

SUMMARY ANNUAL REPORT

2021 - 2022

Contents

• From the Mayor and Chief Executive	2
• End of year financial performance	3
• Council activities summary	4
• Explanatory notes to the summary financial statements	7
• Service Performance	10
• Statement of comprehensive revenue and expense	13
• Statement of financial position	14
• Statement of changes in equity	15
• Statement of cash flows	16
• Other disclosures	17
• Independent auditor's report	20

About the Summary Annual Report

The full Annual Report provides information about our performance during the 2021/2022 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 website at www.hurunui.govt.nz

From the Mayor and Chief Executive Officer

The full Annual Report presents Hurunui District Council's progress against the first year of the Long Term Plan for the 2021-2031 period.

The 2021/2022 year for the Hurunui District has been governed by the uncertainty of the ongoing effects of the global pandemic, with significant influence over the economy, service delivery and a limited number of tourists visiting and enjoying the District. This has been particularly noticeable with visitors to the Hanmer Springs Thermal Pools and Spa. However, overall indicators point to our District recovering better than most with the continued ongoing focus towards domestic visitors. The lack of staff across many sectors has continued to bite and it is anticipated that a vibrant District will return within a reasonable time period, now international borders have opened.

On a positive note, we have seen some vibrant growth across the District, particularly in the southern part of the District, and we predict that we are viewed as a desirable place for businesses to invest and families to settle.

The 2021/2022 year saw major capital upgrades across a range of Council facilities and assets so that improved services can continue to be delivered into the future. There was an emphasis on upgrading and improving the Three Waters Network. As well utilising the Three Waters Stimulus funding provided by central government, the Council continued the process of upgrading its water supplies to meet drinking water standards – a project Council has been developing since the 2015-2025 Long Term Plan.


While parts of the District have emerged from the pandemic in a strong position, the tourism industry still suffered from the various restrictions in place and Council has felt that keenly from the challenging year faced by the Hanmer Springs Thermal Pools and Spa. The Council is not immune to other global challenges emerging from the pandemic specifically the level of inflation in the economy and the increased interest rates.

Three Waters Reform

The Three Waters Reform programme has moved to a new stage with legislation being introduced to Parliament. The legislation, as it stands, will mean that the responsibility for the service delivery and infrastructure for three waters for the Hurunui District will be transferred on 1 July 2024 to a water service entity who will be responsible for the majority of the South Island.

Conclusion

The prediction is that the future will continue to be challenging for all in Local Government, therefore it is critical that we are united to collectively ensure we have a District that is prosperous and welcoming. No doubt the major decisions of Three Waters, the RMA, along with the Future for Local Government, may significantly change the context of how the Hurunui District Council will function. However, we are committed to educate, inform and lead with you on these key issues. People have chosen and will continue to choose the Hurunui District as their favoured place to live, work and play. In supporting these choices, we are very aware of the responsibility to supply features that meet your desired needs. It is the aim of this Council to work with you and continue to deliver to meet your expectations.



Mayor
Marie Black



Hamish Dobbie
Chief Executive Officer

End of year financial performance

Operating revenue \$61.1 million

- Subsidies and Grants were \$2.0 million greater than budgeted due to additional roading subsidies received and recognising the wage subsidies received by the Hanmer Springs Thermal Pools and Spa during the period of lockdown.
- Significant development in the Amberley area has meant that both development contributions and the level of assets vested in Council from developers have been well up on the level budgeted for.

Operating expenditure \$55.6 million

- Employment costs were \$1.5 million greater than budget, which reflects the increased level of work carried out in the three waters area and also the realignment of wages in the Hanmer Springs Thermal Pools and Spa after the disruption caused by Covid-19.
- Operating costs were \$2.6 million ahead of budget with a significant portion of the increase being in the roading area resulting from repair work, from various flooding events, during the past 18 months.

Net surplus after tax \$5.5 million

- The surplus recorded was higher than the budgeted surplus of \$4.5 million due to the factors outlined above.

Comprehensive revenue and expense \$159.5 million

- The Council revalued its roading network at the end of June 2022 and this resulted in a 58% increase in the value of the assets. This reflects the inflationary pressures that Council is under in the roading area which necessitated the 10.5% increase in the rates for the 2022/2023 year.

Council owned assets \$672.1 million

- Property plant and equipment was \$158 million higher than the level budgeted for, with the key reason being the \$154 million increase to the value of roading.

Debt \$38.0 million

- Council has budgeted that total debt as at 30 June 2022 would be \$41.5 million. Due to other funding avenues available, the total debt at the end of the year was only \$38 million with the cash balance being \$2.8 million greater than budgeted.

Council activities summary for the year to 30 June 2022

Water Supply

Overall, an operating surplus of \$501,903 was recorded against a budgeted operating deficit of \$1,748,775. The key variances from budget are:

- Development Contributions were \$178,916 greater than budget due to three significant developments carried out in Amberley.
- Employment Costs were \$183,942 greater than budget due to various work carried out, particularly water modelling, funded by the Three Waters Stimulus Funding.
- Depreciation was \$273,498 greater than budget due to the increase resulting from the 2021 valuation that was not budgeted for.
- Loss on Disposal of Assets was \$956,688 greater than budget due to the range of assets that had been replaced during the year could not be accurately budgeted for.
- Capital expenditure is up on budget by \$231,299, which was mainly due to the level of found assets recognised during the year.

Sewerage

Overall, an operating surplus of \$3,588,641 was recorded against a budgeted operating surplus of \$1,328,956. The key variances from budget are:

- Vested Asset Income was \$3,048,825 greater than budget due to a significant level of sewer lines and points being recognised in the Amberley area for the 2021/2022 year.
- Development Contributions were \$240,446 greater than budget due to three significant developments carried out in Amberley during the year.
- Other Direct Expenditure was \$219,102 greater than budget due to an increase in the Sewerage Stimulus operational projects undertaken during the year.
- Depreciation was \$211,017 greater than budget due to the increase resulting from the 2021 valuation that was not budgeted for.
- Loss on Disposal of Assets was \$442,978 greater than budget due to the range of assets that had been replaced during the year could not be accurately budgeted for.
- Capital expenditure is up on budget by \$2,344,028 due to the level of sewer assets vested in Council during the year.

Stormwater and Drainage

Overall, an operating surplus of \$269,335 was recorded against a budgeted operating surplus of \$614,115. The key variances from budget are:

- Vested Asset Income was \$216,950 lower than budget due to the actual assets vested from developers being largely water and sewer assets for the year.
- Development Contributions were \$117,331 greater than budget due to three significant developments carried out in Amberley.
- Other Direct Expenditure was \$170,593 greater than budget due to recognising various projects as operational rather than as capital projects.
- Capital expenditure was \$301,545 lower than budget due to various projects not progressing during the year.

Roads and Footpaths

Overall, an operating deficit of \$2,016,411 was recorded against a budgeted operating deficit of \$141,504. The key variances from budget are:

- Other Income was \$845,463 greater than budget due to a higher level of subsidies being received for the year, as a result of the additional emergency reinstatement costs.
- Vested Asset Income was \$481,300 lower than budget due to the timing of the roading assets from subdivisions being transferred to Council.
- Other Direct Expenditure was \$1,967,633 greater than budget due to emergency reinstatement costs incurred during the year relating to Cyclone Dovi and floods from May and December 2021, which was not budgeted for.
- Depreciation was \$248,366 greater than budget as the budget did not incorporate the additional depreciation on the Inland Road, which was transferred back to Council in December 2021.
- Capital expenditure is \$1,969,892 lower than budget due to the lower level of vested assets and footpath works undertaken during the year.

Coastal Hazards

Overall, an operating surplus of \$22,872 was recorded against a budgeted operating deficit of \$8,317. There are no significant variances from budget.

Public Services

Overall, an operating surplus of \$674,270 was recorded against a budgeted operating deficit of \$885,826. The key variances from budget are:

- Other Income was \$1,591,975 greater than budget due to additional funding received for the Tourism Board, funding from the Tourism Infrastructure Fund for the construction of new Public Toilets and grants and donation received for the Amberley Swimming Pool.
- Development Contributions were \$399,317 greater than budget due to three significant developments carried out in Amberley.
- Other Direct Expenditure was \$472,625 greater than budget due to spending on Tourism products during the year that was funded by the additional funding that was not budgeted for.
- Capital expenditure is down on budget by \$175,560 with a number of projects in Hanmer Springs being deferred to the 2022/2023 year.

Regulatory Services

Overall, an operating surplus of \$243,014 was recorded against a budgeted operating deficit of \$17,714. The key variances from budget are:

- Other income was \$349,852 greater than budgeted due to both Resource Consent and Building Consent fees being significantly up on budget due to the increased level of activity.
- Employment Costs were \$107,691 greater than budget due to increased staffing required to service the increased activity.

Hanmer Springs Thermal Springs and Spa

Overall, an operating deficit of \$107,128 was recorded against a budgeted operating surplus of \$1,616,161. Excluding internal charges and transfers to offset reserve costs, the surplus recorded by the Hanmer Springs Thermal Pools and Spa facility was \$677,431 which was lower than the budget of \$1,853,810.

Corporate Governance

Overall, an operating surplus of \$1,693,179 was recorded against a budgeted deficit of \$57,652 for the year. The key variances from budget are:

- Rates were \$145,387 greater than budget due to the recognition of Rates Penalties, which was budgeted for as other income.
- Other Income was \$1,529,634 greater than budget due to the recognition of the change in the value of the Council's interest rate hedging portfolio less the recognition of Rates Penalties and income from Land Information Memorandums being accounted for in the Regulatory Services activity.
- Depreciation was \$89,279 lower than budget as there was lower than anticipated purchase of vehicles during the year.
- Capital expenditure is down on budget by \$478,184 mainly due to vehicle purchases and some information services projects not progressing as budgeted.

Earthquake Recovery

Overall, an operating surplus of \$462,386 was recorded against a budgeted surplus of \$348,075 for the year. The key variances from budget are:

- Other Income is \$487,294 greater than budget due to the receipt of the Mayor's Task Force for Jobs funding and additional grant funding received for development of Community Assets recognised during the year.
- Employment costs were \$166,471 greater than budget and Other Direct Expenditure was \$216,371 greater than budget due to the additional wage and other costs associated with the Mayor's Task Force for Jobs programme.

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 20 December 2022. 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.
- Comply with Financial Reporting Standard No. 43 - Summary Financial Statements.

The full Annual Report:

- Was approved for issue on 29 November 2022. 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 2022 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 Government's three waters reform programme.

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 2022, the Council had no outstanding contingent assets. (2021: \$Nil).

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 of AA+ and Standard and Poor's of AAA for local currency and AA+ for foreign currency.

As at 30 June 2022, 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 2022, the LGFA had borrowings totalling \$15.789 billion (2021: \$13.610 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 2021/2022 year (2021: \$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 arising 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 the 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 pages 31 and 32 of the full Annual Report.

COVID-19

COVID-19 has remained as a key issue facing the Hurunui District Council since the first case was reported in February 2020.

While the initial effects were experienced in the first period of Alert Level 4 lockdown in March and April of 2020, the 2020/21 financial year provided a period of low levels of restrictions imposed on Council and, in particular, the operations of the Hanmer Springs Thermal Pools and Spa (HSTP&S), although the continual closure of the border has affected the international market that the HSTP&S has attracted in the past.

In August 2021, the country went into a further period of Alert Level 4 lockdown, which necessitated the closure of the HSTP&S. The remainder of the 2021/22 financial year did impose restrictions on the operations of the HSTP&S which has adversely affected the profitability of the activity. This is further discussed in the Council Activities disclosure of the full Annual Report.

As has been disclosed in previous Annual Reports, the HSTP&S had received assistance from the Wage Subsidy scheme during the periods of Alert Level 4 lockdown. \$986,022 was received in the 2019/20 year, which was recognised as a liability as at 30 June 2020 and 30 June 2021 while Council sought clarification on the eligibility of the application. During the 2021/22 year, further subsidies totalling \$291,570 has been received. Council has determined that the applications for subsidy were made appropriately and as a result, has recognised a total of \$1,277,592 as revenue in the 2021/22 Annual Report.

Three waters reform programme

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services. The Bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

Events after balance date

Other than the separate disclosure provided for COVID-19 in Note 30 of the full Annual Report and the Three Waters Reform Programme in Note 31 of the full annual report, there have been no events subsequent to balance date that would affect the readers understanding of the annual report.

(2021: COVID-19 - Delta Variant and Three Waters Reform).

Overall Service Performance for the year to 30 June 2022

In the Council's Long Term Plan for 2021-2031, there are 63 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 128 to 149 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	12	2	0	1	15
Sewerage	11	1	0	0	12
Stormwater and Drainage	8	0	0	0	8
Roading and Footpaths	6	3	0	0	9
Public Services	5	5	0	0	10
Regulatory Services	1	5	0	0	6
Hanmer Springs Thermal Pools & Spa	0	3	0	0	3
Total – 2020/2021	43	19	0	1	63

The summary of results for the 60 performance measures for the 2020/2021 year was as follows:

Activity	Targets Achieved	Targets Not Achieved	Targets Almost Achieved	Not Measured	Total Targets
Water Supplies	6	8	0	1	15
Sewerage	6	4	1	0	11
Stormwater and Drainage	7	1	0	0	8
Roading and Footpaths	2	4	0	0	6
Public Services	1	3	0	6	10
Regulatory Services	0	6	0	1	7
Hanmer Springs Thermal Pools & Spa	2	1	0	0	3
Total – 2020/2021	24	27	1	8	60

Below is a selection of ten of the performance measures – four relating to Water Supplies, three for Sewerage, two for Roading and one for the Hanmer Springs Thermal Pools and Spa. The full analysis of the performance is included on pages 128 to 149 of the full Annual Report

Objective: Safety – supply safe drinking water	LTP target: No failed tests Department of Internal Affairs (DIA) target: 100% bacterial compliance
End of year performance: 2022 Target achieved against both LTP and DIA targets - Routine testing of all Council's water supplies is done on a scheduled basis throughout the year. During the period 1 July 2021 to 30 June 2022, 2,229 samples were taken. 100% of samples met the compliance criteria (no E.coli present). 2021 Target achieved against both LTP and DIA targets – no E.coli failures	
Objective: Response time – to respond quickly to water supply call outs	Target: To respond within 4 hours
End of year performance: 2022 Target achieved - The median response time was 1.5 hours. Council reviewed the reporting category to include restricted supply as part of urgent classification. 143 urgent restricted and on-demand requests were responded to. 2021 Target achieved - the median response time was 0.1 hours - 2 urgent requests for service were received during the reporting period.	
Objective: Customer satisfaction – reduce the number of water related complaints	Target: No more than 23 complaints per annum relating to drinking water clarity
End of year performance: 2022 Target achieved - 18 complaints were received relating to clarity. 2021 Target not achieved – 8 complaints were received (Target for 2020/21 was no complaints).	
Objective: Customer satisfaction – reduce the number of water related complaints	Target: No more than 20 complaints per annum relating to drinking water taste
End of year performance: 2022 Target achieved - 7 complaints were received relating to drinking water taste. 2021 Target not achieved – 17 complaints were received (Target for 2020/21 was no complaints).	
Objective: System and adequacy – sewerage systems to operate as they should	Target: No more than 2 dry weather sewerage overflows per 1,000 connections
End of year performance: 2022 Target achieved – 1.42 overflows per 1,000 connections have been experienced. (6 overflows for 4,214 connections). 2021 Target not achieved – 2.8 overflows per 1,000 connections (11 overflows for 3,950 connections).	

Objective: Response time – to quickly respond to and resolve sewerage systems faults	Target: To respond within 2 hours
End of year performance: 2022 Target achieved - The median response time for blockages and mechanical and electrical faults was 1.58 hours (6 total requests for service). The improvement is mainly due to less faults occurring in Hanmer Springs area. 2021 Target achieved – The median response time for blockages and mechanical and electrical faults was 2 hours (13 total requests for service). 11 dry weather and 2 wet weather.	
Objective: Customer satisfaction – reduce the number of sewerage related complaints	Target: No more than 3 complaints per annum relating to odour
End of year performance: 2022 Target achieved - 1 complaint was received relating to odour. 2021 Target not achieved – 3 complaints were received (Target for 2020/21 was no complaints).	
Objective: Road Safety - have roads which are safe to drive on	Target: No fatalities and serious injury crashes on local (HDC) roads
End of year performance: 2022 Target not achieved - CAS shows 6 serious and 1 Fatal crash in the Hurunui District for the 2021/22 financial year. None of the reported crashes were attributed to poor or negligent road maintenance outcomes. There is no change in fatal and serious injuries figures compared to prior year. 2021 Target achieved – There have been 7 crashes. Six resulting in serious injury and one fatality. No crashes were attributed to poor or negligent road maintenance outcomes.	
Objective: Road Maintenance - maintain our roads to be in good condition	Target: To reseal more than 5% of our local roads every year
End of year performance: 2022 Target not achieved – 3.88% of the local roads network was resealed, (157,220m ² /4,052,112m ² completed). Approx 94% of programmed m ² were completed, with 3 sites held over due to Covid resourcing and weather delays. Note that the financial allocation would only allow for 4% of network to be sealed, so unable to achieve target anyway. 2021 Target not achieved – 3% of sealed network was resealed, 5% was not achieved due to lack of funding.	
Objective: Profitability – achieve our business plan	Target: To make the profit which is forecast for each year
End of year performance: 2022 Target not achieved – A surplus after depreciation and interest of \$108,408 was achieved against budgeted surplus of \$1,836,701. This result was affected by COVID-19 restrictions in place for the majority of the 2021/22 year. 2021 Target achieved - A surplus after depreciation and interest of \$2,702,885 was achieved against budgeted deficit of \$745,294 – it should be noted that the budget was determined with the background of uncertainty created by the COVID-19 pandemic.	

Statement of comprehensive revenue and expense for the year ended 30 June 2022

	Group		Council		
	Actual 2022 \$000's	Actual 2021 \$000's	Actual 2022 \$000's	Budget 2022 \$000's	Actual 2021 \$000's
Revenue					
Rates, excluding targeted water supply rates	22,725	20,696	22,725	22,455	20,696
Targeted rates for water supply	932	946	932	961	946
Subsidies and grants	12,506	13,109	12,506	10,492	13,109
Development and financial contributions	1,955	991	1,955	1,020	991
Fees and charges, excluding those for water supplies	15,729	17,710	15,729	16,251	17,710
Fees and charges for water supplies	453	430	453	90	430
Interest revenue	22	48	22	0	48
Other revenue	6,794	11,114	6,794	2,198	11,114
	61,117	65,045	61,117	53,467	65,045
Less Expenditure					
Employee benefits	17,332	14,798	17,332	15,817	14,798
Other expenses	24,007	21,055	24,007	21,371	21,055
Finance expenses	1,167	846	1,167	974	846
Depreciation, amortisation and loss on disposal	13,100	10,895	13,100	10,760	10,895
Total operating expenditure	55,607	47,594	55,607	48,922	47,594
Operating surplus/(deficit) before tax	5,510	17,451	5,510	4,545	17,451
Share of associates surplus/(deficit)	1	1	0	0	0
Net surplus/(deficit) before tax	5,511	17,452	5,510	4,545	17,451
Tax expense	0	0	0	0	0
Net surplus/(deficit) after tax	5,511	17,452	5,510	4,545	17,451
Add other comprehensive revenue and expense					
Gains/(losses) on asset revaluation	154,039	11,672	154,039	13,443	11,672
Gains/(losses) in fair value of shares	(14)	(81)	(14)	0	(81)
Impairment to property plant and equipment	0	2,320	0	0	2,320
	154,025	13,911	154,025	13,443	13,911
Total comprehensive revenue and expense	159,536	31,363	159,536	17,988	31,362

Statement of financial position as at 30 June 2022

	Group		Actual 2022 \$000's	Council	
	Actual 2022 \$000's	Actual 2021 \$000's		Budget 2022 \$000's	Actual 2021 \$000's
Assets					
Current assets					
Cash and cash equivalents	3,044	6,951	3,044	233	6,951
Trade and other receivables	4,034	4,121	4,034	2,814	4,121
Inventories	130	119	130	139	119
Non-current assets held for sale	0	0	0	0	0
Derivative financial instruments	5	0	5	0	0
Total current assets	7,214	11,191	7,214	3,185	11,191
Non-current assets					
Property, plant and equipment					
- Operational	54,927	56,075	54,927	57,457	56,075
- Restricted	48,162	46,060	48,162	48,874	46,060
- Infrastructure	558,909	397,135	558,909	397,269	397,135
Intangible assets	937	649	937	369	649
Forestry assets	295	460	295	333	460
Other financial assets	1,008	990	1,008	1,044	990
Investments in associates	265	265	0	0	0
Derivative financial instruments	683	0	683	0	0
Total non-current assets	665,186	501,634	664,921	505,347	501,369
Total assets	672,400	512,825	672,135	508,532	512,560
Liabilities					
Current liabilities					
Payables and deferred revenue	9,394	9,960	9,394	9,406	9,960
Landfill aftercare provision	8	8	8	0	8
Employee entitlements	1,633	1,442	1,633	2,000	1,442
Current portion of term debt	14,000	12,000	14,000	0	12,000
Derivative financial instruments	9	442	9	0	442
Total current liabilities	25,044	23,852	25,044	11,406	23,852
Non-current liabilities					
Term debt	24,000	26,000	24,000	41,500	26,000
Payables and deferred revenue	0	0	0	0	0
Landfill aftercare provision	98	98	98	0	98
Employee entitlements	94	88	94	0	88
Derivative financial instruments	56	704	56	1,681	704
Total non-current liabilities	24,249	26,889	24,249	43,181	26,889
Total liabilities	49,293	50,742	49,293	54,586	50,742
Net assets	623,107	462,083	622,842	453,946	461,819
Equity					
Asset revaluation reserve	441,857	287,819	441,857	291,078	287,819
AFS investments revaluation reserve	273	287	273	0	287
Special fund reserves	6,554	4,573	6,554	0	4,573
Rate reserve funds	(49,100)	(41,160)	(49,100)	(44,006)	(41,160)
Retained earnings	223,522	210,565	223,257	206,874	210,300
Total equity	623,107	462,083	622,842	453,946	461,819

Statement of changes in equity for the year ending 30 June 2022

	Group		Actual 2022 \$000's	Council	
	Actual 2022 \$000's	Actual 2021 \$000's		Budget 2022 \$000's	Actual 2021 \$000's
Equity at start of year	462,081	428,046	461,818	435,957	427,785
Add total comprehensive revenue and expense for year	159,536	31,363	159,536	17,988	31,362
Found assets	1,488	2,672	1,488	0	2,672
Equity at end of year	623,105	462,081	622,842	453,946	461,818

Statement of cash flows for the year ending 30 June 2022

	Group		Actual 2022 \$000's	Council	
	Actual 2022 \$000's	Actual 2021 \$000's		Budget 2022 \$000's	Actual 2021 \$000's
Cash flows from operating activities					
Revenue	55,847	53,682	55,847	51,907	53,682
Agency receipts	4,128	3,592	4,128	2,243	3,592
Interest received	22	48	22	0	48
Dividends received	197	265	197	150	265
Payments to suppliers and employees	(41,788)	(34,579)	(41,788)	(36,961)	(34,579)
Interest and other costs of finance paid	(1,086)	(861)	(1,086)	(974)	(861)
Agency payments	(4,128)	(3,592)	(4,128)	(2,243)	(3,592)
Net GST movement	79	(360)	79	0	(360)
Net cash from operating activities	13,271	18,195	13,271	14,122	18,195
Cash flows from investing activities					
Payment on loan	5	0	5	0	0
Proceeds from the sale of plant, property & equipment	793	1,232	793	0	1,232
Proceeds on sale of investments	0	0	0	0	0
Insurance recoveries	0	0	0	0	0
Payment for purchase of investments	0	0	0	0	0
Payment for plant, property & equipment	(17,976)	(15,455)	(17,976)	(22,012)	(15,455)
Net cash from investing activities	(17,178)	(14,223)	(17,178)	(22,012)	(14,223)
Cash flows from financing activities					
Proceeds from the issue of debt securities	0	0	0	1,500	0
Repayment of loans	0	(2,000)	0	0	(2,000)
Net cash from financing activities	0	(2,000)	0	1,500	(2,000)
Increase/(decrease) in cash & cash equivalents	(3,907)	1,972	(3,907)	(6,390)	1,972
Cash and cash equivalents as 1 July	6,951	4,979	6,951	6,623	4,979
Cash and cash equivalents as 30 June	3,044	6,951	3,044	233	6,951

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 2022

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:

	30 June 2021
Number of rating units within the district	9,674
Total Capital Value of rating units within the district	\$8,947,186,721
Total Land Value of rating units within the district	\$5,911,307,493

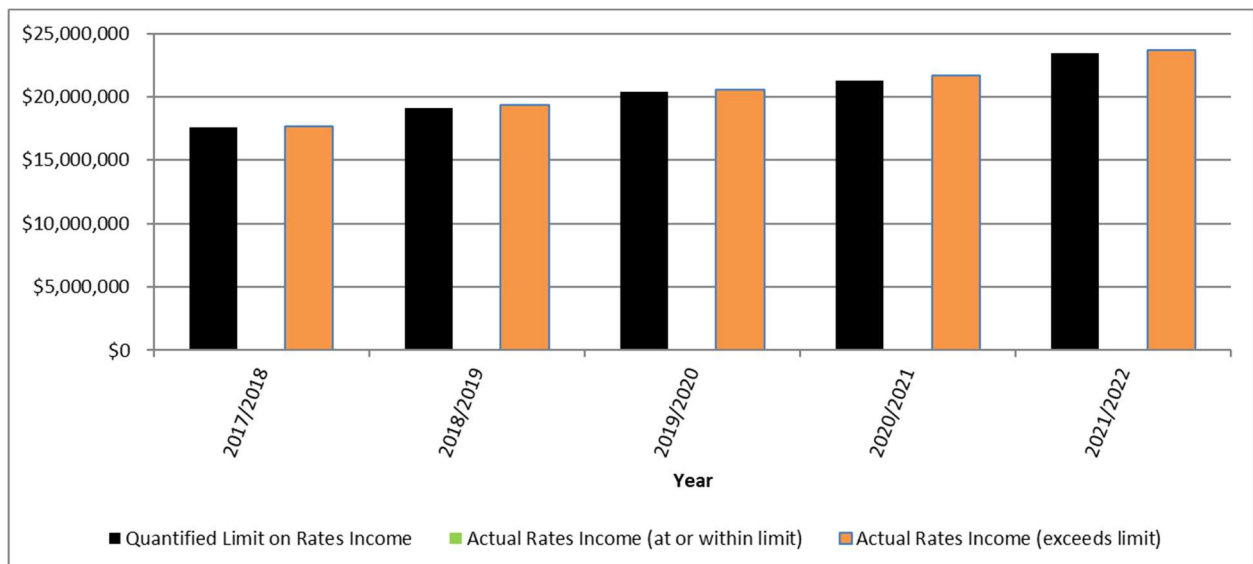
Key Benchmarks:

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

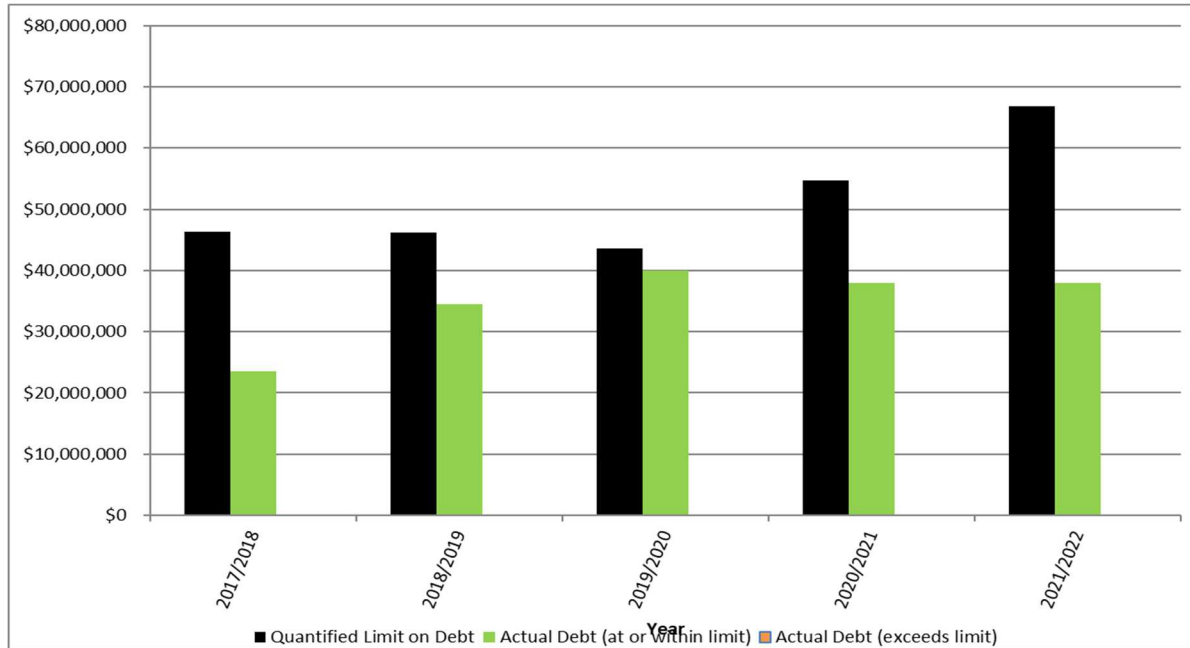
The following graph compares the council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the council’s long-term plan.



Note: The actual rates for 2021/2022 has exceeded the limit due to growth in the rating base being higher than was predicted in the Long Term Plan.

Debt affordability benchmarks

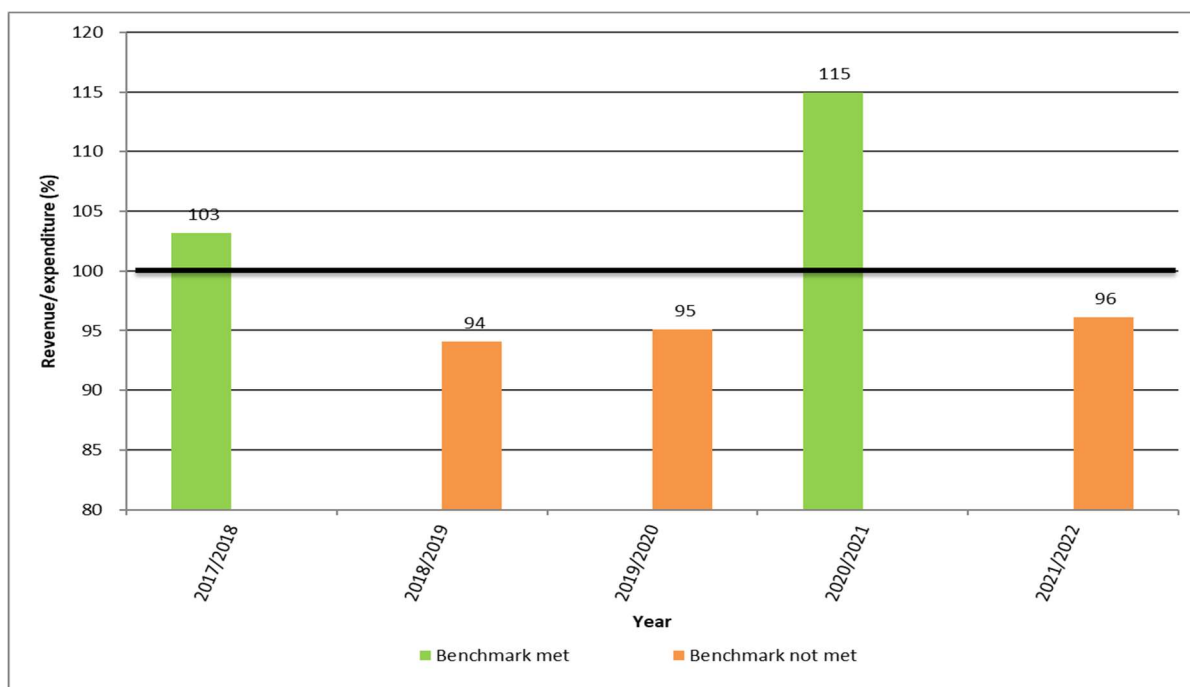
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The key benchmark is that total debt is no more than 125% of total income.



Note: the measure was amended in 2021/2022 from total debt is no more than 100% of total income to total debt is no more than 125% of total income.

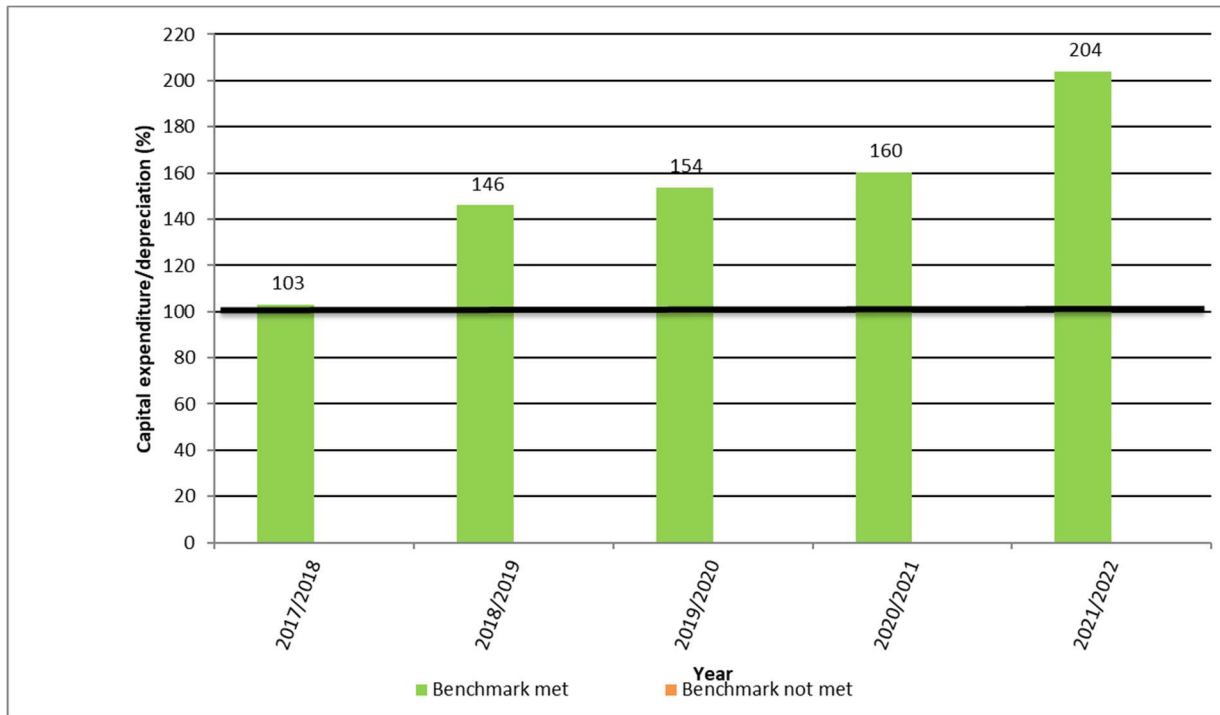
Balanced budget benchmark

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 and group summary of the annual report for the year ended 30 June 2022

The summary of the annual report was derived from the annual report of the Hurunui District Council (the District Council) and its subsidiaries and controlled entities (the Group) for the year ended 30 June 2022.

The summary of the annual report comprises the following information on pages 3 to 19:

- the summary of the statement of financial position as at 30 June 2022;
- 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 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary description used for the summary 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

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 29 November 2022

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the Government's three waters reform programme. In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms will mean that the District Council no longer deliver three waters services or own the assets required to deliver these services. This matter is disclosed on page 9 in the notes to the summary financial statements.

Council's responsibility for the summary of the annual report

The District 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 and our report on the disclosure requirements, we have carried out a limited assurance engagement in respect of the District Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements we have no relationship with, or interests in the District Council.



Christ Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
20 December 2022