

(Appendix C)



# ANNUAL FINANCIAL STATEMENTS

## 2013 to 2014

Council Solutions Regional Authority  
25 Pirie St  
Adelaide SA 5000  
[councilsolutions.sa.gov.au](http://councilsolutions.sa.gov.au)

ABN 92 168 067 160



# **Council Solutions Regional Authority**

## **General Purpose Financial Reports for the year ending 30 June 2014**

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# **Council Solutions Regional Authority**

## **Certification Of Financial Statements**

**for the year ending 30 June 2014**

I have been authorised by the Council Solutions Regional Authority Board to certify the financial statements of the Council Solutions Regional Authority in their final form. In my opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council Solutions Regional Authority's financial position at 30 June 2014 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council Solutions Regional Authority's accounting and other records.



.....  
Catherine Cooper  
**Chair Of The Board**

Date: 17 September 2014

**Council Solutions Regional Authority**  
**Statement Of Comprehensive Income**  
for the year ending 30 June 2014

		For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
	Notes		
<b>Income</b>			
Investment Income	2	12	-
Rebates	2	1,099	493
Other Income	2	-	1
<b>Total Income</b>	2	<b>1,111</b>	<b>494</b>
<b>Expenses</b>			
Materials, contracts & other expenses	3	748	272
<b>Total Expenses</b>	3	<b>748</b>	<b>272</b>
<b>Operating Surplus</b>		<b>363</b>	<b>222</b>
<b>Net Surplus</b>		<b>363</b>	<b>222</b>
<b>Total Other Comprehensive Income</b>	2	-	-
<b>Total Comprehensive Income</b>		<b>363</b>	<b>222</b>

This Statement is to be read in conjunction with the attached Notes.

**Council Solutions Regional Authority**  
**Balance Sheet**  
**as at 30 June 2014**

	Notes	2014 \$'000	2013 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	615	3
Receivables	4	408	441
<b>Total Current Assets</b>	4	<b>1,023</b>	<b>444</b>
<b>Total Assets</b>	4	<b>1,023</b>	<b>444</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	5	87	5
Other Current Liabilities	5	208	74
<b>Total Current Liabilities</b>	5	<b>295</b>	<b>79</b>
<b>Total Liabilities</b>	5	<b>295</b>	<b>79</b>
<b>Net Assets</b>		<b>728</b>	<b>365</b>
<b>Equity</b>			
Accumulated Surplus		585	222
Share Capital		143	143
<b>Total Equity</b>		<b>728</b>	<b>365</b>

This Statement is to be read in conjunction with the attached Notes.

**Council Solutions Regional Authority**  
**Statement of Changes in Equity**  
as at 30 June 2014

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
<b>2014</b>			
Opening Balance	143	222	365
Net Surplus for Year	-	363	363
Balance at end of period	<u>143</u>	<u>585</u>	<u>728</u>

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
<b>2013</b>			
Opening Balance	-	-	-
Net Surplus for Year		222	222
Transactions with Owners in their Capacity as Owners;			
Initial Contribution by Owners	143		143
Balance at end of period	<u>143</u>	<u>222</u>	<u>365</u>

**Council Solutions Regional Authority**  
**Cash Flow Statement**  
**for the year ending 30 June 2014**

	Notes	For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
<b>Cash Flows From Operating Activities</b>			
Receipts			
Operating receipts		1,133	3
Investment Receipts		12	-
Payments			
Operating payments to suppliers & employees		(532)	-
<b>Net Cash provided by (or used in) Operating Activities</b>	6	<b>612</b>	<b>3</b>
<b>Net Increase (Decrease) in cash held</b>		<b>612</b>	<b>3</b>
Cash & cash equivalents at beginning of period		3	-
<b>Cash &amp; cash equivalents at end of period</b>	4	<b>615</b>	<b>3</b>

This Statement is to be read in conjunction with the attached Notes

# Council Solutions Regional Authority

## Notes to and forming part of the Financial Statements for the year ending 30 June 2014

### Note 1 - Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

Council Solutions Regional Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective share of equity are as follows:

Constituent Council	Equity Share
Adelaide City Council	16.67%
City of Charles Sturt	16.67%
City of Marion	16.67%
City of Onkaparinga	16.67%
City of Salisbury	16.67%
City of Tea Tree Gully	16.67%

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 1 May 2011.

#### 1 Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

#### 2 Income recognition

Rebate Income is recognised when the Constituent Councils enter into the purchase of a good or service from a Supplier contracted to provide the Authority (or in the case of some prior contracts that were created jointly between the six constituent Council) with a Rebate.

#### 3 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition.

#### 4 Infrastructure, Property, Plant & Equipment

The Authority did not procure any non-current assets during the reporting period and does not hold any non-current assets as at the reporting date.

#### 5 Employee Benefits

All employees are employed through Adelaide City Council, one of the Constituent Councils. Those employees are then contracted to the Authority.



**Council Solutions Regional Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ending 30 June 2014**

**6 GST Implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax":

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

**7 Comparative Information**

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

**8 Critical Accounting Estimates and Judgements**

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the authority.

Accounts receivable are reviewed at each reporting date to establish the collectability.

**9 New Accounting Standards**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2014 reporting period.

- AASB 7 Financial Instruments: Disclosure
- AASB 9 Financial Instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures

Standards containing consequential amendments to other Standards and Interpretations arising from the above – AASB 2010-6, AASB 2010-7, AASB 2011-7, AASB 2011-8, AASB 2011-10, AASB 2012-5, AASB 2012-6, and AASB 2012-10.

Standards not affecting local government have been excluded from the above list.

The Authority is of the view that none of the above new standards will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

**Council Solutions Regional Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ending 30 June 2014**

**Note 2 - Income**

	For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
<b>Investments</b>		
Interest Income	12	-
	<b>12</b>	<b>-</b>
<b>Rebates</b>		
Rebates	1,099	493
	<b>1,099</b>	<b>493</b>
<b>Other Income</b>		
Reimbursements	-	1
	<b>-</b>	<b>1</b>

**Note 3 - Expenses**

	For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
<b>Materials, Contracts &amp; Other Expenses</b>		
Advertising	8	5
Audit Fees	7	5
Catering	2	-
Contractors	73	9
Consultant Fees	59	9
Entertainment Costs	3	2
Fringe Benefits Tax	3	4
Insurance	26	15
IT Expenses	8	-
Legal Fees	22	7
Membership Fees & Subscriptions	6	-
Motor Vehicle	6	-
Recruitment	38	10
Reimbursements - Salary & Wages	455	167
Sitting Fees	13	-
Sundry	13	4
Telephone	4	3
Training and Development	3	31
	<b>748</b>	<b>272</b>

**Council Solutions Regional Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ending 30 June 2014**

**Note 4 - Current Assets**

	2014 \$'000	2013 \$'000
<b>Cash &amp; Cash Equivalents</b>		
Cash at Bank	615	3
	<b>615</b>	<b>3</b>
<b>Receivables</b>		
Accounts Receivables	21	28
Accrued Income	378	206
Receivable from Adelaide City Council - Initial Contribution	-	143
Receivable from Adelaide City Council - Cash Collected on Behalf of Council Solutions	9	64
	<b>408</b>	<b>441</b>
<b>Total Current Assets</b>	<b>1,023</b>	<b>444</b>

**Note 5 - Liabilities**

	2014 \$'000	2013 \$'000
<b>Trade &amp; Other Payables</b>		
Creditors	82	-
Accruals	5	5
	<b>87</b>	<b>5</b>
<b>Other Current Liabilities</b>		
Income Protection & Journey Insurance	-	2
Payable to Adelaide City Council	208	72
	<b>208</b>	<b>74</b>
<b>Total Liabilities</b>	<b>295</b>	<b>79</b>

**Council Solutions Regional Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ending 30 June 2014**

**Note 6 - Reconciliation To Cash Flow Statement**

**(a) Reconciliation of Cash**

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet.

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at Bank	615	3
<b>Balances per Cash Flow Statement</b>	<b>615</b>	<b>3</b>

**(b) Reconciliation of Change in Net Assets to Cash  
from Operating Activities**

Net Surplus	363	222
Net (increase)/decrease in Receivables	33	(298)
Net increase/(decrease) in Current Liabilities	216	79
<b>Net Cash provided by (or used in) operations</b>	<b>612</b>	<b>3</b>

**Council Solutions Regional Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ending 30 June 2014**

**Note 7 - Financial Instruments**

**(a) Interest Rate Risk**

The Authority's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those applicable financial assets and liabilities is as follows;

<b>2014</b>	<b>Weighted Average Interest Rate</b>	<b>Fair Value of Variable Interest Rate Instrument s</b>	<b>Fair Value of Fixed Interest rate instruments maturing within One Year</b>	<b>Fair Value of Fixed Interest rate instruments maturing Due &gt; 1 less 5 Yrs</b>	<b>Fair Value of Fixed Interest rate instruments maturing Due &gt; 5 Yrs</b>	<b>Fair Value of Non- Interest Bearing Instruments</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets:</b>						
Cash	2.3%	615	-	-	-	-
Receivables	0.0%	-	-	-	-	408
<b>Total Financial Assets</b>		<b>615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408</b>
<b>Financial Liabilities:</b>						
Creditors and Provisions	0.0%	-	-	-	-	87
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87</b>
<b>2013</b>	<b>Weighted Average Interest Rate</b>	<b>Fair Value of Variable Interest Rate Instrument</b>	<b>Fair Value of Fixed Interest rate instruments maturing within One Year</b>	<b>Fair Value of Fixed Interest rate instruments maturing Due &gt; 1 less 5 Yrs</b>	<b>Fair Value of Fixed Interest rate instruments maturing Due &gt; 5 Yrs</b>	<b>Fair Value of Non- Interest Bearing Instruments</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets:</b>						
Cash	2.3%	3	-	-	-	-
Receivables	0.0%	-	-	-	-	441
<b>Total Financial Assets</b>		<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>441</b>
<b>Financial Liabilities:</b>						
Creditors and Provisions	0.0%	-	-	-	-	5
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>

**(b) Credit Risk**

Credit Risk represents the loss that would be recognised if other entities failed to perform as contracted.

The Authority's exposure to credit risk is limited to receivables - the Authority's maximum exposure is disclosed in the financial statements net of any provision for doubtful debts

**(c) Net Fair Value**

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset and liability.

The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of financial instruments held in the Authority, the cost associated with their settlement would not be material and have not been considered.

**COUNCIL SOLUTIONS REGIONAL AUTHORITY  
CERTIFICATION OF AUDITOR INDEPENDENCE  
for the year ending 30 June 2014**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Council Solutions Regional Authority for the year ended 30 June 2014, the Council's Auditor, BDO, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3)(b) Local Government (Financial Management) Regulations 2011.

.....  
  
**Catherine Cooper**  
**CHAIR**

Date: 29/8/14.

.....  
**Tanya Johnston**  
**PRESIDING MEMBER OF AUDIT COMMITTEE**

Date:

.....  
**Mark Dowd**  
**CHIEF EXECUTIVE OFFICER**  
**City of Onkaparinga**

Date:

.....  
**Peter Smith**  
**CHIEF EXECUTIVE OFFICER**  
**Adelaide City Council**

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**CHIEF EXECUTIVE OFFICER**  
**Tea Tree Gully**

Date:

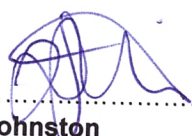
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**Tea Tree Gully**

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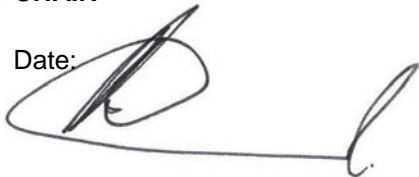
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**CHAIR**

Date:



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**Mark Dowd**  
**CHIEF EXECUTIVE OFFICER**  
**City of Onkaparinga**

Date:  
19 September 2014

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**Tanya Johnston**  
**PRESIDING MEMBER OF AUDIT COMMITTEE**

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**City of Onkaparinga**

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**Adelaide City Council**

Date: 15/9/14



.....  
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**City of Charles Sturt**

Date: 1 September 2014

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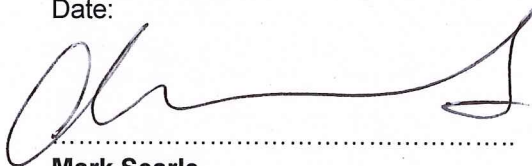
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**CHIEF EXECUTIVE OFFICER**  
**City of Salisbury**

Date: 15/9/2014.

.....  
**John Moyle**  
**CHIEF EXECUTIVE OFFICER**  
**Tea Tree Gully**

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY  
CERTIFICATION OF AUDITOR INDEPENDENCE  
for the year ending 30 June 2014**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Council Solutions Regional Authority for the year ended 30 June 2014, the Council's Auditor, BDO, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3)(b) Local Government (Financial Management) Regulations 2011.

.....  
**Catherine Cooper**  
**CHAIR**

Date:

.....  
**Tanya Johnston**  
**PRESIDING MEMBER OF AUDIT COMMITTEE**

Date:

.....  
**Mark Dowd**  
**CHIEF EXECUTIVE OFFICER**  
**City of Onkaparinga**

Date:

.....  
**Peter Smith**  
**CHIEF EXECUTIVE OFFICER**  
**Adelaide City Council**

Date:

.....  
**Mark Withers**  
**CHIEF EXECUTIVE OFFICER**  
**City of Charles Sturt**

Date:

.....  
**Mark Searle**  
**CHIEF EXECUTIVE OFFICER**  
**City of Marion**

Date:

.....  
**John Harry**  
**CHIEF EXECUTIVE OFFICER**  
**City of Salisbury**

Date:

.....  
  
**John Moyle**  
**CHIEF EXECUTIVE OFFICER**  
**City of Tea Tree Gully**

Date: 27<sup>th</sup> August 2014

**AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 22(5) OF THE LOCAL  
GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 2011  
TO COUNCIL SOLUTIONS REGIONAL AUTHORITY**

I confirm that, for the audit of the financial statements of Council Solutions Regional Authority for the period ended 30 June 2014, I have maintained by independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.



G K Edwards  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 23 September 2014

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE COUNCIL SOLUTIONS REGIONAL AUTHORITY

We have audited the accompanying financial report of Council Solutions Regional Authority, which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chair of the Board.

### **Management's Responsibility for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Finance Management) Regulations 2011*, and for such internal controls as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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





## Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Council Solutions Regional Authority as at 30 June 2014, and its financial performance and cash flows for the period then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Finance Management) Regulations 2011*.

A handwritten signature in blue ink that reads 'BDO'.

**BDO Audit (SA) Pty Ltd**

A handwritten signature in black ink that reads 'G K Edwards'.

G K Edwards  
Director

Adelaide, 23 September 2014