



MILFORD COMMUNITY TRUST

PERFORMANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Contents

	Page
ENTITY INFORMATION	3
Chairperson's Report	4
What is the Performance Report?	5
Performance Information	6
Objectives	6
Governance Report	6
Performance Targets	7
Activity Report	8
Compensation	9
Value of Stakeholders Investment	9
Statement of Financial Performance for the year ended 30 June 2018	10
Statement of Financial Position for the year ended 30 June 2018	11
Statement of Cash Flows for the year ended 30 June 2018	12
Statement of Accounting Policies for the year ended 30 June 2018	13
Notes to the Financial Statements for the year ended 30 June 2018	15

ENTITY INFORMATION

Legal Name:

Milford Community Charitable Trust

Type of Entity and Legal Basis:

Charitable Trust

Registration Number:

CC39881

Mission:

The Milford Community Trust was established in 2007 by the Southland District Council and the Department of Conservation with the assistance of Environment Southland for the purposes of providing leadership and governance for the Milford community.

Structure of the Trust:

Date of Settlement:

May 2007

Settlor:

Southland District Council

Current Trustees:

Michael N Schuck
Ebel Kremer
Tim Holland
Jason Steele
Bradley Johnstone
Mike McConachie
Rosco Gaudin

Term of Office:

Four Years (Chairperson)
Councillor
Four Years
Four Years
Three Years
Four Years
Four Years

Manager:

Southland District Council

Secretary:

Southland District Council - Jenny Labruyère

Trust Capital:

100 dollars

Main Sources of Resources:

Milford Community Trust's primary source of income is via a concessionaire's fee charged to local organisations on a quarterly basis.

Chairperson's Report

The main work that the Trust was to undertake over the past year was to be the establishment of a community centre. A site is secured and some funding set aside. Community consultation has produced a concept plan. Some consultation with major stakeholders occurred during the past twelve months with majority support but with reservations from many over the cost and better information on future operating costs and management of the facility. Consultation is on-going to answer these concerns.

For some time there has been concern for the safety of people walking from Deepwater Basin to Freshwater Basin on the side of the Milford Road. This has got progressively worse as the number of vehicles using the road increases. The Trust is pleased to have got approval from all agencies for the construction of a walking track that will allow pedestrians safe alternative to the road. A resource consent is about to be lodged and the Trust expects the track to be ready in time for next season. Thank you to all involved in achieving this result, particularly, Trustee Tim Holland.

There will be a few changes to the make-up of the Trust in the coming year. After eleven years on the Trust, eight as Chairperson, I have decided not to offer myself for a further term. For the immediate future councillor Ebel Kremer will be interim chair. Also standing down is Trustee Mike McConachie. Thankyou Mike for all your work for the Trust.

Perhaps it is time to get a representative of the fishing industry back onto the Trust.

Thank you to all my fellow Trustees, Simon Moran and especially Jenny Labruyere for all your good work throughout the year.

I hope the Trust can complete the process of building a community centre at Deepwater Basin. I am convinced of its need and am certain all the concerns can be addressed and in the future people will look back and agree that the decision to proceed was a good one.

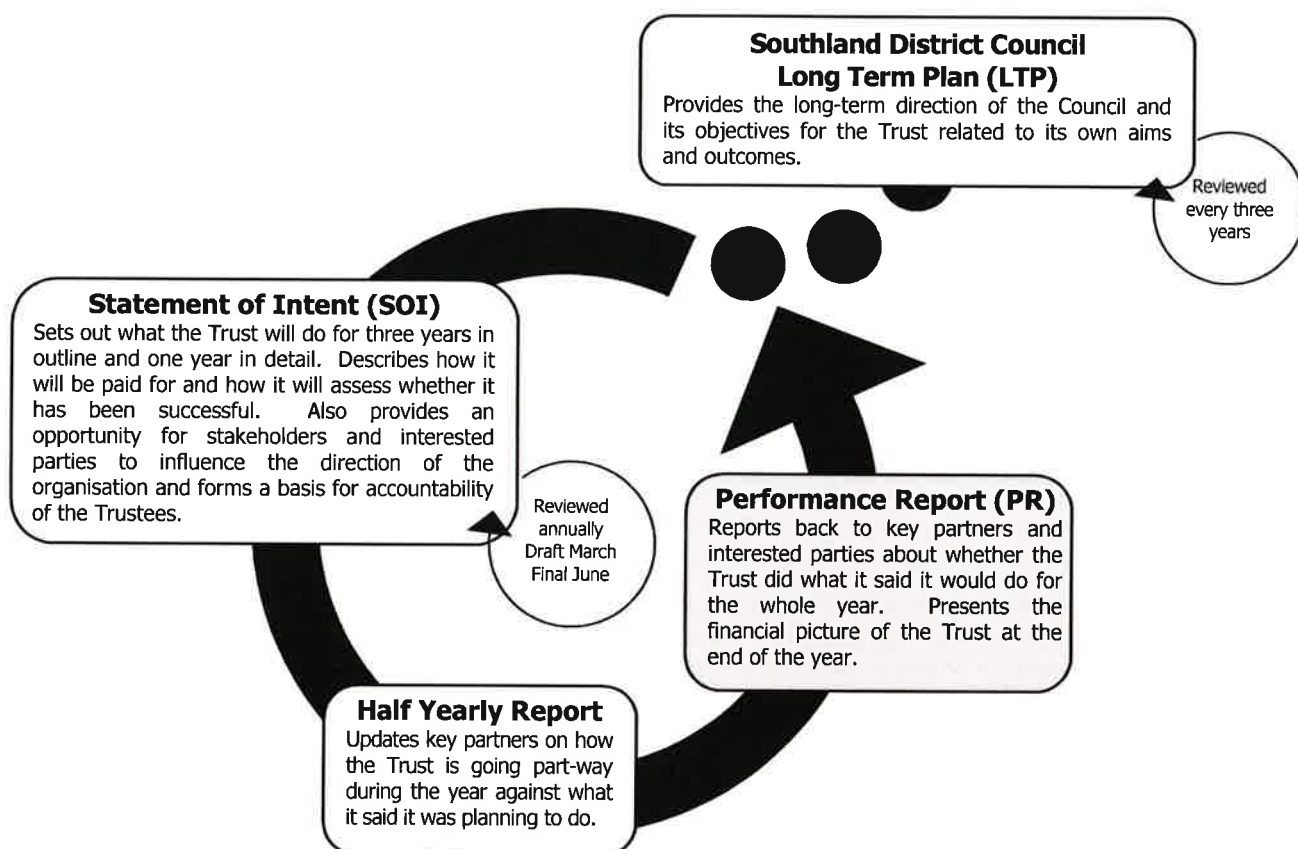
A handwritten signature in blue ink, appearing to read 'Mike Schuck', with a stylized flourish.

Mike Schuck
Independent Chairperson
Milford Community Trust

What is the Performance Report?

Each year a Performance Report is produced for the Milford Community Trust which compares activities performed with those intended as set out in the Trust's Statement of Intent for the year. This information allows the operation of the Trust to be assessed by its key partners and other interested parties. This document reports in the Trust's activities during the year 1 July 2017 to 30 June 2018 which was the period of the Statement of Intent 2017/2020.

As a Council Controlled Organisation (CCO), the Milford Community Trust has obligations to report on its activities under the Local Government Act 2002.



Performance Information

This section reports on the Trust's performance compared against what was intended in the Statement of Intent.

Objectives

The Trust has several key objectives which guide its activities, namely:

- (a) To manage and carry out services and undertake leadership, planning and advocacy for the general benefit of the Milford community so as to ensure as far as possible that the infrastructure of the community and its sense of identity, viability and wellbeing are maintained and enhanced.
- (b) To liaise with and communicate with all individuals, organisations, groups and other parties with interests in the Milford community for all purposes which are beneficial to the community.
- (c) To represent the interests of the Milford community to ensure that the natural environments and outstanding values of the Milford Sound area are safeguarded and protected for all residents and visitors to the area.
- (d) To monitor and maintain an overview of all activities and services provided within the Milford community.
- (e) To consider and report on all matters either referred to and/or delegated to it from time to time by the Department of Conservation and the Southland District Council and on any matter of interest or concern to the Milford community.
- (f) To access, use or invest funds and enter into arrangements, contracts and other agreements upon such securities or in such manner and upon such terms and conditions that the Trustees deem suitable for the purpose of furthering the objects and purposes of the Trust.
- (g) To carry out such other lawful activities which are incidental or conducive to attaining the objects and purposes of the Trust.

Reporting on the activities of the Trust as well as actual performance against planned targets provides information which can be used to evaluate progress being made towards these objectives. The Trust's Statement of Intent includes a number of performance targets and specific projects which are reported on below.

Governance Report

The Milford Community Trust was established in 2007 following a process of consultation with residents, agencies and businesses with interests in Milford. This followed the special consultation process set out in the Local Government Act 2002. The inaugural meeting of the Trust was held on 18 April 2007.

The Trust is governed by a board of seven Trustees with representatives from stakeholder groups as shown in the table below. The Trust Deed sets out the way in which business of the Trust is to be conducted. A strong driver is that the local Milford community should determine its own priorities and agree on the funding for these. The Trust strives to regularly review its performance and to be open and accountable to the community through public meetings.

Four meetings, which are open to the public, were held during the year. These meetings were held as follows;

22 September 2017 at Te Anau
01 December 2017 at Te Anau
23 February 2018 at Milford
25 June 2018 at Te Anau

Trustees are detailed in the table below;

The Designation	Trustee Name	Appointed	Term Expires
Independent Chair	Michael Schuck	July 14	June 18
Te Anau Ward Councillor, ex-officio appointment	Ebel Kremer	Oct 16	Oct 19
Milford Community Association elected representative	Bradley Johnstone	June 17	June 20
Milford Community appointees	Rosco Gaudin	Aug 15	June 19
	Jason Steele	June 18	June 21
	Mike McConachie	Nov 14	June 18
	Tim Holland	Aug 16	June 20

Trustee appointments

The independent Chair and two trustees' terms expired at the end of June – the Chair and Trustee McConachie did not seek reappointment.

Performance Targets

The information below sets out how the Trust performed against the key performance indicators from the Statement of Intent chosen to reflect the level of service to be provided.

The table shows what Level of Service the Trust said it would provide, how this will be measured, the target for the 2017/2018 year and whether the targets were achieved, partially achieved or not achieved and the reason for any significant variance.

What the Trust said will provide	How the Trust said it will measure the service provided		
Level of Service	Key Performance Indicator	Target	Achievement
Maintain a structure that facilitates local decision-making.	Hold public forums in Milford each year.	1	Achieved. One forum was held on 23 February 2018. (2016/17 : Achieved)
Keep the Milford community informed about Trust plans and outcomes.	Community newsletters following MCT meetings.	2	Not achieved through newsletters. The Milford Community Association Trustee maintains a Facebook page through which information is shared. (2016/17 : Not Achieved)
Provide leadership and advocacy on major issues.	Number of Milford Community Trust meetings held annually	4	Achieved. Four meetings were held in 2017/18 in September, December, February, and June (2016/17 : Achieved)
Response to issues raised by the community.	Percentage of issues raised at Milford Community Association meetings responded to prior to next meeting.	85%	Achieved 100%. No issues were raised by the community's representative on the Trust. (2016/17: Achieved 100%)

What the Trust said will provide	How the Trust said it will measure the service provided		
Level of Service	Key Performance Indicator	Target	Achievement
Milford Community Association meetings	To be reported at MCT meetings.	4	Not achieved – there is an opportunity at each meeting for a report to be tabled and this occurred at 1 of the four meetings due to the availability of the representative. There was also one informal Milford Community Association meeting was held with members of the Trust during the past year in February, with 2 members attending. (2016/17 : Not Achieved)

Activity Report

The information below reports on the planned activities included in the Statement of Intent 2017/2020 as well any unplanned for activities actually carried out during the year.

Activity Description	Date	Status
Planned Activities		
Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.	June 2018	There have been ongoing discussions with the Department of Conservation primarily through their representatives who attend the Trust meetings.
Advocate and investigate funding options with other organisations for public toilets and shelter at the airport and completion of the walking track to the Lodge	June 2018	No progress has been made in relation to the public toilets/shelter at the airport. The Trust considered that at this time it is up to the Lodge to drive the walking track project and to come back to it with further information.
Assist Milford Community Association in the development of Cleddau Village recreation area which is to accommodate community centre.	June 2018	A meeting was held with concessionaires in February 2018 at which time a concept proposal/business case was discussed. Not many attended so it was determined that the Chair will arrange to personally meet with each concessionaire to discuss the future of this project. Those meetings will occur in 2018/19.
Provide funding for medical support, services and facilities for the Milford Emergency Response Team station.	June 2018	The MERT team leader role was absorbed into the Fire and Emergency NZ (FENZ) structure during the year. The Trust will assist the MERT with emergency equipment when required.
Funding of the Team Leader Emergency Services and investigate the role of the Fiordland Medical Trust on emergency services	June 2018	The MERT team leader role was absorbed into the FENZ structure during the year. Discussions were held with the Fiordland Medical Centre in January 2018, however, they are in abeyance awaiting the outcome and direction of

Activity Description	Date	Status
		the FENZ restructure.
Review of the Trust and charging mechanism with stakeholders including concessionaires	June 2018	No changes were made – the review was discussed between the Trust and Council’s Chief Financial Officer in December 2017 and June 2018. The remodelling project for concessionaire fees requires further investigation with the Department of Conservation, and should be achieved prior to the end of the 2019/2020 financial year.
Engage with NZTA for the development of the walking track from the airport to Deepwater Basin Road, car parking at the rock climbing area.	June 2018	Construction of the track is budgeted for in the 2018/19 year and it is expected to be completed by December 2018 subject to obtaining resource consents. The work is being led by Milford Sound Tourism Ltd.
Advocate for the continuation of maintaining beautification and roading within the village.	June 2018	Lobbying of the Department of Conservation and Council has continued primarily through the Trust meetings where representatives are present.
Unplanned Activities		
None		
Information Requirements		
Draft Statement of Intent approved by the Trust.	30 March 2018	Achieved. The Draft was approved by the Trust at its 23 rd February 2018 meeting.
Final Statement of Intent prepared and circulated to key partners.	30 June 2018	Achieved.
Half yearly report prepared and circulated to key partners.	30 March 2018	Achieved. The report was approved by the Trust at its 23 rd February 2018 meeting.

Compensation

In the Statement of Intent, the Trust indicated that it would require funding (investment) from parties for undertaking particular activities. The Trust is required to report on compensation provided by key partners in particular. The table below details the actual compensation versus what was budgeted in the Statement of Intent.

Contribution	Activity	2017/2018 Budgeted	2017/2018 Actual	Comment
Key Partners				
Other Sources				
Concessionaires (via Concession Activity Fee)	Governance Costs	\$124,449	\$124,449	Concessionaires have been invoiced for all Governance costs incurred during the year

Value of Stakeholders Investment

The net value of the stakeholders’ investment in the Trust is estimated to be valued at \$326,402 as at 30 June 2018. The assessment uses the value of stakeholders’ funds as a guide.

Milford Community Trust
Statement of Financial Performance
For the year ended 30 June 2018

	Actual 2018	Budget 2018	Actual 2017
Revenue			
Concessionaires Income	124,449	124,449	113,135
Grant	1,000	-	-
Interest Income	4,399	-	2,696
Total Revenue	129,849	124,449	115,831
Expenses			
Accommodation and Meals	326	800	209
Administration Fees	44	68	51
Advertising - Newspaper	(9)	600	70
Audit Fees	4,140	5,000	4,103
Bank Fees	41	40	42
Bowen Falls	-	-	5,500
Catering Expenses	91	500	-
Chairpersons Fees	4,751	10,000	4,834
Cleddau Village Recreation Building	-	110,000	-
Environment Southland - Consent Fees	-	15,000	-
Depreciation	1,597	-	538
Emergency Services Provider	130	46,920	41,634
ERT Plant & Equipment Purchases	-	2,500	-
General Expenses	2,326	500	162
Deepwater Basin Walkway	-	20,000	-
Loss on Disposal of Asset	-	-	985
Mileage	219	3,000	749
Project Development & Planning	-	5,000	-
Radio Tower	360	370	-
Room Hire	178	300	598
Trustees Fees	-	6,000	2,400
Insurance	2,455	2,554	2,455
Total Expenses	16,650	229,152	64,329
Surplus/(Deficit) for the Year	113,199	(104,703)	51,502

The above statement should be read in conjunction with the following Statement of Accounting Policies and Notes to the Financial Statements.

Milford Community Trust
Statement of Financial Position
As at 30 June 2018

	Note	Actual 2018	Budget 2018	Actual 2017
Assets				
Current Assets				
Bank Accounts and Cash	2	3,671	15,000	33,667
Short Term Deposit	3	289,807	36,750	110,000
Debtors		863	100	30,116
Accrued Income		517	-	1,331
GST Recievable		-	-	2,466
Total Current Assets		294,859	51,850	177,581
Non-Current Assets				
Property, Plant and Equipment	4	51,624	-	53,221
Total Non-Current Assets		51,624	-	53,221
Total Assets		346,482	51,850	230,802
Liabilities				
Current Liabilities				
Accrued Expenses		5,973	5,797	6,325
Creditors		518	-	11,272
GST Payable		13,589	5,198	-
Total Current Liabilities		20,080	10,995	17,598
Non-Current Liabilities				
Total Non-Current liabilities		-	-	-
Total Liabilities		20,080	10,995	17,598
Net Assets		326,402	40,855	213,204
Accumulated Funds				
Trust Capital	7	100	100	100
Accumulated surplus(deficit)		326,302	40,755	213,104
Total Accumulated Funds		326,402	40,855	213,204

The above statement should be read in conjunction with the following Statement of Accounting Policies and Notes to the Financial Statements.



Trustee



Trustee

Date Signed: 21 September 2018

Milford Community Trust Statement of Cash Flows For the year ended 30 June 2018

	Actual 2018	Actual 2017
Cash Flows from Operating Activities		
Cash was received from:		
Receipts from Concessionaires Income	149,887	87,036
Grants	1,000	-
Interest Received on Bank Accounts and Cash	5,214	1,448
Cash was applied to:		
Goods and Services Tax (Net)	18,468	(10,177)
Payment to Suppliers and Employees	(24,758)	(52,924)
Net Cash Flows from Operating Activities	149,812	25,383
Cash Flows from Investing Activities		
Cash was received from:		
Term Deposit Maturity	110,000	70,000
Cash was applied to:		
Investment In Property, Plant and Equipment	-	(53,759)
Investment In Term Deposit	(289,807)	(110,000)
Net Cash Flows from Investing Activities	(179,807)	(93,759)
Net Cash Flows from Financing Activities	-	-
Net Increase / (Decrease) in Cash	(29,995)	(68,376)
Opening Cash	33,667	102,044
Closing Cash	3,671	33,667

The above statement should be read in conjunction with the following Statement of Accounting Policies and Notes to the Financial Statements.

Statement of Accounting Policies For the year ended 30 June 2018

BASIS OF PREPARATION

Milford Community Trust has applied PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2 million.

All transactions in the Performance Report are reported using the accrual basis of accounting.

The financial statements are prepared under the assumption that the entity will continue to operate in the foreseeable future.

SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Concessionaires Fees

Revenue is recorded when the fee is due to be received.

Donated Assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Interest

Interest revenue is recorded as it is earned during the year.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment and the loss is recorded as a bad debt expense. Debtors are shown as GST inclusive.

Bank Accounts and Cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Term Deposits

Term Deposits with Banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost, less accumulated depreciation and impairment losses.

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a diminishing value basis that will write off the cost of the assets over their useful lives. This is calculated using the following rates:

Equipment	40% Diminishing Value
Buildings	3% Straight Line

Income Tax

The Trust is exempt from income tax as it is a Charitable Trust registered under the Charities Commission.

Budget Figures

The budget figures are derived from the 2017-2020 Statement of Intent as approved by the Trustees on 20 February 2017. The budget figures have been prepared in accordance with tier 3 standards, using accounting policies that are consistent with those adopted by the Trustees in preparing these financial statements.

Changes in Accounting Policies

There have been no changes to the accounting policies applied in the financial statements to the prior year.

Goods and Services Tax

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Notes to the Financial Statements

For the year ended 30 June 2018

1. Post balance date events

There have been no significant subsequent events between the balance sheet date and the signing of the financial statements that require disclosure or adjustment in the financial statements.

2. Bank accounts and cash

Account	2018	2017
BNZ Current Account	2,976	15,869
BNZ Call Account	695	17,797
Total	3,671	33,667

Interest rates on the BNZ Current and Call accounts at 30 June 2018 are 0.1% and 0.1% per annum respectively (2017: 0.1% and 0.1%).

3. Investments

Account	2018	2017
Term Deposit(s)	289,807	110,000
Total	289,807	110,000

Four term deposits are held with BNZ at 30 June 2018.

- A \$41,089 deposit, maturing 17/10/18, at 3.15% interest.
- A \$71,906 deposit, maturing 10/10/18, at 3.15% interest.
- A \$50,000 deposit, maturing 10/09/18, at 3.25% interest.
- A \$125,000 deposit, maturing 13/07/18, at 1.89% interest.

Two term deposits are held with BNZ at 30 June 2017.

- A \$40,000 deposit, maturing 17/7/17, at 3.30% interest.
- A \$70,000 deposit, maturing 24/7/17, at 3.30% interest.

4. Property, plant and equipment

	Equipment	Land Improvements	Total
Carrying Amount at 1 July 2016	985	-	985
Additions	-	53,759	53,759
Disposals (net of Accumulated Depreciation)	(985)	-	(985)
Depreciation Expense	-	(538)	(538)
Carrying Amount at 30 June 2017	-	53,221	53,221
Carrying Amount at 1 July 2017	-	53,221	53,221
Additions	-	-	-
Disposals (net of Accumulated Depreciation)	-	-	-
Depreciation Expense	-	(1,597)	(1,597)
Carrying Amount at 30 June 2018	-	51,624	51,624

*Land Improvements relates to the construction of the Cleddau Village Recreational Reserve Asphalt Pad. Construction was completed in March 2017.

5. Contingent assets and liabilities

There are no contingent assets or liabilities as at 30 June 2018 (Nil June 2017).

6. Commitments

The Trust has no commitments as at 30 June 2018 (Nil June 2017).

7. Accumulated Funds

	2018	2017
Contributed Capital		
Balance at 1 July	100	100
Balance at 30 June	100	100
Accumulated Surplus		
Balance at 1 July	213,204	161,602
Surplus/(Deficit) for the year	113,199	51,502
Balance at 30 June	326,402	213,104
Accumulated funds	326,402	213,204

8. Related Parties

Department of Conservation and Southland District Council with the assistance of Environment Southland worked together setting up a Council Controlled Organisation in the form of this Trust, and therefore are the stakeholders of the Trust.

The Trust had transactions with DOC during the year of \$3,825 (2017 \$3,477) for current year concessionaires income. An amount of \$763 was outstanding at balance date.

The Trust paid money to Southland District Council during the year totalling \$5,951 (2017 \$9,521). These costs are for the reimbursement of Trust expenses and Chairman Fees paid for by the Southland District Council. There were no amounts outstanding at balance date. The Trust received a grant from Southland District Council during the year of \$1,000. (2017 – nil) No amounts were outstanding to the Trust at balance date.

The Trust had no transactions with Environment Southland during the year (2017 Nil).

Additionally, Trustees and the Chairperson have interests in organisations within Milford Sound which contribute to the trust through payment of a concessionaire's fee. Related party disclosures have not been made for transactions with these organisations as the setting of these fees is conducted under terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

9. Explanation of major variances against budget

Explanations for major variations from the Trust's budgeted figures in the 30 June 2018 Statement of Intent are as follows:

• **Statement of Financial Performance**

- A grant was received from the Southland District Council Community Initiatives Fund to provide sports equipment for the recreational pad.
- Cleddau Village Recreation Building construction was not undertaken during the year as the viability of this project is still being discussed with operators.
- No consent fees were spent in the 2018/2019 as Department of Conservation and Environment Southland are still in discussions.
- Costs in relation to the Emergency Services Provider were met by Fire & Emergency New Zealand so the Trust did not need to provide this funding.

- The walkway has approval from all agencies and resource consent is about to be lodged. It will be constructed in the 2018/2019 year.
- **Statement of Financial Position**
 - Term Deposits are higher than budgeted primarily due to work on the Cleddau Village Recreation Building not commencing and other projects being differed in the 2017/2018 financial year. All surplus funds have been invested in term deposits.

Independent Auditor's Report

To the readers of Milford Community Trust's financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of Milford Community Trust (the Trust). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 10 to 17, that comprise the statement of financial position as at 30 June 2018, the statement of financial performance, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 7 to 8.

In our opinion:

- the financial statements of the Trust on pages 10 to 17:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 7 to 8 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2018.

Our audit was completed on 28 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements and the performance information

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are also responsible for preparing the performance information for the Trust.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Board's responsibilities arise from the Local Government Act 2002 and the Milford Community Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included on pages 3 to 6 and page 9, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand