

# ANNUAL REPORT 2015-2016

For the year ended  
30 June 2016



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BOPLASS Ltd

PART ONE – OUR YEAR



In addition to ongoing success with projects within the BOPLASS region, I am pleased to report that BOPLASS has played a pivotal role in advancing cross-region collaboration during 2015/16 with the Collaboration Portal now being utilised by a growing number of councils outside of the BOPLASS region. The Collaboration Portal has quickly provided benefit to a number of participating councils across New Zealand by creating a conduit for partnering and improving visibility of other councils' work streams. The ability to share information and work collaboratively has been greatly increased through the development of the Portal.

While the board continues to foster collaboration and develop projects within the BOPLASS region, we have also recognised the importance of cross-regional collaboration and the opportunities to reduce effort and provide savings across a greater number of councils. This cross-regional working further supports the councils' Section 17a requirement of reviewing service delivery and investigating alternative methods of delivery.

BOPLASS continues to maintain a close relationship with other North Island LASS and ongoing sharing of knowledge and collaboration with projects is constantly pursued. Over the last 12 months BOPLASS has further developed this engagement through a number of shared initiatives with other LASS or councils outside of BOPLASS. Some examples of this have been:

- A Section 17a workgroup was established by BOPLASS to ensure that parallel work streams within different councils were eliminated. In addition to now being able to share templates and processes across the councils they are also working together to identify where collaboration can assist in more effective delivery of council services. This work is also being developed in conjunction with Waikato LASS with the learnings and opportunities now able to be shared across a large geographical region.
- Councils' infrastructure insurance is being negotiated by BOPLASS collectively as a greater group of 30 councils. The combined assets across this group represent over \$12 billion and collectively this provides powerful leverage when negotiating the insurance requirements.
- A BOPLASS Health and Safety Advisory Group was established late last year and has been instrumental in ensuring councils were able to collaborate in the implementation of changes to satisfy the Health and Safety at Work Act 2015 requirements. This group works in conjunction with the Waikato H&S group and projects are divided between the LASSes to remove any duplication of effort. The two groups have also participated in joint procurement of H&S software and training.
- BOPLASS and MWLASS are collaborating in the development of Information Services Strategic Plans, with BOPLASS councils being able to benefit from the initial work undertaken by MWLASS.
- Following the BOPLASS project to digitise historical aerial photography across the region, BOPLASS are working with four other groups of councils across NZ to develop a shared viewer, as opposed to each council/group creating individual viewers and separate storage solutions.
- Opportunities for joint procurement are now often being investigated in conjunction with neighbouring councils and/or LASS to either share the benefits of existing contracts or to gain further benefits through the aggregation of larger volumes.



BOPLASS has been very successful in delivering benefits to councils in back-of-office services, either through shared services or joint procurement. The Board has reviewed the opportunity for BOPLASS to be involved in some of the areas of more significant spend for the councils and have identified areas that are not already covered by other work streams. Solid Waste has been identified as an area of opportunity and BOPLASS has begun scoping the opportunities for councils to work more closely together.

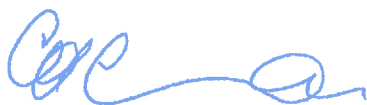
There has been one recent change of director and Gareth Green from Taupo District Council was welcomed to the BOPLASS Board. Gareth joins the Board with prior exposure to BOPLASS and a desire to continue to drive further value for our councils.

Earlier this year a review of BOPLASS governance structure identified an opportunity for independent chairing of the Board. The Board duly elected me to this position and I'm grateful of the opportunity to continue to work with the rest of the Board to further develop BOPLASS.

BOPLASS has delivered considerable value to the shareholders over the last year and continues to be a significant success. With BOPLASS now reviewing larger project opportunities, the challenge ahead is identifying how those opportunities can be realised.

The Board wished to record its thanks to the efforts and results achieved by BOPLASS staff who have achieved excellent results with limited resources.

Craig O'Connell  
Chair



<b>Nature of Business</b>	Shared Service Provider
<b>Registered Office</b>	91 Willow Street, Tauranga 3110
<b>Incorporation Number</b>	2074873
<b>Incorporation Date</b>	14 January 2008
<b>IRD Number</b>	98-965-361
<b>Directors</b>	Russell George Mary-Anne Macleod Miriam Taris Geoff Williams Gareth Green Aileen Lawrie Martin Grenfell Judy Campbell Garry Poole Craig O'Connell
<b>Shareholders</b>	Bay of Plenty Regional Council Western Bay of Plenty District Council Rotorua District Council Taupo District Council Kawerau District Council Opotiki District Council Whakatane District Council Gisborne District Council Tauranga City Council
<b>Auditor</b>	Audit New Zealand
<b>Bankers</b>	ANZ Bank
<b>Solicitors</b>	Cooney Lees and Morgan

## Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2016/17 and associated budget formally adopted by the directors at the meeting held on 29 April 2016.

### Performance Targets

To ensure the company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Investigate new Joint Procurement Initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix A of the 2016-17 SOI.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.	Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.	All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils having utilised the portal.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Perform review of governance.	Affirmative feedback received from shareholding councils at least annually.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding	Performance against budgets reviewed quarterly. Company remains financially viable.

## Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2015/16.

Target	Result	Narration
<p>Investigate new joint procurement initiatives for goods and services for BOPLASS councils.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <p>Internal Audit Services – appointment of internal audit services provider for the councils. Access to improved and consistent levels of service and best practice risk management and innovation at significantly reduced costs through a collaborative agreement.</p> <p>EFTPOS Services – A BOPLASS collective agreement for EFTPOS services and hardware providing discounted pricing to the participating councils. Councils moved to key account status which includes dedicated account management and premium service levels.</p> <p>Natural Hazard Insurance – Investigation of additional opportunities to improve councils’ insurance protection while also mitigating exposure and risk. BOPLASS project underway to insure 100% of the first \$10M of any natural hazard loss to councils’ infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government.</p> <p>Insurance Loss Modelling – Appointment of a provider through BOPLASS to establish the material damage insurance loss estimates for council owned assets in the event of a significant natural disaster. Information helps councils identify areas at risk, e.g. low lying residential areas/council assets, and how to best manage them.</p> <p>2015-16 Aerial photography – managed tender for new collaborative flying programme, providing savings in capture and production of imagery.</p> <p>Section 17a reviews – BOPLASS appointed provider to conduct workshops and facilitate collaborative reviews of Section 17a process and opportunities for BOPLASS councils. Templates and outputs shared with Waikato councils.</p> <p>Thomson Reuters/Brookers – collective subscription services. Investigated in conjunction with Waikato LASS but the benefits that could be achieved were deemed to be unworthwhile for the effort required.</p>
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p> <p>0.25 FTE resource and expertise assigned to assist councils in shared services developments and projects.</p>	Achieved	<p>37% of IT Manager’s time committed directly to individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p>Inter Council Network (ICN) Management – monitoring and management services for ICN established, including design and architecture, monitoring services and support services – ensuring reliability of network for councils and delivery of services.</p> <p>Collaboration Portal – Microsoft negotiations, development,</p>



		<p>of hosting environment, licensing requests for individual councils, account creation and monitoring of accounts for councils and individual users.</p> <p>Health and Safety Advisory Group – A BOPLASS advisory group has been established to identify and develop collaborative health and safety projects and to share policies, training and information. This collaboration assisted in supporting councils’ readiness for the new Health and Safety at Work Act. Some projects are being undertaken in conjunction with Waikato LASS.</p> <p>Radio Telephony strategy – engagement with BOPLASS councils and external agencies to develop shared RT services and a regional strategy.</p> <p>Support and development of broadband solutions for Opotiki District Council.</p> <p>GIS services – collaboration in development of council and regional GIS services.</p> <p>After Hours Phone Services – BOPLASS has continued to support the development of a regional after-hours phone service, with Tauranga City Council now providing this as a shared service to several BOPLASS councils. The service is cost effective, local government centric and provides the advantage of being able to access other councils’ information bases and directly input service requests into councils’ systems.</p> <p>Regionally based Data Centre – supporting councils and local economic development agencies investigation into a local data centre.</p> <p>On-line Services – BOPLASS is working with councils to further develop on-line services, with a fundamental principle of developing similar user experiences across the councils regardless of the underlying software used by each council.</p> <p>Video conferencing support and development of new services for individual councils.</p>
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration. *</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the BOPLASS group with a minimum of five additional councils having utilised the portal.</p>	<p>Achieved</p>	<p>Collaboration portal further developed to include Activity Areas for councils to share documentation, information and training information.</p> <p>Ongoing training provided to councils to ensure understanding and increased uptake.</p> <p>Marketing flyer and proposal templates developed and circulated to councils outside of BOPLASS.</p> <p>National awareness of Collaboration Portal created through BOPLASS presentation to SOLGM committee.</p> <p>LGNZ – national local government body are now registered Portal users.</p> <p>As at 30 June 2016, 21 councils outside of the BOPLASS councils had joined the portal in the last 12 months and have licensed users with access to the Collaboration Portal. Additional councils have subsequently joined as a result of the 2015/16 marketing.</p>

<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:  Video Conferencing Maintenance and Services.  ESRI Enterprise Licensing Agreement renegotiated and renewed.  Printer/Copier agreement review initiated.  GIS software – Geocortex Essentials, X-Tools, NZAA.  Print Media Copyright Agency (PMCA) contract renewed.  Media Monitoring services contract renewed.</p>
<p>Review governance performance and structure to ensure it supports BOPLASS' strategic direction. *</p> <p>Positive feedback received from shareholding councils at least annually.</p>	<p>Achieved</p>	<p>Strategic reviews completed by the Board.  Independent director reappointed.  Board structure altered to include position of independent Chair.  Board reviews of operations governance structure and performance.  2016-17 Statement of Intent, including governance changes, accepted by all shareholding councils.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<p>Executive-level meetings held with councils.</p>
<p>Ensure current funding model is appropriate.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>Council contributions levied.  Contributions received from activities producing savings.  Vendor rebates collected.  Monthly and quarterly performance reviewed.</p>

\* New targets 2015/16

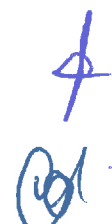
## Statement of Intent and Performance continued

The following is a report of performance against targets set in the Statement of Intent for 2014/15 and is provided for comparative purposes.

Target	Result	Narration
<p>Investigate new joint procurement initiatives for goods and services for BOPLASS councils.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <ul style="list-style-type: none"> <li>• Print Media Copyright Agency – group agreement providing consistent licensing level to all councils and discounted pricing.</li> <li>• Travel Services Management – discounted travel services and improved reporting and management of council travel expenses.</li> <li>• Air Travel – Air NZ Direct Connect Portal available to all BOPLASS councils, providing preferential booking services and discounted national and international airfares.</li> <li>• Radio Telephony Strategy – collaboration in development of regional-wide RT strategy, providing improved coordination of civil defence and emergency services, reduction in duplication of services, sharing of infrastructure and cost savings.</li> <li>• Aerial Photography – managed tender for new collaborative flying programme, providing savings in capture and production of imagery.</li> <li>• Archiving Services – opportunities for collaborative archiving service and shared facility undertaken.</li> <li>• Joint procurement of High-Volume Print and Mail Services initiated, e.g. rates, water, dog notices.</li> <li>• On-line Services – Investigation of collaborative development of online delivery of council services to communities.</li> </ul>
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p> <p>0.25 FTE assigned to directly developing councils' shared service opportunities. *</p>	Achieved	<p>Support provided to councils in development of the following services:</p> <ul style="list-style-type: none"> <li>• After-hours telephone services – BOPLASS council appointed, providing consistent regional service and direct input of service requests.</li> <li>• Inter Council Network (ICN) Management – monitoring and management of ICN established, including design and architecture, monitoring services and support services – ensuring reliability of network for councils and delivery of services.</li> <li>• Council submissions on Government's Ultra-Fast Broadband (UFB), Rural Broadband Initiative (RBI) and mobile blackspot supported by BOPLASS – assisting councils to promote priority areas and a regional approach to supporting better broadband in communities.</li> <li>• GIS services – collaboration in development of council and regional GIS services.</li> <li>• Regionally based Data Centre – supporting councils and local economic development agencies investigation into a local data centre.</li> </ul> <p>35% of IT Manager's time directly committed to supporting council projects – measured by job-tracking timesheets.</p>

<p>Develop a Collaboration Portal for access to, and sharing of, project information from BOPLASS councils and the greater local government community.</p> <p>Shared portal providing upload and download capabilities to all participating BOPLASS councils is operational within 12 months. *</p>	<p>Not achieved</p>	<ul style="list-style-type: none"> <li>• Collaboration portal established, content populated and portal live and operational.</li> <li>• Training initiated with pilot BOPLASS councils.</li> <li>• Unacceptable performance from external hosting services created poor user experience. Delayed resolution from provider produced delay in completing final rollout to all BOPLASS councils.</li> <li>• Exception Report provided to councils outlining cause of delay, steps taken to resolve issues, and learnings.</li> <li>• Hosting has now been moved from the environment causing the performance issues and has been established and tested in Office365 Sydney.</li> <li>• Portal is now operational and being rolled out to BOPLASS councils.</li> </ul>
<p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> <li>• Media Monitoring Services</li> <li>• Office Supplies</li> <li>• Video Conferencing Services</li> <li>• GIS software – FME, Optimizer, Essentials, ERDAS, X-Tools, ESRI, NZAA</li> <li>• Postal services</li> <li>• Insurance broker services</li> <li>• Infrastructure Insurance</li> </ul>
<p>Perform self-assessment reviews of governance.</p> <p>Affirmative feedback received from shareholding councils at least annually.</p>	<p>Achieved</p>	<ul style="list-style-type: none"> <li>• Strategic reviews completed by the board.</li> <li>• Board structure altered to include independent director with incremental skills.</li> <li>• Independent director recruited and appointed.</li> <li>• Changes made to operations governance structure.</li> </ul> <p>Statement of Intent, including governance changes, accepted by all shareholding councils.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<p>Executive-level meetings held with councils.</p>
<p>Ensure current funding model is appropriate. *</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>Council contributions levied, contributions received from activities producing savings, vendor rebates collected. Monthly and quarterly performance reviewed.</p>

\* New targets 2014/15





**PART TWO – ACCOUNTABILITY STATEMENTS**



**Building Blocks**



BOPLASS Ltd has been built on a number of principles and activities and these are the building blocks of our success.

You will find examples in text boxes scattered through the document.



## Statement of Responsibility

The following pages 18-38 outline the financial statements and notes for year ended 30 June 2016 for BOPLASS Limited.

The directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of BOPLASS Ltd for the twelve months ended 30 June 2016.

For and on behalf of the Board of Directors:

Signed:



Craig O'Connell – Chair

Date:

16/09/16

Signed:



Garry Poole – Director

Date:

16/9/16

## **Independent Auditor's Report**

### **To the readers of BOP LASS Limited's financial statements and performance information for the year ended 30 June 2016**

The Auditor-General is the auditor of BOP LASS Limited (the company). The Auditor-General has appointed me, Ben Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

#### **Opinion on the financial statements and the performance information**

We have audited:

- the financial statements of the company on pages 18 to 37, that comprise the statement of financial position as at 30 June 2016, 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 company on pages 7 to 12.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; 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.
- the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2016.

Our audit was completed on 16 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information 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 company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the company's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

### Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.



The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



B H Halford  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand



## Financial Statements – Statement of Financial Position

STATEMENT OF FINANCIAL POSITION - AS AT 30 JUNE 2016			
BOP LASS LTD	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
<b>ASSETS - CURRENT</b>			
Bank accounts and cash	10	967,757	976,927
Debtors and Other Receivables	11	52,955	97,389
Prepayments	12	5,659	30,661
<b>Total Current Assets</b>		<b>1,026,371</b>	<b>1,104,977</b>
<b>ASSETS - NON-CURRENT</b>			
Intangible Assets	13	33,756	0
Plant and Equipment	14	0	0
<b>Total Non-Current Assets</b>		<b>33,756</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>1,060,127</b>	<b>1,104,977</b>
<b>LIABILITIES - CURRENT</b>			
Creditors and Accrued Expenses	15	48,284	257,045
Employee Costs Payable	16	20,200	17,872
Income in Advance	17	908,347	771,132
Borrowings	18	34,999	0
<b>Total Current Liabilities</b>		<b>1,011,830</b>	<b>1,046,049</b>
<b>TOTAL LIABILITIES</b>		<b>1,011,830</b>	<b>1,046,049</b>
<b>TOTAL ASSETS less TOTAL LIABILITIES</b>		<b>48,297</b>	<b>58,927</b>
<b>EQUITY</b>			
Accumulated Deficits	19	(50,705)	(40,075)
Share Capital	19	99,002	99,002
<b>TOTAL EQUITY</b>		<b>48,297</b>	<b>58,927</b>

The notes and Statement of Accounting Policies form part of these financial statements.

For and on behalf of the Board of Directors:

Signed:  Craig O'Connell – Chair

Date: 16/09/16

Signed:  Garry Poole – Director

Date: 16/9/16


## Financial Statements – Statement of Financial Performance

### STATEMENT OF FINANCIAL PERFORMANCE - FOR THE YEAR ENDED 30 JUNE 2016


BOP LASS LTD	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>REVENUE</b>				
Council Contribution	2	273,511	273,510	273,511
Project Revenue	2	1,231,305	1,629,300	1,386,664
Interest Revenue	3	19,242	20,000	30,671
<b>Total Revenue</b>		<b>1,524,058</b>	<b>1,922,810</b>	<b>1,690,846</b>
<b>EXPENSES</b>				
Depreciation and Amortisation	4	1,164	650	217
Employee Related Costs	5	334,106	331,000	329,442
Directors Costs	6	15,792	15,000	4,759
Finance Cost	7	1,232	10,000	7,755
Other Expenses	8	1,182,394	1,566,160	1,346,392
<b>Total Expenses</b>		<b>1,534,688</b>	<b>1,922,810</b>	<b>1,688,564</b>
<b>Surplus/(Deficit) before tax</b>		<b>(10,630)</b>	<b>0</b>	<b>2,282</b>
Income Tax Expense/(Benefit)	9	0	0	0
<b>Surplus/(Deficit) after Tax</b>		<b>(10,630)</b>	<b>0</b>	<b>2,282</b>

The notes and Statement of Accounting Policies form part of these financial statements.  
Explanations of major variances against budget are provided in note 25.

### Media Monitoring



A shared media monitoring portal provides councils with improved visibility of community feedback through monitoring of press and social media.



## Financial Statements – Statement of Cashflows

### STATEMENT OF CASHFLOWS - FOR THE YEAR ENDED 30 JUNE 2016

BOP LASS LTD	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Council Contribution		273,511	273,511
Project Revenue		1,400,242	1,604,905
Interest Revenue		19,242	30,671
Tax Paid - RWT (net)		4,594	0
Goods and Services Tax (net)		8,117	0
<b>Total Cash Provided</b>		<b>1,705,707</b>	<b>1,909,087</b>
Employee Related Costs		(331,778)	(327,041)
Payments to Suppliers		(1,381,946)	(1,157,920)
Interest Paid		(1,232)	(7,755)
Tax Paid - RWT (net)		0	(9,978)
Goods and Services Tax (net)		0	(58,393)
<b>Total Cash Applied</b>		<b>(1,714,956)</b>	<b>(1,561,086)</b>
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>		<b>(9,250)</b>	<b>348,000</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Investments		0	0
Purchase of Plant and Equipment		0	0
Purchase of Intangibles		(34,920)	0
<b>Total Investing Cash Applied</b>		<b>(34,920)</b>	<b>0</b>
<b>NET CASHFLOWS FROM INVESTING ACTIVITIES</b>		<b>(34,920)</b>	<b>0</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Loans		394,999	475,260
Repayment of Loans		(360,000)	(712,810)
<b>NET CASHFLOWS FROM FINANCING ACTIVITIES</b>		<b>34,999</b>	<b>(237,550)</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(9,170)</b>	<b>110,450</b>
<b>CASH AT BEGINNING OF THE YEAR</b>		<b>976,927</b>	<b>866,477</b>
<b>CASH AT END OF THE YEAR</b>	10	<b>967,757</b>	<b>976,927</b>

The GST component of operating activities reflects the net GST paid and received to and from the Inland Revenue Department. The GST component has been prepared on a net basis, as the gross amounts do not provide meaningful information for financial purposes.

The notes and Statement of Accounting Policies form part of these financial statements.

**LEGAL NAME**

BOP LASS Limited stands for Bay of Plenty Local Authority Shared Services.

**TYPE OF ENTITY AND LEGAL BASIS**

BOPLASS Ltd is incorporated in New Zealand under the Companies Act 1993.

**COMPANY'S PURPOSE**

BOPLASS Ltd is based in Tauranga and is a joint venture between nine councils formed to provide shared services.

**STRUCTURE OF COMPANY'S OPERATIONS INCLUDING GOVERNANCE ARRANGEMENTS**

The company is owned and controlled by the nine councils and comprises a board of 10 directors who oversee the governance of the company. A Chief Executive is responsible for the day-to-day operations of the company and reports to the board, with two other staff supporting the Chief Executive in delivering against the company's objectives. The board is made up of nine Chief Executives from participating councils and one Independent director. Refer Statutory Disclosure note page 38 for list of councils.

**MAIN SOURCE OF THE COMPANY'S CASH AND RESOURCES**

Annual operating contribution received from each of the nine councils and project commissions are the main source of funding.

**OUTPUTS**

As per the Statement of Intent and Performance.

### Statement of Accounting Policies for the Year Ended 30 June 2016

#### ACCOUNTING POLICIES APPLIED:

##### ***BASIS OF PREPARATION***

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

All transactions in the financial statements are reported using the accrual basis of accounting. The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of BOPLASS Ltd is New Zealand dollars.

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

#### SIGNIFICANT ACCOUNTING POLICIES

##### ***GOODS AND SERVICES TAX***

The company 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.

##### ***REVENUE RECOGNITION***

Revenue is measured at the fair value of the consideration received or receivable.

Contributions received from the nine shareholder councils are BOPLASS Limited's primary source of funding for the 12 months ended 30 June 2016.

Council contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contributions are not met. No such obligation is attached to the council contributions received for the twelve months ended 30 June 2016.

Project revenue is recognised when the sale of goods or services is sold to the customer.

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

### **EMPLOYEE RELATED COSTS**

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

### **ADMINISTRATION, OVERHEADS AND PROJECT EXPENDITURE COSTS**

These are expensed when the related service has been received.

### **LEASE EXPENSES**

Lease payments are recognised as an expense on a straight-line basis over the lease term.

### **BANK ACCOUNTS AND CASH**

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

Bank overdrafts are presented as a current liability in the statement of financial position.

### **DEBTORS AND OTHER RECEIVABLES**

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 is recognised and the loss is recorded as a bad debt expense.

### **PLANT AND EQUIPMENT**

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

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 company, the asset is impaired if the value to the company in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

The useful lives for associated depreciation rates of other assets have been estimated using the diminishing value basis as follows:

Office equipment	5 years	40%
Computer equipment	4 years	50%

### **INTANGIBLE ASSETS**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its estimated useful life, at the same rate as is allowed by the Income Tax Act 1994. This charge is recognised as an expense.

The useful lives for associated amortisation rates of major classes of intangible assets have been estimated using the diminishing basis as follows:

2016 Computer Software	4 years	40%
2015 Computer Software	4 years	60%

### **CREDITORS AND ACCRUED EXPENSES**

Creditors and accrued expenses are measured at the amount owed.

### **EMPLOYEE COSTS PAYABLE**

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

### **INTEREST BEARING LOANS AND BORROWINGS**

Loans & Borrowings are recognised at the amount borrowed from the lender.

Interest costs and interest accrued are recognised as an expense when incurred.



## **INCOME TAX**

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

## **BUDGET FIGURES**

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the board in preparing these financial statements.

## **COMMITMENT AND CONTINGENT LIABILITIES**

Commitments and contingencies are disclosed exclusive of GST.

## **EQUITY**

Equity is measured by the value of total assets less total liabilities.

## **TIER 2 PBE ACCOUNTING STANDARDS APPLIED**

BOPLASS Ltd has partially applied Tier 2 Accounting Standards in preparing its Financial Statements to:

- Property, plant and equipment to show intangible assets separate from property, plant & equipment.
- Debtors and prepayments reported separately.

### **Telephony Services**



A contract with Spark for fixed line, data and mobile services brought significant savings to the group. It also provided free calling between councils and established a framework for future shared services.





## Notes to Financial Statements

### NOTE 2: COUNCIL CONTRIBUTION / PROJECT REVENUE

	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>Core Revenue</b>				
Council Contribution	*	273,511	273,510	273,511
		<b>273,511</b>	<b>273,510</b>	<b>273,511</b>
<b>Project Revenue</b>				
Activity Group Fees	*	0	32,000	0
Aerial Photography Revenue	**	282,766	800,000	225,440
Canon Video Conferencing Revenue	***	13,052	12,300	12,362
Lease Revenue - ICN		278,201	205,000	241,445
Recoveries	****	536,060	485,000	860,136
Sales of Service	*****	121,226	95,000	47,282
		<b>1,231,305</b>	<b>1,629,300</b>	<b>1,386,664</b>
<b>TOTAL CORE AND PROJECT REVENUE</b>		<b>1,504,816</b>	<b>1,902,810</b>	<b>1,660,175</b>

\* Annually councils make a contribution towards the operating costs for BOPLASS Ltd.

\*Restructure of Activity Groups negated requirement for group levies.

\*\* Aerial Photography Revenue is offset by Aerial Photography expenditure paid by BOPLASS Ltd on behalf of the councils. Refer to note 8.

\*\*\* Video Conferencing Revenue is offset by Video Conferencing expenditure.

\*\*\*\* Recovery Revenue is offset by recovery expenditure refer to note 8. This is the recovery of BOPLASS project or procurement costs incurred on behalf of the participating councils.

\*\*\*\*\* Sales of Service revenue includes various rebates on projects and secondment payment from Bay of Plenty Regional Council.

### NOTE 3: INTEREST REVENUE

	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>Core Revenue</b>				
Interest Revenue - Current account	*	1,856	5,000	2,864
<b>Project Revenue</b>				
Interest Revenue - Aerial Trust account	*	17,386	15,000	27,807
<b>TOTAL INTEREST REVENUE</b>		<b>19,242</b>	<b>20,000</b>	<b>30,671</b>

\* Bank interest on BOPLASS Ltd current account and Aerial Photography Trust account.

#### NOTE 4: DEPRECIATION AND AMORTISATION EXPENSE

	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>Core Expenditure</b>				
Intangibles	*	1,164	250	24
Plant and Equipment	**	0	400	193
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSE</b>		<b>1,164</b>	<b>650</b>	<b>217</b>

\* Intangibles refer to note 13.

\*\* Plant and Equipment refer to note 14.

#### NOTE 5: EMPLOYEE RELATED COSTS

	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>Core Expenditure</b>				
Salary and Wages		295,780	300,000	292,767
Superannuation	*	8,548	0	8,604
Direct Personnel Overheads	**	29,778	31,000	28,071
<b>TOTAL EMPLOYEE RELATED COSTS</b>		<b>334,106</b>	<b>331,000</b>	<b>329,442</b>

\* Superannuation includes employer contributions to Kiwisaver.

\*\* Direct Personnel Overheads include ACC, fringe benefit tax, staff training costs and other staff support costs.


#### NOTE 6: DIRECTORS COSTS

	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>Core Expenditure</b>				
Directors Fees	*	11,250	10,000	3,333
Directors Costs	**	4,542	5,000	1,425
<b>TOTAL DIRECTORS COSTS</b>		<b>15,792</b>	<b>15,000</b>	<b>4,759</b>


\* Craig O'Connell only independent paid Director, commenced February 2015. The other nine Directors are the Chief Executives of participating Councils and do not receive any remuneration from BOPLASS.

\*\* Directors travel costs.

## Insurance



Collaboration with insurance has provided improved service levels and substantial premium savings for all councils.



## NOTE 7: FINANCE COST

	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>Core Expenditure</b>				
Interest on Borrowings	*	1,232	10,000	7,755
<b>TOTAL FINANCE COST</b>		<b>1,232</b>	<b>10,000</b>	<b>7,755</b>

\* Interest on Tauranga City Council loan refer to note 18.

## NOTE 8: OTHER EXPENSES

	Notes	BOP LASS Ltd		
		2015/16 Actual	2015/16 Budget	2014/15 Actual
<b>Core Expenditure</b>				
Audit Fees	*	16,060	14,000	15,669
Administration Expenses	**	32,453	28,600	40,906
Consultancy	***	43,796	60,000	4,442
Insurance		6,840	8,000	6,704
Loss on Disposal of Asset		0	0	134
		<b>99,149</b>	<b>110,600</b>	<b>67,855</b>
<b>Project Expenditure</b>				
Aerial Photography	*	282,766	800,000	225,440
Canon Video Conferencing	**	12,611	12,000	11,943
Lease Expenses - ICN	**	267,201	200,000	173,590
Other Operating Expenditure - ICN	***	0	8,560	11,779
Recoveries	****	520,667	435,000	855,785
		<b>1,083,245</b>	<b>1,455,560</b>	<b>1,278,537</b>
<b>TOTAL OTHER EXPENSES</b>		<b>1,182,394</b>	<b>1,566,160</b>	<b>1,346,392</b>

### Core

\* Audit Fees for 2015/16 are \$16,060 includes accrual \$10,534.

\*\* Administration expenses includes such things as accommodation & travel, administration, bank fees, catering, conferences, postage & stationery and subscription costs.

\*\*\* Consultancy includes tax advice for 2015/16.

### Project

\* BOPLASS Ltd has a contract for aerial photography on behalf of the councils. This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

\*\* This expenditure is offset from the revenue received from the councils. BOPLASS Ltd is acting on behalf of the councils.

\*\*\* Other Operating Expenditure ICN - other expenses related to Council Regional Network Platform (ICN) additional to the lease expense.

\*\*\*\* Recoveries - This expenditure is offset from the revenue received from the councils for project work.

## NOTE 9: INCOME TAX EXPENSE

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Current Tax Expense		0	0
Prior Period Adjustment		0	0
<b>INCOME TAX EXPENSE</b>		<b>0</b>	<b>0</b>
Operational Surplus/(Deficit) before Taxation*		(10,630)	2,282
Tax calculation @ 28%		(2,976)	639
Plus/(Less) Taxation effect of:			
Non-deductible Expenditure		155,841	139,951
Non-taxable income/(expenditure)		(155,758)	(140,563)
Prior Period Adjustment		0	1,432
Tax Loss not recognised		3,484	0
Temporary Differences not recognised		(591)	(1,459)
<b>TOTAL INCOME TAX EXPENSE</b>		<b>(0)</b>	<b>0</b>

Tax losses of \$14,987 (2015: \$2,544) are available to carry forward and offset against any future taxable income.

### Joint Procurement



The procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

## NOTE 10: BANK ACCOUNTS AND CASH

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Cash at Bank - Current account		36,894	103,075
Cash at Bank - Aerial Trust account		930,863	873,852
<b>TOTAL BANK ACCOUNTS AND CASH</b>		<b>967,757</b>	<b>976,927</b>

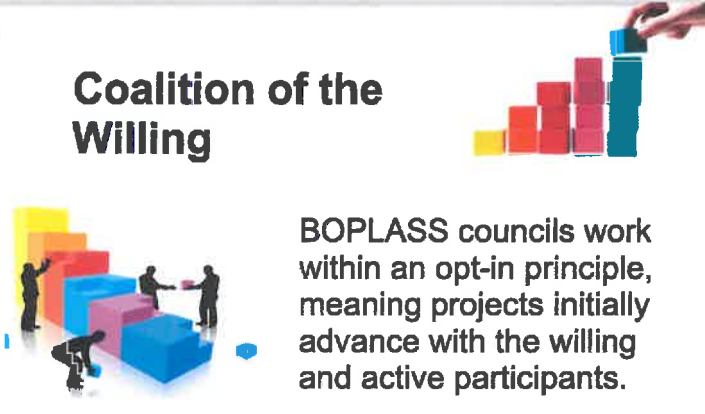
## NOTE 11: DEBTORS AND OTHER RECEIVABLES

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Accrued Income		0	12,274
Debtors - Other		36,649	56,098
Goods and Services Tax		8,923	17,040
Withholding Tax		7,383	11,978
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>		<b>52,955</b>	<b>97,389</b>

Debtors are non-interest bearing and receipt is normally 30-day terms. Therefore, the carrying amount of debtors approximates their fair value.

## NOTE 12: PREPAYMENTS

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Under 1 Year		5,659	30,661
<b>TOTAL PREPAYMENTS</b>		<b>5,659</b>	<b>30,661</b>



**Coalition of the Willing**

BOPLASS councils work within an opt-in principle, meaning projects initially advance with the willing and active participants.

The graphic features a bar chart with five bars of increasing height (yellow, orange, red, pink, blue) and a hand placing a blue block on top of the tallest bar. Below the chart, three stylized human figures are shown interacting with a large blue cube.

## NOTE 13: INTANGIBLE ASSETS

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
<b>Computer Software</b>			
<b>Cost</b>			
Cost at beginning of Year		3,622	3,622
Current Year Additions		34,920	0
Current Year Disposals		0	0
<b>Cost Balance at Year End</b>		<b>38,542</b>	<b>3,622</b>
<b>Accumulated Amortisation and Impairment</b>			
Cost at beginning of Year		3,622	3,597
Amortisation Expense		1,164	25
Impairment Losses		0	0
<b>Accumulated Amortisation and Impairment Balance at Year End</b>		<b>4,786</b>	<b>3,622</b>
<b>Carrying Amounts</b>			
Cost at beginning of Year		0	25
<b>Carrying Amount at Year End</b>		<b>33,756</b>	<b>0</b>

2016 Computer software has been developed in-house. This has been amortised over its life (4 years).  
2015 Computer software was purchased from independent external suppliers. This has been amortised over its life (4 years).

No impairment losses have been recognised for intangible assets.

## NOTE 14: PLANT AND EQUIPMENT

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
<b>Office and Computer Equipment</b>			
<b>Cost</b>			
Cost at beginning of Year		2,489	2,489
Current Year Additions		0	0
Current Year Disposals		0	0
<b>Cost Balance at Year End</b>		<b>2,489</b>	<b>2,489</b>
<b>Accumulated Depreciation and Impairment</b>			
Cost at beginning of Year		2,489	2,163
Depreciation Expense		0	193
Impairment Losses		0	0
Loss on Disposal of Asset	*	0	134
<b>Accumulated Depreciation and Impairment Balance at Year End</b>		<b>2,489</b>	<b>2,489</b>
<b>Carrying Amounts</b>			
Cost at beginning of Year		(0)	326
<b>Carrying Amount at Year End</b>		<b>(0)</b>	<b>(0)</b>

Office equipment has been depreciated over its life (5 years).  
Computer equipment has been depreciated over its life (4 years).

\* Write off of Movie Camera

**NOTE 15: CREDITORS AND ACCRUED EXPENSES**

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Accrued Expenses	*	12,246	25,148
Creditors		28,926	217,871
Goods and Services Tax Payable		0	0
Retentions		7,112	14,026
<b>TOTAL CREDITORS AND ACCRUED EXPENSES</b>		<b>48,284</b>	<b>257,045</b>

Creditors are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

\* Accrued Expenses relates to Audit Fees of \$10,534 and other miscellaneous costs of \$1,712 that have been accrued for the 2015/16 financial year.

**NOTE 16: EMPLOYEE COSTS PAYABLE**

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Accrued Salaries and Wages		14,042	6,762
Annual Leave		6,158	11,110
<b>TOTAL EMPLOYEE COSTS PAYABLE</b>		<b>20,200</b>	<b>17,872</b>

**NOTE 17: INCOME IN ADVANCE**

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Income in Advance	*	908,347	771,132
<b>TOTAL INCOME IN ADVANCE</b>		<b>908,347</b>	<b>771,132</b>

\* Income in advance that relates to 2015/16 financial year. \$768,907 is for aerial photography. The rest relates to \$25,000 for the rates project; \$76,101 to the Geospatial Web project; \$15,000 for the Infra-Red Imagery and \$23,339 for Firewall maintenance.



## NOTE 18: BORROWINGS

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Maturing in Under 1 Year		34,999	0
<b>TOTAL BORROWINGS</b>		<b>34,999</b>	<b>0</b>

BOPLASS Ltd has a reciprocal borrowing arrangement with Tauranga City Council which allows for the borrowing of funds and placement of excess funds. The current loan balance as at 30 June 2016 is \$34,999. Interest is accrued during each interest period.

This loan facility is still available to BOPLASS Ltd.

Interest is calculated at current market rates. The loan from Tauranga City Council was unsecured.

## NOTE 19: EQUITY

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
<b>Share Capital</b>			
Balance at beginning of Year		99,002	99,002
Fully Paid up Shares		0	0
<b>Balance at Year End</b>		<b>99,002</b>	<b>99,002</b>
<b>Accumulated Surpluses/(Deficit)</b>			
Balance at beginning of Year		(40,075)	(42,358)
Surplus/(Deficit) after Taxation		(10,630)	2,282
<b>Balance at Year End</b>		<b>(50,705)</b>	<b>(40,075)</b>

**Share Capital** - As at 30 June 2016, share capital comprised of thirty one Ordinary Shares and twenty two Non-Voting Shares.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

**Dividends** - No dividends have been paid or are proposed by the Company.

## NOTE 20: CONTINGENCIES

BOPLASS Ltd have no contingencies at year end and that there were no contingencies for prior year.

## NOTE 21: EVENTS OCCURRING AFTER BALANCE DAY

No events have occurred since balance date for BOPLASS Ltd.

## NOTE 22: STATEMENT OF COMMITMENTS

	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Capital Commitments		0	0
<b>TOTAL CAPITAL COMMITMENTS</b>		<b>0</b>	<b>0</b>

This statement represents extraordinary or exceptionally large commitments for that type of expenditure within the normal course of business, which have been contractually entered into. As at balance date, BOPLASS Ltd has no large commitments of this nature.

BOPLASS Ltd has a contractual agreement with Aerial Surveys to provide aerial photos for the councils. This is treated as an operational expense in the BOPLASS Ltd accounts.

### Operating Leases as Lessee

BOPLASS Ltd has leased an ultrafast broadband network to enable the establishment of the Inter Council Network. An advance payment of \$250,000 was paid by BOPLASS Ltd in 2010 for the first three years of a lease contract. The lease has a term of ten years with the right of withdrawal after three years. BOPLASS Ltd does not have an option to purchase the leased broadband network at the expiry of the lease period.

OPERATING LEASES AS LESSEE	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Not later than one year		49,510	15,910
Later than one year and not later than five years		148,530	63,640
Later than five years		0	0
<b>TOTAL OPERATING LEASES AS LESSEE</b>		<b>198,040</b>	<b>79,550</b>

The lease expense of \$267,201 for the Inter Council Network is recognised in the Statement of Financial Performance refer to note 8.

Participating councils are invoiced by BOPLASS Ltd on a monthly basis over the period of the lease to recover the costs for the lease of the Council network. The monthly pricing is reviewable not less than annually and adjustments are to be made for market trends and for the number of councils participating. The lease invoicing started in the 2010 financial year.

RECOVERY OF OPERATING LEASES PAYMENTS FROM PARTICIPATING COUNCILS	Notes	BOP LASS Ltd	
		2015/16 Actual	2014/15 Actual
Not later than one year		49,510	15,910
Later than one year and not later than five years		148,530	63,640
Later than five years		0	0
<b>TOTAL OPERATING LEASES AS LESSOR</b>		<b>198,040</b>	<b>79,550</b>

## NOTE 23: RELATED-PARTY TRANSACTIONS

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the company would have adopted in dealing with the party at arm's length in the same circumstances.

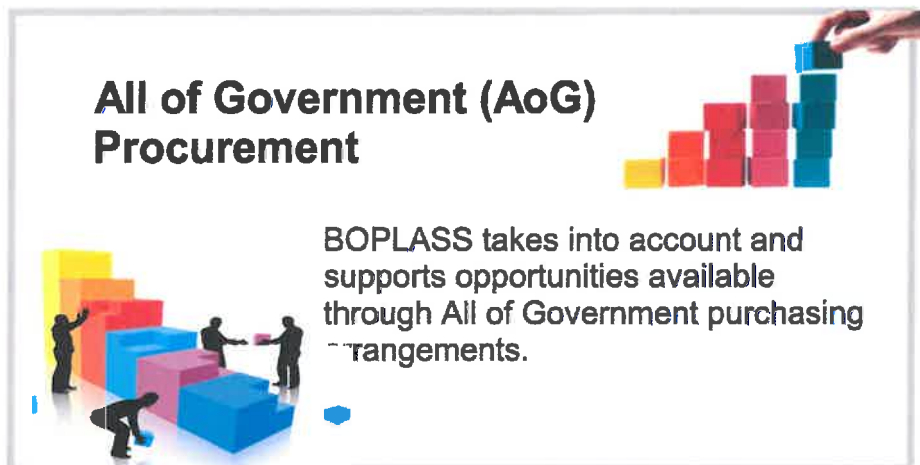
### Related party required to be disclosed

Tauranga City Council provided accounting services to BOPLASS Ltd during the financial year to 30 June 2016 free of charge. An estimated value of the accounting services provided for the year is \$10,000.

## NOTE 24: STATEMENT OF PERFORMANCE AGAINST STATEMENT OF INTENT

The Equity Ratio is a good indicator of the level of leverage used by a company. The Equity Ratio measures the proportion of the total assets that are financed by stockholders and not creditors.

The calculation of equity ratio is:  
20.95



## NOTE 25: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

BOP LASS Ltd	
Statement Of Financial Performance	Variance against Budget
Project Revenue and Aerial Photography Revenue and Expenditure	Budgeted Aerial Photography revenue was not processed by BOPLASS as the contractor was unable to complete the capture and supply of aerial photography in the 2015/16 flying season. (Flying and payment deferred until following year.)
Recoveries and Projects - Recoveries	Project Recoveries and Expenditure were higher than budget due to additional projects being undertaken during the year. Both the expense and revenue increased proportionally.
Activity Group Fees	Restructure of Activity Groups negated requirement for group levies.
Sales of Service	Sales of Service revenue was increased through the secondment of BOPLASS IT manager to councils for additional days.
ICN Lease Revenue and Expenditure	ICN expenditure and income are higher than budgeted because of the addition of the ICN management and monitoring service.
Interest on Borrowings	Reduction of Interest on Borrowings has resulted from improved management of BOPLASS cash flow and debt recovery.

**NOTE 26: BOPLASS CONTRACTUAL OFFSETTING REVENUE & EXPENDITURE TRANSACTIONS**

	BOP LASS Ltd 2015/16			
	Revenue	Expenditure	Net Operating Surplus/(Deficit)	Explanation to Variance
<b>Core</b>				
Council Contribution	273,511	0	273,511	BOPLASS Ltd's funding from councils to fund administrative costs not related to projects.
Other Interest	0	0	0	Interest received from Inland revenue.
Interest Revenue	1,856	0	1,856	Bank interest received on the BOPLASS Ltd current account.
Salary and Wages	0	295,780	(295,780)	Refer to note 5.
Superannuation	0	8,548	(8,548)	Refer to note 5.
Direct Personnel Overheads	0	29,778	(29,778)	Refer to note 5.
Depreciation & Amortisation	0	1,164	(1,164)	Refer to note 4.
Interest on Borrowings	0	1,232	(1,232)	Interest paid to TCC for general loan.
Administration Expenses	0	32,453	(32,453)	Refer to note 8.
Audit Fees	0	16,060	(16,060)	Refer to note 8.
Consultancy	0	43,796	(43,796)	Refer to note 8.
Insurance	0	6,840	(6,840)	Refer to note 8.
Directors Fees & Costs	0	15,792	(15,792)	Refer to note 6.
<b>Total</b>	<b>275,367</b>	<b>451,443</b>	<b>(176,076)</b>	
<b>Projects</b>				
Aerial Photography	282,766	282,766	0	
Interest Revenue related to Aerial Photography	17,386	0	17,386	Bank interest received on the BOPLASS Ltd Aerial Photography Trust account.
Canon Video Conferencing	13,052	12,611	441	Councils pay BOPLASS Ltd an amount charged by Canon plus an administrative fee for BOPLASS Ltd maintaining a service and maintenance contract on behalf of the councils.
Lease - ICN	278,201	267,201	11,000	Participating councils are invoiced by BOPLASS Ltd on a monthly basis over the period of the lease to recover the cost for the lease of the Council Regional Network Platform. ICN lease revenue includes recovery of other operating expenditure - ICN, interest on borrowings - ICN loan and BOPLASS Ltd administration fees.
ESRI Enterprise Licence (Recoveries)	374,508	370,800	3,708	BOPLASS charges an administration fee for management of the software purchase and recoveries.
Other Recoveries	161,552	149,867	11,685	Includes recovery and administration fees for ad-hoc projects.
Service Sales and Costs	121,226	0	121,226	Service sales and costs are for other items that are not part of a contract such rebates and one off project professional fees and will not offset each other.
<b>Total</b>	<b>1,248,691</b>	<b>1,083,245</b>	<b>165,446</b>	
<b>Overall Total</b>	<b>1,524,058</b>	<b>1,534,688</b>	<b>(10,630)</b>	

	BOP LASS Ltd 2014/15		
	Revenue	Expenditure	Net Operating Surplus/(Deficit)
<b>Core</b>			
Council Contribution	273,511	0	273,511
Interest Revenue	2,864	0	2,864
Salary and Wages	0	292,767	(292,767)
Superannuation	0	8,604	(8,604)
Direct Personnel Overheads	0	28,071	(28,071)
Depreciation & Amortisation	0	217	(217)
Interest on Borrowings	0	7,755	(7,755)
Administration Expenses	0	40,906	(40,906)
Audit Fees	0	15,669	(15,669)
Consultancy	0	4,442	(4,442)
Insurance	0	6,704	(6,704)
Loss on Disposal of Asset	0	134	(134)
Directors Fees & Costs	0	4,759	(4,759)
<b>Total</b>	<b>276,374</b>	<b>410,026</b>	<b>(133,652)</b>
<b>Projects</b>			
Aerial Photography	225,440	225,440	0
Interest Revenue related to Aerial Photography	27,807	0	27,807
Canon Video Conferencing	12,362	11,943	418
Lease - ICN	241,445	185,369	56,077
ESRI Enterprise Licence (Recoveries)	374,508	370,801	3,707
Other Recoveries	485,628	484,985	642
Service Sales and Costs	47,282	0	47,282
<b>Total</b>	<b>1,414,472</b>	<b>1,278,538</b>	<b>135,934</b>
<b>Overall Total</b>	<b>1,690,846</b>	<b>1,688,564</b>	<b>2,282</b>

## Advisory Groups

Manage activities and are comprised of council representatives, providing expertise and accountability.



## Statutory Disclosures

as per section 211 (1) of the Companies Act (1993)

### NATURE OF BUSINESS

There has been no change in the nature of the business of the company during the year.

### DIRECTORS APPOINTED

Under the Shareholder Agreement directors are appointed by the constituent councils. Directors and their dates of appointment are as follows:

Independent director	Craig O'Connell	26 February 2015 Chair from 16 March 2016
Kawerau District Council	Russell George	14 January 2008 Chair until 16 March 2016
Bay of Plenty Regional Council	Mary-Anne Macleod	23 June 2011
Western Bay of Plenty District Council	Miriam Taris	1 July 2014
Rotorua District Council	Geoff Williams	1 July 2013
Whakatane District Council	Martin Grenfell	26 September 2011
Tauranga City Council	Garry Poole	26 April 2013
Taupo District Council	Rob Williams	14 January 2008
	Gareth Green	26 July 2016
Gisborne District Council	Judy Campbell	26 April 2012
Opotiki District Council	Aileen Lawrie	10 August 2010

## **INTEREST REGISTER**

There have been no disclosures of self-interest during the period.

## **DIRECTORS REMUNERATION**

In February 2015 the board appointed an Independent director. The independent director receives remuneration and is reimbursed for related expenses. No remuneration had been paid to other directors.

## **DONATIONS**

There were no donations made by the company during the period.

## **AUDIT FEES**

The actual audit fees for the financial year are \$16,060. The amount of \$10,534 has been accrued for audit fees for BOPLASS Ltd and this is what is shown in the Statement of Financial Performance.



**Collaboration Portal**

Includes published stories of successes in local government collaboration. Also acts as a portal for council registration of collaboration opportunities and identification of potential project partners.

The graphic features a central text box with a title and description. To the left, there is an illustration of three stylized human figures interacting with a series of colorful, stacked rectangular blocks of varying heights. To the right, there is a smaller illustration of a hand placing a blue block on top of a stack of other colored blocks, suggesting growth or building.