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Agenda for the Annual General Meeting of the Waikato District Community Wellbeing Trust to be held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY 10 DECEMBER 2019** commencing at **9.00am.**

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFLICT OF INTEREST AND DISCLOSURES**
3. **CONFIRMATION OF AGENDA**
4. **CONFIRMATION OF MINUTES** 2  
Meeting held on 3 December 2018
5. **ADOPTION OF PERFORMANCE REPORT FOR 2018/19**  
Attached as separate document
6. **RECEIVE AUDITORS REPORT**
7. **APPOINT AUDITOR FOR 2019/20**
8. **GENERAL BUSINESS**

**MINUTES** of an Annual General Meeting of the Community Wellbeing Trust held in the Kakapo Room, District Office, 15 Galileo Street, Ngaruawahia on **MONDAY 3 DECEMBER 2018** commencing at **9.00am**.

**Present:**

Cr J Church (Chairperson)  
Cr R McGuire  
Ms J Muru

**Attending:**

Ms M Davis (Financial Accountant)  
Ms L Van den Bemd (Community Development Advisor)  
Ms E Wilson (Minute Secretary)

Apologies and Leave of Absence  
Agenda Item 1

**THAT an apology be received from His Worship the Mayor, Mr AM Sanson, Ms A Diaz (Finance Manager), Ms E Bateup**

**Resolved: (Ms Muru / Cr McGuire)**

**CARRIED on the voices**

**WBT1812/1**

Disclosures of Interest  
Agenda Item 2

There were no disclosures of interest.

**Resolved: (Cr McGuire / Cr Church)**

**CARRIED on the voices**

**WBT1812/2**

Confirmation of Agenda  
Agenda item 3

Amend the heading to read “an Annual General Meeting”.

**Resolved: (Cr Church / Cr McGuire)**

**THAT the Agenda for the Annual General Meeting of the Waikato District Community Wellbeing Trust held on 3 December 2018 be confirmed.**

**CARRIED on the voices**

**WBT1812/3**

Confirmation of Minutes

Agenda item 4

**ACTION:** Alison to find Council resolution meeting minutes re appointing Trustees every 3 years.  
*Still to be completed.*

**Resolved: (Ms Muru / Cr McGuire)**

**THAT the minutes of the Annual General Meeting of the Community Wellbeing Trust held on 19 December 2017 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**WBT1812/4**

Adoption of the annual Performance Report

Agenda Item 5

Final version of annual Performance Report tabled at meeting.

Verbal update of changes made by Audit.

**ACTION:** Circulate Performance Report and documents tabled today with minutes.

**Resolved: (Cr Church / Cr McGuire)**

**THAT the report from the Finance Manager be received;**

**AND THAT the Trust adopt the annual Performance Report (previously known as the Annual Report) for 2017/18**

**CARRIED on the voices**

**WBT1812/5**

Receive Report to the Board on the Audit

Audit Management Report tabled at meeting.

**ACTION:** Alison to follow up on 2 previous recommendations which are still outstanding.

**ACTION:** Alison/Lianne to work with Legal to review section 13.3 of the Trust Deed and amend where necessary to reflect the process for awarding grants in irrespective of the Long Term Plan cycle.

**ACTION:** Lianne/Mairi to review and amend the process for Grant distribution and accountability reporting.

**Resolved: (Cr McGuire / Ms Muru)**

**THAT the Report to the Board on the Audit for the year ended 30 June 2018 be received.**

**CARRIED on the voices**

**WBT1812/4**

Appoint Auditor for 2018/19

**THAT pursuant to Section 70 of the Local Government Act 2002 the Auditor General is confirmed as the auditor of the Waikato District Community Wellbeing Trust.**

**Resolved: (Cr Church / Ms Muru)**

**CARRIED on the voices**

**WBT1812/5**

General Business

Agenda item 8

**ACTION:** Add to calendar Agenda item for Triennium to confirm Trustees on Council delegation register.

There being no further business the meeting was declared closed at 10.56 am.

Minutes approved and confirmed this 3rd day of December 2019.

Cr J Church  
**CHAIRPERSON**

**Waikato District Community Wellbeing Trust**  
**Performance Report**  
**For the year ended 30 June 2019**

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

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**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Entity information**

**Legal name**

Waikato District Community Wellbeing Trust (the Trust).

**Type of entity and legal basis**

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status. (Registration number: CC45642)

The Trust is controlled by Waikato District Council (Council) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of Council's right to appoint the Trustees.

**Objectives of the Trust**

1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed \*;
2. To develop an investment mandate seeking for the portfolio both income and growth from suitably diversified investments having a moderate investment risk.

\* Clause 11 of the Deed lists the Trust's objectives as:

- a) To consider and approve projects submitted by Waikato District Council (Council);
- b) To publicise the projects and activities of the Trust;
- c) To actively promote the work of the Trust with a view to ensuring the long term operations of the Trust;
- d) To ensure information about the Trust's activities and objectives is available to people within the area and fosters a sense of community achievement and betterment;
- e) To develop appropriate funding allocation mechanisms; and,
- f) To be guided by a clearly defined set of principles.

The principal activities of the Trust are undertaken to:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities;
- Deliver on the aspirations and community outcomes of the Waikato district as identified and promoted by the community; and,
- Fund projects identified by Council's planning documents.

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Structure of the Trust's operations, including governance arrangements**

The Trust comprises a Board of five Trustees who oversee the governance of the Trust.

The operation and administration of the Trust are undertaken by staff of Council. Those staff members are: Finance Manager, PA to the General Manager-Strategy & Support, Community Development Coordinator and Financial Accountant.

The Trustees are:

Mayor	Allan Sanson
Councillor	Jacqui Church (Chairperson)
Councillor	Rob McGuire
Council appointee	Eileen Bateup
Council appointee	Judi Muru

**Main sources of the Trust's cash and resources**

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.



## Waikato District Community Wellbeing Trust

### Performance report

For the year ended 30 June 2019

### Statement of service performance

The following performance measures were incorporated into the Statement of Intent for the year ended 30 June 2019.

Objective	Performance Measures	2018/19 Result	2017/18 Result
<p><b>Governance:</b> To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.</p>	Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.	Not achieved. The review was completed on 17 September 2019.	Review completed 28 August 2018.
<p><b>Investment:</b> To adhere to the Trust's <i>Management of Investment Portfolio and Distribution Policy</i>.</p> <p>To review on an annual basis the investment mandate and the performance of the portfolio manager.</p>	At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.	<p>Achieved. Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.</p> <p>Achieved. The performance of the portfolio manager was reviewed in February 2019.</p>	<p>Achieved. Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.</p> <p>Achieved. The performance of the portfolio manager was reviewed in February 2018.</p>
<p><b>Fund disbursement:</b> As per the <i>Management of Investment Portfolio and Distribution Policy</i>, to distribute a total grant disbursement that does not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.</p>	A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the <i>Management</i>	Achieved. Grant approvals equate to 10.5% of the accumulated net income after allowing for accumulated expenses and inflation movements.	Achieved. Grant approvals equate to 13.5% of the accumulated retained net income after allowing for accumulated expenses and inflation movements.

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

<b>Objective</b>	<b>Performance Measures</b>	<b>2018/19 Result</b>	<b>2017/18 Result</b>
<b>Fund disbursement (cont)</b>	<i>of Investment Portfolio and Distribution Policy</i> for the current year. Six-monthly reports are received from all successful applicants within the required timeframe.	Achieved. All required reports were received	Achieved. All required reports were received

**Portfolio and distribution policy compliance**

<b>Agreed targets</b>	<b>Actual Outcome 2018/19</b>	<b>Actual Outcome 2017/18</b>
Ensure that the real (inflation adjusted) value of the fund is protected.	Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.7% over the year.	Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.5% over the year.
Ensure that no more than 10% of the capital is distributed in any one year.	Achieved. Grants approved of \$97,774 equal 2.5% of total capital.	Achieved. Grants approved of \$125,529 equal 3.2% of total capital.
Ensure there is diversification of investments with a 7.5% cap on the value of any single investment in the portfolio.	Mostly achieved. The instances where the cap was exceeded related to the PIE investments which now make up the total investment portfolio. The Trustees will re-consider the appropriateness of this target when preparing the statement of intent for the 2020-21 financial year.	Mostly achieved. The instances where the cap was exceeded related to the PIE investment; they are not considered high risk.
The portfolio investment manager will report regularly to the Trustees.	Achieved. The portfolio investment reports are provided to the Trustees at each meeting.	Achieved. The portfolio investment reports are provided to the Trustees at each meeting.

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Declaration by Board of Trustees**

The Board of Trustees is responsible for the preparation of the financial statements and performance information in accordance with the financial reporting standards.

The Board of Trustees is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance results. In the opinion of the Board of Trustees, these financial statements fairly reflect or give a true and fair view of the financial position, operations and service performance of the Waikato District Community Wellbeing Trust for the year ended 30 June 2019.

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Statement of financial performance**

	Note	2018/19		2017/18
		Actual	Budget	Actual
		\$	\$	\$
<b>Revenue</b>				
Finance income	1	223	61,429	2,694
Dividend income from portfolio of investments managed by Kiwi Wealth		-	28,937	16,467
Realised gains on investments		22,288	113,718	343,229
Unrealised gains on investments		253,258	100,519	39,408
<b>Total revenue</b>		<b>275,769</b>	<b>304,603</b>	<b>401,798</b>
<b>Expenses</b>				
Audit fees		7,810	7,700	7,697
Other expenditure	2	25,471	27,163	25,401
Grants	3	187,774	217,258	55,528
Unrealised losses on investments		-	-	
<b>Total expenses</b>		<b>221,055</b>	<b>252,121</b>	<b>88,626</b>
<b>Surplus (deficit) for the year</b>		<b>54,714</b>	<b>52,482</b>	<b>313,172</b>

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Statement of financial position**

	Note	2018/19		2017/18
		Actual	Budget	Actual
		\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Bank accounts and cash	4	1,882	290,439	139,800
Investments	5	4,301,156	3,970,612	4,037,842
Prepayments		386	-	366
Accrued interest		-	-	-
<b>Total current assets</b>		<b>4,303,424</b>	<b>4,261,051</b>	<b>4,178,008</b>
<b>Total assets</b>		<b>4,303,424</b>	<b>4,261,051</b>	<b>4,178,008</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	6	234,096	227,392	233,108
Accrued expenses	7	97,711	7,700	27,997
<b>Total current liabilities</b>		<b>331,807</b>	<b>235,092</b>	<b>261,105</b>
<b>Total liabilities</b>		<b>331,807</b>	<b>235,092</b>	<b>261,105</b>
<b>Total assets less total liabilities (net assets)</b>		<b>3,971,617</b>	<b>4,025,959</b>	<b>3,916,903</b>
<b>Trust equity</b>				
	8			
Introductory fund		2,579,899	2,579,899	2,579,899
Capital maintenance fund		485,270	486,402	406,932
Accumulated funds		906,448	959,658	930,072
<b>Total Trust equity</b>		<b>3,971,617</b>	<b>4,025,959</b>	<b>3,916,903</b>

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Statement of cash flows**

	Note	2018/19		2017/18
		Actual	Budget	Actual
		\$	\$	\$
<b>Cash flows from operating activities</b>				
<b>Cash was received from:</b>				
Interest receipts		219	61,429	2,694
Dividends received		-	28,937	16,455
<b>Cash was applied to:</b>				
Payment to donees		(118,798)	(205,529)	-
Payment to suppliers		(31,575)	(34,587)	(24,108)
<b>Net cash flows from operating activities</b>		<b>(150,154)</b>	<b>(149,750)</b>	<b>(4,959)</b>
<b>Cash flows from investing and financing activities</b>				
<b>Cash was received from:</b>				
Sale of investments		236,530	113,718	4,545,988
<b>Cash was applied to:</b>				
Acquisition of investments		(224,299)	-	(4,538,737)
<b>Net cash flows from investing and financing activities</b>		<b>12,231</b>	<b>113,718</b>	<b>7,251</b>
Foreign exchange translation differences		5	1	14
<b>Net increase (decrease) in cash for the year</b>		<b>(137,918)</b>	<b>(36,031)</b>	<b>2,306</b>
Add opening bank accounts and cash	4	139,800	326,470	137,494
<b>Closing bank accounts and cash</b>	4	<b>1,882</b>	<b>290,439</b>	<b>139,800</b>

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Statement of accounting policies**

**Basis of preparation**

The Trustees have elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* for Tier 3 entities on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

Notwithstanding the comments above, the following Tier 2 PBE accounting standards have been used:

PBE IPSAS 4 The effects of changes in foreign exchange rates; and,  
 PBE IPSAS 29 Financial instruments: recognition and measurement.

All transactions in the financial statements are reported using the accrual basis of accounting.

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

**Goods and services tax (GST)**

The Trust is not registered for GST. All amounts in the performance report are inclusive of GST.

**Significant accounting policies**

**Interest and dividend revenue**

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

Dividend revenue is recognised when the dividend is declared.

**Foreign currency transactions**

Foreign currency transactions are translated into New Zealand Dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in surplus (deficit) for the year.

**Grant expenditure**

All grants made by the Trust are classified as discretionary.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application. Such grants are recognised as expenditure when approved without condition by the Trustees and the approval has been communicated to the applicant. Discretionary grants made subject to conditions are recognised as expenditure when all conditions have been met.

**Income tax**

The Trust has charitable status and is exempt from income tax.

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Bank accounts and cash**

Bank accounts and cash includes cash on hand and deposits held at call with financial institutions.

**Investment portfolio**

Components of the investment portfolio are classified as financial assets at fair value through surplus or deficit. The reason for this classification is that the portfolio is comprised of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

All financial assets in the portfolio are classified as current assets.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus(deficit) for the year.

**Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

**Budget figures**

The budget figures are derived from the statement of intent approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards (with the exceptions noted above), 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 in accounting policies.



**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Notes to the performance report**

**1. Finance income**

	<b>2018/19</b>	2017/18
	<b>Actual</b>	Actual
	\$	\$
Interest income from portfolio of investments managed by Kiwi Wealth	191	2,693
Interest income from BNZ	32	1
<b>Total finance income</b>	<b>223</b>	<b>2,694</b>

All finance income is generated through exchange transactions.

**2. Other expenditure**

	<b>2018/19</b>	2017/18
	<b>Actual</b>	Actual
	\$	\$
Management fees	24,172	23,850
Insurance	1,130	1,063
Other expenses	169	488
<b>Total other expenditure</b>	<b>25,471</b>	<b>25,401</b>

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

### 3. Grants paid

	<b>Purpose of Grant</b>	<b>2018/19 Actual \$</b>	<b>2017/18 Actual \$</b>
The BushTramway Club Inc	To extend existing carriage storage shelter	10,000	
Waikato District Crime Prevention Technology Trust (Huntly)	To upgrade Huntly township existing CCTV cameras	30,000	
Raglan Community Arts Council	Towards construction of a theatre and clay shed on the Old School site in Raglan	20,000	
Ngaruawahia Squash Racquets Club	To upgrade bathroom facilities	8,000	
Ngaruawahia RSA Memorial Club	To upgrade building roof	20,000	
Taupiri Rugby Football Club	To install three heating units	9,000	
Matangi-Hillcrest Sports Club Inc	To remedy water supply issues	5,774	
Waikato District Crime Prevention Technology Trust	To review and upgrade all existing CCTV cameras and monitoring equipment across the Waikato District (excluding Huntly)	25,000	
Huntly Volunteer Fire Brigade	To replace the Brigade support vehicle	20,000	
Te Kauwhata and Districts Information & Support Centre Incorporated	To purchase the existing community building and land	40,000	
Menzshed	Towards cost of building new workshop		10,000
Ngaruawahia Community Board	Towards cost of installing adult fitness stations in Ngaruawahia		10,000
Tamahere-Mangtaone Restoration Trust	Stage two: Tamahere Reserve boardwalk project		13,061
Holy Trinity Church	To replace front-facing hall window		10,017
St Andrews Presbyterian Church	Stage II Te Kauwhata Youth Centre ramp		12,450
<b>Total grants paid</b>		<b>187,774</b>	<b>55,528</b>

### 4. Bank accounts and cash

	<b>2018/19 Actual \$</b>	<b>2017/18 Actual \$</b>
Cash at bank	948	127,203
Cash investments managed by Kiwi Wealth Note 13	934	12,597
<b>Total bank accounts and cash</b>	<b>1,882</b>	<b>139,800</b>

The carrying value of cash at bank approximates its fair value.

**Waikato District Community Wellbeing Trust**  
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**For the year ended 30 June 2019**

## 5. Investments

	2018/19	2017/18
	Actual	Actual
	\$	\$
Fixed interest instruments managed by Kiwi Wealth	1,933,767	1,828,064
Equity instruments managed by Kiwi Wealth	2,367,389	2,209,778
<b>Total investments</b>	<b>4,301,156</b>	<b>4,037,842</b>

The Trust has a portfolio of investments which is managed by Kiwi Wealth Limited. The portfolio investments are detailed in note 13.

No accrued interest (June 2018: \$18,248) is included in the portfolio.

## 6. Creditors and other payables

	2018/19	2017/18
	Actual	Actual
	\$	\$
- Audit fee 2016	-	7,399
- Audit fee 2017	7,628	-
- Audit fee 2018	6,693	-
- Annual return fees	102	102
- Insurance	2,579	1,429
- Other expenses	1,272	236
- Grants	213,746	214,326
<i>Total Council Payable:</i>	<i>232,020</i>	<i>223,492</i>
Management fee	2,076	1,988
Audit fee 2017	-	7,628
<b>Total creditors and other payables</b>	<b>234,096</b>	<b>233,108</b>

Creditors and other payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of trade and other payables approximates their fair value.

All payables have arisen from exchange transactions.

**Waikato District Community Wellbeing Trust**  
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## 7. Accrued expenses

	2018/19 Actual	2017/18 Actual
	\$	\$
Audit fee – current year	7,810	7,697
Grants	89,556	20,000
Other expenses	345	300
<b>Total accrued expenses</b>	<b>97,711</b>	<b>27,997</b>

## 8. Equity

	Introductory fund	Capital maintenance fund	Accumulated funds	Total equity
Balance at 1 July 2017	2,579,899	334,857	688,975	3,603,731
Surplus (deficit)	-	-	313,172	313,172
Capital maintenance charge	-	72,075	(72,075)	-
<b>Balance at 30 June 2018</b>	<b>2,579,899</b>	<b>406,932</b>	<b>930,072</b>	<b>3,916,903</b>
Surplus (deficit)	-	-	54,714	54,714
Capital maintenance charge	-	78,338	(78,338)	-
<b>Balance at 30 June 2019</b>	<b>2,579,899</b>	<b>485,270</b>	<b>906,448</b>	<b>3,971,617</b>

### ***Introductory and capital maintenance funds***

The Trust was established with an initial contribution resulting from the transfer of 35% of funds previously held by the Waikato Foundation Trust as at 31 January 2012. This was recognised as revenue in that year and transferred to the introductory fund.

The Trust's performance objectives, as listed in the Statement of intent for the year to 30 June 2019, include a requirement to protect the real (inflation adjusted) value of the fund. An adjustment of 2% of opening capital is added to the Capital maintenance fund annually in order to achieve this objective.

**Waikato District Community Wellbeing Trust**  
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**For the year ended 30 June 2019**

## 9. Commitments

### **Capital commitments**

There are no capital commitments as at 30 June 2019 (June 2018: Nil).

### **Operational commitments**

As at 30 June 2019 the Trust had the following grant commitments:

<b>Donee</b>	<b>Purpose of grant</b>	<b>Amount</b>
Tuakau Youth Sport Trust	To build a new skatepark in Tuakau.	20,000
Scout Association of NZ: Camp Waingarō	To install new lino in the kitchen, bunk rooms and adjacent corridors	5,500
David Johnstone Pukemokemoke Trust	To upgrade the walking track and install composting toilets	8,000
<b>Total outstanding grants</b>		<b>\$33,500</b>

All grants are subject to conditions and are not paid until those conditions are fulfilled.

## 10. Contingent liabilities

There are no contingent liabilities as at 30 June 2019 (June 2018: Nil).

## 11. Events after balance date

There are no significant events after the balance date.

## 12. Related party transactions

The Trust is controlled by Waikato District Council and is a member of the Waikato District Council Group along with Council and Strada Corporation Limited. All transactions with related parties were conducted at arms-length.

During the period Council has paid some expenses on behalf of the Trust and there is an amount payable to Council at balance date. Those transactions comprise expense and grants payments and the balance outstanding at 30 June 2019 is \$232,021 (June 2018: \$223,492). See note 6 for details

### 13. Managed portfolio

The portfolio of the Trust's investments is managed by Kiwi Wealth Limited.

The portfolio composition is:

	June 2019	June 2018
	\$	\$
Cash investments	934	12,597
Fixed interest	1,933,767	1,828,064
Equity investments	2,367,389	2,209,778
<b>Total managed portfolio</b>	<b>4,302,090</b>	<b>4,050,439</b>

### 14. Explanation of major variances against budget

Explanations for major variances from the Trust's budget figures in the 2018/19 Statement of Intent are as follows:

- Although revenue is budgeted on a conservative basis and estimated at a steady return of 7.26% (before expenses) on the opening portfolio balance this year's actual return is only 6.8%.
- Actual grants paid included \$90,000 approved in previous years and \$20,000 approved for next year but did not include \$20,000 of prior year grants still outstanding at 30 June; hence the 13.6% variance between the amount budgeted and the total amount paid.
- Accrued expenses include \$79,556 of grants which donees are eligible to uplift but have not yet presented invoices for; hence the very large variance between budget and actual for this liability.

### 15. Breach of section 67 of the Local Government Act 2002

The Trust did not adopt its audited financial statements within three months of balance date (30 September 2019) as required by section 67 of the Local Government Act 2002.

The reason for the late adoption was that some of the evidence required for audit purposes was not available until after 30 September 2019.

## **Independent Auditor's Report**

### **To the readers of Waikato District Community Wellbeing Trust's financial statements and performance information for the year ended 30 June 2019**

The Auditor-General is the auditor of Waikato District Community Wellbeing Trust (the Trust). The Auditor-General has appointed me, Leon Pieterse, 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 23, that comprise the statement of financial position as at 30 June 2019, 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 6 to 8.

In our opinion:

- the financial statements of the Trust on pages 10 to 23:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; 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 the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 6 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 2019.

Our audit was completed on 10 December 2019. 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, we comment on other 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 Board is 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 Board is also responsible for preparing the performance information for the Trust.

The Board is responsible for such internal control as it determines is necessary to enable it 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 Board is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board is 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 has no realistic alternative but to do so.

The Board's responsibilities arise from the Local Government Act 2002 and the 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 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 Board.
- 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 Board is responsible for the other information. The other information comprises the information included on pages 1 to 5 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.

Leon Pieterse  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand