	<b>2,180</b>	<b>67</b>	<b>2,195</b>

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.

## Independent Auditor's Report

### To the readers of Hurunui District Council's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Hurunui District Council (the District Council) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 1 to 10:

- the summary statement of financial position as at 30 June 2018;
- 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 2018;
- the notes to the summary financial statements that include other explanatory information; and
- the summary description used for the summary statement of service performance.

### 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**

In our auditor's report on the full annual report dated 30 May 2019, we expressed:

- a qualified opinion on the District Council's comparative Council Activity Statements and performance information; and
- an unmodified audit opinion on the District Council's audited information, excluding performance information, included in the full annual report.

The basis for the qualified audit opinion on the comparative year Council Activity Statements and performance information included in the full annual report is explained below.

The District Council reports against a number of complaints and service request-related performance measures included in its Long-Term Plan to demonstrate levels of service. The District Council relies on data from its Customer Request Management system for reporting on these performance measures.

In respect of the 30 June 2017 comparative year performance information only, the recording of complaints and service requests were interrupted for a period of time following the earthquake that occurred on 14 November 2016. Therefore, some complaints and services requests may have been omitted from the District Council's performance reporting for the 30 June 2017 year. There were no practical audit procedures we could apply to obtain assurance that the reported performance for the comparative year about complaints and service requests received by the District Council is complete and accurate.

This matter has been resolved for the 30 June 2018 year. However, the limitation remains unresolved for the 30 June 2017 year, which means the performance information for the 30 June 2018 year may not be directly comparable to the 30 June 2017 performance information.

Our audit report on the full annual report also included an emphasis of matter paragraph that drew attention to note 31 on page 86 of the full annual report, which explained the Council did not adopt its annual report within the time frame of the Local Government Act 2002.

## **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.

In addition to our audit of the summary annual report and full annual report, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's Debenture Trust Deed.

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



Chantelle Gernetzky  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
1 July 2019



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