

city of  
Victor Harbor



# GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ending 30 June 2021





**General Purpose Financial Statements**for the year ended 30 June 2021

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Contents	Page
<b>Council Certificate</b>	<b>3</b>
<b>Understanding Council's Financial Statements</b>	<b>4</b>
<b>Principal Financial Statements</b>	
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
<b>Notes to and forming part of the Principal Financial Statements</b>	<b>9</b>
<b>Independent Auditor's Report – Financial Statements</b>	<b>54</b>
<b>Independent Auditor's Report – Internal Controls</b>	<b>56</b>
<b>Certificates of Audit Independence</b>	
Council Certificate of Audit Independence	58
Audit Certificate of Audit Independence	59

# City of Victor Harbor

## General Purpose Financial Statements

for the year ended 30 June 2021

### Council Certificate

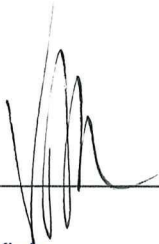
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#### Certification of Financial Statements

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

**In our opinion:**

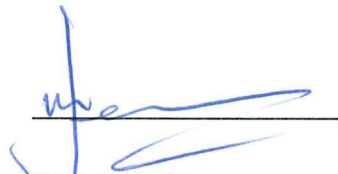
- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 and the results 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.



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Victoria MacKirdy  
**Chief Executive Officer**

01 November 2021



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Dr Moira Jenkins  
**Mayor**

01 November 2021

# City of Victor Harbor

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

#### About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true and fair view" of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

#### What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate 4 "primary" financial statements:

- 1. A Statement of Comprehensive Income**  
A summary of Council's financial performance for the year, listing all income and expenses.
- 2. A Balance Sheet**  
A 30 June snapshot of Council's financial position including its assets and liabilities.
- 3. A Statement of Changes in Equity**  
The overall change for the year (in dollars) of Council's "net wealth".
- 4. A Statement of Cash Flows**  
Indicates where Council's cash came from and where it was spent.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

#### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

#### About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

#### Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Council Members, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

Statement of Comprehensive Income  
for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Income</b>			
Rates	2a	23,569	22,887
Statutory Charges	2b	645	525
User Charges	2c	2,196	2,013
Grants, Subsidies and Contributions	2g	2,526	1,882
Investment Income	2d	52	36
Reimbursements	2e	888	860
Other income	2f	64	84
Net Gain - Equity Accounted Council Businesses	19(a)	-	33
<b>Total Income</b>		<u>29,940</u>	<u>28,320</u>
<b>Expenses</b>			
Employee costs	3a	9,905	10,010
Materials, Contracts and Other Expenses	3b	10,454	10,388
Depreciation, Amortisation and Impairment	3c	7,421	7,017
Finance Costs	3d	393	409
Net loss - Equity Accounted Council Businesses	19(a)	3,798	332
<b>Total Expenses</b>		<u>31,971</u>	<u>28,156</u>
<b>Operating Surplus / (Deficit)</b>		<u>(2,031)</u>	<u>164</u>
Physical Resources Received Free of Charge	2h	483	1,127
Asset Disposal & Fair Value Adjustments	4	(1,057)	(1,528)
Amounts Received Specifically for New or Upgraded Assets	2g	1,949	541
<b>Net Surplus / (Deficit)</b>		<u>(656)</u>	<u>304</u>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in Revaluation Surplus - I,PP&E	9a	29,599	2,948
<b>Total Amounts which will not be reclassified subsequently to operating result</b>		<u>29,599</u>	<u>2,948</u>
<b>Total Other Comprehensive Income</b>		<u>29,599</u>	<u>2,948</u>
<b>Total Comprehensive Income</b>		<u>28,943</u>	<u>3,252</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	1,863	1,816
Trade & Other Receivables	5b	1,407	1,331
Inventories	5c	336	341
<b>Total current assets</b>		<u>3,606</u>	<u>3,488</u>
<b>Non-current assets</b>			
Financial Assets	6a	211	318
Equity Accounted Investments in Council Businesses	6b	6,325	10,124
Other Non-Current Assets	6c	4,782	3,415
Infrastructure, Property, Plant & Equipment	7a(i)	304,535	272,966
<b>Total non-current assets</b>		<u>315,853</u>	<u>286,823</u>
<b>TOTAL ASSETS</b>		<u>319,459</u>	<u>290,311</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	3,490	5,897
Borrowings	8b	1,830	2,144
Provisions	8c	2,326	2,332
<b>Total Current Liabilities</b>		<u>7,646</u>	<u>10,373</u>
<b>Non-Current Liabilities</b>			
Borrowings	8b	8,255	5,142
Provisions	8c	292	489
<b>Total Non-Current Liabilities</b>		<u>8,547</u>	<u>5,631</u>
<b>TOTAL LIABILITIES</b>		<u>16,193</u>	<u>16,004</u>
<b>Net Assets</b>		<u>303,266</u>	<u>274,307</u>
<b>EQUITY</b>			
Accumulated surplus		67,536	67,052
Asset revaluation reserves	9a	234,791	206,377
Other reserves	9b	939	878
<b>Total Council Equity</b>		<u>303,266</u>	<u>274,307</u>
<b>Total Equity</b>		<u>303,266</u>	<u>274,307</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2021</b>					
Balance at the end of previous reporting period		67,052	206,377	878	274,307
Adjustments (Correction of Prior Period Errors)	24	(17)	33	–	16
Net Surplus / (Deficit) for Year	24	(656)	–	–	(656)
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	29,599	–	29,599
<b>Other comprehensive income</b>		–	<b>29,599</b>	–	<b>29,599</b>
<b>Total comprehensive income</b>		<b>(656)</b>	<b>29,599</b>	–	<b>28,943</b>
Transfers between Reserves		1,157	(1,218)	61	–
<b>Balance at the end of period</b>		<b>67,536</b>	<b>234,791</b>	<b>939</b>	<b>303,266</b>
<b>2020</b>					
Balance at the end of previous reporting period		67,021	203,429	605	271,055
Net Surplus / (Deficit) for Year	24	304	–	–	304
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	2,948	–	2,948
<b>Other comprehensive income</b>		–	<b>2,948</b>	–	<b>2,948</b>
<b>Total comprehensive income</b>		<b>304</b>	<b>2,948</b>	–	<b>3,252</b>
Transfers between Reserves		(273)	–	273	–
<b>Balance at the end of period</b>		<b>67,052</b>	<b>206,377</b>	<b>878</b>	<b>274,307</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows  
for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates Receipts		23,209	27,253
Statutory Charges		645	525
User Charges		2,372	1,812
Grants, Subsidies and Contributions		2,529	1,694
Investment Receipts		52	36
Reimbursements		950	774
Other Receipts		85	76
<u>Payments</u>			
Finance Payments		(411)	(414)
Payments to Employees		(9,928)	(9,986)
Payments for Materials, Contracts & Other Expenses		(14,002)	(10,082)
<b>Net cash provided by (or used in) Operating Activities</b>	11b	<b>5,501</b>	<b>11,688</b>
<b>Cash flows from investing activities</b>			
Amounts Received Specifically for New/Upgraded Assets		1,949	541
Sale of Replaced Assets		29	211
Repayments of Loans by Community Groups		162	636
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,332)	(4,187)
Expenditure on New/Upgraded Assets		(8,144)	(7,220)
<b>Net cash provided (or used in) investing activities</b>		<b>(8,336)</b>	<b>(10,019)</b>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		4,943	590
Proceeds from Bonds & Deposits		83	40
<u>Payments</u>			
Repayments of Borrowings		(2,063)	(961)
Repayment of Finance Lease Liabilities		(81)	(76)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>2,882</b>	<b>(407)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>47</b>	<b>1,262</b>
plus: Cash & Cash Equivalents at beginning of period		1,816	554
<b>Cash and cash equivalents held at end of period</b>	11a	<b>1,863</b>	<b>1,816</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to and forming part of the Principal Financial Statements  
for the year ended 30 June 2021

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2	Income	18
3	Expenses	21
4	Asset Disposal & Fair Value Adjustments	23
5	Current Assets	24
6	Non-Current Assets	25
7	Infrastructure, Property, Plant & Equipment	26
8	Liabilities	30
9	Reserves	31
10	Assets Subject to Restrictions	32
11	Reconciliation to Statement of Cash Flows	33
12(a)	Functions	34
12(b)	Components of Functions	35
13	Financial Instruments	36
14	Capital Expenditure and Investment Property Commitments	40
15	Financial Indicators	41
16	Uniform Presentation of Finances	42
17	Leases	43
18	Superannuation	45
19(a)	Interests in Other Entities	46
19(b)	Controlled Entities	48
20	Non-Current Assets Held for Sale & Discontinued Operations	49
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	50
22	Events after the Balance Sheet Date	51
23	Related Party Transactions	52
24	Equity – Retained Earnings and Revaluation Reserves Adjustments	53

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies

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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.

##### 1.2 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.

##### 1.3 Estimates and assumptions

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health. Examples include additional personal protective equipment, cleaning and sanitising products.

COVID-19 is not expected to have a significant financial impact on Council operations in the 2021/22 above amounts taken into account during the development of the budget assuming that no harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

##### 1.4 Rounding

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

#### (2) The Local Government Reporting Entity

The City of Victor Harbor is incorporated under the *South Australian Local Government Act 1999* and has its principal place of business at 1 Bay Road, Victor Harbor. These consolidated 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.

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

1. Victor Harbor Horse Tram Authority (100% Ownership Interest / 100% Voting Power)

Other entities in which Council has an interest but does not control are reported in Note 19.

# City of Victor Harbor

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

#### (3) Income Recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

Year	Cash Payment Received	Annual Allocation	Difference
2018/19	\$600,773	\$604,611	(\$3,838)
2019/20	\$651,756	\$614,595	\$37,161
2020/21	\$608,696	\$630,632	(\$21,936)

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 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.

#### Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### (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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

#### (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.

#### (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.

Buildings - new construction/extensions	\$10,000
Roads, Drainage & Other Infrastructure	\$10,000
Plant & Machinery	\$5,000
Minor Plant & Tools	\$1,000
Reserve Furniture & Equipment	\$1,000
Office Furniture & Equipment	\$1,000

##### 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 the Financial Statements

for the year ended 30 June 2021

## 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.

**Plant, Furniture & Equipment**

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

**Building & Other Structures**

Buildings & Other Structures	10 to 100 years
Park Furniture	20 to 40 years
Walkways & Trails	15 to 30 years
Playground equipment	5 to 15 years
Plant & Machinery	2 to 20 years
ICT Equipment	2 to 10 years
Office Furniture	5 to 10 years

**Infrastructure**

Sealed Roads	16 to 60 years
Unsealed Roads	10 to 15 years
Bridges – Concrete	80 to 100 years
Traffic Devices	20 to 45 years
Stormwater Drainage	80 to 100 years
Footpaths	30 to 50 years
Kerbing	60 to 70 years

**Other Assets**

Artworks	indefinite
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**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, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 1. Summary of Significant Accounting Policies (continued)

**(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 initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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".

**(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 oncosts) 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 oncosts) 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.

Weighted avg. discount rate 2020/21 = 0.50% (2019/20, 0.34%)

Weighted avg. settlement period 2020/21 = 5 years (2019/20, 5 years)

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 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 Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

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#### (10) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### 10.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property - 2 to 16 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

##### ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

##### iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis 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 interests in cooperative arrangements, which are only recognised if material, are accounted for 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.

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 1. Summary of Significant Accounting Policies (continued)

**(13) New accounting standards and UIG interpretations**

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to AASB 101 and AASB 108 Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Council.

**Amendments to AASB 16 Covid-19 Related Rent Concessions**

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. This amendment had no impact on the consolidated financial statements of the Group.

**Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

**Effective for NFP annual reporting periods beginning on or after 1 January 2022**

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

**Effective for NFP annual reporting periods beginning on or after 1 January 2023**

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.

**Notes to the Financial Statements**

for the year ended 30 June 2021

**Note 1. Summary of Significant Accounting Policies (continued)**

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**(14) Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts have been reclassified or individually reported within these financial statements and/or the notes.

Rates in Advance - a prior period adjustment has been processed to correctly classify amounts received as a liability. The amount is not considered material and with correct treatment moving forward no further adjustments are anticipated.

Equity Statement has seen an adjustment for correction of prior years errors, with adjustments items identified as Victor Harbor Horse Tram Authority equity and Work In Progress (2017/18).

**(15) Disclaimer**

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



Notes to the Financial Statements  
for the year ended 30 June 2021

Note 2. Income

\$ '000	2021	2020
<b>(a) Rates</b>		
<b>General Rates</b>		
General Rates	23,387	22,728
Less: Mandatory Rebates	(249)	(243)
Less: Discretionary Rebates, Remissions & Write Offs	(37)	(39)
<b>Total General Rates</b>	<b>23,101</b>	<b>22,446</b>
<b>Other Rates (Including Service Charges)</b>		
Natural Resource Management Levy	405	401
<b>Total Other Rates (Including Service Charges)</b>	<b>405</b>	<b>401</b>
<b>Other Charges</b>		
Penalties for Late Payment	63	35
Legal & Other Costs Recovered	-	5
<b>Total Other Charges</b>	<b>63</b>	<b>40</b>
<b>Total Rates</b>	<b>23,569</b>	<b>22,887</b>
<b>(b) Statutory Charges</b>		
Development Act & Town Planning Fees	360	232
Health & Septic Tank Inspection Fees	22	14
Animal Registration Fees & Fines	143	143
Parking Fines / Expiation Fees	36	84
Search Fees	69	45
Other Statutory Charges	15	7
<b>Total Statutory Charges</b>	<b>645</b>	<b>525</b>
<b>(c) User Charges</b>		
Cemetery/Crematoria Fees	164	154
Parking Fees	141	101
Caravan Park	251	248
Community Transport	96	105
Recreation Centre	69	51
Whale Centre	87	134
Tourism Marketing & Sales	592	595
Other Leases, Hire & Rentals	282	194
Other User Charges	72	37
Horse Drawn Tram (Note 19)	442	394
<b>Total User Charges</b>	<b>2,196</b>	<b>2,013</b>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
<b>(d) Investment Income</b>		
Interest on Investments		
- Local Government Finance Authority	23	22
- Banks & Other	1	6
- Loans to Community Groups	28	8
<b><u>Total Investment Income</u></b>	<b><u>52</u></b>	<b><u>36</u></b>
<b>(e) Reimbursements</b>		
Private Works	5	6
Council Contributions	616	531
Employee Reimbursements	6	8
Utilities, Insurance and Cleaning	69	66
Other Reimbursements	192	249
<b><u>Total Reimbursements</u></b>	<b><u>888</u></b>	<b><u>860</u></b>
<b>(f) Other income</b>		
Sundry	56	60
Donations and Contributions	8	24
<b><u>Total Other income</u></b>	<b><u>64</u></b>	<b><u>84</u></b>
<b>(g) Grants, Subsidies, Contributions</b>		
Amounts Received Specifically for New or Upgraded Assets	1,949	541
<b><u>Total Amounts Received Specifically for New or Upgraded Assets</u></b>	<b><u>1,949</u></b>	<b><u>541</u></b>
Untied - Financial Assistance Grants	269	290
Roads to Recovery & LRCI Program	916	274
Other Grants, Subsidies and Contributions	1,001	957
Individually Significant Item - Additional Grants Commission Payment (refer below)	340	361
<b><u>Total Other Grants, Subsidies and Contributions</u></b>	<b><u>2,526</u></b>	<b><u>1,882</u></b>
<b><u>Total Grants, Subsidies, Contributions</u></b>	<b><u>4,475</u></b>	<b><u>2,423</u></b>
The functions to which these grants relate are shown in Note 12.		
<b>(i) Sources of grants</b>		
Commonwealth Government	2,133	1,543
State Government	2,090	790
Other	252	90
<b>Total</b>	<b><u>4,475</u></b>	<b><u>2,423</u></b>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
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**(ii) Individually Significant Items**

Grant Commission (FAG) Grant Recognised as Income	340	361
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The above amount was a prepayment of part of Council's 2020/21 Grant Commission (FAG) Grant.

**(h) Physical Resources Received Free of Charge**

Roads, Bridges & Footpaths	277	666
Stormwater Drainage	130	317
Kerbing	76	121
Open Space	-	23
<b>Total Physical Resources Received Free of Charge</b>	<b>483</b>	<b>1,127</b>

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 3. Expenses

\$ '000	Notes	2021	2020
<b>(a) Employee costs</b>			
Salaries and Wages		7,864	8,059
Employee Leave Expense		1,192	1,103
Superannuation - Defined Contribution Plan Contributions	18	767	712
Superannuation - Defined Benefit Plan Contributions	18	125	134
Workers' Compensation Insurance		195	238
Other Employee Related Costs		225	181
Less: Capitalised and Distributed Costs		(463)	(417)
<b>Total Operating Employee Costs</b>		<b>9,905</b>	<b>10,010</b>
Total Number of Employees (full time equivalent at end of reporting period)		106	104
<b>(b) Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		9	17
Elected Members' Expenses		206	203
Election Expenses		5	5
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		81	119
<b>Subtotal - Prescribed Expenses</b>		<b>301</b>	<b>344</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		1,495	1,527
Legal Expenses		136	144
Levies Paid to Government - Landscape Levy		405	402
Levies - Other		49	30
Professional Services		738	413
Materials		579	708
Energy, Fuel and Water		726	1,096
Insurances		504	472
Waste and Cleaning Services		1,913	2,042
Information and Communications		802	750
Donations and Contributions		220	194
Regional Board Contributions		416	359
Horse Drawn Tram (Note 19)		735	784
Sundry		1,435	1,123
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>10,153</b>	<b>10,044</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>10,454</b>	<b>10,388</b>
<b>(vi) Individually significant items</b>			
<b>Fleurieu Regional Waste Authority (FRWA)</b>		3,446	-

In March 2021, FRWA undertook testing of its recycled road base materials at the Goolwa Waste Recycling Depot and found that the stockpile contained asbestos.

FRWA notified the South Australian Environment Protection Authority in March 2021 and engaged a consultant to assist in the coordination and removal of

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

materials containing asbestos from identified properties in South Australia, in accordance with specific remediation plans.

FRWA raised a provision for remediation costs of \$9,877,286 at 30 June 2021 representing the Board's best estimate of the costs that may be incurred in relation to the coordination and removal of material containing asbestos from identified properties.

The City of Victor, as at 30 June 2021, holds a 35% equity share of FRWA and as such has incurred a book entry net loss of \$3,446,927.

\$ '000	2021	2020
<b>(c) Depreciation, Amortisation and Impairment</b>		
<b>(i) Depreciation and Amortisation</b>		
Buildings & Other Structures	1,218	970
Infrastructure		
- Sealed Roads	2,263	2,246
- Unsealed Roads	444	467
- Stormwater Drainage	523	508
- Kerbing	310	306
- Footpaths	324	303
- Bridges	305	301
- Open Space	657	636
- Carparks & Traffic	263	224
- Other Infrastructure	172	119
Right-of-use Assets	86	86
Plant & Equipment	523	608
Furniture & Fittings	85	88
Library Books	154	155
Goodwill (Victa Cinema)	21	-
<b>Subtotal</b>	<b>7,348</b>	<b>7,017</b>
<b>(ii) Impairment</b>		
Goodwill (Victa Cinema)	73	-
<b>Subtotal</b>	<b>73</b>	<b>-</b>
<b>Total Depreciation, Amortisation and Impairment</b>	<b>7,421</b>	<b>7,017</b>
<b>(d) Finance Costs</b>		
Interest on Loans	380	394
Charges on Operating Finance Leases	13	15
<b>Total Finance Costs</b>	<b>393</b>	<b>409</b>



Notes to the Financial Statements  
for the year ended 30 June 2021

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
<b>Infrastructure, Property, Plant &amp; Equipment</b>		
<b>(i) Assets Renewed or Directly Replaced</b>		
Proceeds from Disposal	29	211
Less: Carrying Amount of Assets Sold	(1,086)	(1,739)
<b>Gain (Loss) on Disposal</b>	<u>(1,057)</u>	<u>(1,528)</u>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<u>(1,057)</u>	<u>(1,528)</u>

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 5. Current Assets

\$ '000	2021	2020
<b>(a) Cash &amp; Cash Equivalent Assets</b>		
Cash on Hand at Bank	139	687
Deposits at Call	1,724	1,129
<b><u>Total Cash &amp; Cash Equivalent Assets</u></b>	<b><u>1,863</u></b>	<b><u>1,816</u></b>
<b>(b) Trade &amp; Other Receivables</b>		
Rates - General & Other	794	635
Council Rates Postponement Scheme	164	137
Accrued Revenues	238	30
Debtors - General	109	279
Other Levels of Government	12	15
GST Recoupment	33	35
Prepayments	28	118
Loans to Community Organisations	27	82
Other - Victa Cinema Distributer Bonds	2	-
<b>Subtotal</b>	<b><u>1,407</u></b>	<b><u>1,331</u></b>
<b><u>Total Trade &amp; Other Receivables</u></b>	<b><u>1,407</u></b>	<b><u>1,331</u></b>
<b>(c) Inventories</b>		
Stores & Materials	297	298
Trading Stock	39	43
<b><u>Total Inventories</u></b>	<b><u>336</u></b>	<b><u>341</u></b>

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 6. Non-Current Assets

\$ '000	2021	2020
<b>(a) Financial Assets</b>		
<b>Receivables</b>		
Loans to Community Organisations	211	318
<b>Subtotal</b>	<b>211</b>	<b>318</b>
<b>Total Receivables</b>	<b>211</b>	<b>318</b>
<b>Total Financial Assets</b>	<b>211</b>	<b>318</b>

\$ '000	Notes	2021	2020
<b>(b) Equity Accounted Investments in Council Businesses</b>			
Fleurieu Regional Aquatic Centre Authority	19(a)i	9,466	9,818
Fleurieu Regional Waste Authority	19i	(3,141)	306
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>6,325</b>	<b>10,124</b>

**(c) Other Non-Current Assets****Other**

Capital Works-in-Progress	4,782	3,415
<b>Total Other</b>	<b>4,782</b>	<b>3,415</b>
<b>Total Other Non-Current Assets</b>	<b>4,782</b>	<b>3,415</b>

**Disclosure****Intangible Assets**

During the 2020/21 financial year, Council purchased the Victa Cinema including the land, building, furniture and fittings, plant and equipment and the business itself. The purchase of the business is represented as Goodwill within the statements and whilst classification as an intangible asset would normally see reporting in Note 6 - it has been included in Note (7a) for ease of presentation to users of the Financial Statements to adequately disclose the purchase, impairment and future amortisation.

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment

(a(i)) Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/06/20				Asset movements during the reporting period						as at 30/06/21			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land - Community	3	33,864	1,381	–	35,245	–	–	–	–	–	13,178	48,423	–	–	48,423
Land - Other	2	15,997	–	–	15,997	856	–	–	–	–	212	16,209	856	–	17,065
Buildings & Other Structures	3	40,676	1,640	(19,676)	22,640	1,132	113	(54)	(1,210)	–	16,522	53,645	1,245	(15,747)	39,143
Buildings & Other Structures Infrastructure	2	813	32	(432)	413	38	–	(38)	(8)	–	(363)	401	–	(359)	42
- Sealed Roads	3	94,906	3,375	(27,262)	71,019	126	992	(167)	(2,263)	–	22	94,931	4,143	(29,346)	69,728
- Unsealed Roads	3	8,301	312	(3,687)	4,926	–	157	(72)	(444)	–	–	8,301	261	(3,995)	4,567
- Stormwater Drainage	3	53,986	4,121	(14,820)	43,287	992	96	(86)	(523)	–	18	59,732	–	(15,947)	43,785
- Kerbing	3	23,889	881	(7,788)	16,982	445	189	(137)	(310)	–	10	23,900	1,315	(8,036)	17,179
- Footpaths	3	11,508	1,339	(3,929)	8,918	1,687	336	(143)	(324)	–	–	11,508	3,094	(4,129)	10,473
- Bridges	3	26,878	–	(4,800)	22,078	–	–	–	(305)	–	–	26,878	–	(5,105)	21,773
- Open Space	3	15,657	1,447	(5,028)	12,076	1,728	152	(59)	(657)	–	–	15,657	3,236	(5,654)	13,239
- Carparks & Traffic	3	9,481	1,743	(2,736)	8,488	485	–	–	(263)	–	–	9,481	2,228	(2,999)	8,710
- Other Infrastructure	3	–	5,614	(1,557)	4,057	126	9	–	(172)	–	–	–	5,749	(1,729)	4,020
Right-of-Use Assets		491	–	(86)	405	–	–	–	(86)	–	–	491	–	(172)	319
Plant & Equipment		–	9,799	(4,962)	4,837	216	270	(10)	(523)	–	–	–	10,171	(5,380)	4,791
Furniture & Fittings		–	2,138	(1,368)	770	23	19	–	(85)	–	–	–	2,181	(1,453)	728
Library Books		–	1,097	(623)	474	–	–	(320)	(154)	–	–	–	–	–	–
Artworks	3	354	–	–	354	–	–	–	–	–	–	354	–	–	354
Goodwill (Victa Cinema)		–	–	–	–	290	–	–	(21)	(73)	–	–	290	(94)	196
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>336,801</b>	<b>34,919</b>	<b>(98,754)</b>	<b>272,966</b>	<b>8,144</b>	<b>2,333</b>	<b>(1,086)</b>	<b>(7,348)</b>	<b>(73)</b>	<b>29,599</b>	<b>369,911</b>	<b>34,769</b>	<b>(100,145)</b>	<b>304,535</b>
Comparatives		334,273	25,401	(92,641)	267,033	7,062	4,188	(1,738)	(7,017)	–	2,948	336,801	34,919	(98,754)	272,966

# City of Victor Harbor

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

#### (b) Valuation of Infrastructure, Property, Plant & Equipment

##### 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.

**Intangible Assets** - Goodwill relates to the purchase of the Victa Cinema business.

Whilst Goodwill is not classified as Infrastructure, Property, Plant and Equipment, it has been included in Note (7a) for ease of presentation to users of the Financial Statements and to adequately disclose the purchase, impairment and future amortisation of the Goodwill.

##### Information on Valuations

Fair value hierarchy level 2 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.

Fair value hierarchy level 3 valuations of land - 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.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - 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. Accordingly, formal sensitivity analysis does not provide useful information.

Transfers between fair value hierarchy levels

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

##### 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.

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



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

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

The following non financial assets of Council are being utilised at other than their highest and best use:

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1991. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provincial services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure "highest and best use" is determined in accordance with the land on and in which they are situated

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. Other adjustments for found or re-measured assets not included below have been processed against the revelation reserve as shown in Note 7 and do not represent a formal revaluation of these asset classes.

#### Capitalisation Thresholds

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Buildings	\$10,000
Roads, Drainage and other infrastructure	\$10,000
Plant and Machinery	\$5,000
Reserve Furniture and Equipment	\$1,000
Office Furniture and Equipment	\$1,000
Minor Plant and Loose Tools	\$1,000

#### Estimated Useful Lives

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of a greater or lesser amount:

Buildings and Other Structures	10 to 100 years
Sealed Roads	16 to 60 years
Unsealed Roads	10 to 15 years
Kerbing	60 to 70 years
Footpaths	30 to 50 years
Bridges	80 to 100 years
Traffic Devices	20 to 45 years
Stormwater Drainage	80 to 100 years
Open Space Furniture and Playgrounds	15 to 50 years
Plant and Machinery	2 to 20 years
Office Furniture and Library	2 to 10 years
Artworks	indefinite

# City of Victor Harbor

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

#### Asset Revaluations

##### Land & Land Improvements

- Basis of valuation: Fair Value
- Date of valuation: 1 July 2020
- Valuer: Public Private Property

The next scheduled revaluation of these assets is to be undertaken in **2024/25**

##### Buildings

- Basis of valuation: Fair Value / Market Value
- Date of valuation: 1 July 2020
- Valuer: Public Private Property

The next scheduled revaluation of these assets is to be undertaken in **2024/25**

##### Infrastructure

###### Car Parks and Traffic Devices

- Basis of valuation: Fair Value / At Cost
- Date of valuation: 30 June 2019
- Valuer: City of Victor Harbor and verified by Assetic Pty Ltd

The next scheduled revaluation of these assets is to be undertaken in **2021/22**

###### Open Space

- Basis of valuation: Fair Value / At Cost
- Date of valuation: 30 June 2018
- Valuer: City of Victor Harbor and verified by Assetic Pty Ltd

The next schedule revaluation of these assets is to be undertaken in **2022/23**

###### Roads, Kerbs and Footpaths

- Basis of valuation: Fair Value / At Cost
- Date of valuation: 30 June 2018
- Valuer: City of Victor Harbor and verified by Assetic Pty Ltd

The next scheduled revaluation of these assets is to be undertaken in **2021/22**

###### Bridges

- Basis of valuation: Fair Value / At Cost
- Date of valuation: 30 June 2020
- Valuer: City of Victor Harbor

The next scheduled revaluation of these assets is to be undertaken in **2021/22**

###### Other Infrastructure

These assets are recognised at cost

##### Plant & Equipment

These assets are recognised at cost.

##### Furniture & Fittings

###### Artworks

- Basis of valuation: Fair Value
- Date of Valuation: 1 July 2019
- Valuer: Theodore Bruce Auctions

The next scheduled revaluation of these assets is to be undertaken in **2024/25**

###### Library Books

Library books were historically capitalised in bulk and written out when fully depreciated.

As at 30 June 2021, library books are no longer recognised as an asset for accounting purposes and will be expensed at the point of purchase.

All other assets are recognised at cost.

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(a) Trade and Other Payables</b>				
Goods & Services	1,971	–	3,000	–
Payments Received in Advance	995	–	2,648	–
Accrued Expenses - Employee Entitlements	79	–	83	–
Accrued Expenses - Finance Costs	61	–	79	–
Accrued Expenses - Other	256	–	42	–
Deposits, Retentions & Bonds	128	–	45	–
<b><u>TOTAL Trade and Other Payables</u></b>	<b><u>3,490</u></b>	<b><u>–</u></b>	<b><u>5,897</u></b>	<b><u>–</u></b>

\$ '000	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(b) Borrowings</b>					
Loans		1,746	8,005	2,063	4,808
Lease Liabilities	17b	84	250	81	334
<b><u>TOTAL Borrowings</u></b>		<b><u>1,830</u></b>	<b><u>8,255</u></b>	<b><u>2,144</u></b>	<b><u>5,142</u></b>

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

**(c) Provisions**

Long Service Leave	1,170	138	1,097	119
Annual Leave	1,146	–	1,213	–
Landfill Depot Remediation Liability	10	154	22	370
<b><u>TOTAL Provisions</u></b>	<b><u>2,326</u></b>	<b><u>292</u></b>	<b><u>2,332</u></b>	<b><u>489</u></b>

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 9. Reserves

\$ '000	as at 30/06/20		Transfers	Impairments	as at 30/06/21	
	Opening Balance	Increments (Decrements)			Closing Balance	
<b>(a) Asset Revaluation Reserve</b>						
Land - Community	34,520	13,178	-	-		47,698
Land - Other	1,220	212	-	-		1,432
Buildings & Other Structures Infrastructure	17,946	16,159	-	-		34,105
- Roads	72,110	22	-	-		72,132
- Stormwater Drainage	28,889	18	-	-		28,907
- Kerbing	8,436	10	-	-		8,446
- Footpaths	6,092	-	-	-		6,092
- Bridges	19,595	-	-	-		19,595
- Open Space	10,047	-	-	-		10,047
- Carparks & Traffic	4,623	-	-	-		4,623
- Other Infrastructure	1,536	-	-	-		1,536
Plant & Equipment	(21)	-	21	-		-
Furniture & Fittings	(12)	-	12	-		-
Library Books	1,219	-	(1,219)	-		-
Artworks	177	-	-	-		177
<b>Total Asset Revaluation Reserve</b>	<b>206,377</b>	<b>29,599</b>	<b>(1,186)</b>	<b>-</b>		<b>234,790</b>
Comparatives	203,429	2,948	-	-		206,377

\$ '000	as at 30/06/20		Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/21	
	Opening Balance					Closing Balance	
<b>(b) Other Reserves</b>							
Car Park Development	2	-	-	-	-		2
Developers Contributions	277	1	-	-	-		278
Economic Development	423	348	(287)	-	-		484
Open Space	141	1	-	-	-		142
Renewable Energy	35	-	(2)	-	-		33
<b>Total Other Reserves</b>	<b>878</b>	<b>350</b>	<b>(289)</b>	<b>-</b>	<b>-</b>		<b>939</b>
Comparatives	605	432	(159)	-	-		878

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 9. Reserves (continued)

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#### 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) and adjustments for found or re-measured assets.

##### **Car Park Development**

Developer Contributions are used for planning, design and construction of car parking facilities within the prescribed area.

##### **Developers Contributions**

Developer contributions are used for the construction of footpaths, drainage and other infrastructure.

##### **Economic Development**

From commercial/industrial rates and used for economic development initiatives including tourism.

##### **Renewable Energy**

Contributions from solar programs participants and contractors and used for renewable energy initiatives.

##### **Open Space**

Monies held from creation of sub-divisions to be utilised for future open space projects.

### Note 10. Assets Subject to Restrictions

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Council does not hold any assets subject to restrictions



Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
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(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	1,863	1,816
<b>Balances per Statement of Cash Flows</b>		<b>1,863</b>	<b>1,816</b>

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

<b>Net Surplus/(Deficit)</b>		<b>(656)</b>	<b>304</b>
<b>Non-Cash Items in Income Statements</b>			
Depreciation, Amortisation & Impairment		7,421	7,017
Equity Movements in Equity Accounted Investments (Increase)/Decrease		3,404	299
Non-Cash Asset Acquisitions		(483)	(1,127)
Grants for capital acquisitions treated as Investing Activity		(1,949)	(541)
Net (Gain) Loss on Disposals		1,057	1,528
Other Adjustments - Non Cash Items		(474)	-
		<b>8,320</b>	<b>7,480</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		(131)	1,285
Net (Increase)/Decrease in Inventories		5	(8)
Net Increase/(Decrease) in Trade & Other Payables		(2,964)	2,984
Net Increase/(Decrease) in Other Provisions		(203)	(53)
Net Increase/(Decrease) in Other Liabilities		474	-
<b>Net Cash provided by (or used in) operations</b>		<b>5,501</b>	<b>11,688</b>

\$ '000	Notes	2021	2020
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(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical Resources Received Free of Charge	2h	483	1,127
<b>Amounts recognised in Income Statement</b>		<b>483</b>	<b>1,127</b>
<b>Total Non-Cash Financing and Investing Activities</b>		<b>483</b>	<b>1,127</b>

(d) Financing Arrangements

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

Corporate Credit Cards	36	31
LGFA Cash Advance Debenture Facility	13,055	10,255

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

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  
Details of these Functions/Activities are provided in Note 12(b).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions/Activities</b>										
Business Undertakings	1,280	1,152	1,736	1,552	(456)	(400)	–	–	10,351	11,568
Community Services	1,855	1,721	2,646	2,337	(791)	(616)	800	785	6,264	1,775
Culture	546	192	1,522	1,401	(976)	(1,209)	485	127	550	828
Economic Development	509	635	1,134	1,568	(625)	(933)	320	–	–	131
Environment	48	25	7,565	4,725	(7,517)	(4,700)	32	–	43,785	43,288
Recreation	154	162	2,903	2,317	(2,749)	(2,155)	5	25	26,454	18,458
Regulatory Services	583	481	2,425	1,738	(1,842)	(1,257)	–	–	246	26
Transport & Communication	284	282	4,730	4,361	(4,446)	(4,079)	274	273	132,482	132,410
Plant Hire & Depot/Indirect	56	8	2,013	1,946	(1,957)	(1,938)	–	–	4,548	3,823
Unclassified Activities	218	184	1,156	1,340	(938)	(1,156)	–	–	78,449	63,583
Council Administration	233	322	4,141	4,871	(3,908)	(4,549)	1	20	16,330	14,421
Revenue	24,174	23,156	–	–	24,174	23,156	609	652	–	–
<b>Total Functions/Activities</b>	<b>29,940</b>	<b>28,320</b>	<b>31,971</b>	<b>28,156</b>	<b>(2,031)</b>	<b>164</b>	<b>2,526</b>	<b>1,882</b>	<b>319,459</b>	<b>290,311</b>

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

**Notes to the Financial Statements**

for the year ended 30 June 2021

**Note 12(b). Components of Functions**

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The activities relating to Council functions are as follows:

**BUSINESS UNDERTAKINGS**

Caravan Parks, Victa Cinema, Private Works, Horse Drawn Tram and Whale Centre.

**COMMUNITY SERVICES**

Crime Prevention, Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Health Services, Community Support, Senior Citizens Facilities, Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Cemeteries, Public Conveniences, Car Parking and Star Club.

**CULTURE**

Library Services, Town Hall and Other Cultural Services.

**ECONOMIC DEVELOPMENT**

Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

**ENVIRONMENT**

Waste Services, Coastal Protection, Environment Projects, Stormwater Drainage, Natural Resource Management, Street Cleaning, Street Lighting and Streetscaping.

**RECREATION**

Parks and Gardens, Indoor and Outdoor Sporting Facilities.

**REGULATORY SERVICES**

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

**TRANSPORT**

Bridges, Community Bus Service, Footpaths and Kerbing, Roads – sealed and unsealed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

**PLANT HIRE & DEPOT**

Plant and Machinery, Depot and Indirect Works.

**UNCLASSIFIED ACTIVITIES**

Other Property, Loans and Interest.

**COUNCIL ADMINISTRATION**

Governance, Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose and Rates Administration.

**REVENUE**

General Rates, Separate Rates, LG Grants Commission.

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 13. Financial Instruments

**Recognised Financial Instruments****Bank, Deposits at Call, Short Term Deposits****Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

**Terms & Conditions:**

Deposits are returning fixed interest rates between **0.30%** and **0.45%** (2020: 0.45% and 1.25%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

**Receivables - Rates & Associated Charges****Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & Conditions:**

Secured over the subject land, arrears attract interest of 5.05% (2020: 5.2%). 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:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**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).

**Receivables - Other Levels of Government****Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & Conditions:**

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

**Carrying Amount:**

Approximates fair value.

**Notes to the Financial Statements**

for the year ended 30 June 2021

**Note 13. Financial Instruments (continued)**

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**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:**

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable half yearly for fixed rate loans and periodically within the term for variable (Cash Advance Debenture) borrowing; interest is charged at fixed rates between **4.40%** and **6.75%** (2020 4.40% and 6.75%), and variable rates between **1.30%** and **2.20%** (2020 1.30% and 2.05%).

**Carrying Amount:**

Approximates fair value.

**Liabilities - Leases****Accounting Policy:**

Accounted for in accordance with AASB 16 as stated in Note 17.



Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>					
<b>2021</b>					
Cash & Cash Equivalents	1,863	–	–	1,863	1,863
Receivables	1,391	–	–	1,391	1,379
Other Financial Assets	–	129	141	270	211
<b>Total Financial Assets</b>	<b>3,254</b>	<b>129</b>	<b>141</b>	<b>3,524</b>	<b>3,453</b>
<b>Financial Liabilities</b>					
Payables	2,495	–	–	2,495	2,495
Current Borrowings	2,003	–	–	2,003	1,746
Non-Current Borrowings	–	7,399	1,446	8,845	8,005
Leases	93	94	218	405	333
<b>Total Financial Liabilities</b>	<b>4,591</b>	<b>7,493</b>	<b>1,664</b>	<b>13,748</b>	<b>12,579</b>
<b>2020</b>					
Cash & Cash Equivalents	1,816	–	–	1,816	1,816
Receivables	1,225	–	–	1,225	1,213
Other Financial Assets	–	208	195	403	318
<b>Total Financial Assets</b>	<b>3,041</b>	<b>208</b>	<b>195</b>	<b>3,444</b>	<b>3,347</b>
<b>Financial Liabilities</b>					
Payables	3,249	–	–	3,249	3,249
Current Borrowings	2,372	–	–	2,372	2,063
Non-Current Borrowings	–	3,742	1,699	5,441	4,808
Leases	93	165	240	498	415
<b>Total Financial Liabilities</b>	<b>5,714</b>	<b>3,907</b>	<b>1,939</b>	<b>11,560</b>	<b>10,535</b>

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.34%	10,085	5.58%	7,286
		<b>10,085</b>		<b>7,286</b>

**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 the Financial Statements

for the year ended 30 June 2021

## Note 13. Financial Instruments (continued)

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**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 impairment. 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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
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(a) Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Buildings	83	–
Infrastructure	182	240
	265	240

These expenditures are payable:

Not later than one year	265	240
	265	240

(b) Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	–	57
Employee Remuneration Contracts	–	3,698
Street Sweeping	–	–
Asset Maintenance	–	232
Security Services	–	127
Other	–	68
	–	4,182

These expenditures are payable:

Not later than one year	–	4,182
	–	4,182

Disclosure:

Reporting in relation to various operating contracts within this section is no longer reported as they do not meet the criteria of commitments in relation to properties.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
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Financial Indicators overview

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	(6.8)%	0.6%	0.5%
Total Operating Income			

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

**2. Net Financial Liabilities Ratio**

Net Financial Liabilities	42%	44%	32%
Total Operating Income			

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**

Operating Surplus	(6.7)%	0.4%	(0.7)%
Total Operating Income			

**Adjusted Net Financial Liabilities Ratio**

Net Financial Liabilities	42%	44%	33%
Total Operating Income			

**3. Asset Renewal Funding Ratio**

Asset Renewals	54%	97%	77%
Infrastructure & Asset Management Plan required expenditure			

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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
<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	29,940	28,320
less Expenses	(31,971)	(28,156)
<b>Operating Surplus / (Deficit)</b>	<b>(2,031)</b>	<b>164</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(2,332)	(4,187)
add back Depreciation, Amortisation and Impairment	7,421	7,017
add back Proceeds from Sale of Replaced Assets	29	211
	<b>5,118</b>	<b>3,041</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(8,144)	(7,220)
add back Amounts Received Specifically for New and Upgraded Assets	1,949	541
	<b>(6,195)</b>	<b>(6,679)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(3,108)</b>	<b>(3,474)</b>

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 17. Leases

## (i) Council as a lessee

## Terms and conditions of leases

## Property Leases

Council has recognised the following two (2) Right of Use leases as at 1 July 2020:

The portion of the Victor Harbor Foreshore Reserve known as the Visitor Information Centre. Council holds a lease over this property until 28 July 2022, with fixed monthly repayments subject to annual review; and

The portion of land known as the Civic Centre carpark, which provides a first ten (10) year right of renewal through to 30 September 2026, and a further second right of renewal commencing 1 October 2026 expiry 30 September 2036. Annual rent is payable in monthly instalments, with an annual CPI increment. Council has valued this Right of Use Asset on the basis that the second right of renewal will be taken up.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

## (a) Right of use assets

\$ '000	Ready to use	Total
<b>2021</b>		
Opening balance	405	405
Depreciation charge	(86)	(86)
<b>Balance at 30 June</b>	<b>319</b>	<b>319</b>
<b>2020</b>		
Opening balance	491	491
Depreciation charge	(86)	(86)
<b>Balance at 30 June</b>	<b>405</b>	<b>405</b>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2021	2020
Balance at 1 July	414	491
Accretion of interest	13	15
Payments	(93)	(92)
<b>Balance at 30 June</b>	<b>334</b>	<b>414</b>
<b>Classified as:</b>		
Current	84	80
Non Current	250	334

The maturity analysis of lease liabilities is included in Note 13.

The Group had total cash outflows for leases of \$92,050.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	86	86
Interest expense on lease liabilities	13	15
<b>Total amount recognised in profit or loss</b>	<b>99</b>	<b>101</b>

(ii) Council as a lessor

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable).

Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

\$ '000	2021	2020
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	336	365
Later than one year and not later than 5 years	1,277	1,384
Later than 5 years	3,429	3,936
	<b>5,042</b>	<b>5,685</b>



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 18. Superannuation

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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 2020/21; 9.50% in 2019/20). 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 2019/20) 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 119.34(a), 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 Willis Towers Watson as at 30 June 2020. 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.

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 19(a). Interests in Other Entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2021	2020	2021	2020
<b>Council's Share of Net Income</b>				
Joint Ventures	(3,798)	(299)	6,325	10,124
<b>Total Council's Share of Net Income</b>	<b>(3,798)</b>	<b>(299)</b>	<b>6,325</b>	<b>10,124</b>

(i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Fleurieu Regional Aquatic Centre Authority	Aquatic Centre	9,466	9,818
Fleurieu Regional Waste Authority	Waste Management	(3,141)	306
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>6,325</b>	<b>10,124</b>

**Fleurieu Regional Aquatic Centre Authority**

A joint initiative between the City of Victor Harbor and Alexandrina Council, the Fleurieu Regional Aquatic Centre is owned by the Fleurieu Regional Aquatic Centre Authority (FRACA). The City of Victor Harbor and Alexandrina Council are joint owners of the FRACA owing 50% each.

**Fleurieu Regional Waste Authority**

Established by the City of Victor Harbor, Alexandrina Council, District Council of Yankalilla and Kangaroo Island Council in July 2010, this organisation is responsible for the waste management function across the Fleurieu and Kangaroo Island Council areas.

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Fleurieu Regional Aquatic Centre Authority	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Fleurieu Regional Waste Authority	35.00%	35.00%	35.00%	35.00%	25.00%	25.00%

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Fleurieu Regional Aquatic Centre Authority		Fleurieu Regional Waste Authority	
	2021	2020	2021	2020
Opening Balance	9,818	10,150	306	273
Share in Operating Result	(352)	(332)	(3,447)	33
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>9,466</b>	<b>9,818</b>	<b>(3,141)</b>	<b>306</b>

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 19(a). Interests in Other Entities (continued)

## (d) Summarised Financial Information of the Equity Accounted Business

\$ '000	Fleurieu Regional Aquatic Centre Authority		Fleurieu Regional Waste Authority	
	2021	2020	2021	2020
<b>Statement of Financial Position</b>				
Cash and Cash Equivalents	749	837	1,385	1,983
Other Current Assets	79	16	987	587
Non-Current Assets	18,245	18,917	4,327	4,155
<b>Total Assets</b>	<b>19,073</b>	<b>19,770</b>	<b>6,699</b>	<b>6,725</b>
Current Trade and Other Payables	137	132	2,270	2,279
Current Financial Liabilities	–	–	811	461
Current Provisions	3	2	10,154	228
Non-Current Trade and Other Payables	–	–	182	333
Non-Current Financial Liabilities	–	–	2,191	2,459
Non-Current Provisions	–	–	65	89
<b>Total Liabilities</b>	<b>140</b>	<b>134</b>	<b>15,673</b>	<b>5,849</b>
<b>Net Assets</b>	<b>18,933</b>	<b>19,636</b>	<b>(8,974)</b>	<b>876</b>
<b>Statement of Comprehensive Income</b>				
Other Income	2,785	2,468	9,221	9,345
<b>Total Income</b>	<b>2,785</b>	<b>2,468</b>	<b>9,221</b>	<b>9,345</b>
Employee Costs	58	43	3,085	3,115
Materials, Contracts & Other Expenses	2,758	2,445	15,239	5,357
Depreciation, Amortisation and Impairment	686	686	659	706
Finance Costs	–	–	99	115
<b>Total Expenses</b>	<b>3,502</b>	<b>3,174</b>	<b>19,082</b>	<b>9,293</b>
Other Revenue / Expense Items	14	42	13	41
<b>Operating Result</b>	<b>(703)</b>	<b>(664)</b>	<b>(9,848)</b>	<b>93</b>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19(b). Controlled Entities

Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described in Note 1(c).

Name of Operation/Entity	Principal Activity and Place of Business
Victor Harbor Horse Tram Authority	Tourism Services, Victor Harbor Causeway

Interests in Subsidiary \$ '000	Ownership 2021	Ownership 2020	Voting Rights 2021	Voting Rights 2020
Council's Interest in Subsidiary	100%	100%	100%	100%
Non-Controlling Interest in Subsidiary	0%	0%	0%	0%
<b>Total Interests in Subsidiary</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**The nature and extent of significant restrictions relating to the Subsidiary**

The Victor Harbor Horse Tram Authority is a subsidiary of the City of Victor Harbor established under section 42 of the *Local Government Act 1999* to oversee the operations, business development and marketing of Victor Harbor's iconic Horse Tram service.

The Authority is subject to the direction and control of the City of Victor Harbor.

The Horse Tram Authority has 5 members - one elected member and four independent members. The independent members are appointed by the City of Victor Harbor.

The City of Victor Harbor is partially funding the Authority covering any deficit that the Authority makes.

A Board has been established to ensure that all plans, targets, structures, systems and practices required or applied to the Authority by the City of Victor Harbor are in place.

**The nature of risks associated with Council's interests in the Subsidiary**

All property held by the Authority is accounted for by the City of Victor Harbor. Written Down Value of Non-Current Assets of \$800,108 as at 30 June 2021.

The Annual Budget of the Authority is approved by the City of Victor Harbor.

Council intends to continue to partially fund the Authority with a service level and lease agreement under development as at 30 June 2021.

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 19(b). Controlled Entities (continued)

## Summarised Financial Information for the Subsidiary

## Summarised Financial Information for the Subsidiary

\$ '000	2021	2020
<b>Summarised Statement of Comprehensive Income</b>		
Revenue	857	787
Expenses	(878)	(784)
<b>Profit for the Period</b>	<b>(21)</b>	<b>3</b>
<b>Total Comprehensive Income</b>	<b>(21)</b>	<b>3</b>
<b>Summarised Statement of Financial Position</b>		
Current Assets	106	125
Non Current Assets	152	–
<b>Total Assets</b>	<b>258</b>	<b>125</b>
Current Liabilities	145	120
Non Current Liabilities	129	–
<b>Total Liabilities</b>	<b>274</b>	<b>120</b>
<b>Net Assets</b>	<b>(16)</b>	<b>5</b>
<b>Summarised Statement of Cash Flows</b>		
Cash Flows from Operating Activities	5	63
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>5</b>	<b>63</b>
<b>Transactions with Council</b>		
Aggregate amount of transactions with Council		
- payments to Council	–	3

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

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

## Notes to the Financial Statements

for the year ended 30 June 2021

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

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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 384.5 km of road reserves of average width 6.5 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 does not expect to incur any loss arising from these guarantees.

#### 4. LEGAL EXPENSES

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.

**Notes to the Financial Statements**

for the year ended 30 June 2021

**Note 22. Events after the Balance Sheet Date**

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Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is aware of the following "adjusting events" that merit disclosure;

Fleurieu Regional Waste Authority (FRWA)

Post Balance Sheet Date transactions relating to asbestos rectification works required by FRWA.

As a result of the identification of asbestos in the recycled road base stockpile at the Goolwa Waste and Recycling Depot, remediation works have been planned in 2021/22 and are estimated at a cost of \$9,877,286.

The City of Victor Harbor has a 35% equity share for 2020/21 of these remediation works (future years 30%) and has recognised this as follows:

- Expense - included in the Statement of Comprehensive Income as a Net Loss -Equity Accounted Council Business
- Interest in Other Entities - reduction in Council's Equity Share



Notes to the Financial Statements  
for the year ended 30 June 2021

Note 23. Related Party Transactions

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 2020/21, Council paid member allowances to 10 Councillors. No changes to members in the year.

In 2020/21 there were 19 employees classified as Key Management Personnel (2019/20 = 10 employees). This year had some movement, with 2 staff leaving positions, with one role filled, the other role re-classified. Increase in employee Key Management Personnel this year due to accounting for CEO and Directors (5), Managers (8) and Planners (4).

The increase in employee's classified as Key Management Personnel in 2020/21 was due to a review of the assessment criteria.

In all, 29 persons were paid the following total compensation:

\$ '000	2021	2020
<b>The compensation paid to Key Management Personnel comprises:</b>		
Salaries, allowances & other short term benefits - Employees	2,162	1,303
Salaries, allowances & other short term benefits - Elected Members	195	196
<b>Total</b>	<b>2,357</b>	<b>1,499</b>

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

One KMP has a relationship with Oops Security Pty Ltd. Council paid this entity \$3,763 in 2020/21 (\$7,019 in 2019/20).

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments

Correction of errors relating to a previous reporting period

Nature of prior-period error

Rates Received in Advance have were recognised as income rather than as a liability in 2019/20.

The error identified above has been corrected by restating the balances at 30 June 2020 and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Adjustments to the comparative figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
<b>Total assets</b>	<b>290,311</b>	<b>–</b>	<b>290,311</b>
Trade and Other Payables	15,819	185	16,004
<b>Total liabilities</b>	<b>15,819</b>	<b>185</b>	<b>16,004</b>
Accumulated Surplus	67,237	(185)	67,052
<b>Total equity</b>	<b>274,492</b>	<b>(185)</b>	<b>274,307</b>

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Rates Income	23,072	(185)	22,887
<b>Net operating result for the year</b>	<b>489</b>	<b>(185)</b>	<b>304</b>
<b>Total comprehensive income for the year</b>	<b>3,437</b>	<b>(185)</b>	<b>3,252</b>

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North Adelaide SA 5006PO Box 755  
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www.deannewbery.com.auDean Newbery  
ABN: 30 164 612 890**Independent Auditor's Report****To the members of the City of Victor Harbor****Opinion**

We have audited the accompanying financial report of the City of Victor Harbor (the Council), which comprises the statement of financial position as at 30 June 2021, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Council's Responsibility for the Financial Report**

The Council 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 (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**DEAN NEWBERY**



**Samantha Creten**  
**Partner**

Signed on the 5<sup>th</sup> day of November 2021,  
at 214 Melbourne Street, North Adelaide

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ABN: 30 164 612 890

## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF VICTOR HARBOR

### Opinion

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2020 to 30 June 2021.

### Basis for opinion

We have audited the Internal Controls of the City of Victor Harbor (the Council) under the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

### The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

### Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applying Auditing Standard *ASQC 1 Quality Control for Firms that Perform Audits and Review of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking the assurance engagement.

### Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

### Limitation on Use

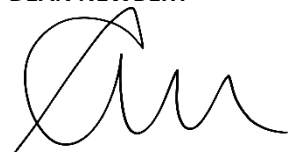
This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

### Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

**DEAN NEWBERY**



**SAMANTHA CRETEN**  
**PARTNER**

Signed on the 5<sup>th</sup> day of November 2021  
at 214 Melbourne Street, North Adelaide, South Australia, 5006

## City of Victor Harbor

### General Purpose Financial Statements for the year ended 30 June 2021

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#### Certification of Auditor Independence

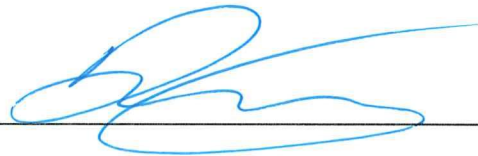
To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Victor Harbor for the year ended 30 June 2021, the Council's Auditor, Dean Newbery has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local 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*.



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Victoria MacKirdy  
Chief Executive Officer



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David Papa  
Presiding Member, Audit Committee

**Date: 01 November 2021**



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ABN: 30 164 612 890

## Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the City of Victor Harbor for the year ended 30 June 2021, I have maintained my 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.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**SAMANTHA CRETEN**

**Partner**

**DEAN NEWBERY**

**Dated this 5<sup>th</sup> day of November 2021**