



# SUMMARY ANNUAL REPORT 2015/16





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## Message from the Chief Executive | Mai i te Kaiwhakahaere

He nui ngā kai kei runga i a Moehau, me he tangata koe whai mai

### **There is an abundance of food on Moehau if you are a person who is prepared to seek it**

Success in local government requires teamwork, focus and commitment. Our council and our communities work hard to achieve success for this district whilst acknowledging there are always improvements we can make to streamline our processes and attain better outcomes.

An organisation's annual report is a useful snapshot in understanding how that organisation services its customers. It's reassuring to me to see that our team seems to be doing its best for the community every day, actively aiming for continuous improvement. It does not mean that we are perfect and I believe that there is room for improvement but we have the people on board to make a positive difference. As such I'm pleased to present this 2015/16 Annual Report, which is my first as the Thames-Coromandel District Chief Executive.

Increased demand in the local housing market has been good news for many in our community, and the council has generally delivered on its part in meeting the increased demand on council services, like Land Information Memoranda (LIMs), building consents and resource consents.

We joined the Waikato Building Consent Group on 1 July 2016, which was the result of six months of concerted effort to align our systems and processes across the region. This is an important step to make working with us easier for our customers and for those in the industry. The Waikato Building Consent Group aims for consistency in building control services, to improve customer service and assists with maintaining BCA accreditation. It also strengthens our voice as part of the regional group to engage with government proposals and legislative change which affect the building industry.

More building puts a spotlight on other parts of our business, like our infrastructure services. We need roads to access these new buildings, wastewater pipes out of them and water supply pipes in. Our infrastructure costs money to build and money to maintain, as well as needing a team of people to support this. The vast majority of our annual expenditure is on these core services and it's important that we get them right. There have been times when we have taken on too much which are a constant reminder that we need to be aware of what capacity we have as an organisation and to only set out to deliver what we can realistically achieve.

More building does not necessarily equate to more people. We still anticipate slow population growth across the district, and we shouldn't lose sight that approximately 55% of our ratepayers live outside our area. This presents both opportunities and challenges for our services and we are lucky to have a strong ratepayer base to enable us to pay for everything that we undertake. We have had many successes this year:

- Public notification of Council's decisions on the Proposed District Plan.
- Ensuring our bylaws meet the needs of our council, including a review of the Dog Control Bylaw and making new bylaws for Maritime Facilities, Standards of Camping on Private Property and Fires in the Open.
- Completion of the necessary pre-construction milestones for the Thames Indoor Sports Facility so that building can begin in 2016/17.

Underlying all of this is a commitment by our council towards improving the way we work and doing the right thing for our communities. Thank you for your indulgence and in numerous instances for working directly alongside us as we progress.



Rob Williams

# The year in review | Te Tau ka Huri

We did a lot in the 2015/16 year, and there's a few good things we want to particularly highlight as positives for our communities. These are shared below for each of our activities.

## Community spaces and development

### Coromandel-Colville community spaces and development

- Over the year we completed the Long Bay Kauri walk upgrade. This included the construction of new board walks, viewing platforms and boot cleaning stations to help protect the Kauri in Long Bay from Kauri Dieback disease.
- The transfer of a Department of Conservation reserve in the Hauraki Road area to be administered by Thames-Coromandel District Council was agreed. This reserve is envisaged to provide valuable recreational capacity for walking and mountain biking activities close to the centre of town. The transfer will be completed in 2016/17.
- The Coromandel town centre precinct was the focus of a planning exercise with community stakeholders to produce a draft planning reference document that will inform future decisions around the development and enhancement of public spaces. This work is on-going.
- In response to over-demand and congestion at some boat ramp facilities in the area, major dredging of Fureys Creek was undertaken to improve tidal access to the Jacks Point boat ramp. This will improve functionality of the ramp and encourage greater utilisation of this facility.
- We upgraded the Port Charles playground with new swings installed. Soft fall replenishments were completed at the Hauraki House, Samuel James and Long Bay playgrounds.



### Tairua-Pauanui community spaces and development

- In Tairua, progress was made to redevelop the Mary Beach Wharf and boat ramp facilities which has been a community focus for many years. A working group was formed and options developed, before seeking wider community feedback on a proposed concept in October and November 2015. The project is still on-going, and when completed the facilities will have greater capacity and all tide access to better cater for residents and visitors who want to get out on the water.
- Tairua Library celebrated creativity in October 2015 with a range of workshops, exhibits and resources throughout the library. The creative activities were facilitated by local people and offered to all ages at no or low cost.
- Another stage of the Pauanui Tairua trail was officially opened. Developing the track has been driven by the local community, and this latest stage is approximately 4.2 kilometres and runs from Tangitarori/Tangiteroria Lane to Duck Creek in Pauanui. It connects to a 1.6 kilometre boardwalk that already goes through the Pauanui Waterways.



## Mercury Bay community spaces and development

- Construction was completed on a 1.5 kilometre path to connect the existing footpaths from the Whitianga Wharf through to Brophys Beach. The path includes a boardwalk and is 2.4 metres wide.
- Stage two of the Ferry Landing Wharf restoration project was completed in 2015/16 with funding support from Council and the Lotteries Heritage Fund. The project has been undertaken in partnership with Ngāti Hei, Heritage NZ, the Institute of Engineers and representatives from the Mercury Bay community. The final stage will be completed in the next financial year.



## Thames community spaces and development

- In the central area of town we completed improvements at the Civic Centre to make the facility more attractive and functional for community use. We upgraded the speaker system, installed Wifi and put a new flat screen monitor in the foyer.
- Around the corner from the Civic Centre, Porritt Park also had attention. We completed stages one and two (of three) for the playground re-design that included new play equipment. It also meant constructing new public toilets and the facilities can be accessed from within the playground boundary (so parents can keep watch of multiple children) and have disability access.
- We also installed a new public toilet at Kopu in response to customer requests and use of the Hauraki Rail Trail.
- The Thames Library offers the largest library service in the district. To make the internal space more community friendly and functional, renovations provided new toilets that are freely accessible from the public area and that include a baby changing table. The changes have reduced disruption and increased security within the library.
- At the southern end of Thames, we made some changes at the Centennial swimming pool to improve safety for young children. Work included installing a safety fence around the toddler pool, and we also put in place a system to routinely test the water in the toddler pool to ensure continuous safe levels for use.
- Up the Thames Coast, we completed the Te Puru tennis court upgrade with a new AstroTurf surface.



## Whangamata community spaces and development

- In Whangamata we developed a fitness trail along the harbour walkway. Now there's outdoor equipment for our residents and visitors to use while out enjoying the coastal environment, and away from traffic hazards. We also built a new basketball area at Hetherington Road Reserve with the new equipment installed in May 2016.
- Also in Whangamata we progressed improvements at Williamson Park. We started work to make the reserve safer by removing pine trees that had become a hazard, and progressed a design for improved access and functionality that includes a boardwalk and changes to accessways. This project is on-going. The size of the reserve, proximity to town and location behind the Surf Club with accessibility to the beach makes it a well-used public space and popular venue for community events.



## Planning and regulation

### Strategic planning

- Major achievements included completing the review of Council's Dog Control Policy and Dog Control Bylaw which received 429 submissions. Council held a referendum for on-going fluoridation of the Thames water supply, in which the turnout was 56.5 percent of eligible voters (result was to retain fluoridation). Both of these processes demonstrated strong engagement by the community.

### District plan

- In April 2016, Council adopted the recommended decisions of the District Plan Hearings Panel on submissions and further submissions to the Proposed Thames-Coromandel District Plan and Variation 1 - Natural Character. Council's decisions were publicly notified on 29 April 2016 and represent a significant milestone in the process to complete a full review and restructure of our District Plan.

### Resource consents

- Over the year a total of 399 resource consents were lodged, compared to 324 in 2014/15. The level of complexity of the consents has resulted in a number of notified applications and hearings being held over the 2015/16 year. Despite the significant increase in workload, our consent team has consistently met statutory timeframes and the average working days to process a resource consent has been approximately 15 working days.
- The subdivision 223 and 224 certifications have almost doubled, with 145 certifications issued in 2015/16 compared to 87 the previous year. This demonstrates the level of development occurring in the district.

### Building control

- Our building control team was assessed by the International Accreditation New Zealand (IANZ) and received continued accreditation to do processing and inspecting of consents. The team was praised for having good internal audit processes which gives a high level of consistency and helps the team produce high quality work. The inspection had no corrective actions and the assessment team described it as one of the best ever assessments. The next accreditation assessment is scheduled for 2018.

### Roads and footpaths

- To improve pedestrian safety we constructed approximately 3.5 kilometres of new footpath on roads and streets where no footpath existed previously.
- In Tairua, we completed the bridge extension over Manaia Causeway (Graham's Creek). The work was completed on time and for approximately 75 percent of the project budget. The bridge extension was completed as part of a wider flood mitigation project with Waikato Regional Council aimed at reducing flood level upstream of the Manaia causeway in Tairua.
- We were able to complete our annual resurfacing and road rehabilitation programmes under budget due to early tendering and a competitive supplier market.



## Protection of people and the environment

### Community health and safety

- Council adopted three bylaws in 2015/16 (Standards of Camping on Private Property, Maritime Facilities Bylaw 2015, and Dog Control Bylaw 2016).

### Emergency management

- In January 2016 we held community tsunami open days in Whangapoua and Matarangi.
- We had an evacuation planning workshop in March 2016. This was in Whangamata with emergency services personnel, Civil Defence Emergency Management professionals and Council staff.
- Our Emergency Operating Centre was activated and training put to use three times over the year (rain event in January 2016, Cyclone Winston in February 2016, and Whitianga/Kennedy Bay flooding in March 2016).



### Coastal and hazard management

- A Coastal Management Plan was prepared for Tairua, Pauanui and Whangamata in August 2015 to serve as a guide on how to manage beaches and estuary shorelines in the local area that are susceptible to coastal erosion. Recommendations were discussed with Tairua-Pauanui and Whangamata Community Boards, and an action plan will be developed.
- In Mercury Bay 660 geotextile sandbags were used to build a wall over 500 metres long to protect and mitigate erosion at Ohuka/Brophys Beach.

## Wastewater

- Over the year we upgraded the Coromandel wastewater treatment plant, a five-pond based system situated at Hauraki Road. The upgrade involved constructing new inlet works to improve the quality of wastewater entering the plant; and flood protection works were completed which included reforming, raising and resealing the retention ponds.
- A dewatering screw press was installed in the Whitianga wastewater treatment plant. This piece of kit removes excess water from the solid component of the treated wastewater, allowing for it to be disposed of or reused in a composting process.
- Our underground wastewater investigations project commenced this year which is helping us to prioritise the replacement schedules in surveyed areas around the district.
- Council have engaged with Ngāti Hei and Ngāti Huarere ki Whangapoua and other stakeholders to begin developing options for wastewater treatment at Matarangi. This work will continue in 2016/17.





## Stormwater

- Through the year we engaged with the community to progress improvements to the Tairua stormwater outfalls in the Tairua marina area.
- Elsewhere in the district, Council undertook works including replacement and upgrade of approximately 90 metres of pipe and outlet structure in Pottery Lane Coromandel, the replacement of approximately 75 metres of existing pipe and two manholes in Petley Parade Tairua, and in Albert Reserve Thames we refurbished the rock armouring in conjunction with parks and reserves works at the same location.
- Our underground investigations project commenced and involved capturing and processing CCTV footage for our underground stormwater assets.



## Water supply

- Over the year we finalised our water safety plans for our water supplies around the district. These plans encourage the use of risk-management principles during treatment and distribution, so that monitoring is not the only water quality management technique used.
- The Pauanui aquifer reconfiguration project was completed and this included a number of upgrades. The main improvements were an increase to the security of the bore heads, and an upgrade to the pipework so that the water from the three bores will be redirected though one location. This allows for additional filtration and UV treatment.
- In Pollen and Richmond Streets in Thames, we relined approximately 40 metres of existing watermain.
- We have utilised local knowledge and what we have learnt from our modelling scenarios to upgrade the Thames South water supply. This included installing new pipes in the area.
- In Whangamata, reconfiguration of the water supply reticulation system has improved performance of the supply in Waireka Place. The scope of the works was to reverse the flow of water from the Moana Point Reservoirs and balance water use over peak periods.
- We renewed a number of water take resource consents this year. New consents were granted for Insha Alah bore, Wentworth Valley 3 bore as well as for both Tairua and Pauanui townships.

## Solid waste (rubbish and recycling)

- A long and busy 2015/16 summer with lots of construction activity in the district helped give our economy a boost, but it also increased pressure on our rubbish and recycling services. Our kerbside collection and refuse transfer station services met the demand and we even surpassed our recycling target.

## Representation

- The six yearly representation review was completed by Council. This included obtaining approval from the Local Government Commission to retain the existing Coromandel-Colville Ward boundaries as this ward's population is smaller than allowed in legislation when compared to the other wards.

## Economic development

- Council has been working on a range of projects to improve wharfing infrastructure for the Coromandel Harbour. Key projects which are on-going include a wider plan for the commercial development of the inner harbour, along with parallel projects looking at upgrading wharfing facilities at Sugarloaf to boost aquaculture development, and finding additional boat ramp launching opportunities around the Peninsula. Work continues on resolving parking issues at Hannaford's Wharf which is currently congested with ferry and fishing charter passengers.

- Over the year we completed the first stage of the World War 1 Memorial Forest planting programme, with more than 3,800 trees planted. This included 1,779 trees at the Gallipoli Forest at Cathedral Cove, 1,039 trees at the Supreme Sacrifice forest at Coromandel town, 48 trees at Tairua to commemorate the locals who died in WW1, 640 trees at Pauanui to honour the Sinai-Palestine campaign, 122 trees at Whangamata in memory of the Battle of Le Quesnoy, and 247 trees at Rhodes Park at the entrance to Thames to honour the Thames war dead.



- We have taken steps to improve broadband on the Peninsula, through providing small incentive grants to encourage a range of broadband upgrades. The grants include \$7,500 co-funding for the Vodafone tower up the Kauaeranga Valley (the first off-grid tower on the New Zealand mainland), funding to support the Chorus upgrade at Kopu, and assistance to St John in Thames for enhanced wireless broadband via the provider Lightwire. Council has also made a concerted bid to win a share of the \$210 million Government fund for improving ultra-fast fibre broadband. This has involved producing a bid document, which is currently being evaluated by the Government along with submissions from other councils throughout New Zealand.
- The economic development work programme helped fund and deliver an arts strategy for the district which has been endorsed by Council. The strategy was developed in conjunction with local arts communities and provides a vision to guide the further development of the arts across the Coromandel as well as establishing a Coromandel Arts and Creative Industries Advisory Board.

## Service performance overview | Tirohanga whānui ngā Mahi kia Tutuki



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 74% of our service performance targets.

Group of Activity	Achieved	Not Achieved	Not Measured
Roads and footpaths	17%	67%	17%
Stormwater	89%	11%	0%
Wastewater	75%	25%	0%
Water supply	88%	12%	0%
Rubbish and recycling	60%	40%	0%
Representation	50%	50%	0%
Grants and remissions	0%	100%	0%
Strategic planning	100%	0%	0%
District plan	100%	0%	0%
Resource consents	100%	0%	0%
Building control	60%	40%	0%
Community health and safety	67%	33%	0%
Coastal and hazard management	0%	100%	0%
Emergency management	67%	33%	0%
Coromandel-Colville	83%	17%	0%
Mercury Bay	44%	56%	0%
Tairua-Pauanui	60%	40%	0%
Thames	91%	9%	0%
Whangamata	71%	29%	0%
Economic development	100%	0%	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. The year in review on pages three to eight highlights some of the good things that we achieved. 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	Four of the six measures reported on were not achieved. There was a change in the Pauanui red-chip seal work programme that resulted in the percentage of resurfaced local roads being lower than the target. A delay in setting up auditing systems at the start of a new road maintenance contract meant that the percentage of unsealed roads complying with quality requirements was below target. An extreme weather event in April 2016 also had an impact on our work programme. Alignment issues between our request for service system and contract time frames meant that the percentage of customer service requests responded to within the specified timeframe was below target. The performance measure on the quality of our sealed local road network missed being achieved by 1%. The impact of this on road users is negligible.
Representation	One of the two measures reported on was not achieved. This measure relates to the proportion of agenda items which are publicly excluded. There were a total of 690 agenda items with 124 being publicly excluded. The agenda items that were publicly excluded met the legislative criteria for public exclusion.
Grants and remissions	There is only one performance measure for this activity being the percentage of funds distributed that comply with the Council's community grant criteria. It wasn't met because we awarded a grant that did not strictly meet the criteria. However, the initiative that the grant was awarded for benefited the community.
Coastal and hazard management	There is only one performance measure for this activity. The measure is work programmes progressed with other agencies to manage the effects of natural hazards. The target of reprioritising the work programme and confirming through Council was not met. However, the development of a coastal erosion strategy for the Mercury Bay area was progressed.
Mercury Bay	Five of the nine measures reported on were not achieved. Two related to response times not being met, one in relation to interment requests (two requests from 18 were not met) and the other in relation to parks and reserves customer urgent enquiries (three from 14 requests were not met). Improvements are being made to our request for service system which will enable more accurate reporting and communication between Council and our contractors. The percentage of actual hours community centres are used compared to total available time was not met. Although the Whitianga Town Hall is regularly occupied, groups often use the hall for short periods making it unavailable for longer bookings. Maintenance was identified on the Whitianga wharf pontoons following a structural assessment which meant that the satisfactory condition grades of 1, 2 or 3 was not met. Work is scheduled to be completed on the pontoons in the 17/18 financial years. The target of greater than or equal to 300 new library items per 1000 Mercury Bay residents was not met. However, we did provide 270 new items per 1000 Mercury Bay residents and provided new material through sharing the collective resources of the three district libraries.

# Council benchmarks and where your money was allocated | Ngā taumata ā 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 2015/2016 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 2.93% for existing ratepayers. Council's limit was that rates must not rise by more than 3.4% in the 2015/2016 financial year.

## Debt affordability benchmarks



- Total external debt was \$35 million as at 30 June 2016 and was equivalent to 59% of rates revenue. This is \$54.3 million under out total external debt cap of \$89.3 million (150% of rates revenue).
- Interest on external debt was 4.44% 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 or equipment) was 101% of total operating expenses. Council meets this benchmark as revenue (as a proportion) of total operating expenses is greater than 100%.

## Essential services benchmark



- Capital expenditure on network services was 79% of total depreciation on network services. Council would meet this benchmark if capital expenditure on network services equals or is greater than depreciation on network services.
- Council considers this to be financially prudent as we have a large amount of relatively new infrastructure which should not require renewals for some years to come. However, 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 3.4% of its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment). Council meets this benchmark if it's borrowing costs equal or are less than 10% of its revenue.

## Debt control benchmark



- Council's actual net debt of \$55 million was 80% of its planned net debt as at 30 June 2016. 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 financial assets (excluding trade and other receivables).

## Operations control benchmark

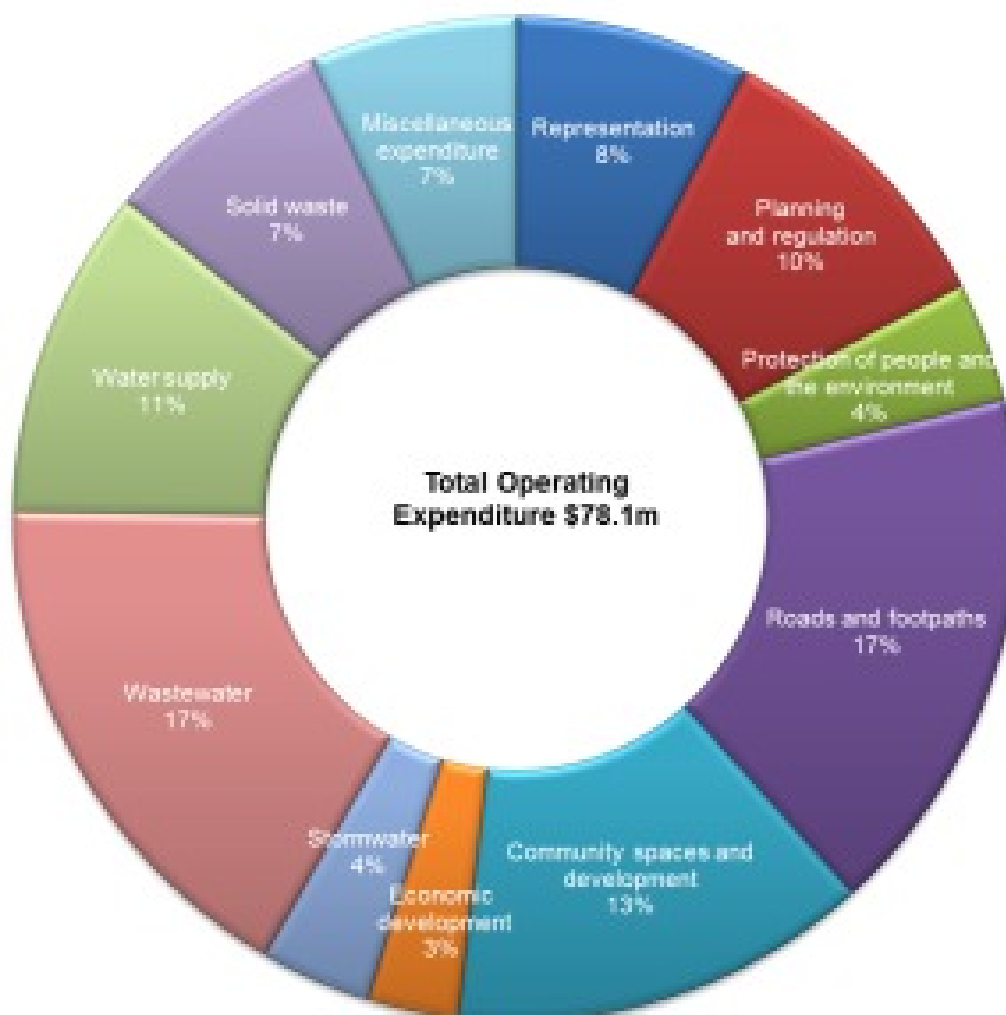


- Council's net cash flow from operations was \$26 million compared to a budgeted figure of \$17 million. Council meets the operations control benchmark as its actual net cash flow from operations is greater than its planned net cash flow from operations (153%).

## How your money was spent

Council divides its business into 11 activity groups. Each group is funded by a combination of rates, user charges, loans and subsidies.

This graph shows a summary of the proportion of the total operating expenditure incurred by each activity group.



# Overview of our financial performance | Tirohanga whānui whakahaere pūtea

## FINANCIAL SUMMARY 2015/2016

The following summary financial statements were extracted from the full audited financial report of Thames-Coromandel District Council for 30 June 2016.

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

The full annual report was authorised for issue by the Council on 25 October 2016.

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.



## SUMMARY FINANCIAL STATEMENTS

	2016	2016	2015
Statement of comprehensive revenue and expense	Budget	Actual	Actual
For the year ended 30 June 2016	\$000's	\$000's	\$000's
Rates revenue	60,120	59,533	57,660
Fees and charges	11,077	10,341	8,908
Other revenue	8,166	14,941	8,154
<b>Total revenue</b>	<b>79,363</b>	<b>84,816</b>	<b>74,721</b>
Personnel costs	14,890	15,384	14,444
Depreciation and amortisation	18,329	18,621	18,218
Finance costs	3,179	2,642	2,918
Other expenses	43,937	41,402	41,728
<b>Total expenditure</b>	<b>80,335</b>	<b>78,050</b>	<b>77,308</b>
Share of joint venture surplus/(deficit)	0	25	2
<b>Surplus/(deficit)</b>	<b>(973)</b>	<b>6,790</b>	<b>(2,585)</b>
Gains on revaluation of property, plant and equipment	19,912	17,652	28,689
Losses on revaluation of financial assets	0	13	1
<b>Total other comprehensive income</b>	<b>19,912</b>	<b>17,665</b>	<b>28,690</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>18,940</b>	<b>24,455</b>	<b>26,105</b>

	2016	2016	2015
Statement of financial position	Budget	Actual	Actual
For the year ended 30 June 2016	\$000's	\$000's	\$000's
Total current assets	7,796	7,960	7,871
Total non-current assets	1,343,499	1,335,746	1,316,770
<b>Total assets</b>	<b>1,351,295</b>	<b>1,343,706</b>	<b>1,324,641</b>
Total current liabilities	30,129	17,966	22,110
Total non-current liabilities	47,646	46,242	47,488
<b>Total liabilities</b>	<b>77,775</b>	<b>64,208</b>	<b>69,598</b>
<b>NET ASSETS AND TOTAL EQUITY</b>	<b>1,273,519</b>	<b>1,279,498</b>	<b>1,255,043</b>

	2016	2016	2015
Statement of changes in equity	Budget	Actual	Actual
For the year ended 30 June 2016	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>	<b>1,254,579</b>	<b>1,255,043</b>	<b>1,228,938</b>
Total comprehensive income	18,940	24,455	26,105
<b>BALANCE AT 30 JUNE</b>	<b>1,273,519</b>	<b>1,279,498</b>	<b>1,255,043</b>
<b>Equity represented by:</b>			
Accumulated funds	378,607	377,048	371,083
Reserves	894,911	902,450	883,961

	2016	2016	2015
Statement of cash flows	Budget	Actual	Actual
For the year ended 30 June 2016	\$000's	\$000's	\$000's
Net cash inflow/(outflow) from operating activities	17,028	25,989	16,995
Net cash inflow/(outflow) from investing activities	(21,030)	(18,975)	(13,775)
Net cash inflow/(outflow) from financing activities	4,072	(6,100)	(4,340)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>70</b>	<b>914</b>	<b>(1,120)</b>
Cash and cash equivalents at the beginning of the year	414	95	1,215
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>484</b>	<b>1,009</b>	<b>95</b>



## Explanations for key variances from the budget

### Revenue

#### Other revenue

There has been a substantial rise in the completion of subdivisions resulting in an unanticipated increase in vested assets of \$4.4 million.

### Expenses

#### Other expenses

Other expenses are under budget by \$2.5 million. Generally, operating costs were less than budgeted across all activities. The significant movements contributing to the variance are the \$3.3 million for the Thames Indoor Sports Centre project, the \$1.0 million for the Hauraki Rail Trail, and the economic development budgets of \$1.0 million for the Great Walks and urban and rural broadband projects the we didn't spend this financial year. These budgets have been carried over to be spent in the 2016/2017 financial year. There were also contract savings of \$1.0 million in wastewater. This was offset by losses of \$4.7 million relating to disposals of property, plant and equipment and derivative financial instruments that we don't budget for. The remaining variance of \$0.9 million is made up of many insignificant movements across all activities.

### Other comprehensive revenue and expense

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

We budgeted for a gain on revaluation but the actual asset revaluation movements were lower than budgeted. This is mostly because the cost adjustment factors were lower than originally anticipated when the budget was prepared.

### Assets

#### Intangible assets

Our significant intangible assets are resource consents and software. We don't budget for amortisation costs and software disposals which were \$1.3 million this year. We spent our software budget but we didn't complete some of the water and wastewater resource consent projects that we had planned to complete by year end. This contributed to the remaining intangible asset variance.

#### Property, plant and equipment

Property, plant and equipment is \$6.3 million less than budget. There are a number of contributing factors to this variance. The budgeted opening balance was based on the 2013/2014 closing balance plus estimated additions, disposals, depreciation and revaluation movements. However, the significant capital underspend last year contributed to the actual opening balance being some \$3.6 million less than budgeted. Contributing to the remaining variance is this year's capital expenditure underspend of \$3.4 million, \$1.7 million more disposals and \$2.3 million less revaluation surplus. This is offset by \$0.3 million more in depreciation, and \$4.4 million more vested assets than budgeted.

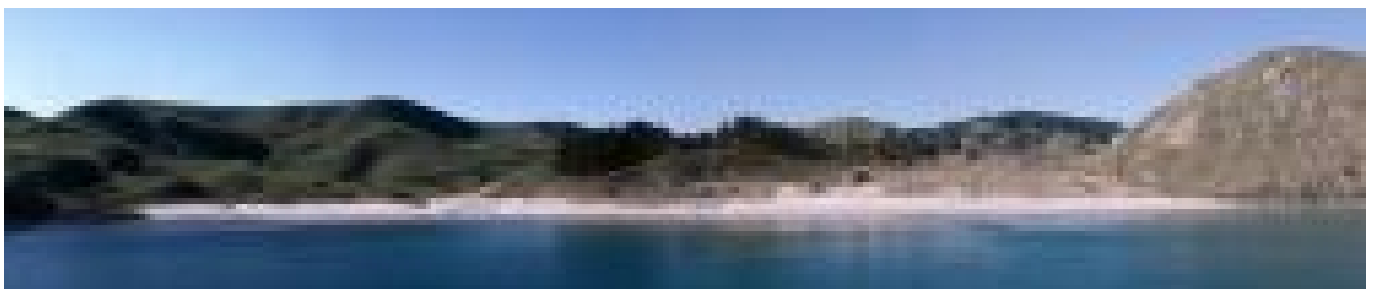
### Liabilities

#### Derivative financial instruments

Due to the inherent difficulties in predicting valuation derivatives, we don't budget for the movement in derivative financial instruments.

#### Borrowings

Our total debt is \$16.2 million less than budgeted. This is because we had a lower debt requirement as a result of changes in priorities to our capital works programme.



## 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

This Summary Annual Report is for the year ended 30 June 2016 and was authorised for issue by the Chief Executive on 22 November 2016. The full Annual Report was adopted by Council and approved for issue on 25 October 2016.

The full financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002, which included 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 \$6.13 million (2015: \$12 million). Of this, \$3.612 million relates to possible future claims against Council for damages relating to leaky buildings and \$1.3 million relates to financial guarantees given to a number of sporting and community organisations bank loans.

#### Subsequent events after balance date

There have been no post balance date events up to the date of the adoption of the Annual Report that are known to have a material effect on the financial statements and notes to the financial statements of the Council.



# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Thames-Coromandel District Council's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Thames-Coromandel District Council (the District Council) for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 9 to 16:

- the summary statement of financial position as at 30 June 2016;
- 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 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the performance overview and council benchmarks of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 25 October 2016.

### Opinion

In our opinion:

- the summary 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.

### Basis of Opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 25 October 2016 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out a range of other engagements in the areas of debenture trust deed reporting certificate. These engagements are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this reporting and these engagements, we have no relationship with or interests in the District Council.



David Walker,  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
22 November 2016





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