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SIX MONTHLY REPORT TO SHAREHOLDERS

1 July 2013 to 31 December 2013

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Local Authority Shared Services Limited – 6 Monthly Report

The Local Authority Shared Services Limited (LASS) was incorporated in December 2005. This Report covers the 6 months 1 July 2013 to 31 December 2013 as required by section 66 of the Local Government Act 2002.

Objectives of LASS

Local Authority Shared Services (LASS) has been promulgated to provide the Councils in the Waikato region with a vehicle to procure shared services. It provides a mechanism for the development of new services which are available to be joined by any shareholder that so chooses. It also provides those Councils that wish to develop new services with a company structure under which they can develop and promote services to other local authorities.

In the early to mid 2000's the relationship between local authorities within the Waikato Region continued to strengthen. As a result of this a range of initiatives were considered by Waikato local authorities with the most beneficial being the Local Authority Shared Services (LASS). At the inception of this initiative the shareholders identified that improvements could be made in back of office activities by implementing shared services and success has been measured through cost savings, streamlining of work processes and improved services.

This vehicle was chosen as it was considered the most appropriate mechanism for improving, and achieving cost reductions in back of office services across the region. Over the period 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
- Opportunity to develop new initiatives
- Opportunity for all Councils irrespective of location or size to benefit from joint initiatives
- Leverage provided from economy of scales resulting from a single entity representing Councils leveraging procurement opportunities.

At this stage these gains have been realised by shareholders in the Shared Valuation Data Service (SVDS), the Waikato Regional Transport Model (WRTM) and joint procurement of insurance services and other procurement contracts.

The ability of LASS to contribute to a greater extent in terms of shared services and also at a strategic collaboration level has been the subject of discussion through the Waikato Mayoral Forum.

The Directors have been tasked with identifying ways to progress these initiatives. This will involve resourcing and funding a range of initiatives that will potentially extend the services currently offered by LASS.

The LASS Directors will continue to seek any new opportunities, either from internal investigations, or from shareholder initiatives that are presented to it with a sound business case.

New services that are intended to be initiated under the LASS umbrella will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include development of intellectual property through new business services, protection of Council data, improved levels of service and/or reduced cost. All such proposals will be presented to the Shareholders for approval prior to implementation.

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Nature and Scope of Current Activities

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

Firstly, the Shared Valuation Data Service (SVDS). This operational system is providing both timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database in the region.

Secondly, the Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. This Model, built within its budgeted cost, provides accurate information to Councils for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region.

Thirdly, LASS is a party to a joint contract between the company, shareholding Councils and AON Ltd for insurance brokerage services and various collective insurance policies. Other joint procurement contracts also exist.

The Waikato Mayoral Forum in 2012 enabled the creation of five working parties to investigate collaborative opportunities in the areas of governance structures, planning, three waters, roading and economic development. Each working party is led by a Council CEO in conjunction with a group of Mayors/Chairperson from the Waikato Mayoral Forum. LASS is available as a support entity to assist these working parties. An additional work stream for bylaws and policies was created in 2013.

Collective funding of \$100,000 in 2012/13 resulted in the scoping and defining of further project work during 2013/14, and additional funding proposals were presented to shareholding Councils for consideration as part of their 2013/14 Annual Plan process. This proposal also contained funding for the Waikato Plan project into 2014/15.

An additional range of shared service opportunities are being considered at the present time. For example, some opportunities in the area of procurement have been identified and the shareholders are looking to progress these opportunities. Further work is also under way to consider how information technology initiatives can be advanced collectively under LASS.

Based on feedback from shareholder Councils and the CEO Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at its future meetings. These investigations will include reporting to shareholders and the Waikato Mayoral Forum on the alternative mechanisms to develop shared services.

Directors are mindful of the current political environment, and see these investigations of possible shared services as a key focus of their role.

The Company continues to ensure availability of resource requirements to accelerate efforts to advance collaboration across the shareholder Councils.

Service Performance

The Shared Valuation Data Service (SVDS) is a functionally rich system delivering the vast majority of needs but due to its higher level of functionality it also has a higher transactional cost than lower function systems used in other parts of New Zealand. Now that a stable platform has been reached an opportunity exists to reduce some contractual cost without loss of service. The focus will be on the few remaining sources of data issues and ensuring the full user community if engaged.

A project is currently underway to recalibrate the Waikato Regional Transport Model (WRTM) to the latest 2013 census. Projects carried out using the WRTM have included a number of third party requests and all projects have been delivered on time.

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2013/14 financial year.

Performance Measure	Actual Outcome
Shareholder Survey: The company will carry out an annual survey of shareholders to assist the Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided.	A survey of shareholders will be undertaken in the second half of the year.
Costs Control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved. Actual expenditure was \$665 favourable to budget.
Cashflow: The company maintains an overall positive cashflow position.	Achieved. Cash, cash equivalents and bank accounts at end of December 2013 were \$689,433.
Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.	Six monthly reports are provided.
Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	All statutory requirements are being adhered to the Directors knowledge.
SVDS Availability: That SVDS is available to users at least 99% of normal working hours.	Availability was 100%.
SVDS Sales Data Delivery: That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	100% of agreed timelines are being met.
SVDS Major Enhancement Development Hours: All Capital enhancement development work is supported by a business case approved by the Advisory Group.	This target has been achieved.

WRTM: That all required modelling reports are actioned within the required timeframe.	All timeframes are being met.
WRTM: That the base model adheres to “Screenline Validation Standards” as setout in the NZTA Economic Evaluation Manual as indicated by an external independent peer review.	This target has been achieved.
WRTM: That a full report on progress of the model be provided to the LASS Board twice each year.	A report has been provided to the January 2014 Directors meeting.
Insurance: The key performance indicators from appendix 4 of the brokerage contract are met	This target has been achieved.
Joint Procurement: That any joint procurement projects deliver as per project approved objectives	A number of Procurement initiatives are being progressed.
Advice to the Waikato Mayoral Forum: In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives.	An update was provided to the February 2014 forum.

LASS Financial Position

Expenditure for the LASS Company has been assessed on the basis of the direct cost of management and the Directors' governance role. The Directors have directed that these costs be kept to a minimum.

The LASS Company expenditure for this period was \$1,101,073 against a budget of \$1,041,201. The unfavourable variance includes unbudgeted Strategic Information Systems Planning (SISP) expenditure of \$74,621 which has been funded by the participating Councils in the project.

However the SISP expenditure variance is offset by unbudgeted SISP income of \$75,000. Removing SISP expenditure leaves a favourable variance of \$14,749. This operating expenditure variance consists of a favourable SVDS variance of \$32,198 partially offset by unfavourable variances from WRTM of \$8,623 and SSI of \$9,491. SVDS and WRTM operating expenditure variances are detailed under their respective headings below. The SSI unfavourable variance of \$9,491 relates to the economic development workstream and is completely offset by a favourable income variance of the same amount.

Revenue was also above budget at \$1,290,272 compared to a budget of \$1,160,196. Removal of the SISP's revenue referred to above leaves a favourable variance of \$55,076. The \$55,076 favourable variance consists of favourable variances in: external users WRTM of \$21,005; WRTM member charges of \$16,747, shared services funding for the economic development workstream of \$9,490 and interest income of \$7,288.

Overall, revenue exceeded expenditure by \$189,199, against a budget of \$118,995.

The combined service costs are shown in the attached financial statements in Appendix 1. The financial statements meet the LASS policies as stated in Appendix 2 as well as the generally accepted international accounting principles.

SVDS Financial Position

The net operating surplus at 31 December 2013 was \$67,108 against a budget of \$32,636, a favourable variance of \$34,473. In addition the depreciation charge for this six month period was \$71,917.

The operating costs were \$301,178 against a year to date budget of \$333,376. The three main expenses that make up the favourable variance are: SVDS review of \$19,500; contingency of \$6,000 and management services of \$4,028. There has been no expenditure charged against the contingency budget.

The cost of enhancements (additional to the above operating costs), over this period was \$37,600 which was \$2000 less than budget. The cost in the same period in 2012 was \$32,000.

Revenue gained from the external sale of data during this period was \$61,506 with the balance of expenditure for this period being met through user charges. These figures are on a par with the same period in 2012.

WRTM Financial Position

The net operating surplus at 31 December was \$29,335. In addition the depreciation charge for this six month period was \$164,061.

Expenses exceeded budget by \$8,622. However this unfavourable variance includes external user costs of \$17,511. Income from external users has a favourable variance of \$21,005 leaving a net surplus from external users of \$3,494.

Removal of the external users unfavourable variance leaves a favourable WRTM operating expenditure variance of \$8,889. This favourable variance consists of favourable variances in: peer review of \$2,000; annual scheduling of works review \$1,000 and the regional modelling needs assessment of \$4,877.

Income in this period was from member charges of \$178,553 and from external users of \$21,005. This represents a significant increase on the same period in 2012. Member charges increased 145% over those in the same period in 2012. There was no income from external users in the six months to 31 December 2012.

It is expected that all budgeted expenditure will be recovered from shareholders.

Other Services

All other services are on a cost-recovery basis. Slight surpluses on Shared Service Investigation, Procurement of Shared Services and Information Technology will be used up by year end.

Directors

The Directors appointed for the period that this six monthly report covers were:

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
Barry Harris	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

Appendix 1

Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2013
Company Summary

	Year to Date			Full Year		
	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income						
Company Administration Member Charges	169,549	169,550	(1)	169,550	169,550	163,550
Recovery of Admin Costs	22,116	22,116	0	44,231	44,231	59,000
SVDS Member Charges	304,800	304,800	0	609,599	609,599	609,170
SVDS Data & Software Sales	61,506	60,960	546	101,600	121,920	122,011
WRTM Member Charges	178,553	161,806	16,747	279,616	279,616	86,894
External Users - WRTM	21,005	0	21,005	0	21,005	1,443
WRTM Reserve Realisation	0	0	0	40,000	40,000	0
Shared Services Funding - Phase 1	0	0	0	0	0	99,980
Shared Services Funding - Phase 2	302,702	293,212	9,490	810,000	819,490	92,001
Shared Services Funding - Bylaws	0	0	0	0	20,000	0
GSB Membership Fee Recovery	0	0	0	16,575	16,575	16,575
ValueFinancials Fee Recovery	0	0	0	46,750	46,750	77,556
Insurance Brokerage Fee Recovery	147,501	147,500	1	147,500	147,500	157,775
SISP Funding	75,000	0	75,000	0	100,000	0
Interest Received	7,540	252	7,288	500	9,048	11,036
Total Income	1,290,272	1,160,196	130,076	2,265,921	2,445,284	1,496,991
Operating Expenditure						
Company Admin Operating Expenditure	103,390	104,055	665	213,780	211,602	200,598
SVDS Operating Expenditure	301,178	333,376	32,198	642,049	618,318	611,428
WRTM Operating Expenditure	171,681	163,058	(8,623)	319,616	406,484	115,470
SSI Operating Expenditure	302,703	293,212	(9,491)	810,000	839,491	200,208
Procurement Operating Expenditure	147,500	147,500	0	210,825	210,825	257,048
SISP Operating Expenditure	74,621	0	(74,621)	0	100,000	0
Total Operating Expenditure	1,101,073	1,041,201	(59,872)	2,196,270	2,386,720	1,384,752
Earnings before interest, tax and depreciation/ amortisation (EBITA)	189,199	118,995	70,204	69,651	58,564	112,239
Non-Cash Operating Expenditure						
Company Admin Non-Cash Expenditure	85	64	(21)	127	171	127
SVDS Non-Cash Expenditure	71,917	82,950	11,033	171,899	172,899	182,174
WRTM Non-Cash Expenditure	164,061	164,064	3	328,122	328,122	328,122
Total Non-Cash Operating Expenditure	236,063	247,078	11,015	500,148	501,192	510,423
Earnings before interest and tax	(46,864)	(128,083)	81,219	(430,497)	(442,628)	(398,184)
Net Surplus (Deficit) before tax	(46,864)	(128,083)	81,219	(430,497)	(442,628)	(398,184)
CA Net Surplus (Deficit) before tax	90,292	87,547	2,745	(126)	4,478	25,198
SVDS Net Surplus (Deficit) before tax	(4,809)	(50,314)	45,505	(102,249)	(56,956)	(59,637)
WRTM Net Surplus (Deficit) before tax	(134,726)	(165,316)	30,590	(328,122)	(392,299)	(352,023)
SSI Net Surplus (Deficit) before tax	1,999	0	1,999	0	2,149	(6,580)
Procurement Net Surplus (Deficit) before tax	1	0	1	0	0	(5,142)
SISP Net Surplus (Deficit) before tax	379	0	379	0	0	0
Net Surplus (Deficit) before tax	(46,864)	(128,083)	81,219	(430,497)	(442,628)	(398,184)
Capital Expenditure						
SVDS Enhancements	37,600	39,600	2,000	79,204	76,800	63,520
Total Cash Expenditure (Opex, Interest & Capital)	37,600	39,600	2,000	79,204	76,800	63,520

Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2013
Company Admin

	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
Company Administration Member Charges		169,549	169,550	(1)	169,550	169,550	163,550
Recovery of Admin Costs		22,116	22,116	0	44,231	44,231	59,000
Interest Received CA	1	2,102	0	2,102	0	2,470	3,373
Total Income		193,767	191,666	2,101	213,781	216,251	225,923
Expenses							
Accounting/ Financial Services	2	12,926	10,158	(2,768)	17,158	17,158	19,288
External Accounting/ Financial Services		2,120	2,120	0	3,998	3,998	3,038
Audit Fees		0	0	0	14,825	14,825	14,375
IT Services		39	85	46	207	115	192
Meeting Expenses		27	0	(27)	0	0	44
Bank Charges		215	184	(31)	369	369	306
Printing, Stationery & Postage		0	125	125	250	250	0
Interest Paid		25	0	(25)	0	25	0
Legal Fees		1,238	1,200	(38)	2,500	2,500	0
Vaule Financials Licence Fee		2,246	2,246	0	2,250	2,250	449
Accommodation		750	1,500	750	1,500	750	1,500
Sundry Expenses		422	325	(97)	500	500	97
Insurance		1,998	2,000	2	2,000	1,998	1,886
Shared Services Contractor		74,750	78,000	3,250	156,000	154,000	146,875
Secretarial Services		0	0	0	0	0	37
Wages		5,688	5,812	124	11,623	11,623	10,738
Annual Leave Expense		0	0	0	0	0	584
ACC Levies		40	0	(40)	0	0	80
Mileage Costs		665	300	(365)	600	1,000	1,109
Fixed Asset Write Off		241	0	(241)	0	241	0
Total Expenses		103,390	104,055	665	213,780	211,602	200,598
Earnings before interest, tax and depreciation/ amortisation (EBITA)		90,378	87,611	2,766	1	4,649	25,325
Non-Cash Expenses							
Depreciation		85	64	(21)	127	171	127
Earnings before interest and tax		90,292	87,547	2,745	(126)	4,478	25,198
Net Surplus (Deficit) before tax		90,292	87,547	2,745	(126)	4,478	25,198
Cash Surplus		90,377	87,611	2,766	1	4,649	25,325

Notes

- 1) The funding for Company Admin is invoiced at the beginning of the year, and the funds are placed in an interest earning account with the BNZ. The balance of this account at 31 December 2013 is \$222,125.
- 2) Accounting Services are higher than YTD budget due to additional time incurred implementing the new accounting software package and additional shared services. The FY budget is expected to remain as budgeted due to savings in hours expected from the new software package.

Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2013
Shared Valuation Data Service

	Notes	Actual YTD	Year to Date Budget	Variance	Budget	Full Year Forecast	Last Year
Income							
SVDS Member Charges		304,800	304,800	0	609,599	609,599	609,170
SVDS Data & Software Sales	1	61,506	60,960	546	101,600	121,920	122,011
Interest Received - SVDS	2	1,980	252	1,728	500	2,742	2,784
Total Income		368,286	366,012	2,274	711,699	734,261	733,965
Expenses							
Hosting Contract		33,940	35,004	1,064	70,005	67,880	67,880
Software Contract	3	58,400	59,406	1,006	118,806	115,200	128,480
Management Services		186,382	190,410	4,028	380,815	374,165	370,134
Contract Management Services		6,300	6,498	198	12,994	12,600	12,600
Secretarial Services		240	0	(240)	0	0	1,637
SVDS Review	4	3,500	23,000	19,500	25,000	25,000	0
Contingency		0	6,000	6,000	10,313	0	0
Insurance		1,357	2,000	643	2,000	1,357	1,197
Oncharge of LASS Admin Costs		11,058	11,058	0	22,116	22,116	29,500
Total Expenses		301,178	333,376	32,199	642,049	618,318	611,428
Earnings before interest, tax and depreciation/ amortisation (EBITA)		67,108	32,636	34,473	69,650	115,943	122,537
Non-Cash Expenses							
Depreciation		71,917	82,950	11,033	171,899	172,899	182,174
Earnings before interest and tax		(4,809)	(50,314)	45,506	(102,249)	(56,956)	(59,637)
Net Surplus (Deficit) before tax		(4,809)	(50,314)	45,505	(102,249)	(56,956)	(59,637)
Capital Expenditure							
Enhancements	3	37,600	39,600	2,000	79,204	76,800	63,520
Total Cash Expenditure (Opex, Interest & Capital)		338,778	372,976	34,199	721,253	695,118	674,948
<i>Cash Surplus</i>		<i>29,508</i>	<i>(6,964)</i>	<i>36,472</i>	<i>(9,554)</i>	<i>39,143</i>	<i>59,017</i>

Notes

- 1) Data and Software Sales were budgeted to finish in April 2014. The actual contract end date is May 2015, therefore there will be an additional 2 months of revenue for this year.
- 2) The funding for SVDS is received quarterly in advance rather than arrears, and the funds are placed in an interest earning account with the BNZ. The balance of this account at 31 December 2013 is \$180,298.
- 3) The split between Software Support and Enhancements was budgeted to be 60:40. YTD actual is 61:39.
- 4) SVDS actual review costs are for a security review by Kaon Security.

Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2013
Waikato Regional Transport Model

		Year to Date			Full Year		
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
WRTM Member Charges		178,553	161,806	16,747	279,616	279,616	86,894
External Users - WRTM	1	21,005	0	21,005	0	21,005	1,443
WRTM Reserve Realisation		0	0	0	40,000	40,000	0
Interest Received - WRTM	2	1,457	0	1,457	0	1,686	3,232
Total Income		201,015	161,806	39,209	319,616	342,307	91,569
Expenses							
WRTM Project Manager		9,000	9,000	0	18,000	18,000	19,010
Minor Model Upgrades		7,105	7,000	(105)	30,000	30,000	34,874
Peer Review		0	2,000	2,000	5,000	5,000	5,569
Annual Scheduling of Works Review		0	1,000	1,000	4,500	4,500	0
External User Costs	1	17,511	0	(17,511)	0	17,511	1,202
Census Update		124,526	125,000	474	220,000	290,000	10,180
Regional Modelling Needs Assessment		1,123	6,000	4,877	18,000	18,000	13,938
Insurance		1,357	2,000	643	2,000	1,357	1,197
Oncharge of LASS Admin Costs		11,058	11,058	0	22,116	22,116	29,500
Total Expenses		171,681	163,058	(8,622)	319,616	406,484	115,470
Earnings before interest, tax and depreciation/ amortisation (EBITA)		29,335	(1,252)	30,587	0	(64,177)	(23,901)
Non-Cash Expenses							
Depreciation		164,061	164,064	3	328,122	328,122	328,122
Earnings before interest and tax		(134,726)	(165,316)	30,590	(328,122)	(392,299)	(352,023)
Net Surplus (Deficit) before tax		(134,726)	(165,316)	30,590	(328,122)	(392,299)	(352,023)
Cash Surplus		29,334	(1,252)	30,586	0	(64,177)	(23,901)

Notes

- 1) Unbudgeted expenditure and revenue for and from external parties has been received.
- 2) The funding for WRTM is received bi-annually in advance rather than arrears, and the funds are placed in an interest earning account with the BNZ. The balance of this account and the reserve funds placed on term deposit at 31 December 2013 is \$76,537.

Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2013
Shared Services Investigation

	Notes	Actual YTD	Year to Date Budget	Variance	Budget	Full Year Forecast	Last Year
Income							
Interest Received - SSI		1,999	0	1,999	0	2,150	1,647
Shared Services Funding - Planning P1		0	0	0	0	0	23,350
Shared Services Funding - Governance		0	0	0	0	0	7,430
Shared Services Funding - Waters P1		0	0	0	0	0	51,200
Shared Services Funding - Roading P1		0	0	0	0	0	18,000
Shared Services Funding - Planning P2		108,012	108,012	0	500,000	500,000	15,150
Shared Services Funding - Economic Deve		89,490	80,000	9,490	80,000	89,490	61,851
Shared Services Funding - Waters P2		105,200	105,200	0	180,000	180,000	15,000
Shared Services Funding - Roading P2		0	0	0	50,000	50,000	0
Shared Services Funding - Bylaws	1	0	0	0	0	20,000	0
Total Income	2	304,702	293,212	11,490	810,000	841,640	193,628
Expenses							
Administration Costs		0	0	0	0	0	8,227
Consultancy Services - Planning P1		0	0	0	0	0	23,350
Consultancy Services - Governance		0	0	0	0	0	7,430
Consultancy Services - Waters P1		0	0	0	0	0	51,200
Consultancy Services - Roading P1		0	0	0	0	0	18,000
Consultancy Services - Planning P2		108,012	108,012	0	500,000	500,000	15,150
Consultancy Services - Economic Devel		89,491	80,000	(9,491)	80,000	89,491	61,851
Consultancy Services - Waters P2		105,200	105,200	0	180,000	180,000	15,000
Consultancy Services - Roading P2		0	0	0	50,000	50,000	0
Consultancy Services - Bylaws	1	0	0	0	0	20,000	0
Total Expenses		302,703	293,212	(9,491)	810,000	839,491	200,208
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		1,999	0	1,999	0	2,149	(6,580)
Earnings before interest and tax		1,999	0	1,999	0	2,149	(6,580)
Net Surplus (Deficit) before tax							
		1,999	0	1,999	0	2,149	(6,580)

Notes

- 1) Unbudgeted funding and expenditure for Regulatory Bylaws and Policy collaboration as agreed at the Mayoral Forum in September 2013.
- 2) Funding received for the Mayoral Forum projects that has been received, but not yet spent is shown in the Revenue in Advance balance of \$155,756.
The breakdown for the related projects is: Planning - \$41,788
Economic Development - \$7,438
Waters - \$73,959
Roading - \$32,000
Governance - \$571

Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2013
Procurement of Shared Services

	Notes	Year to Date Actual YTD	Year to Date Budget	Variance	Budget	Full Year Forecast	Last Year
Income							
GSB Membership Fee Recovery		0	0	0	16,575	16,575	16,575
ValueFinancials Fee Recovery		0	0	0	46,750	46,750	77,556
Insurance Brokerage Fee Recovery		147,501	147,500	1	147,500	147,500	157,775
Total Income		147,501	147,500	1	210,825	210,825	251,906
Expenses							
Bank Charges - ValueFinancials		0	0	0	0	0	25
Legal Fees		0	0	0	0	0	5,242
Insurance Brokerage Fee Payable		147,500	147,500	0	147,500	147,500	137,775
Consultancy Fees		0	0	0	0	0	20,000
GSB Membership Fee		0	0	0	16,575	16,575	16,475
ValueFinancial Fees		0	0	0	46,750	46,750	77,531
Total Expenses		147,500	147,500	0	210,825	210,825	257,048
Earnings before interest, tax and depreciation/ amortisation (EBITA)		1	0	1	0	0	(5,142)
Earnings before interest and tax		1	0	1	0	0	(5,142)
Net Surplus (Deficit) before tax		1	0	1	0	0	(5,142)

Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2013
Information Technology

	Notes	Year to Date			Full Year		Last Year
		Actual YTD	Budget	Variance	Budget	Forecast	
Income							
SISP Funding		75,000	0	75,000	0	100,000	0
Total Income		75,000	0	75,000	0	100,000	0
Expenses							
SISP Consultancy Services		74,041	0	(74,041)	0	100,000	0
Meeting Expenses		515	0	(515)	0	0	0
Printing and Stationery		65	0	(65)	0	0	0
Total Expenses		74,621	0	(74,621)	0	100,000	0
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		379	0	379	0	0	0
Earnings before interest and tax		379	0	379	0	0	0
Net Surplus (Deficit) before tax		379	0	379	0	0	0

Local Authority Shared Services Ltd
Balance Sheet
As at 31 December 2013

	Notes	Year to Date			Full Year	
		Actual YTD	Budget	Variance	Budget	Last YTD
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
WRTM Reserve		40,000	40,000	0	0	40,000
Profit and Loss		(960,639)	(1,151,829)	191,190	(1,151,829)	(960,639)
Plus Current Year Operating Surplus/(Deficit)		(46,864)	(128,083)	81,219	(430,497)	0
TOTAL CAPITAL FUNDS		1,989,499	1,717,089	272,410	1,374,675	2,036,362
ASSETS						
CURRENT ASSETS						
Prepayments		0	0	0	0	2,246
Accounts Receivable	1	48,732	0	48,732	29,142	138,612
Accounts Receivable Accruals		31,483	25,074	6,409	0	0
Accrued Interest		286	0	286	0	268
RWT On Interest		3,326	1,923	1,403	140	1,226
Local Authority Shared Services 00		20,253	6,812	13,441	9,117	6,997
Local Authority Shared Services On-Call		626,290	245,178	381,112	135,491	521,751
BNZ - Term Deposit 020		42,890	0	42,890	0	42,399
GST Paid		39,046	6,424	32,622	(6,771)	33,718
TOTAL CURRENT ASSETS		812,307	285,411	526,896	167,120	747,218
NON-CURRENT ASSETS						
SVDS - Intangible Asset		3,024,515	3,034,551	(10,036)	3,081,640	2,986,915
WRTM - Intangible Asset		2,296,855	2,296,855	0	2,296,855	2,296,855
CashManager Software		0	886	(886)	886	886
MoneyWorks Software		1,195	0	1,195	0	0
Accumulated Depreciation		(3,837,726)	(3,853,009)	15,283	(4,103,083)	(3,602,308)
TOTAL NON-CURRENT ASSETS		1,484,839	1,479,283	5,556	1,276,298	1,682,348
NET ASSETS		2,297,146	1,764,694	532,452	1,443,418	2,429,566
LESS CURRENT LIABILITIES						
Accounts Payable		120,127	34,180	85,947	50,376	155,171
Accounts Payable Accrual		30,485	12,500	17,985	17,049	27,221
ACC Prepayments		125	0	125	0	84
PAYE Clearing Account		149	0	149	0	146
Provision for Annual Leave		1,005	924	81	1,318	621
Provision for Wages		0	0	0	0	351
Revenue in Advance	2	155,756	0	155,756	0	209,609
TOTAL CURRENT LIABILITIES		307,647	47,605	260,042	68,743	393,204
NET WORKING CAPITAL		1,989,499	1,717,089	272,410	1,374,675	2,036,362

Notes

1) Accounts Receivable balance of \$48,732 of which \$9,069 had been received by 15th January 2014, with the remainder expected to be received by 20th January 2014.

2) Revenue received in advance relates to funding received for the Mayoral Forum projects, not yet spent.

Local Authority Shared Services Ltd
Statement of Cashflows
As at 31 December 2013

	Actual YTD	Full Year	Last YTD
Cashflows from Operating Activities			
Interest Received	7,522	500	10,967
Receipts from Other Revenue	1,262,329	2,251,337	1,590,576
Payments to Suppliers	(1,110,736)	(2,202,168)	(1,222,159)
Taxes Paid	2,100	(140)	(1,827)
Goods & Services tax (net)	(5,328)	(4,260)	(26,582)
Net cash from operating activities	155,886	45,269	350,975
Purchase of Intangible Assets	(37,601)	(79,204)	(63,520)
Investments - Term Deposits	(491)	0	104,817
Net cash from investing activities	(38,091)	(79,204)	41,297
Net increase in cash, cash equivalents and bank accounts	117,795	(33,935)	392,273
Opening cash and cash equivalents and bank overdrafts	528,748	178,543	136,475
Closing cash, cash equivalents and bank accounts	646,544	144,608	528,749
Summary of Bank Accounts			
BNZ - Cheque a/c	20,253	9,117	6,997
BNZ - Call a/c	626,290	135,491	521,751
Closing Balance of Bank	646,544	144,608	528,749

Appendix 2

The following policies have been adhered to in the completion of this financial report:

Accounting Principles

Financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (GAAP), the Financial Reporting Act 1993 and NZ IFRS Standards.

Specific Accounting Principles

The following particular principles which have a significant effect on measurement of financial position are to 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 will be valued at the prevailing market value.

Fixed assets will be recorded at cost, less accumulated depreciation.

Intangible Assets

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

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

Impairment Testing

Assets with a finite life are reviewed 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.

Inventories

It is not envisaged that the company will hold inventories, other than those that might relate to providing electronic 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.

Audit

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

Dividend Payments

No funds were available for dividend payments. It is not envisaged that the Board will make any recommendation about dividend, as in the initial five years any savings will be used to reduce service costs or for reinvestment in new services or upgrades.

Consolidated Shareholders' Funds

In accordance with the Local Government Act 2002, the ratio of Consolidated Shareholders' Funds to Total Assets has been included within the Statement of Financial Position (Balance Sheet).

Consolidated Shareholders' Funds are defined as the sum of retained earnings, reserves and paid-up share capital.

Assets

Total Assets encompass Current and Non Current Assets as disclosed in the Statement of Financial Position (Balance Sheet). This includes, but is not limited to, Bank, Debtors and Operational Assets.