



# SUMMARY ANNUAL REPORT 2017/18





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## Message from the Mayor and Chief Executive | He karere nā te tumu whakarae

Once again, this has been a busy year for Council as we have been committed to delivering our core services well and responding to new developments to deliver many positive outcomes for our Thames-Coromandel communities.

A major focus for elected members and staff over the last twelve months was completing the 2018-2028 Long Term Plan, our key budget and planning document which serves as a roadmap for budgets, projects and services for the next ten years. Every three years it is renewed.

The Long Term Plan also identifies some of the challenges and opportunities we see on the horizon for our district. Working with our communities is central to this process, and we were delighted with the huge number of submissions on our consultation document – 784 all up. It was pleasing to see our communities so engaged and taking the time to participate in local democracy.

You can find out more about our Long Term Plan through visiting our website – or feel free to pop into one of the Council offices.

We had a number of highlights in the 2017/18 year; including:

- Upgrade of the Thames Water Treatment plant to make it compliant with drinking water standards, as well as chlorinating the Hahei and Pauanui water supplies to ensure those communities can rely on safe drinking water.
- Resolving appeals to the District Plan. We are pleased to report 33 of 72 appeals have now been entirely resolved, bringing us much closer to the new District Plan being made fully operative.
- The Jack McLean Community Recreation Centre in Thames opened on 16 February 2018. This facility is already being well used and demonstrates a successful partnership between Council and the Ministry of Education.
- We processed 331 resource consents. While this was down on 2016/17 (395 consents), the volumes demonstrate there continues to be momentum for development in our district.
- Sealing the remaining 2.2km of the Kauaeranga Valley Road up to the Department of Conservation visitor centre.
- Completing much of the work on the Whitianga Town Centre upgrade. This is scheduled to be completed by October 2019.
- We experienced some heavy-hitting weather this year. Of particular note, was the January 5 storm event that affected our communities on our western Thames Coast. Despite the challenges we faced, the response and recovery demonstrated the community could cope, be resilient and rebuild quickly.

Covering 400 kilometres, our Coromandel district has one of the largest coastlines in the country, and our Council is focused on building 'resilient' coastal communities that can respond to and recover from these sorts of hazards, which are common to many parts of New Zealand.

This year we adopted our Coastal Management Strategy, which sets out a range of initiatives we will be taking over the coming years to better manage our coastal assets and understand the risk of coastal inundation and coastal erosion. The 2018-2028 Long Term Plan includes \$2.6 million over three years to support us implementing this strategy.

With the 2018-2028 Long Term Plan complete, we have been able to hit the ground running for this new financial year, with a sharp focus on the services and facilities our communities have told us they want to see in our district.

Council remains committed to delivering the best service to you, our customer, and ensuring the communities of the Thames-Coromandel district are great places to live, work and visit.

Please continue to take the time to engage with us and let us know how we are doing and where there is room for improvement in our service delivery. Let's keep talking and growing together, in the 2018/19 year and beyond.



**Rob Williams**  
Chief Executive



**Sandra Goudie**  
Mayor



# Highlights of the year | Miramira o te tau o mua

We did a lot in the 2017/18 year. We've had some great highlights, along with a few challenges. These are shared below for each of our activities.

## Roads and footpaths

1460 streetlights were upgraded from the traditional type (high pressure sodium and mercury vapour) lanterns to light-emitting diode (LED) lights during 2017/18. The balance of the LED upgrade work programme is planned for completion by June 2019.

Sealing of the last 2.2km section of Kauaeranga Valley Road up to the Department of Conservation (DOC) Visitor Centre was completed in May 2018. The total cost of the improvements was just over \$1 million and was a jointly funded project between TCDC and DOC. In addition to sealing the road, other works completed as part of the seal extension project included drainage improvements, carriageway widening and strengthening.

Bluff Road between Matarangi and Rings Beach was re-opened to pedestrians and cyclists prior to Christmas 2017 following significant geotechnical and engineering work to create a stable rock face.

The roading portion of the Hannaford Jetty Improvements project was completed in May 2018. It involved sealing of the parking/turnaround area and installation of a solar powered streetlight. This will provide an area for buses to safely turn, collect and drop off passengers who use the Auckland to Coromandel ferry service and maximise the parking for other Hannafords wharf users.

We also launched the "Stay Alive on 25" road safety campaign. State Highway 25 has 270km of fully sealed road and approximately 983 curves. In 2016 1.4 million vehicles drove on SH25A with an average 40-50 motorcycles riding the Coromandel Loop each day. The campaign involves extensive advertising and encourages people to adhere to basic road rules to ensure they have a safe journey.

## Protection of people and the environment

### Coastal and hazard management



We undertook workshops and engaged with our communities on a Coastal Management Strategy; which was adopted in June 2018; and informed the development of the 2018-28 Long Term Plan and Council's work programme.

Our first distinctive coastal asset management plan (AMP) was completed. This provides us with an essential tool to monitor, update and renew our vital coastal assets to an expected yet appropriate level of service.

A tsunami inundation study is underway for our west coast communities and is due for completion by August 2019.

### Emergency management

The January 2018 Thames Coast storm highlighted the need for west coast communities to be better prepared for emergencies with the ability to cope

with short term isolation from such events. Along with our Thames Valley counterparts we visited eleven west coast communities to initiate community response planning. The community uptake/involvement was very positive.

### Community health and safety

Two new bylaws came into effect: the Activities in Public Place Bylaw and Advertising and Signs Bylaw. We have predominantly worked with business owners educating them on the changes that they need to know about.

The Bylaws and Compliance team has had an increase in both their core service areas; routine patrols and responding to requests for service. We have issued more infringements than in previous years however we have conducted more patrols and checks and as such the percentage of people being compliant has remained above 95%.

The number of alcohol and food premises in the district has seen little change compared to the previous year. However, the new Food Act does require more time with each business as we move from an inspection regime to an audit regime achieving an audit of 93% of businesses in this financial year.



## Community spaces and development

### Thames

The Jack McLean Community Recreation Centre officially opened in February 2018. The Centre is a joint community and school facility that comprises two indoor courts, four changing rooms, two accessibility changing rooms/toilets, communal lockers along with a multi-purpose meeting room.

Four local schools in the "Trees for Survival" programme partnered with TCDC to undertake planting at 4 reserves around Thames, adding 500 trees to the ongoing winter planting project.

The peninsula's first natural burial cemetery opened in Omahu and has seen three interments with several plots pre-sold. There is space for approximately 104 burial sites. Sites can be marked with unobtrusive markers made from natural stone or untreated wood. A landscape plan for native trees and shrubs will make it a peaceful place to visit and reflect.



The Thames Mountain Bike Club installed a new bridge across the Karaka Stream, bridging a gap that had been a problem for access at high water for the last 25 years. A combination of grant money from TCDC, NZ Trail Fund, with local business donations and volunteer labour produced a much needed asset to the local track connecting Thames to the Coromandel Forest Park.



### Coromandel-Colville

A new community stage has recently been constructed in Coromandel. This stage was a collaboration between the local Coromandel community, TCDC and the Driving Creek Railway Trust, with the design of the performance stage paying tribute to the late Barry Brickell - potter and local visionary. The stage includes LED lights and incorporates Barry Brickell's Rail Wheels to make a unique community asset that can be used by local performers and musicians.

### Mercury Bay

We have completed construction of a new two stall toilet at the Hahei visitor car park. The project was part funded by the Tourism Infrastructure Fund (TIF) in partnership with the Ministry of Business, Innovation and Employment (MBIE). We also completed the construction of a new wave themed toilet at Hot Water Beach.

Widening of the existing boat ramp and installation of a pontoon at Matarangi was completed. The Whitianga town centre upgrade is underway and is due for completion by October 2019.

### Tairua-Pauanui

In Tairua we upgraded the access track to the Paku summit with new steps and track remetalling. We also completed the upgrade to Tairua wharf. The Tairua Information Centre moved into the Tairua Library meeting room to provide a more collegial community and visitor centre. In Pauanui we upgraded four of the Pauanui Waterways tennis courts, installing tigerturf; along with the Gallagher Park flying fox.



### Whangamata

This year saw an upgrade to the Aickin sports field irrigation bore. Work was also undertaken to spruce up Williamson Park with an upgrade in time for the summer season. We are continuing to work on providing shade structures and amenities such as barbeques to further improve the ambiance and use of the park.

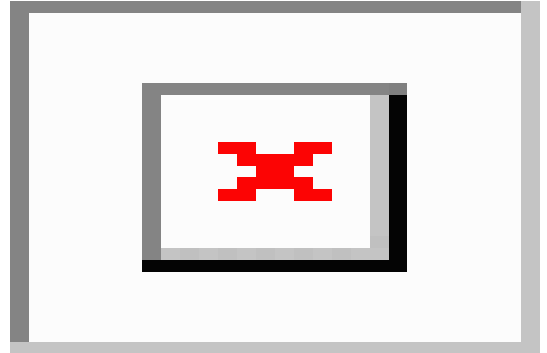
## Planning and regulation

### Strategic planning

A key focus for this year was the development and adoption of the 2018-28 Long Term Plan. We received and considered 784 submissions covering a huge breadth of topics. There was particular interest in the future of the Thames Centennial Pool. We will continue to work on options for this over the next year and seek public feedback.

### District plan

Work on appeals to the Proposed District Plan has been progressing well. Of the 72 appeals, 33 have been resolved in their entirety leaving 39 appeals outstanding. Many of these outstanding appeals are subject to agreements recorded in consent documents which are currently sitting with the Environment Court. A large number of outstanding appeals are also subject to the Section 293 process concerning the Natural Character and Coastal Environment topics. Other than the natural character and coastal environment topics the following topics remain outstanding: coastal living; structure plans; kauri dieback; transport; and rezoning.



### Resource consents

We had 331 resource consent applications during the year compared to 395 lodged over the previous financial year. There has also been an increase in large scale development applications within the district.

### Building control

Building Control Authority (BCA) accreditation has been achieved for another two years. A successful International Accreditation New Zealand (IANZ) reassessment occurred where we were able to demonstrate compliance with the regulatory requirements

detailed in the Building (Accreditation of Building Consent Authorities) Regulations 2006. Overall we had an outstanding result with only one general non-compliance that related to Waikato Build Group documentation and this was rectified on site.

The online building consenting system was implemented on 18 June 2018. This followed significant preparation including a pilot programme and soft launch to increase user familiarity of the system.

## Economic development

A revised Economic Development Strategy 2018-2028 was adopted in February 2018. We are currently working on a number of business initiatives around the district including business expansion, airfield development, aquaculture development, significant subdivision development, and a number of tourism expansion initiatives and new developments.

## Representation

### Grants and remissions



The Community Boards allocated \$70,000 in local economic development grants and discretionary funds to community-based organisations with projects aimed at developing visitor facilities. These included grants for an exhibition to preserve the stories of A&G Price Foundry, contribution to the annual firework display, assisting with the cost of running the Summer Series, the Beach Hop event, the hosting cost of RSA services and a Run/Walk Festival.

### Representation

The Mayor and Councillors focused primarily on district-wide decisions with the development of the Long Term Plan. There were over 12 workshops and 12 meetings held over the year in which the elected members debated the types of projects that would shape our communities over the next ten years



## Solid waste (rubbish and recycling)

Council continues to deliver the joint Waste Management and Minimisation Plan (WMMP) in collaboration with Hauraki and Matamata-Piako District Councils. Waste reduction continues to be a challenge as we look to actively encourage more recycling by our communities. We have provided a grant to the Seagull Centre via our Waste Minimisation Levy to encourage reuse.

## Stormwater

The Sarah Ave, Whitianga stormwater upgrade was completed. This project focused on flood mitigation risks to local residents and included the installation of large capacity inlets and underground storage.

## Wastewater

Whitianga Wastewater Treatment plant optimisation was completed. Renewal of the Waikato Regional Council Hahei Wastewater Treatment discharge consent was granted. Hahei Wastewater Treatment Plants upgrades to the aeration ponds were completed along with upgrades to the Matarangi Wastewater aeration and filters.

## Water supply

The upgrade of the Thames Water Treatment plant was completed to make it compliant with the NZ Drinking Water Standards. Chlorination of the Hahei and Pauanui water supplies was undertaken along with continuation of the new trunk water main in Thames South from Omahu to Hikutaia.





## Service performance overview | Tirohanga whānui o ngā whakahaere ratonga



Our projects and work programmes are contained within twenty groups of Council activities. This table summarises how we did, where we met expectations and where we need to improve. Our performance measures provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. This year we achieved 69% of our service performance targets.

Group of Activity	No. of measures	Achieved	Not Achieved	Not Measured
Roads and footpaths	6	33%	50%	17%
Stormwater	9	89%	11%	0%
Wastewater	12	58%	42%	0%
Water supply	40	63%	23%	15%
Rubbish and recycling	5	60%	40%	0%
Representation	2	50%	50%	0%
Grants and remissions	1	100%	0%	0%
Strategic planning	1	100%	0%	0%
District plan	1	0%	100%	0%
Resource consents	2	0%	100%	0%
Building control	5	60%	40%	0%
Community health and safety	6	67%	33%	0%
Coastal and hazard management	1	0%	100%	0%
Emergency management	3	33%	33%	33%
Coromandel-Colville	6	100%	0%	0%
Mercury Bay	9	100%	0%	0%
Tairua-Pauanui	10	90%	10%	0%
Thames	11	82%	18%	0%
Whangamata	7	86%	14%	0%
Economic development	1	0%	100%	0%

## Commentary on the performance measures

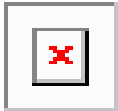
There are a number of reasons why some performance measures are not achieved each year. The reasons range from situations such as extreme weather events, or a change to the planned work programme, through to issues with our systems for measuring the results. Below is a brief explanation of the reasons why some of our performance measures have not been achieved this year. For more details refer to the introduction and statement of service performance sections in our full annual report.

Activity	Summarised commentary on "not achieved" performance measures
Roads and footpaths	Three of the six measures reported on were not achieved. One measure related to the number of fatalities and serious injury crashes on the local road network. Five crashes were reported. In order to achieve the target, the number of crashes reported needed to be less than or equal to the previous financial year (which was two). Council has limited ability to reduce road crashes resulting in fatalities or serious injury due to the number of human factors involved. A review of the car crash statistics showed no common cause between each crash. The second measure not met was the area of the sealed local road network resurfaced should have been greater than 174,464m <sup>2</sup> (excluding first and second coat seals). However, only 173,123m <sup>2</sup> was achieved. The under achievement compared to programmed amount is due to three sites being deferred because of pavement condition or conflict with other works. The last measure not achieved was the average quality of ride on a sealed local road network (measured by smooth travel exposure) should be greater than 90%. Council's result was 88%. The majority of rougher sealed roads are in urban (low speed) areas where road roughness doesn't impact driver comfort to the same extent as rural areas.
Representation	One of the two measures reported on was not achieved. This measure related to the proportion of agenda items which were publicly excluded. 15% of the total number of agenda items presented to Council (including community boards and committees) were publicly excluded and met the legislative criteria for public exclusion.
District plan	There was only one performance measurement for this activity being the proportion of work programme progressed to complete and implement the District Plan. Only one out of the three milestones was completed. Updating the E-Plan within one month was not achieved. This was due to timing issues with GIS mapping and formatting of the E-Plan tables which needed to be resolved before the E-Plan could be published. Resolution of appeals was also not yet at a point where other changes (variations) could be made to the Plan without running the risk of implications from consent documents and/or court decisions.
Resource consents	Both measures for this activity were not met. The first being the percentage of accepted resource consents that are processed within statutory time frames needed to be greater or equal or to 98% and the second being the percentage of 224 certificates of compliance issued within 20 working days (provided all the correct information is provided) was required to be higher than 80%. With regards the first measurement, Council managed to achieve 97%. A total of 331 resource consents were processed over the past 12 months of which 11 consents went over time frame due to delays in engineering comments due to pressures on internal resources. There was also a significant increase in large scale developments within the district. More work was outsourced to external engineering consultants in March to deal with the backlog and new work. With regards to the second measurement, a significant and unexpected increase in development engineering workload due to a wet construction season last year plus limitations in development engineering resource contributed to this measure not being achieved.
Coastal and hazard management	There was only one performance measure for this activity being the completion of dune planting programmes approved by the Mercury Bay Community Board and Council (in accordance with Council resolution dated 4 April 2017) at a number of beaches in the Mercury Bay ward. While plants were procured prior to 1 July 2018; planting at all 5 locations was not completed until August/September 2018.
Economic development	There was only one performance measure for this activity being the completion of the 2017/18 work programme set out in the annual plan. This was to review the economic development strategy, refresh the project Kopu plan and deliver a draft Coromandel Harbour/West Coast harbour facilities strategy for LTP budgeting discussions. The economic development strategy was computed but the Kopu feasibility study will not be completed until November 2018. The West Coast marina harbour facilities strategy was adopted in December 2017 and there are a number of initiatives underway as part of the Coromandel harbour facilities project.

# Council benchmarks and where your money was allocated | Ngā taumata a kaunihera me te toha toha pūtea

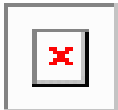
Part 2 of The Local Government (Financial Reporting and Prudence) Regulations require us to disclose our financial performance in relation to various benchmarks. A complete picture of the results can be obtained from the full Annual Report. The following is a snap shot of the results that were obtained in the 2017/2018 financial year.

## Rates affordability benchmarks



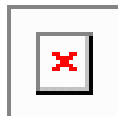
- 70% of total revenue received by Council was rates income. Rates received must be capped at 80% of total revenue received.
- Rates rose by 2.3% for existing ratepayers. Council's limit was that rates must not rise by more than 3.5% in the 2017/2018 financial year.

## Debt affordability benchmarks



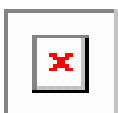
- Total external debt was \$45.6 million as at 30 June 2018 and was equivalent to 73% of rates revenue. This is \$48.6 million under our total external debt cap of \$94.1 million (150% of rates revenue).
- Interest on external debt was 3.9% of rates revenue. This was well within the limit set of 15%

## Balanced budget benchmark



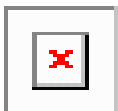
- Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment) was 97% of total operating expenses. Council did not meet this benchmark as revenue (as a proportion) of total operating expenses was less than 100%. This is mostly due to the additional costs to remediate the damage caused by a spate of severe storm events across the peninsula.

## Essential services benchmark



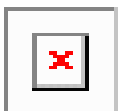
- Council met this benchmark for the 2017/2018 financial year as capital expenditure on network services was 114% of depreciation expenditure on network services.
- Council is continuing to fund depreciation in order to build depreciation reserves so that costs towards major renewals can be met without additional borrowings.

## Debt servicing benchmark



- Council's borrowing costs are 3.0% of its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). Council meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

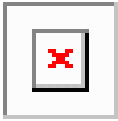
## Debt control benchmark



- Council's actual net debt of \$56.9 million was 80% of its planned net debt as at 30 June 2018. Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. Net debt means financial liabilities less final assets (excluding trade and other receivables).

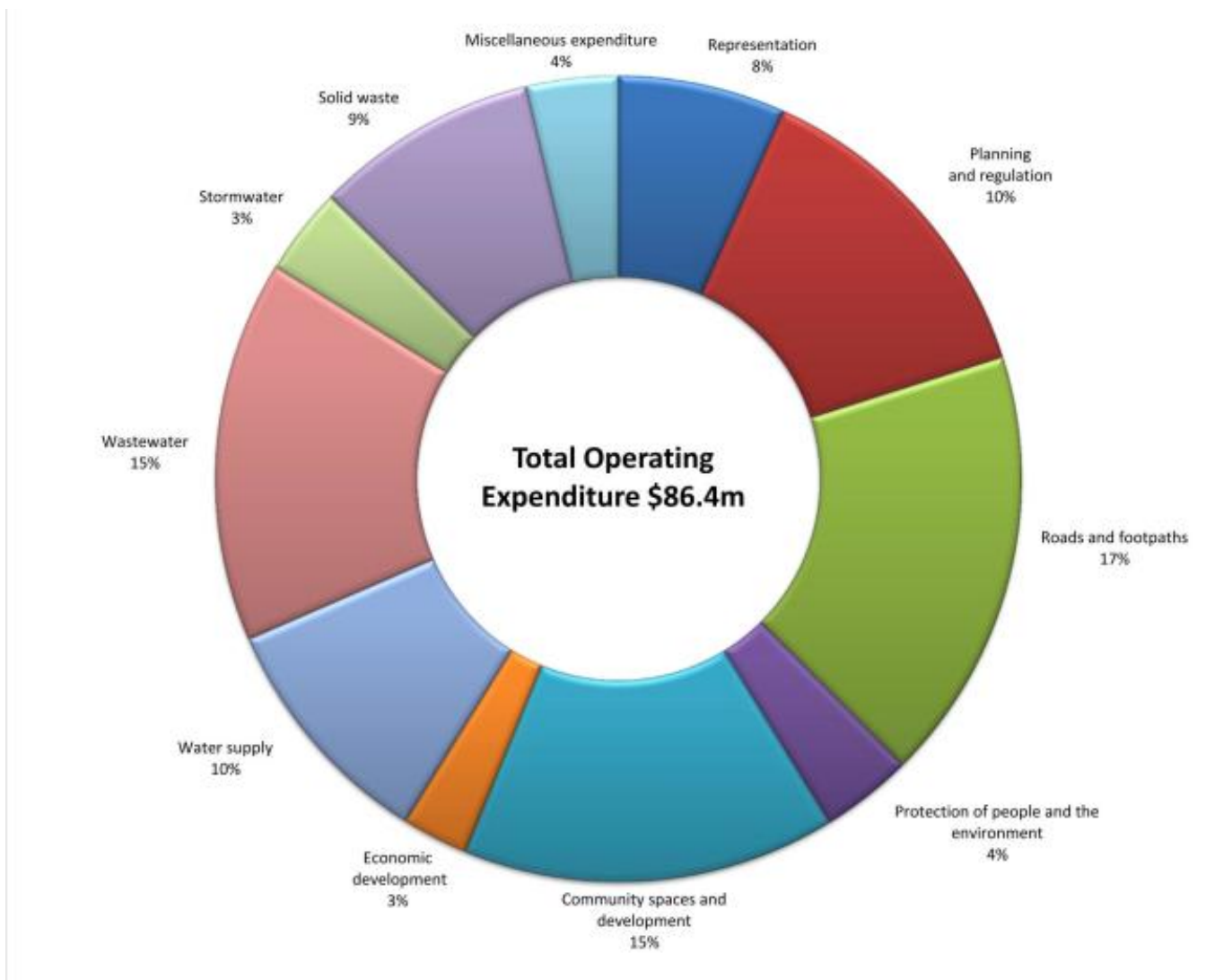


## Operations control benchmark



- Council's net cash flow from operations was \$21.2 million which was less than that budgeted. Council does not meet the operations control benchmark as its actual net cash flow from operations was less (by \$1.9 million) than its planned net cash flow from operations (92%).

## Where your money was allocated



# Overview of our financial performance | Tirohanga whānui ki te whakahaere pūtea

## Summary financial statements for the financial year ending 30 June 2018

	2018	2018	2017
Statement of Comprehensive Revenue and Expense	Budget	Actual	Actual
For the year ended 30 June 2018	\$000's	\$000's	\$000's
Rates revenue	63,488	62,786	60,906
Fees and charges	10,322	11,435	11,191
Other revenue	17,558	16,630	18,020
<b>Total Revenue</b>	<b>91,367</b>	<b>90,851</b>	<b>90,117</b>
Personnel costs	18,154	17,535	16,013
Depreciation and amortisation	19,524	19,350	18,523
Finance costs	2,624	2,470	2,242
Other expenses	41,811	47,116	44,066
<b>Total Expenditure</b>	<b>82,114</b>	<b>86,471</b>	<b>80,845</b>
Share of joint venture surplus/(deficit)	0	(22)	9
<b>Surplus/(deficit)</b>	<b>9,253</b>	<b>4,357</b>	<b>9,281</b>
Gains on revaluation of property, plant and equipment	25,889	44,794	97,513
Losses on revaluation of financial assets	0	15	2
<b>Total other comprehensive income</b>	<b>25,889</b>	<b>44,809</b>	<b>97,514</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>35,142</b>	<b>49,166</b>	<b>106,795</b>

	2018	2018	2017
Statement of Financial Position	Budget	Actual	Actual
For the year ended 30 June 2018	\$000's	\$000's	\$000's
Total current assets	4,320	17,917	9,013
Total non-current assets	1,442,448	1,491,089	1,442,102
<b>Total assets</b>	<b>1,446,768</b>	<b>1,509,006</b>	<b>1,451,115</b>
Total current liabilities	28,586	34,817	33,105
Total non-current liabilities	40,993	38,730	31,717
<b>Total liabilities</b>	<b>69,578</b>	<b>73,547</b>	<b>64,822</b>
<b>NET ASSETS AND TOTAL EQUITY</b>	<b>1,377,189</b>	<b>1,435,460</b>	<b>1,386,293</b>

	2018	2018	2017
Statement of Changes in Equity	Budget	Actual	Actual
For the year ended 30 June 2018	\$000's	\$000's	\$000's
Balance at 1 July	1,342,047	1,386,293	1,279,498
Total comprehensive income	35,142	49,166	106,795
<b>BALANCE AT 30 JUNE</b>	<b>1,377,189</b>	<b>1,435,460</b>	<b>1,386,293</b>
<b>Equity represented by:</b>			
Accumulated funds	398,039	393,190	388,686
Reserves	979,150	1,042,271	997,607

	2018	2018	2017
Statement of Cash Flows	Budget	Actual	Actual
For the year ended 30 June 2018	\$000's	\$000's	\$000's
Net cash inflow/(outflow) from operating activities	22,297	21,288	20,814
Net cash inflow/(outflow) from investing activities	(29,592)	(31,584)	(21,928)
Net cash inflow/(outflow) from financing activities	7,354	10,400	200
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>59</b>	<b>104</b>	<b>(914)</b>
Cash and cash equivalents at the beginning of the year	390	95	1,009
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>449</b>	<b>199</b>	<b>95</b>

## Summary financial statements

The summary financial statements were extracted from the full audited financial report of Thames-Coromandel District Council for 30 June 2018.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as completed an understanding as provided by the full financial statements.

The full annual report was authorised for issue by Council on 30 October 2018.

The full annual report is available from the Council offices or can be downloaded at [www.tcdc.govt.nz](http://www.tcdc.govt.nz).

An unmodified audit report was issued on the full financial statements.

## Explanations for key variances from the budget

### Revenue

#### Fees and charges

There was an increase in solid waste revenue mostly in bag charges and transfer station fees resulting in approximately \$1.1 million more revenue.

#### Development and financial contributions

There was an increase in property development resulting in an unanticipated increase in development contributions revenue of \$1 million.

#### Subsidies and grants

Subsidies and grants revenue was less than budgeted by \$1.4 million. A delay in the LED lighting change out programme due to the late arrival of light fittings affected the amount of NZTA subsidy received. The remaining NZTA subsidy will be received in the 2018/19 financial year when the programme is completed. The deferral of the Te Ara O Hei project also meant a deferral of the grant that was budgeted to be received from NZ Lotteries.

#### Other revenue

Other revenue was less than budgeted by \$1.8 million. The budget included an unrealised gain on derivative financial instruments, but the actual result was a unrealised loss. This loss was offset by an increase in vested assets. Budgeting for derivative financial instruments is problematic and difficult to predict. The budget was based on information from the previous long term plan which did not anticipate the replacement of matured derivatives. Any losses through other comprehensive revenue and expense are unrealised and do not result in a cash out flow.

### Expenses

#### Other expenses

Other expenses were \$5.1 million higher than budgeted. There was a loss on disposal of property, plant and equipment of \$3.1 million including work in progress. The loss was mostly related to roading, water and wastewater infrastructure assets that were replaced before the end of their useful lives. The remaining variance is a result of an increase in operating expenditure as a result of the storm damage sustained during the storm events that hit the peninsula over the year.

### Other comprehensive revenue and expense

#### Gain on property, plant and equipment revaluations

A gain on revaluation was budgeted but the actual asset revaluation movements were higher than budgeted by \$18.9 million. This is mainly attributable to the increase in roading land value across the district.

### Assets

#### Receivables

The closing receivables position is \$4.3 million higher than budgeted mainly as a result of a large GST receivable and rates paid in advance at year end.

#### Property, plant and equipment

Property, plant and equipment is \$50 million higher than budgeted. This is mainly attributable to the increase in land value across the district.

#### Other financial assets

Other financial assets include \$9.5 million of investments on term deposit which were not budgeted for.

#### Intangible assets

Intangible assets were \$1.6 million less than budgeted because of a deferral of software projects while a review of information technology infrastructure was undertaken.



## Liabilities

### Payables and deferred revenue

The closing payables position is \$4.9 million higher than budgeted mainly because of large infrastructure accruals to record expenditure that occurred prior to year end where invoices had not been received.

### Derivative financial instruments

Due to the inherent difficulties in prediction valuation derivatives, Council does not budget for the movement in derivative financial instruments.

### Provisions

Provisions are \$1.0 million less than budgeted. This is mainly attributed to a reduction in the weather tightness provision.

### Borrowings

Our total debt is \$2.1 million less than budgeted. Council forecast to externally borrow \$9.7 million to fund the capital expenditure programme. However, only \$2.4 million was required.

## Disclosure

### Reporting entity

Thames-Coromandel District Council (Council) is a territorial local authority established under the Local Government Act 2002.

### Basis of preparation

#### Statement of compliance

The Summary Annual Report is for the year ended 30 June 2018 and was authorised for issue by the Chief Executive on 30 October 2018. The full Annual Report was adopted by Council and approved for issue on 30 October 2018. The full financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They also comply with Tier 1 PBE accounting standards. All other statutory requirements relating to the Annual Report have been complied with. This Summary Annual Report has been prepared in accordance with the PBE Financial Reporting Standard 43 (PBE FRS 43) Summary Financial Statements.

#### Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investments, forestry assets and certain financial instruments (including derivative instruments).

#### Functional and presentation currency

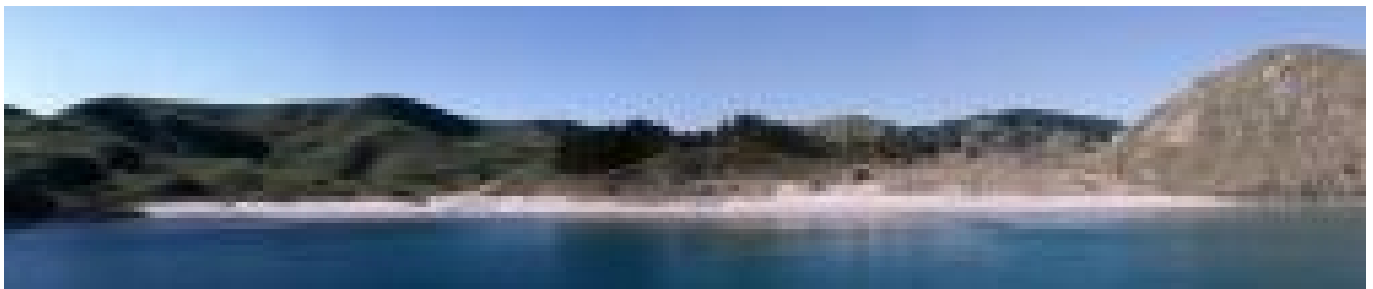
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

#### Contingent liabilities

Contingent liabilities, which are dependent on other future events, are \$3.17 million (2017: \$5.98 million). Of this \$1.38 million relates to possible future claims against Council for damages relating to leaky buildings and \$1.11 million relates to financial guarantees given to community organisations (2017: \$1.14 million).

#### Subsequent events after balance date

At balance date \$5,476,544 was capitalised to recognise the Jack McLean Community Recreation Centre leasehold improvement that has been available for use since the opening on 16 February 2018. At balance date the lease was still being finalised. The lease was signed as at 23 August 2018.



# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report To the readers of Thames-Coromandel 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 Thames-Coromandel 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 7 to 13:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive income, 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 accounting policies and other explanatory information; and
- the service performance overview.

### 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 2018 in our auditor's report dated 31 October 2018.

### 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 audited information and our report on the disclosure requirements, 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 and provided assurance services in relation to procurement processes undertaken by the Council. Other than these engagements, we have no relationship with, or interests in, the District Council.



Athol Graham  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
31 October 2018







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