

City of Playford

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

South Australia's NEXT great city



City of Playford

General Purpose Financial Statements for the year ended 30 June 2018

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City of Playford

General Purpose Financial Statements

for the year ended 30 June 2018

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our 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's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Mal Hemmerling
CHIEF EXECUTIVE OFFICER

Glenn Docherty
MAYOR

Date: 23 October 2018

City of Playford

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Income			
Rates Revenues	2a	75,358	71,505
Statutory Charges	2b	2,187	1,934
User Charges	2c	3,451	3,416
Grants, Subsidies and Contributions	2g	17,174	21,956
Investment Income	2d	34	34
Reimbursements	2e	828	1,309
Other Income	2f	1,112	227
Net Gain - Equity Accounted Council Businesses	19	-	16
Total Income		100,144	100,397
Expenses			
Employee Costs	3a	40,758	37,297
Materials, Contracts & Other Expenses	3b	32,404	32,399
Depreciation, Amortisation & Impairment	3c	18,132	17,277
Finance Costs	3d	4,998	4,561
Net loss - Equity Accounted Council Businesses	19	140	77
Total Expenses		96,432	91,611
Operating Surplus / (Deficit)		3,712	8,786
Asset Disposal & Fair Value Adjustments	4	(3,803)	(5,222)
Amounts Received Specifically for New or Upgraded Assets	2g	6,201	7,029
Physical Resources Received Free of Charge	2h	14,891	3,963
Net Surplus / (Deficit) ¹		21,001	14,556
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(768)	117,572
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	(54)	(34)
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(209)	-
Total Other Comprehensive Income		(1,031)	117,538
Total Comprehensive Income		19,970	132,094
Operating Surplus / (Deficit)		3,712	8,786
Financial Assistance Grants Received in Advance (refer to Note 2)		466	(5,982)
Restated Operating Surplus		4,178	2,804

¹ Transferred to Statement of Changes in Equity

City of Playford

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	1,463	3,101
Trade & Other Receivables	5b	7,216	7,650
Inventories	5c	151	166
Non-Current Assets Held for Sale	20	5,487	-
Total Current Assets		14,317	10,917
Non-Current Assets			
Financial Assets	6a	349	365
Equity Accounted Investments in Council Businesses	6b	7,685	7,879
Infrastructure, Property, Plant & Equipment	7a	1,160,644	1,125,603
Other Non-Current Assets	6c	18,214	26,732
Total Non-Current Assets		1,186,892	1,160,579
TOTAL ASSETS		1,201,209	1,171,496
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	14,297	20,616
Borrowings	8b	13,592	6,500
Provisions	8c	5,628	4,468
Total Current Liabilities		33,517	31,584
Non-Current Liabilities			
Borrowings	8b	109,364	101,801
Provisions	8c	1,065	818
Total Non-Current Liabilities		110,429	102,619
TOTAL LIABILITIES		143,946	134,203
Net Assets		1,057,263	1,037,293
EQUITY			
Accumulated Surplus		449,708	428,449
Asset Revaluation Reserves	9a	600,183	601,106
Other Reserves	9c	7,372	7,738
Total Council Equity		1,057,263	1,037,293

City of Playford

Statement of Changes in Equity for the year ended 30 June 2018

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2018					
Balance at the end of previous reporting period		428,449	601,106	7,738	1,037,293
a. Net Surplus / (Deficit) for Year		21,001	-	-	21,001
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a		(768)	-	(768)
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(209)	-	(209)
- Share of OCI - Equity Accounted Council Businesses	19	(108)	54	-	(54)
Other Comprehensive Income		(108)	(923)	-	(1,031)
Total Comprehensive Income		20,893	(923)	-	19,970
c. Transfers between Reserves		366	-	(366)	-
Balance at the end of period		449,708	600,183	7,372	1,057,263
2017					
Balance at the end of previous reporting period		412,861	483,534	8,804	905,199
a. Net Surplus / (Deficit) for Year		14,556	-	-	14,556
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	117,572	-	117,572
- Other Equity Adjustments - Equity Accounted Council Businesses	19	(34)	-	-	(34)
Other Comprehensive Income		(34)	117,572	-	117,538
Total Comprehensive Income		14,522	117,572	-	132,094
c. Transfers between Reserves		1,066	-	(1,066)	-
Balance at the end of period		428,449	601,106	7,738	1,037,293

City of Playford

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		107,514	104,732
Investment Receipts		34	34
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(85,037)	(73,533)
Finance Payments		(4,998)	(4,561)
Net Cash provided by (or used in) Operating Activities	11b	17,513	26,672
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		6,201	7,029
Sale of Replaced Assets		1,244	1,035
Sale of Surplus Assets		3,400	162
Repayments of Loans by Community Groups		24	30
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(16,641)	(15,709)
Expenditure on New/Upgraded Assets		(28,034)	(32,990)
Loans Made to Community Groups		-	(16)
Net Cash provided by (or used in) Investing Activities		(33,806)	(40,459)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		21,155	40,800
<u>Payments</u>			
Repayments of Borrowings		(6,500)	(25,789)
Net Cash provided by (or used in) Financing Activities		14,655	15,011
Net Increase (Decrease) in Cash Held		(1,638)	1,224
plus: Cash & Cash Equivalents at beginning of period	11	3,101	1,877
Cash & Cash Equivalents at end of period	11	1,463	3,101

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention 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.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

City of Playford is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 12 Bishopstone Road, Davoren Park. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2015/16	\$4,855	\$9,876	- \$5,021
2016/17	\$15,746	\$9,764	+ \$5,982
2017/18	\$10,069	\$10,535	- \$5,982 +\$5,516

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

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. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Other Real Estate Held for Resale

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Building & Other Structures	\$5,000
Infrastructure	\$5,000
Plant & Equipment	\$2,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties and of existing valuations, methods and valuers are provided at Note 7.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Building & Other Structures	5 to 80 years
Infrastructure	10 to 100 years
Plant & Equipment	2 to 25 years

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation 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 (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised

as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3.

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on-costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the nominated fund selected by employees under the "choice of fund" legislation. Council also makes contributions to Statewide Superannuation Scheme, as the default superannuation fund. The Scheme has two types of membership, each of which is funded differently.

No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incidental to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

11 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

Council's equity in the Northern Adelaide Waste

Management Authority (NAWMA) and Gawler River Floodplain Management Authority (GRFMA) are recognised in accordance with AASB 128 and set out in detail in Note 19.

12 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.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

13 Related Party Disclosure

Council holds a Register of Interests comprising signed Ordinary Returns by all Elected Members and relevant Management and Officers.

Council has applied AASB 124 Related Party Disclosures, disclosing information about related parties and transactions with those related parties. This information is presented in Note 23.

14 New accounting standards and UIG Interpretations

In the current year, Council adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

This year the Council has decided to early adopt AASB 1058 "Income of Not-For-Profit Entities" and AASB 15 "Revenue from Contracts with Customer". This standard is not due for commencement until 1 January 2019, but is available for early adoption prior to this date.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

AASB 15 *Revenue from Contracts with Customers*, will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*, provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council has concluded that early adopting AASB 1058 will produce a more relevant and reliable set of financial statements.

15 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes. Primary statements and overall balances will remain unchanged.

19 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income

\$ '000	Notes	2018	2017
(a). Rates Revenues			
General Rates			
General Rates		77,959	74,015
Less: Mandatory Rebates		(3,542)	(3,432)
Less: Discretionary Rebates, Remissions & Write Offs		(908)	(870)
Total General Rates		73,509	69,713
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,044	995
Total Other Rates		1,044	995
Other Charges			
Penalties for Late Payment		419	401
Legal & Other Costs Recovered		386	396
Total Other Charges		805	797
Total Rates Revenues		75,358	71,505
(b). Statutory Charges			
Development Act Fees		738	558
Animal Registration Fees & Fines		662	681
Parking Fines / Expiation Fees		545	450
Environmental Control Fines		73	81
Other Licences, Fees & Fines		169	164
Total Statutory Charges		2,187	1,934
(c). User Charges			
Cemetery Fees		4	2
Hall & Equipment Hire		1,628	1,603
Sundry		183	205
Commercial Activity - Food Cooperative		504	622
Commercial Activity - Water		421	284
Home and Aged Care		598	586
Immunisation		73	75
Library		40	39
Total User Charges		3,451	3,416
(d). Investment Income			
Local Government Finance Authority		2	10
Banks & Other		18	19
Loans to Community Groups		14	5
Total Investment Income		34	34

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

\$ '000	Notes	2018	2017
(e). Reimbursements			
Workers Compensation		518	490
Other		310	819
Total Reimbursements		828	1,309
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		259	7
Sundry		853	220
Total Other Income		1,112	227
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		6,201	7,029
Total Amounts Received Specifically for New or Upgraded Assets		6,201	7,029
Other Grants, Subsidies and Contributions		11,658	15,974
Individually Significant Item - Additional Grants Commission Payment (refer below)		5,516	5,982
Total Other Grants, Subsidies and Contributions		17,174	21,956
Total Grants, Subsidies, Contributions		23,375	28,985
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		4,935	5,819
State Government		16,374	22,104
Other		2,066	1,062
Total		23,375	28,985
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income 2016/17		(5,982)	5,982
Grant Commission (FAG) Grant Recognised as Income 2017/18		5,516	-
* The annual grant allocation are shown in Note 1 under section 3 Income Recognition.			
(h). Physical Resources Received Free of Charge			
Buildings		-	25
Land		2,153	-
Infrastructure		12,560	3,720
Plant & Equipment		178	218
Total Physical Resources Received Free of Charge		14,891	3,963

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses

\$ '000	Notes	2018	2017
(a). Employee Costs			
Salaries and Wages		33,956	32,321
Employee Leave Expense		2,731	1,144
Superannuation	18	3,049	3,025
Workers' Compensation Insurance		1,538	1,423
Other		1,142	1,091
Less: Capitalised and Distributed Costs		(1,658)	(1,707)
Total Operating Employee Costs		40,758	37,297
Total Number of Employees (full time equivalent at end of reporting period)		420	399
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		20	35
Bad and Doubtful Debts		12	20
Elected Members' Expenses		405	411
Election Expenses		7	4
Operating Lease Rentals - Cancellable Leases		231	183
Subtotal - Prescribed Expenses		675	653
(ii) Other Materials, Contracts and Expenses			
Advertising		216	111
Contractors		9,359	8,705
Contributions		448	475
Energy		2,292	2,218
Insurance Premiums		899	921
Legal Expenses		390	339
Levies Paid to Government - NRM levy		1,044	995
Levies - Other		218	164
Maintenance		2,961	3,234
Parts, Accessories & Consumables		2,406	3,312
Professional Services		1,980	1,407
Recruitment		56	22
Sundry		1,313	1,457
Waste Collection		7,146	7,709
Water		1,001	677
Subtotal - Other Material, Contracts & Expenses		31,729	31,746
Total Materials, Contracts and Other Expenses		32,404	32,399

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses (continued)

\$ '000	Notes	2018	2017
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		2,470	2,075
Infrastructure		13,432	12,758
Plant & Equipment		2,230	2,444
Subtotal		18,132	17,277
Total Depreciation, Amortisation and Impairment		18,132	17,277
(d). Finance Costs			
Interest on Loans		5,143	4,728
Bank Charges		227	230
Less: Capitalised and Distributed costs		(372)	(397)
Total Finance Costs		4,998	4,561

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		1,244	1,035
Less: Carrying Amount of Assets Sold		(7,027)	(6,208)
Gain (Loss) on Disposal		(5,783)	(5,173)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		3,400	162
Less: Carrying Amount of Assets Sold		(1,420)	(211)
Gain (Loss) on Disposal		1,980	(49)
Net Gain (Loss) on Disposal or Revaluation of Assets		(3,803)	(5,222)

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 5. Current Assets

\$ '000	Notes	2018	2017
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		1,463	3,021
Deposits at Call		-	80
Total Cash & Cash Equivalents		1,463	3,101
(b). Trade & Other Receivables			
Rates - General & Other		4,198	3,839
Council Rates Postponement Scheme		1	1
Accrued Revenues		414	245
Debtors - General		1,150	1,895
GST Recoupment		686	1,096
Prepayments		547	393
Loans to Community Organisations		16	24
Sundry - Fine		161	95
Debtors - other		56	79
Subtotal		7,229	7,667
Less: Allowance for Doubtful Debts		(13)	(17)
Total Trade & Other Receivables		7,216	7,650
(c). Inventories			
Stores & Materials		151	166
Total Inventories		151	166

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 6. Non-Current Assets

\$ '000	Notes	2018	2017
(a). Financial Assets			
Receivables			
Loans to Community Organisations		349	365
Total Receivables		349	365
Total Financial Assets		349	365
(b). Equity Accounted Investments in Council Businesses			
NAWMA	19	2,264	2,317
GRFMA	19	5,421	5,562
Total Equity Accounted Investments in Council Businesses		7,685	7,879
(c). Other Non-Current Assets			
Capital Works-in-Progress		18,214	26,732
Total Other Non-Current Assets		18,214	26,732

City of Playford

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2017				Asset Movements during the Reporting Period									as at 30/6/2018			
		At Fair Value	At Cost	Acc. Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	Adjustments & Transfers	Tfrs from/(to) "Held for Sale" category	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Acc. Dep'n	Carrying Value
						New / Upgrade	Renewals											
Land	2	452,810	300	-	453,110	2,179	-	(1,420)	-	(70)	-	(3,965)	-	-	447,655	2,179	-	449,834
Buildings & Other Structures	3	119,506	6,266	26,172	99,600	12,074	1,400	(1,468)	(2,470)	-	-	(1,218)	(1,705)	-	124,169	13,476	31,432	106,213
Infrastructure	3	762,532	26,790	229,134	560,188	37,842	11,378	(4,511)	(13,432)	(139)	-	(304)	-	937	795,328	39,980	243,349	591,959
Plant & Equipment		-	24,002	11,297	12,705	1,578	1,633	(1,048)	(2,230)	-	-	-	-	-	-	24,478	11,840	12,638
Total Infrastructure, Property, Plant & Equipment		1,334,848	57,358	266,603	1,125,603	53,673	14,411	(8,447)	(18,132)	(209)	-	(5,487)	(1,705)	937	1,367,152	80,113	286,621	1,160,644
Comparatives		1,211,235	67,214	282,859	995,590	19,262	16,866	(6,419)	(17,277)	-	9	-	-	117,573	1,334,848	57,358	266,603	1,125,603

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property

\$ '000

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information (continued)

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land

- Basis of valuation: Fair Value
- Date of valuation: 1 July 2016
- Valuer: APV Valuers & Asset Management

Buildings & Other Structures

- Basis of valuation: Current replacement cost
- Date of valuation: 1 July 2017
- Valuations were undertaken by APV Valuers & Asset Management on 1 July 2016. Council has undertaken a subsequent desktop valuation and update of unit rates, useful lives and condition assessment as at 1 July 2017

Infrastructure

Roads, Kerb and Gutter, Footpaths

- Basis of valuation: Current replacement cost
- Date of valuation: 1 July 2017
- Valuations were undertaken by APV Valuers & Asset Management on 1 July 2016. Council has undertaken a subsequent desktop valuation and update of unit rates as at 1 July 2017

Stormwater Drainage

- Basis of valuation: Current replacement cost
- Date of valuation: 1 July 2017
- Valuations were undertaken by APV Valuers & Asset Management on 1 July 2016. Council has undertaken a subsequent desktop valuation and update of unit rates as at 1 July 2017

Structures, Bridges, Car Parks

- Basis of valuation: Current replacement cost
- Date of valuation: 1 July 2017
- Valuations were undertaken by APV Valuers & Asset Management on 1 July 2016. Council has undertaken a subsequent desktop valuation and update of unit rates as at 1 July 2017

Plant & Equipment

- Recognised at Cost

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 8. Liabilities

\$ '000	Notes	2018 Current	2018 Non Current	2017 Current	2017 Non Current
(a). Trade and Other Payables					
Goods & Services		9,601	-	14,780	-
Payments Received in Advance		2,993	-	3,860	-
Accrued Expenses - Other		799	-	1,037	-
Other		904	-	939	-
Total Trade and Other Payables		14,297	-	20,616	-

(b). Borrowings

Loans		13,592	109,364	6,500	101,801
Total Borrowings		13,592	109,364	6,500	101,801

All interest bearing liabilities are secured over the future revenues of the Council

(c). Provisions

Employee Benefits (Annual and Parental Leave)		2,606	-	2,137	-
Employess Benefits (Long Service Leave)		3,022	1,065	2,331	818
Total Provisions		5,628	1,065	4,468	818

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 9. Reserves

\$ '000	1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
(a). Asset Revaluation Reserve					
Land	348,056	-	-	(70)	347,986
Buildings & Other Structures - Specialised	39,917	(1,705)	-	-	38,212
Infrastructure	212,382	937	-	(139)	213,180
Plant & Equipment	388	-	-	-	388
JV's / Associates - Other Comprehensive Income	363	54	-	-	417
Total Asset Revaluation Reserve	601,106	(714)	-	(209)	600,183
Comparatives	483,534	117,572	-	-	601,106
(c). Other Reserves					
Developer Contributions	7,578	1,682	(2,050)	-	7,210
Future Fund	160	2	-	-	162
Total Other Reserves	7,738	1,684	(2,050)	-	7,372
Comparatives	8,804	1,070	(2,136)	-	7,738

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Other Reserves

Where developers elect to make a cash contribution to Council in lieu of installing a physical asset, the cash must be paid to Council at the time of processing the planning application. Council then sets these funds aside in the Developer Contribution Reserve for construction of the assets after development is complete.

Future Fund Reserve

The key objective of the Future Fund is to allocate net revenue from the sale/disposal of surplus land/building assets to build cash reserves, construct new assets and fund equity with commercial return and provide increased opportunities to secure both private and government funding.

Note 10. Assets Subject to Restrictions

Council does not hold any assets subject to restrictions

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2018	2017
(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 Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	1,463	3,101
Balances per Statement of Cash Flows		1,463	3,101

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

Net Surplus/(Deficit)		21,001	14,556
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		18,132	17,277
Equity Movements in Equity Accounted Investments (Increase)/Decrease		140	61
Non-Cash Asset Acquisitions		(14,891)	(3,963)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(6,201)	(7,029)
Net (Gain) Loss on Disposals		3,803	5,222
		21,984	26,124
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		430	(466)
Change in Allowances for Under-Recovery of Receivables		4	(1)
Net (Increase)/Decrease in Inventories		15	(21)
Net (Increase)/Decrease in Other Current Assets		(8)	2
Net Increase/(Decrease) in Trade & Other Payables		(6,319)	673
Net Increase/(Decrease) in Unpaid Employee Benefits		-	361
Net Increase/(Decrease) in Other Provisions		1,407	-
Net Cash provided by (or used in) operations		17,513	26,672

(c). Non-Cash Financing and Investing Activities

Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	14,891	3,963
Total Non-Cash Financing & Investing Activities		14,891	3,963

(d). Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts	1,200	500
Corporate Credit Cards	600	300
LGFA Cash Advance Debenture Facility	24,995	46,150

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

City of Playford

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
\$ '000										
Executive Management	8	2	1,080	1,202	(1,072)	(1,200)	-	-	-	-
Strategic Projects & Assets	1,640	1,166	45,523	43,430	(43,883)	(42,264)	6,212	7,060	1,160,573	1,125,603
City Services	7,733	7,516	26,037	25,173	(18,304)	(17,657)	3,345	3,264	-	-
Strategy & Corporate	90,763	91,697	23,652	21,729	67,111	69,968	13,818	18,661	41,039	45,893
Total Functions/Activities	100,144	100,381	96,292	91,534	3,852	8,847	23,375	28,985	1,201,209	1,171,496

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

Net gain from joint ventures & associated entities

Operating Surplus / (Deficit)

	(140)	(61)
	<u>3,712</u>	<u>8,786</u>

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

EXECUTIVE MANAGEMENT

Includes strategic leadership; mayor and councillor support and executive projects.

STRATEGIC PROJECTS & ASSETS

Commercialisation, Assets Operations, Capital Works & Assets, City Operations

Includes strategic asset management; managed recreation facilities; management and maintenance of council's fleet; management and maintenance of Council's buildings and sports clubs; asset management planning, strategic water and transportation management; technical design, engineering and asset construction; maintenance of major city infrastructure and open space including roads, footpaths, signage, fences, pipes and drainage; parks, sports fields and open space management; verge maintenance; landscape and street tree maintenance.

CITY SERVICES

Customer Care, Libraries & the Arts, Health Environment & Regulatory Services, Development Services

Includes litter control; playgrounds; weed and pest control; libraries; arts & culture; theatre; venue management & catering, northern sound system; graffiti prevention; customer contact; waste management; health inspection; environmental policy, planning and sustainability; immunisation; dog and cat control; parking control; building and planning.

Community Development & Inclusion, Media & Communication

Includes building strategic partnerships and model for community learning; building community participation in the workforce; strategic social planning; aged care services; Grenville community hub; disability access planning; community grants; crime prevention; community, cultural and Aboriginal/Torres Strait Islander programs; community food coops; urban regeneration project management including coordination, communication and negotiation with stakeholders and community engagement; marketing & media; citizenship ceremonies; event management.

STRATEGY & CORPORATE

Finance, Corporate Services, Organisational Development

Includes corporate and long-term financial management and reporting; payroll; accounts payable; accounts receivable and rates administration; governance; risk & WHS; procurement and emergency management; organisational development; human resources; injury management and wellbeing.

Service Improvement

Includes information technology; service systems; service solutions and records management.

Strategy & Policy

Includes strategic town planning and policy; landscape and open space design; street and public lighting.

Stretton Centre

Includes operations management; co-working; venue management; economic development.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits have an average interest rate of 1.5% (2017:1.52%)

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 2% (2017: 2%). Each month thereafter a further interest penalty of 0.5625% (2017: 0.58333%) is added. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 3.9% and 6.85% (2017: **3.9%** and **6.85%**).

Carrying Amount:

Approximates fair value.

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash & Equivalents	1,463	-	-	1,463	1,463
Receivables	1,764	31	31	1,826	1,607
Other Financial Assets	16	77	273	365	365
Total Financial Assets	3,243	108	304	3,654	3,435
Financial Liabilities					
Payables	15,118	8,560	9,495	33,173	11,304
Current Borrowings	13,592	-	-	13,592	13,592
Non-Current Borrowings	-	30,737	37,147	67,884	67,884
Total Financial Liabilities	28,710	39,297	46,642	114,649	92,780

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2017					
Financial Assets					
Cash & Equivalents	3,101	-	-	3,101	3,101
Receivables	2,187	33	38	2,258	2,100
Other Financial Assets	17	70	296	383	383
Total Financial Assets	5,305	103	334	5,742	5,584
Financial Liabilities					
Payables	20,904	10,719	11,151	42,774	16,756
Current Borrowings	6,500	-	-	6,500	6,500
Non-Current Borrowings	-	39,475	42,001	81,476	81,476
Total Financial Liabilities	27,404	50,194	53,152	130,750	104,732

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2018		30 June 2017	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	8.81%	-	8.81%	-
Other Variable Rates	3.73%	41,480	3.77%	20,325
Fixed Interest Rates	4.78%	81,476	4.81%	87,976
		122,956		108,301

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 14. Commitments for Expenditure

\$ '000	Notes	2018	2017
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		4,059	141
Infrastructure		6,040	13,857
Plant & Equipment		257	129
		<u>10,356</u>	<u>14,127</u>
These expenditures are payable:			
Not later than one year		10,356	14,127
		<u>10,356</u>	<u>14,127</u>
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		16	-
Waste Management Services		7,500	6,905
Employee Remuneration Contracts		13,357	15,907
Operating Leases		362	191
		<u>21,235</u>	<u>23,003</u>
These expenditures are payable:			
Not later than one year		14,224	12,749
Later than one year and not later than 5 years		7,011	10,254
		<u>21,235</u>	<u>23,003</u>

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 15. Financial Indicators

\$ '000	Amounts 2018	Indicator 2018	Prior Periods 2017	2016
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These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	<u>3,712</u>			
Total Operating Income	<u>100,144</u>	4%	9%	(4%)

This ratio expresses the operating surplus as a percentage of total operating revenue.

2. Net Financial Liabilities Ratio

Net Financial Liabilities	<u>134,918</u>			
Total Operating Income	<u>100,144</u>	135%	123%	126%

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Operating Surplus Ratio		4%	3%	2%
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Adjusted Net Financial Liabilities Ratio		135%	123%	126%
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3. Asset Sustainability Ratio

Net Asset Renewals	<u>15,397</u>			
Infrastructure & Asset Management Plan required expenditure	<u>17,640</u>	87%	79%	86%

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 16. Uniform Presentation of Finances

\$ '000	2018	2017
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	100,144	100,397
<i>less</i> Expenses	(96,432)	(91,611)
Operating Surplus / (Deficit)	3,712	8,786
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(16,641)	(15,709)
<i>add back</i> Depreciation, Amortisation and Impairment	18,132	17,277
<i>add back</i> Proceeds from Sale of Replaced Assets	1,244	1,035
Subtotal	2,735	2,603
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(28,034)	(32,990)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	6,201	7,029
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	3,400	162
Subtotal	(18,433)	(25,799)
Net Lending / (Borrowing) for Financial Year	(11,986)	(14,410)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 17. Operating Leases

\$ '000	2018	2017
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Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	860	427
Later than one year and not later than 5 years	1,719	827
Later than 5 years	960	1,015
	3,539	2,269

(ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased

No lease contains any escalation clause

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	188	154
Later than one year and not later than 5 years	174	37
	362	191

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 18. Superannuation

\$ '000

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 19. Interests in Other Entities

\$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2018	2017	2018	2017
Joint Ventures	(140)	(61)	7,685	7,879
Total	(140)	(61)	7,685	7,879

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2018	2017
Northern Adelaide Waste Management (NAWMA)	Waste Management	2,264	2,317
Gawler River Flood Management Authority (GRFMA)	Floodplain Management	5,421	5,562
Total Carrying Amounts - Joint Ventures & Associates		7,685	7,879

Northern Adelaide Waste Management (NAWMA)

The Northern Adelaide Waste Management Authority (NAWMA) manages recycling, waste collection and waste disposal for the City of Playford, City of Salisbury and Town of Gawler. Contributions are made towards waste collection, disposal and kerbside recycling and administration.

The City of Playford has a 33.54% equity interest in NAWMA year ended 30 June 2018, which is a increase from equity interest of 33.18% held year ended 30 June 2017. NAWMA has loan borrowings of \$8.5mil as at 30 June 2018. The City of Playfords equity in borrowings of \$8.5 mil is \$2.9 mil.

Gawler River Flood Management Authority (GRFMA)

The Gawler River Floodplain Management Authority (GRFMA) was established in August 2002 to construct, operate and maintain flood mitigation infrastructure in the Gawler River area. Contributions are made to the administrative expenses of the Authority.

The City of Playford has a 32.44% equity interest in GRFMA year ended 30 June 2018 (2017: 32.83%)

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2018	2017	2018	2017	2018	2017
Northern Adelaide Waste Management (NAWMA)	34%	33%	34%	33%	34%	33%
Gawler River Flood Management Authority (GRFMA)	32%	33%	32%	33%	17%	17%

City of Playford

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Northern Adelaide Waste Management (NAWMA)		Gawler River Flood Management Authority (GRFMA)	
	2018	2017	2018	2017
Opening Balance	2,317	2,335	5,562	5,639
Share in Operating Result	(65)	16	(75)	(77)
Share in Other Comprehensive Income	54	-	-	-
Adjustments to Equity	(42)	(34)	(66)	-
Council's Equity Share in the Joint Venture or Associate	2,264	2,317	5,421	5,562

(d). Share of Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

(ii) Operating Expenditures Payable	2018	2017
Not later than one year	14,766	9,620
Later than one year and not later than 5 years	56,300	9,881
Later than 5 years	11,232	57,422
	82,298	76,923

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

\$ '000

2018

2017

(i). Non Current Assets & Disposal Group Assets

- Assets Held for Sale	5,487	-
Total Non Current Assets & Disposal Group Assets	5,487	-

Executed contracts for sale of land, buildings and infrastructure. Settlement date scheduled within the next 12 months.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 879 km of road reserves of average width 15 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$14,544 (2017: \$5,044) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of two appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

5. INDENTURE

As part of the indenture entered into in July 1998 by the South Australian Housing Trust (SAHT) and Council, the SAHT have maintained a trust account. These monies are to be used to assist in refurbishment of the areas in which SAHT houses are concentrated. The current balance of this account is \$1.41 million (2017: \$1.39 million). At the time of expenditure Council assumes ownership of the asset.

Note 22. Events after the Balance Sheet Date

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 23. Related Party Transactions

\$ '000	2018	2017
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 48 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	4,596	4,116
Long-Term Benefits	20	20
Termination Benefits	17	22
Councillor Allowances	391	392
Total	5,024	4,550

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Planning and Building Application Fees	3	4
Reimbursements	1	5
Total	4	9

Two close family member of key management personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

Key management personnel or close family members (including related parties) lodged a total of six planning and building applications during the year. These people took no part in the assessment or approval process for these applications.

City of Playford

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 24. Council Information & Contact Details

Principal Place of Business:

10 Playford Boulevard
Elizabeth SA 5112

Contact Details

Mailing Address:

12 Bishopstone Road
Davoren Park SA 5113

Opening Hours:

9am-5pm
Monday to Friday

Telephone: 08 8256 0333

Facsimile: 08 8256 0578

Internet: www.playford.sa.gov.au

Email: playford@playford.sa.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Mal Hemmerling

Elected Members

MAYOR

Glenn Docherty

AUDITORS

Galpins
3 Kensington Road
Norwood South SA 5067

COUNCILLORS

Cr Adam Sherwood
Cr Agapios (Peter) Rentoulis
Cr Andrew Craig
Cr Denis Davey
Cr Dino Musolino
Cr Duncan MacMillan
Cr Esperanza(Jane) Onuzans
Cr Gay Smallwood-Smith
Cr Joe Federico
Cr Marilyn Baker
Cr Max O'Rielly
Cr Michael Joy
Cr Samantha Blake
Cr Shirley Halls

Other Information

ABN: 99 397 793 662

City of Playford

General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Financial Statements

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City of Playford

General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Financial Statements

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City of Playford

General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Internal Controls

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General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Internal Controls

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City of Playford

General Purpose Financial Statements for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Playford for the year ended 30 June 2018, the Council's Auditor, Galpins 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) *Local Government (Financial Management) Regulations 2011*.

Mal Hemmerling
CHIEF EXECUTIVE OFFICER

Damian Pulgies
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 2 October 2018

