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STATEMENT OF INTENT FOR 2015/16

30 June 2015

Introduction

This Statement of Intent is a public declaration of the activities and intentions of the Waikato Council Controlled Organisation, Local Authority Shared Services Limited (LASS). The statement outlines the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

Objectives of LASS

During the early 2000s, the relationship between the local authorities within the Waikato Region continued to strengthen. As a result of this, it was considered desirable to set up a structure under which shared services could operate to provide strategic or other advantages to the local authorities involved. Of the structures considered, the Local Authority Shared Services Limited (LASS) was chosen, as it was considered the most appropriate mechanism to provide the Councils in the Waikato Region with a vehicle to operate shared services.

LASS provides a mechanism to develop and procure services which are available to be joined by any shareholder that chooses to do so. It also provides a company structure for any Council that wishes to develop new services, under which they can develop and promote services to other local authorities and external parties.

As part of providing a mechanism for supporting shared services and collaborative opportunities within the region, LASS also provides support to the Waikato Mayoral Forum and the working parties established by.

Nature and Scope of Current Activities

There are currently four major initiatives operating under the LASS umbrella, plus a support role for the collaborative workstreams of the Waikato Mayoral Forum.

1. **Shared Valuation Data Service (SVDS)**. This operational system is providing timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database for the region. The revenue shown in the financial statements is based on the assumption that there will continue to be external commercial sales of the SVDS data. However, central government or council decisions on open data provision could reduce or eliminate the commercial sale of SVDS data in the future.
2. **Waikato Regional Transportation Model (WRTM)**. This model became fully operational in February 2010. This model provides accurate information to Councils and external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency.

3. **Joint Procurement Initiatives.** LASS is a party to a number of joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of the shareholding councils. Other joint procurement contracts have been negotiated, involving only some of the shareholding councils (e.g. the Professional Services Panel; computer-generated print, mailhouse and e-services). Further procurement opportunities are continually being identified and a number are currently under active investigation (e.g. asset valuation services; pipe procurement).
4. The **Waikato Regional Aerial Photography Service (WRAPS).** WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been three WRAPS contracts – 2002, 2007 and 2012. In 2012, the WRAPS members were the councils of the Waikato Region, plus the Department of Conservation and Waikato University. The next contract is due in 2016/17. Discussions are currently being held with other parties to assess their willingness to join the syndicate. Both Land Information New Zealand (LINZ) and the NZ Transport Agency (NZTA) have indicated potential interest, which would reduce the cost to the participating councils. WRAPS became a LASS-managed project in December 2014.

The establishment of the **Waikato Mayoral Forum** in 2012 resulted in the creation of five working parties to investigate collaborative opportunities in the areas of governance, spatial planning, two waters, roading, and economic development. An additional work stream for bylaws and policies was created in 2013. (Note: The governance workstream is currently in abeyance, and the two waters project is now being run by a consortium comprising Hamilton City, Waikato and Waipa District Councils.) Each working party is led by a Council CEO in conjunction with a group of Mayors/Chairperson from the Waikato Mayoral Forum. LASS provides administrative and financial support to both the Forum and the working parties. The LASS CEO is a member of the roading governance group (RATA).

Over the period that the company has been operating benefits have been delivered in the form of:

- Improved level and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Development of new initiatives
- Opportunities for all Councils (irrespective of their location or size) to benefit from joint initiatives
- Leverage provided from economy of scales resulting from a single entity representing all Councils and leveraging procurement opportunities.

Based on feedback from the shareholding Councils and the CEO Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at Board meetings. The Directors are mindful of the political environment, and see the investigation of possible future shared services as a key focus of their role.

Process for Future Developments

All new proposed shared services involving LASS will have a business case developed for consideration by the Directors. New services will only be adopted where the business case shows that they provide sufficient benefit to the shareholders, that the benefits exceed any

benefits associated with other proposals, and where there are sufficient resources available to progress the initiative. (If there are insufficient resources, the initiative may be deferred and reconsidered at such time that resources can be made available.)

Benefits may include, but are not limited to, greater strategic capacity, mitigation of risk, development of intellectual property, protection of Council data, improved levels of service, efficiencies and/or reduced cost. All proposals shall be presented to the shareholding councils for approval prior to implementation. Further approvals may be required at various phases during the development of a shared service or if material changes to the original proposal are thought desirable as the initiative is developed.

Governance

LASS has twelve Directors, with each Director representing a shareholder Council.

Unless otherwise agreed by the appointing Councils, each Director shall be the Chief Executive of a local authority. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. At this time, no independent directors have been appointed to the Board.

LASS conducts itself in accordance with its constitution, its annual Statement of Intent as agreed with shareholders, the provisions of the Local Government Act 2002, and LASS policies.

Directors

The current Directors of LASS are:

Director	Position	Director Appointed By
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Geoffrey Williams	Chief Executive, Rotorua District Council	Rotorua District Council
Chris Ryan	Chief Executive Officer, Waitomo District Council	Waitomo District Council
Vaughan Payne	Chief Executive, Waikato Regional Council	Waikato Regional Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Richard Briggs	Chief Executive, Hamilton City Council	Hamilton City Council
David Hammond	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Don McLeod	Chief Executive Officer, Matamata-Piako District Council	Matamata-Piako District Council
Rob Williams	Chief Executive Officer, Taupo District Council	Taupo District Council
Craig Hobbs	Chief Executive Officer, South Waikato District Council	South Waikato District Council
Dave Clibbery	Chief Executive Officer, Otorohanga District Council	Otorohanga District Council

Activities for which the Board seeks Compensation

Additional shared services may be developed during the year that this Statement of Intent is current. Any such services will only be delivered by LASS after the Directors have considered a business case, including the proposed budget, and agreed that the proposed new service meets the objectives of LASS.

Any ongoing activities to identify, develop and procure shared services will be budgeted for in advance, subject to a business case, and either funded and/or staffed by individual Councils without LASS involvement, or agreed by the Directors to be funded by the LASS and/or utilising LASS resources with consequent recovery from participating Councils.

Shareholders will continue to contribute to the operational costs of the LASS on an annual basis.

Performance Targets

To ensure that the Company continues to operate effectively and efficiently, the performance targets for 2015/16 are as follows:

TARGET	METHOD	MEASURE
<p>Procurement Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts according to the LASS Financial Delegations Policy.</p>
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>
<p>Existing LASS Contracts Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The LASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either</p>

		renegotiated or tendered through a competitive process.
Cashflow The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly. The LASS Board reviews the financial statements quarterly.	Monthly financial statements show a positive cashflow position.
Cost Control Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly. The LASS Board reviews financial statements quarterly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.
Reporting Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the LASS Board every meeting. One 6-monthly and one Annual Report are prepared for shareholders.	The Board shall provide a written report on the business operations and financial position of the LASS to the Shareholders every six months. Note that every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the LASS are being adhered to.
Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the LASS. Updates on Mayoral Forum projects shall be co-ordinated by the LASS Chief Executive. Note: The current approved workstreams are: <ul style="list-style-type: none"> <input type="checkbox"/> Roading (RATA) <input type="checkbox"/> Economic Development <input type="checkbox"/> Regulatory Bylaws and Policies <input type="checkbox"/> Waters <input type="checkbox"/> Waikato Spatial Plan 	The Mayoral Forum is regularly updated on the progress of each approved workstream. Approved invoices for Mayoral Forum projects are paid by the 20 th of the month following their receipt.

<p>Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>Contract Manager monitors performance of contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>
<p>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for WRTM.</p> <p>Contract Manager monitors performance of the model supplier (currently Traffic Design Group) and reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report by the Contract Manager on any new developments and on the status of the model is provided to the LASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>
<p>Shareholder Survey Shareholders are satisfied with the performance of LASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with LASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>
<p>Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by LASS.</p>	<p>The benefits of LASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.</p>

Policy Statements

Changes to NZ Accounting Standards

The NZ Accounting Standards Board recently released new accounting standards that will apply to LASS. LASS must transition to these new standards for the year ended 30 June 2015. The first step has been to determine which reporting tier LASS sits under. The Directors have determined that LASS should be classified as Tier 2.

Statement of Accounting Principles

Financial statements are for a company wholly owned by the 12 local authorities within the Waikato Region, in the proportion of one share per local authority. Financial statements will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with the New Zealand Generally Accepted Accounting Practice (NZ GAAP), the Financial Reporting Act 1993 and the NZ Financial Reporting Standard No. 42.

Specific Accounting Principles

The following particular principles, which have a significant effect on measurement of the financial position, will apply:

- Accounts Receivable are to be stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are to be valued at the prevailing market value.
- Fixed assets are to be recorded at cost, less accumulated depreciation.

Intangible Assets

Where intangible assets are purchased, such as intellectual property and computer software, these are to be capitalised and written off on a straight line basis over their expected life, but over no greater than seven years.

Depreciation / Amortisation is to be provided on a straight-line basis on all assets other than land, and shall align with normal accepted depreciation for the types of services being developed.

Impairment Testing

Assets with a finite life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Balance Sheet Ratios

The Local Government Act 2002 requires the Statement of Intent to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position.

LASS is budgeted to have an accumulated shareholders fund of \$637,041 at 30 June 2016, which relates to 73.6% of total assets. The only liabilities of the LASS are trade creditors.

The Forecast Financial Statements for 2015/16 are attached to this Statement of Intent.

Procedures for the Purchase and Acquisition of Shares

The Board will give approval before LASS subscribes for, purchases, or otherwise acquires shares in any company or other organisation, which is external to the group.

Inventories

It is not envisaged that the company will hold inventories, other than those that might relate to providing computer-based services to a number of parties. They will be valued at net realisable value.

Taxation

Taxation will be provided as required against the company in line with the required legislation.

In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the Auditor General will be responsible for the audit of the company's financial statements.

As the current shared services are on a cost recovery basis, it is not envisaged that any dividends will be paid.

Value of Shareholders' Investment

The Directors' estimate of the commercial value of the shareholders' investment in the LASS is equal to the shareholders equity in the company. Reassessment of the value of this shareholding shall be undertaken on or about 1 April each year.

Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

Compensation

Directors of the LASS will not receive any fees or expenses for work undertaken on behalf of the LASS.

As the basis of funding for LASS, payment will be sought from all local authorities that receive services from LASS.

Information to be provided to Shareholders

The company will deliver the following information to shareholders:

- Within two months of the end of the first half of the financial year, a 6-monthly report, including a Statement of Financial Performance, a Statement of Changes in Equity, a Statement of Financial Position, and a Statement of Cashflows and Service Performance.

- Within three months of the end of the financial year, an audited Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, a Statement of Cashflows and Service Performance, plus a summary of how the company has fared against its objectives, its prospects for the next financial year, and a report on the company's medium to long-term plans.

Review of Statement of Intent

The Directors shall approve by 1 March of each year a Draft Statement of Intent for consideration by the shareholders.

The Directors must consider any comments on the Draft Statement of Intent that are made to it by the shareholders within two months of 1 March, and shall deliver the completed Statement of Intent to the shareholders by 30 June.

Local Authority Shared Services

**Company Summary
For the Year Ended 30 June 2016**

	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
Income					
Company Administration Member Charges	87,146	169,550	82,404	183,795	189,024
Recovery of Admin Costs	44,405	62,686	18,281	54,552	56,020
SVDS Member Charges	561,516	290,293	(271,223)	288,152	303,146
SVDS Data & Software Sales	125,964	192,000	66,036	196,704	201,681
TA Valuation Services Recovery	0	78,500	(300)	80,423	82,458
SVDS Enhancements Recovery	0	10,000	(116,987)	10,245	10,504
WRTM Member Charges	56,702	128,143	71,441	85,468	87,674
WRTM External User Recovery	0	12,000	12,000	12,294	12,605
Mayoral Forum Funding	248,370	1,051,245	802,875	996,583	1,054,564
N3 Membership Fee Recovery	18,000	18,000	0	18,000	18,000
ValueFinancials Fee Recovery	46,750	46,750	0	46,750	46,750
Insurance Brokerage Fee Recovery	147,500	147,500	0	147,500	147,500
Infometrics Recovery	0	70,400	70,400	70,400	70,400
Asset Valuation Services	0	0	0	0	0
Energy Management	0	16,000	16,000	0	0
Health and Safety Working Party	0	0	0	0	0
IT Initiatives - GIS Shared Data Portal	0	22,334	22,334	4,000	4,000
LG Collaboration Portal	0	0	0	0	0
WRAPS Recovery	0	0	0	0	0
Historical Aerial Photos Recovery	0	77,000	77,000	77,000	77,000
Interest Received	800	2,000	(300)	1,700	1,700
Total Income	1,337,153	2,394,401	849,961	2,273,566	2,363,026
Operating Expenditure					
Company Admin Operating Expenditure	213,955	233,736	19,781	239,547	246,244
SVDS Operating Expenditure	609,637	561,293	(48,344)	565,779	587,785
WRTM Operating Expenditure	106,702	186,773	80,071	97,762	100,279
Mayoral Forum Operating Expenditure	248,370	1,051,245	802,875	996,583	1,054,564
Procurement Operating Expenditure	212,250	409,250	197,000	363,650	363,650
Total Operating Expenditure	1,390,914	2,442,297	1,051,383	2,263,321	2,352,522
Earnings before interest, tax and depreciation/ amortisation (EBITA)	(53,761)	(47,896)	(201,422)	10,245	10,504
Non-Cash Operating Expenditure					
Company Admin Non-Cash Expenditure	171	171	(0)	171	171
SVDS Non-Cash Expenditure	143,725	109,699	(34,026)	109,699	109,699
WRTM Non-Cash Expenditure	328,122	328,122	0	218,748	0
Total Non-Cash Operating Expenditure	472,017	437,992	(34,026)	328,618	109,870
Earnings before interest and tax (EBIT)	(525,778)	(485,888)	(167,396)	(318,372)	(99,365)
Net Surplus (Deficit) before tax	(525,778)	(485,888)	(167,396)	(318,372)	(99,365)
Company Admin Net Surplus (Deficit) before tax	(82,575)	(171)	82,404	(171)	(171)
SVDS Net Surplus (Deficit) before tax	(65,082)	(99,699)	(34,617)	(99,453)	(99,195)
WRTM Net Surplus (Deficit) before tax	(378,122)	(374,752)	3,370	(218,748)	0
Mayoral Forum Net Surplus (Deficit) before tax	0	0	0	0	0
Procurement Net Surplus (Deficit) before tax	0	(11,266)	(11,266)	0	0
Net Surplus (Deficit) before tax	(525,778)	(485,888)	39,891	(318,372)	(99,365)
Capital Expenditure					
Enhancements	78,643	10,000	(68,643)	10,245	10,504
Total Capital Expenditure	78,643	10,000	(68,643)	10,245	10,504

Local Authority Shared Services						
Company Admin						
For the Year Ended 30 June 2016						
	Notes	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
Income						
Company Administration Member Charges	1	87,146	169,550	82,404	183,795	189,024
Recovery of Admin Costs		44,405	62,686	18,281	54,552	56,020
Mayoral Forum Interest		0	1,500	1,500	1,200	1,200
Total Income		131,551	233,736	102,185	239,547	246,244
Expenses						
Accounting/ Financial Services	2	17,510	27,500	9,990	28,174	28,805
External Accounting/ Financial Services		3,998	4,000	2	4,098	4,190
Audit Fees		15,500	15,349	(151)	15,725	16,077
IT Services		45	92	47	94	96
Bank Charges		438	280	(158)	287	293
Printing, Stationery & Postage		250	0	(250)	0	0
Legal Fees		2,560	2,500	(60)	2,561	2,619
Value Financials Licence Fee		2,250	2,600	350	2,600	2,600
Sundry Expenses		500	1,200	700	1,200	1,200
Insurance		2,048	2,800	752	2,869	2,933
Shared Services Contractors		156,000	156,000	0	160,000	165,000
Company Secretary Fees		11,856	11,415	(441)	11,695	11,957
Mileage Costs	3	1,000	10,000	9,000	10,245	10,474
Total Expenses		213,955	233,736	19,781	239,547	246,244
Earnings before interest, tax and depreciation/ amortisation (EBITA)	4	(82,404)	0	82,404	0	0
Non-Cash Expenses						
Depreciation		171	171	(0)	171	171
Earnings before interest and tax		(82,575)	(171)	82,404	(171)	(171)
Net Surplus (Deficit) before tax		(82,575)	(171)	82,404	(171)	(171)

Notes

- 1) 2014/15 Member Charges were reduced by prior year surpluses.
- 2) Financial services have increased due to additional workload from new initiatives.
- 3) Increased mileage costs for shared services contractor.
- 4) Prior year surpluses utilised to offset member charges.

Local Authority Shared Services

**Shared Valuation Data Service
For the Year Ended 30 June 2016**

	Notes	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
Income						
SVDS Member Charges	1	561,516	290,293	(271,223)	288,152	303,146
TA Valuation Services Recovery	2	0	78,500	78,500	80,423	82,458
SVDS Enhancements Recovery	3	0	10,000	10,000	10,245	10,504
SVDS Data & Software Sales	4	125,964	192,000	66,036	196,704	201,681
Interest Received - SVDS		800	500	(300)	500	500
Total Income		688,280	571,293	(116,987)	576,024	598,289
Expenses						
Hosting Contract		69,509	49,200	(20,309)	50,405	51,681
Software Contract		117,965	95,000	(22,965)	97,328	99,790
Management Services		381,711	276,500	(105,211)	283,274	290,441
TA Valuation Services		0	78,500	78,500	80,423	82,458
Consultancy Fees		16,000	16,000	0	16,000	16,000
Software Support Contingency		0	6,250	6,250	6,462	6,681
Insurance		1,500	1,500	0	1,537	1,576
Legal Fees	5	0	4,000	4,000	0	8,000
Secretarial Services		0	3,000	3,000	3,074	3,149
On charge of LASS Admin Costs		22,952	31,343	8,391	27,276	28,010
Total Expenses		609,637	561,293	(48,344)	565,779	587,785
Earnings before interest, tax and depreciation/ amortisation (EBITA)		78,643	10,000	(68,643)	10,245	10,504
Non-Cash Expenses						
Depreciation	6	143,725	109,699	(34,026)	109,699	109,699
Earnings before interest and tax		(65,082)	(99,699)	(34,617)	(99,453)	(99,195)
Net Surplus (Deficit) before tax		(65,082)	(99,699)	(34,617)	(99,453)	(99,195)
Capital Expenditure						
Enhancements	3	78,643	10,000	(68,643)	10,245	10,504
Total Capital Expenditure		78,643	10,000	(68,643)	10,245	10,504
Total Cash Expenditure (Opex, Interest & Capital)		688,280	571,293	(116,987)	576,024	598,289

Notes

- 1) 2014/15 Member Charges were reduced by prior year surpluses. Member charges from 2015/16 onwards are reduced due to new contracts negotiated.
- 2) Valuation Services to now be billed to LASS and then recovered, rather than individual council due to new contract terms.
- 3) Enhancement work to be recovered by individual councils.
- 4) Increase due to new contract with Headway.
- 5) Provision for 2017/18 to tie in with contract review terms.
- 6) Decrease in depreciation due to change to the life of the NBV of the SVDS asset by an additional 5 years.

Local Authority Shared Services

**Waikato Regional Transport Model
For the Year Ended 30 June 2016**

	Notes	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
Income						
WRTM Member Charges	1	56,702	128,143	71,441	85,468	87,674
External User Recovery		0	12,000	12,000	12,294	12,605
Total Income		56,702	140,143	83,441	97,762	100,279
Expenses						
WRTM Project Manager		18,000	18,000	0	18,441	18,908
Minor Model Upgrades		30,000	30,000	0	30,735	31,513
Peer Review		5,000	5,000	0	5,123	5,252
Annual Scheduling of Works Review		4,500	4,500	0	4,610	4,727
Insurance		2,000	1,300	(700)	1,332	1,366
WRTM Base Model Testing		0	15,000	15,000	0	0
External User Costs		0	10,000	10,000	10,245	10,504
Census Update	2	0	14,959	14,959		
Future Land Use Client Input	3	0	43,000	43,000	0	0
Tendering for WRTM Contract	4	25,000	13,671	(11,329)	0	0
On charge of LASS Admin Costs		22,202	31,343	9,141	27,276	28,010
Total Expenses		106,702	186,773	80,071	97,762	100,279
Earnings before interest, tax and depreciation/ amortisation (EBITA)						
	1	(50,000)	(46,630)	3,370	0	0
Non-Cash Expenses						
Depreciation	5	328,122	328,122	0	218,748	0
Earnings before interest and tax		(378,122)	(374,752)	3,370	(218,748)	0
Net Surplus (Deficit) before tax		(378,122)	(374,752)	3,370	(218,748)	0

Notes

- 1) Member Charges reduced by prior year surpluses. Prior year surpluses utilised to offset member charges
- 2) Forecasted unspent funds of \$14,959 for 2014/15 to be carried over to complete work in 2015/16.
- 3) Forecasted unspent funds of approximately \$18,000 for 2014/15 to be carried over to complete work in 2015/16, and an additional \$25,000 was requested and approved through the WRTM User & Advisory Group.
- 4) Forecasted unspent funds of \$15,671 for 2014/15 to be carried over to complete work in 2015/16 due to WRTM contract being pushed out for one year.
- 5) WRTM asset to be fully depreciated by February 2017.

Local Authority Shared Services

Mayoral Forum Projects

For the Year Ended 30 June 2016

	Notes	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
Income						
Spatial Plan	1	241,370	319,000	77,630	425,000	425,000
Economic Development		0	0	0	0	0
Waters		0	0	0	0	0
Roading (RATA)		0	611,245	611,245	544,583	602,564
Policy & Bylaws	2	0	114,000	114,000	20,000	20,000
Meeting Expenses		7,000	7,000	0	7,000	7,000
Total Income		248,370	1,051,245	802,875	996,583	1,054,564
Expenses						
Spatial Plan	1	241,370	319,000	77,630	425,000	425,000
Economic Development		0	0	0	0	0
Waters		0	0	0	0	0
Roading (RATA)		0	611,245	611,245	544,583	602,564
Policy & Bylaws	2	0	114,000	114,000	20,000	20,000
Meeting Expenses		7,000	7,000	0	7,000	7,000
Total Expenses		248,370	1,051,245	802,875	996,583	1,054,564
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	0	0	0
Earnings before interest and tax		0	0	0	0	0
Net Surplus (Deficit) before tax		0	0	0	0	0

Notes

- 1) The budget for the 2015/16 year is based on the budget approved by the Joint Committee in early 2015. Implementation phase from 1 Jul 16 - midpoint of \$350-500K proposal from J.Bevan - subject to outcome of Waikato Plan.
- 2) Policy & Bylaws - includes \$94,000 in 2015/16 for Regional Infrastructure Technical Specifications work

Local Authority Shared Services

Procurement of Shared Services

For the Year Ended 30 June 2016

	Notes	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
Income						
N3 Membership Fee Recovery		18,000	18,000	0	18,000	18,000
Value Financials Fee Recovery		46,750	46,750	0	46,750	46,750
Insurance Brokerage Fee Recovery		147,500	147,500	0	147,500	147,500
Infometrics	1	0	70,400	70,400	70,400	70,400
Asset Valuation Services		0	0	0	0	0
Energy Management	2	0	16,000	16,000		
Health and Safety Working Party		0	0	0	0	0
IT Initiatives - GIS Shared Data Portal	3	0	22,334	22,334	4,000	4,000
LG Collaboration Portal		0	0	0	0	0
WRAPS Recovery	4	0	0	0	0	0
Historical Aerial Photos Recovery		0	77,000	77,000	77,000	77,000
Total Income		212,250	397,984	185,734	363,650	363,650
Expenses						
N3 Membership Fee		18,000	18,000	0	18,000	18,000
Value Financial Fees		46,750	46,750	0	46,750	46,750
Insurance Brokerage Fee Payable		147,500	147,500	0	147,500	147,500
Infometrics	1	0	70,400	70,400	70,400	70,400
Asset Valuation Services		0	0	0	0	0
Energy Management	2	0	16,000	16,000		
Health and Safety Working Party		0	0	0	0	0
IT Initiatives - GIS Shared Data Portal	3	0	33,600	33,600	4,000	4,000
LG Collaboration Portal		0	0	0	0	0
WRAPS Services	4	0	0	0	0	0
Historical Aerial Photos Services		0	77,000	77,000	77,000	77,000
Total Expenses		212,250	409,250	197,000	363,650	363,650
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	(11,266)	(11,266)	0	0
Earnings before interest and tax		0	(11,266)	(11,266)	0	0
Net Surplus (Deficit) before tax		0	(11,266)	(11,266)	0	0

Notes

- 1) Infometrics not budgeted for in 2014/15, but actual costs of \$70,400 were incurred. The budgeted involved councils are Hamilton City Council, Waikato District Council, Thames-Coromandel District Council, and Waikato Regional Council.
- 2) Budget in 2015/16 for development of a business case to secure funding from EECA. If successful, both income and expenditure are likely to increase.
- 3) Budget for GIS Shared Data Portal. Initial setup in 2015/16 of \$14,200, with \$11,266 to be funded from prior years IT surplus, and remainder from participating councils. Initial one-off cost of \$1,400 per council to set up on portal, and annual cost to LASS of \$4,000 to be recovered from participating councils.
- 4) WRAPS working party are currently developing the tender document and it is unknown at this stage what the costs will be.

Local Authority Shared Services

**Balance Sheet
For the Year Ended 30 June 2016**

	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	0	1,350,000	1,350,000
Profit and Loss	(1,566,237)	(1,845,542)	(279,305)	(2,331,430)	(2,649,802)
Plus Current Year Operating Surplus/(Deficit)	(525,778)	(485,888)	39,890	(318,372)	(99,365)
TOTAL CAPITAL FUNDS	864,986	625,571	(239,415)	307,199	207,834
ASSETS					
CURRENT ASSETS					
Prepayments	1,868	2,990	1,122	2,990	2,990
Accounts Receivable	3,557	15,167	11,610	15,329	15,703
RWT On Interest	224	560	336	476	476
Local Authority Shared Services 00	6,731	0	(6,731)	0	0
Local Authority Shared Services On-Call	47,103	398,831	351,729	379,248	398,878
GST Paid	(9,522)	(32,833)	(23,311)	(30,236)	(41,462)
TOTAL CURRENT ASSETS	49,960	384,716	334,755	367,808	376,585
NON-CURRENT ASSETS					
SVDS - Intangible Asset	3,142,359	3,080,875	(61,484)	3,091,120	3,101,625
WRTM - Intangible Asset	2,296,855	2,296,855	0	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	0	1,195	1,195
Accumulated Depreciation	(4,548,273)	(4,894,039)	(345,766)	(5,222,656)	(5,332,526)
TOTAL NON-CURRENT ASSETS	892,136	484,886	(407,250)	166,514	67,149
NET ASSETS	942,096	869,602	(72,494)	534,322	443,734
LESS CURRENT LIABILITIES					
Accounts Payable	67,035	234,053	167,018	216,902	225,450
Accounts Payable Accrual	10,075	9,977	(98)	10,221	10,450
TOTAL CURRENT LIABILITIES	77,110	244,030	166,920	227,123	235,900
NET WORKING CAPITAL	864,986	625,571	(239,415)	307,199	207,834

Local Authority Shared Services

**Statement of Cashflows
For the Year Ended 30 June 2016**

	Budget 2014/15	Budget 2015/16	Variance to Jun-15 Budget	Budget 2016/17	Budget 2017/18
Cashflows from Operating Activities					
Interest Received	500	2,000	1,500	1,700	1,700
Receipts from Other Revenue	1,184,191	2,493,568	1,309,377	2,342,965	2,437,384
Payments to Suppliers	(1,329,850)	(2,337,965)	(1,008,115)	(2,335,025)	(2,399,993)
Taxes Paid	(224)	(560)	(336)	(476)	(476)
Goods & Services tax (net)	(3,173)	(20,629)	(17,456)	(18,501)	(8,481)
Net cash from operating activities	(148,556)	136,415	284,971	(9,338)	30,134
Purchase of Intangible Assets	(78,643)	(10,000)	68,643	(10,245)	(10,504)
Net cash from investing activities	(78,643)	(10,000)	68,643	(10,245)	(10,504)
Net increase in cash, cash equivalents and bank accounts	(226,899)	126,415	353,314	(19,583)	19,630
Opening cash and cash equivalents and bank overdrafts	280,733	272,416	(8,317)	398,831	379,248
Closing cash, cash equivalents and bank accounts	53,834	398,831	344,998	379,248	398,878
Summary of Bank Accounts					
BNZ - Cheque a/c	6,731	0	(6,731)	0	0
BNZ - Call a/c	47,103	398,831	351,729	379,248	398,878
Closing Balance of Bank	53,834	398,831	344,998	379,248	398,878