City of Victor Harbor

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

A city that offers opportunity and lifestyle

City of Victor Harbor

General Purpose Financial Statements

for the year ended 30 June 2023

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City of Victor Harbor

General Purpose Financial Statements

for the year ended 30 June 2023

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 2023 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.



Victoria MacKirdy
Chief Executive Officer

8/11/2023



Moira Jenkins
Mayor

8/11/2023

City of Victor Harbor

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

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 2023.

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.

City of Victor Harbor

Statement of Comprehensive Income

for the year ended 30 June 2023

$ '000	Notes	2023	2022
Income			
Rates	2a	26,208	24,788
Statutory charges	2b	630	710
User charges	2c	3,015	2,259
Grants, subsidies and contributions - capital	2g	534	–
Grants, subsidies and contributions - operating	2g	2,687	2,283
Investment income	2d	85	42
Reimbursements	2e	767	821
Other income	2f	95	122
Net gain - equity accounted council businesses	19(a)	–	177
Total income		34,021	31,202
Expenses			
Employee costs	3a	10,680	9,859
Materials, contracts and other expenses	3b	14,729	12,072
Depreciation, amortisation and impairment	3c	8,975	7,524
Finance costs	3d	470	289
Net loss - equity accounted council businesses	19(a)	408	339
Total expenses		35,262	30,083
Operating surplus / (deficit)		(1,241)	1,119
Physical resources received free of charge	2h	3,542	370
Asset disposal and fair value adjustments	4	(1,079)	(1,138)
Amounts received specifically for new or upgraded assets	2g	3,826	1,828
Net surplus / (deficit)		5,048	2,179
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I,PP&E	9a	16	56,943
Share of other comprehensive income - equity accounted council businesses	19(a)	6,113	(3)
Total amounts which will not be reclassified subsequently to operating result		6,129	56,940
Total other comprehensive income		6,129	56,940
Total comprehensive income		11,177	59,119

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

City of Victor Harbor

Statement of Financial Position

as at 30 June 2023

$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	2,094	2,110
Trade and other receivables	5b	1,685	1,914
Inventories	5c	306	291
Total current assets		4,085	4,315
Non-current assets			
Trade and other receivables	6a	391	183
Equity accounted investments in council businesses	6b	12,322	6,609
Other non-current assets	6c	5,159	4,504
Infrastructure, property, plant and equipment	7	369,120	362,401
Total non-current assets		386,992	373,697
TOTAL ASSETS		391,077	378,012
LIABILITIES			
Current liabilities			
Trade and other payables	8a	3,363	5,343
Borrowings	8b	640	623
Provisions	8c	2,328	2,204
Total current liabilities		6,331	8,170
Non-current liabilities			
Borrowings	8b	10,613	6,836
Provisions	8c	189	238
Total non-current liabilities		10,802	7,074
TOTAL LIABILITIES		17,133	15,244
Net assets		373,944	362,768
EQUITY			
Accumulated surplus		75,284	69,602
Asset revaluation reserves	9a	297,863	291,733
Other reserves	9b	797	1,433
Total equity		373,944	362,768

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

City of Victor Harbor

Statement of Changes in Equity

for the year ended 30 June 2023

$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2023					
Balance at the end of previous reporting period		69,602	291,733	1,433	362,768
Adjustments (correction of prior period errors)	24	–	(1)	–	(1)
Net surplus / (deficit) for year	24	5,048	–	–	5,048
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	10	–	10
Share of OCI - equity accounted council businesses		(2)	6,121	–	6,119
Other comprehensive income		(2)	6,131	–	6,129
Total comprehensive income		5,046	6,131	–	11,177
Transfers between reserves		636	–	(636)	–
Balance at the end of period		75,284	297,863	797	373,944
2022					
Balance at the end of previous reporting period		67,536	234,791	939	303,266
Adjustments (correction of prior period errors)	24	2	(1)	–	1
Net surplus / (deficit) for year	24	2,179	–	–	2,179
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	56,943	–	56,943
Share of OCI - equity accounted council businesses		(3)	–	–	(3)
Other equity adjustments - equity accounted council businesses	19(a)	449	–	–	449
Other Movements (Asset register adjustment)		(67)	–	–	(67)
Other comprehensive income		379	56,943	–	57,322
Total comprehensive income		2,558	56,943	–	59,501
Transfers between reserves		(494)	–	494	–
Balance at the end of period		69,602	291,733	1,433	362,768

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

City of Victor Harbor

Statement of Cash Flows

for the year ended 30 June 2023

$ '000	Notes	2023	2022
Cash flows from operating activities			
Receipts			
Rates receipts		26,021	25,102
Statutory charges		630	710
User charges		3,195	1,905
Grants, subsidies and contributions		3,027	1,084
Investment receipts		85	42
Reimbursements		836	878
Other receipts		204	1,844
Payments			
Payments to employees		(10,659)	(9,836)
Payments for materials, contracts and other expenses		(17,016)	(11,327)
Finance payments		(417)	(320)
Net cash provided by (or used in) operating activities	11b	5,906	10,082
Cash flows from investing activities			
Receipts			
Grants utilised for capital purposes		534	–
Amounts received specifically for new or upgraded assets		3,168	2,467
Sale of replaced assets		277	246
Repayments of loans by community groups		33	27
Payments			
Expenditure on renewal/replacement of assets		(5,023)	(3,574)
Expenditure on new/upgraded assets		(8,475)	(6,257)
Loans made to community groups		(244)	–
Net cash provided (or used in) investing activities		(9,730)	(7,091)
Cash flows from financing activities			
Receipts			
Proceeds from loans		4,416	5,000
Proceeds from bonds and deposits		14	–
Payments			
Repayments of loans		(603)	(7,542)
Repayment of Finance Lease Liabilities		(19)	(84)
Repayment of bonds and deposits		–	(118)
Net cash provided by (or used in) financing activities		3,808	(2,744)
Net increase (decrease) in cash held		(16)	247
plus: cash & cash equivalents at beginning of period		2,110	1,863
Cash and cash equivalents held at end of period	11a	2,094	2,110

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

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical cost convention

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

1.2 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 Rounding

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

1.4 Estimates and assumptions

Whilst COVID-19 continues to impact Council operations it is not expected to have a significant financial impact on Council operations in 2023/24 above amounts taken into account during the development of the budget assuming that no harsher restrictions are put in place by the government. Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

(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.

continued on next page ...

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)
2021/22	$1,029,822	$655,978	$373,844
2022/23	$1,062,884	$721,871	$341,013

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.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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.

(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 and 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.

Software	$50,000
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.

continued on next page ...

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 on a four-year cycle or by exception when required.

Major depreciation periods for each class of asset are listed in Note 7. 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.

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.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 2022/23 = 4.10% (2021/22, 3.31%)
Weighted avg. settlement period 2022/23 = 5 years (2021/22, 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 Hostplus 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.

continued on next page ...

Note 1. Summary of Significant Accounting Policies (continued)

(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.

(13) New accounting standards and UIG interpretations

The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, 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.

continued on next page ...

Note 1. Summary of Significant Accounting Policies (continued)

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 2023

- *AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current*

Effective for NFP annual reporting periods beginning on or after 1 January 2025 for public sector

- *AASB 2014-10 Amendments to Australian Accounting Standards – Sale and Contribution of Assets between an Investor and its Associate or Joint Venture.*

(14) Comparative figures

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

(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 and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income

$ '000	2023	2022
(a) Rates		
General rates		
General rates	25,963	24,575
Less: mandatory rebates	(252)	(254)
Less: discretionary rebates, remissions and write-offs	(39)	(40)
Total general rates	25,672	24,281
Other rates (including service charges)		
Landscape levy	454	409
Total other rates (including service charges)	454	409
Other charges		
Penalties for late payment	73	63
Legal and other costs recovered	9	35
Total other charges	82	98
Total rates	26,208	24,788
(b) Statutory charges		
Development Act & Town Planning Fees	349	429
Health and septic tank inspection fees	23	32
Animal registration fees and fines	173	145
Parking fines / expiation fees	28	26
Search Fees	52	61
Other Statutory Charges	5	17
Total statutory charges	630	710
(c) User charges		
Cemetery/crematoria fees	148	163
Parking fees	126	103
Caravan Park	274	258
Community Transport	131	102
Recreation Centre	70	82
Tourism Marketing & Sales	873	744
Other Leases, Hire & Rentals	257	346
Other User Charges	104	31
Horse Drawn Tram (Note 19)	1,032	430
Total user charges	3,015	2,259

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income (continued)

$ '000	2023	2022
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	65	30
- Loans to community groups	20	12
Total investment income	85	42
(e) Reimbursements		
Private works	5	5
Community Assistance Program Contributions	527	566
Employee Reimbursements	3	4
Utilities, Insurance and Cleaning	73	72
Other Reimbursements	159	174
Total reimbursements	767	821
(f) Other income		
Sundry	25	48
Donations and Contributions	18	74
Insurance Claims	52	–
Total other income	95	122
(g) Grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	3,826	1,828
Total	3,826	1,828
Other grants, subsidies and contributions - capital		
Untied - Local roads and community	534	–
Total Other grants, subsidies and contributions - capital	534	–
Other grants, subsidies and contributions		
Untied - Financial Assistance Grants	144	452
Roads to Recovery & LRCI Program	611	274
Other Grants, Subsidies and Contributions	1,151	980
Individually significant item - additional Grants Commission payment (refer below)	781	577
Total other grants, subsidies and contributions	2,687	2,283
Total grants, subsidies and contributions	7,047	4,111

The functions to which these grants relate are shown in Note 12.

(i) Sources of grants		
Commonwealth Government	2,731	1,938
State Government	4,118	2,149
Other	198	24
Total	7,047	4,111

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income (continued)

$ '000	2023	2022
(ii) Individually significant items		
Grant Commission (Financial Assistance Grant) recognised as income	781	577

Grant Commission
The Grant Commission item was a prepayment of part of Council's 2023/24 Grant Commission (FAG) Grant.

(h) Physical resources received free of charge

Roads, bridges and footpaths	3,542	370
Total physical resources received free of charge	3,542	370

Note 3. Expenses

$ '000	Notes	2023	2022
(a) Employee costs			
Salaries and wages		7,940	7,335
Employee leave expense		1,530	1,490
Superannuation - defined contribution plan contributions	18	929	811
Superannuation - defined benefit plan contributions	18	105	111
Workers' compensation insurance		231	240
Other employee related costs		332	260
Less: capitalised and distributed costs		(387)	(388)
Total operating employee costs		10,680	9,859
Total number of employees (full time equivalent at end of reporting period)		118	112

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 3. Expenses (continued)

$ '000	2023	2022
(b) Materials, contracts and other expenses		
(i) Prescribed expenses		
Auditor's remuneration		
- Auditing the financial reports	18	17
Elected members' expenses	196	191
Election expenses	110	6
Operating lease rentals - non-cancellable leases		
- Minimum lease payments	85	79
Subtotal - prescribed expenses	409	293
(ii) Other materials, contracts and expenses		
Contractors	2,925	2,477
Legal expenses	45	111
Levies Paid to Government - Landscape Levy	454	409
Levies - other	37	21
Professional services	810	546
Materials	867	682
Energy, Fuel and Water	978	824
Insurances	607	551
Waste and Cleaning Services	2,451	2,273
Information and Communications	1,462	935
Donations and Contributions	622	337
Regional Board Contributions	579	544
Horse Drawn Tram (Note 19)	1,319	709
Sundry	1,164	1,360
Subtotal - Other material, contracts and expenses	14,320	11,779
Total materials, contracts and other expenses	14,729	12,072
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	1,246	1,245
Infrastructure		
- Sealed roads	3,184	2,290
- Unsealed roads	485	457
- Stormwater drainage	553	531
- Kerbing	630	314
- Footpaths	479	361
- Bridges	306	305
- Open Space	799	708
- Carparks & Traffic	361	277
- Other Infrastructure	178	179
Right-of-use assets	17	86
Plant and equipment	619	647
Furniture and fittings	85	86
Goodwill (Victa Cinema)	33	38
Subtotal	8,975	7,524
Total depreciation, amortisation and impairment	8,975	7,524

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3. Expenses (continued)

$ '000	2023	2022
(d) Finance costs		
Interest on loans	462	279
Charges on Operating Finance Leases	8	10
Total finance costs	470	289

Note 4. Asset disposal and fair value adjustments

$ '000	2023	2022
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	277	246
Less: carrying amount of assets sold	(1,356)	(1,384)
Gain (loss) on disposal	(1,079)	(1,138)
Net gain (loss) on disposal or revaluation of assets	(1,079)	(1,138)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 5. Current assets

$ '000	2023	2022
(a) Cash and cash equivalent assets		
Cash on hand and at bank	373	594
Deposits at call	1,721	1,516
Total cash and cash equivalent assets	2,094	2,110
(b) Trade and other receivables		
Rates - general and other	613	442
Council rates postponement scheme	218	202
Accrued revenues	336	402
Debtors - general	98	101
State Government Programs & Reimbursements	232	572
GST recoupment	2	–
Prepayments	155	167
Loans to community organisations	31	28
Subtotal	1,685	1,914
Total trade and other receivables	1,685	1,914
(c) Inventories		
Stores and materials	267	271
Trading stock	39	20
Total inventories	306	291

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 6. Non-current assets

$ '000		2023	2022
(a) Trade and other receivables			
Receivables			
Loans to community organisations		391	183
Total receivables		391	183
Total financial assets		391	183
(b) Equity accounted investments in council businesses			
Fleurieu Regional Aquatic Centre Authority	19(a)i	14,977	9,124
Fleurieu Regional Waste Authority	19i	(2,655)	(2,515)
Total equity accounted investments in Council businesses		12,322	6,609
(c) Other non-current assets			
Other			
Capital work in progress		5,159	4,504
Total other		5,159	4,504
Total other non-current assets		5,159	4,504

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 continues to be 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 and forming part of the Financial Statements

for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

		as at 30/06/22				Asset movements during the reporting period					as at 30/06/23			
$ '000	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land - community	3	49,401	2,330	–	51,731	–	–	–	–	–	51,731	–	–	51,731
Land - other	2	15,230	856	–	16,086	–	–	–	–	–	15,230	856	–	16,086
Buildings and other structures	3	54,890	94	(16,950)	38,034	175	89	(3)	(1,238)	–	54,984	257	(18,184)	37,057
Buildings and other structures	2	401	–	(367)	34	–	–	–	(8)	–	401	–	(375)	26
Infrastructure														
- Sealed roads	3	141,927	–	(46,617)	95,310	1,034	1,486	(367)	(3,184)	–	143,837	–	(49,558)	94,279
- Unsealed roads	3	12,927	–	(3,969)	8,958	–	193	(64)	(485)	–	12,960	–	(4,359)	8,601
- Stormwater drainage	3	59,732	484	(16,467)	43,749	3,361	38	(71)	(553)	10	59,732	3,810	(17,007)	46,535
- Kerbing	3	50,427	–	(11,990)	38,437	1,005	120	(103)	(630)	–	51,399	–	(12,571)	38,828
- Footpaths	3	18,865	–	(5,944)	12,921	977	1,467	(310)	(479)	–	20,925	–	(6,349)	14,576
- Bridges	3	26,878	–	(5,411)	21,467	–	25	(5)	(306)	–	26,878	19	(5,715)	21,182
- Open Space	3	15,657	5,028	(6,304)	14,381	2,104	118	(70)	(799)	–	15,657	7,123	(7,046)	15,734
- Carparks & Traffic	3	13,033	–	(2,080)	10,953	3,176	77	(103)	(361)	–	16,114	–	(2,372)	13,742
- Other Infrastructure	3	–	5,794	(1,853)	3,941	–	–	–	(178)	–	–	5,795	(2,032)	3,763
Right-of-use assets		491	–	(258)	233	–	–	–	(17)	–	283	–	(67)	216
Plant and equipment		(1)	10,425	(5,441)	4,983	176	1,382	(259)	(619)	–	–	9,519	(3,856)	5,663
Furniture and fittings		–	2,205	(1,535)	670	9	28	(1)	(85)	–	–	2,239	(1,618)	621
Artworks	3	354	–	–	354	–	–	–	–	–	354	–	–	354
Goodwill (Victa Cinema)		–	290	(131)	159	–	–	–	(33)	–	–	290	(164)	126
Total infrastructure, property, plant and equipment		460,212	27,506	(125,317)	362,401	12,017	5,023	(1,356)	(8,975)	10	470,485	29,908	(131,273)	369,120
Comparatives		369,911	34,769	(100,145)	304,535	6,257	3,574	(1,384)	(7,524)	56,943	460,212	27,506	(125,317)	362,401

continued on next page ...

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

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 amortisaton 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

continued on next page ...

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.

Software	$50,000
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 - surface	12 to 30 years
Sealed Roads - pavement base	60 to 70 years
Sealed Roads - pavement subbase	180 to 210 years
Unsealed Roads	20 to 45 years
Kerbing	70 to 210 years
Footpaths	30 to 50 years
Bridges	80 to 100 years
Traffic Devices	20 to 70 years
Stormwater Drainage	80 to 120 years
Open Space Furniture and Playgrounds	5 to 40 years
Plant and Machinery	2 to 20 years
Office Furniture and Library	5 to 10 years
Artworks	indefinite

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 **2023/24**

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

The next scheduled revaluation of these assets is to be undertaken in **2023/24**

Infrastructure

Car Parks and Traffic Devices
- Basis of valuation: Fair Value
- Date of valuation: 30 June 2022
- Valuer: Assetic Pty Ltd

The next scheduled revaluation of these assets is to be undertaken in **2025/26**

Open Space
- Basis of valuation: Fair Value / At Cost
- Date of valuation: 30 June 2018
- Valuer: Assetic Pty Ltd

The next schedule revaluation of these assets is to be undertaken in **2023/24**

Roads, Kerbs and Footpaths
- Basis of valuation: Fair Value
- Date of valuation: 30 June 2022
- Valuer: Assetic Pty Ltd

The next scheduled revaluation of these assets is to be undertaken in **2025/26**

Stormwater
- Basis of valuation: Fair Value
- Date of valuation: 1 July 2020
- Valuer: Assetic Pty Ltd

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

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 **2023/24**

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**

All other assets are recognised at cost.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 8. Liabilities

$ '000		2023 Current	2023 Non Current	2022 Current	2022 Non Current
(a) Trade and other payables					
Goods and services		2,559	–	4,427	–
Payments received in advance		433	–	452	–
Accrued expenses - employee entitlements		179	–	126	–
Accrued expenses - finance costs		83	–	30	–
Accrued expenses - other		85	–	298	–
Deposits, retentions and bonds		24	–	10	–
Total trade and other payables		3,363	–	5,343	–
(b) Borrowings					
Loans		625	10,397	603	6,606
Lease liabilities	17b	15	216	20	230
Total Borrowings		640	10,613	623	6,836

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

$ '000		2023 Current	2023 Non Current	2022 Current	2022 Non Current
(c) Provisions					
Long Service Leave		1,051	73	989	115
Annual Leave		1,267	–	1,205	–
Landfill Depot Remediation Liability		10	116	10	123
Total provisions		2,328	189	2,204	238

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 9. Reserves

$ '000	as at 30/06/22 Opening Balance	Increments (Decrements)	Transfers	as at 30/06/23 Closing Balance
(a) Asset revaluation reserve				
Land - community	47,698	–	–	47,698
Land - other	1,432	–	–	1,432
Buildings and other structures	34,105	–	–	34,105
Infrastructure				
- Sealed roads	99,224	–	–	99,224
- Unsealed roads	4,792	–	–	4,792
- Stormwater drainage	28,909	10	–	28,919
- Kerbing	29,828	–	–	29,828
- Footpaths	7,655	–	–	7,655
- Bridges	19,595	–	–	19,595
- Open Space	10,115	–	–	10,115
- Carparks & Traffic	6,667	–	–	6,667
- Other Infrastructure	1,536	–	–	1,536
Artworks	177	–	–	177
JV's / associates - other comprehensive income	–	6,121	–	6,121
Total other assets	–	6,121	–	6,121
Total asset revaluation reserve	291,733	6,131	–	297,864
Comparatives	234,790	56,943	–	291,733

$ '000	as at 30/06/22 Opening Balance	Tfrs to Reserve	Tfrs from Reserve	as at 30/06/23 Closing Balance
(b) Other reserves				
Car Park Development	2	–	–	2
Developers Contributions	279	8	(1)	286
Economic Development	337	8	(172)	173
Open Space	143	4	–	147
Renewable Energy	32	1	(1)	32
SCOTS Bequest	56	2	–	58
Major Unspent Grants	584	12	(497)	99
Total other reserves	1,433	35	(671)	797
Comparatives	939	811	(317)	1,433

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 9. Reserves (continued)

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.

Other Reserves
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-divbisions to be utilised for future open space projects.

SCOTS Bequest
Monies held from the a estate bequest to be utilised for the Southern Communties Transport Scheme.

Note 10. Assets subject to restrictions

Council does not hold any assets subject to restrictions

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 11. Reconciliation to Statement of Cash Flows

$ '000	Notes	2023	2022
(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 Statement of Financial Position as follows:			
Total cash and equivalent assets	5	2,094	2,110
Balances per Statement of Cash Flows		2,094	2,110
(b) Reconciliation of change in net assets to cash from operating activities			
Net surplus/(deficit)		5,048	2,179
Non-cash items in income statements			
Depreciation, amortisation and impairment		8,975	7,524
Equity movements in equity accounted investments (increase)/decrease		408	162
Non-cash asset acquisitions		(3,542)	(370)
Grants for capital acquisitions treated as investing activity		(4,360)	(1,828)
Net (gain)/loss on disposals		1,079	1,138
Other (WIP expensed from prior years)		–	197
Asset register disposal adjustment		–	62
		7,608	9,064
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		232	(506)
Net (increase)/decrease in inventories		(15)	45
Net increase/(decrease) in trade and other payables		(1,994)	1,971
Net increase/(decrease) in other provisions		75	(176)
Net increase/(decrease) in other liabilities		–	(316)
Net cash provided by (or used in) operations		5,906	10,082
(c) Non-cash financing and investing activities			
Acquisition of assets by means of:			
Physical resources received free of charge	2h	3,542	370
Amounts recognised in income statement		3,542	370
Total non-cash financing and investing activities		3,542	370
(d) Financing arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Corporate credit cards		60	60
LGFA cash advance debenture facility		13,344	13,874

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

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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 AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions/Activities										
Business Undertakings	2,214	1,461	3,129	1,733	(915)	(272)	–	–	15,710	9,547
Community Services	1,822	1,841	2,887	2,836	(1,065)	(995)	865	813	6,607	6,604
Culture	335	180	1,628	1,707	(1,293)	(1,527)	236	116	480	512
Economic Development	111	87	1,001	1,490	(890)	(1,403)	20	10	–	–
Environment	49	211	4,823	4,352	(4,774)	(4,141)	30	23	46,535	43,750
Recreation	179	168	3,641	3,385	(3,462)	(3,217)	–	–	28,056	27,196
Regulatory Services	590	661	2,488	2,422	(1,898)	(1,761)	–	–	223	235
Transport & Communication	1,163	286	6,345	4,908	(5,182)	(4,622)	611	274	191,209	188,213
Plant Hire & Depot/Indirect	48	73	2,661	2,435	(2,613)	(2,362)	–	–	5,357	4,708
Unclassified Activities	184	252	1,067	1,049	(883)	(797)	–	–	81,443	81,417
Council Administration	200	195	5,592	3,766	(5,392)	(3,571)	–	17	15,457	15,830
Revenue	27,126	25,787	–	–	27,126	25,787	925	1,030	–	–
Total Functions/Activities	34,021	31,202	35,262	30,083	(1,241)	1,119	2,687	2,283	391,077	378,012

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(b). Components of functions

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 and 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 and forming part of the Financial Statements
for the year ended 30 June 2023

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 1.05% and 4.30% (2022: 0.30% and 1.05%).

Carrying Amount:
Approximates fair value due to the short term to maturity.

Receivables - rates and 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 5.76% (2022: 5.05%). 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 and 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 and 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 and 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.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 13. Financial instruments (continued)

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 and 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 3.25% and 5.80% (2022: 3.25% and 6.75%), and variable rates between 2.05% and 5.55% (2022: 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.

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 13. Financial instruments (continued)

$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2023					
Financial assets					
Cash and cash equivalents	2,094	–	–	2,094	2,094
Receivables	1,549	–	–	1,549	1,530
Other financial assets	–	248	271	519	391
Total financial assets	3,643	248	271	4,162	4,015
Financial liabilities					
Payables	2,930	–	–	2,930	2,930
Current borrowings	1,127	–	–	1,127	625
Non-current borrowings	–	8,508	3,005	11,513	10,397
Lease liabilities	22	110	153	285	230
Total financial liabilities	4,079	8,618	3,158	15,855	14,182
Total financial assets and liabilities	7,722	8,866	3,429	20,017	18,197
2022					
Financial assets					
Cash and cash equivalents	2,110	–	–	2,110	2,110
Receivables	1,758	–	–	1,758	1,747
Other financial assets	–	119	112	231	183
Total financial assets	3,868	119	112	4,099	4,040
Financial liabilities					
Payables	4,891	–	–	4,891	4,891
Current borrowings	853	–	–	853	603
Non-current borrowings	–	3,831	3,847	7,678	6,606
Lease liabilities	28	88	196	312	250
Total financial liabilities	5,772	3,919	4,043	13,734	12,350
Total financial assets and liabilities	9,640	4,038	4,155	17,833	16,390

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

	2023		2022	
$ '000	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	3.61%	11,253	3.61%	7,459
		11,253		7,459

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.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 13. Financial instruments (continued)

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 and 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 Mangement 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.

Note 14. Capital Expenditure Commitments

$ '000	2023	2022
Capital commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	–	278
Infrastructure	120	5,927
Plant and equipment	490	1,450
	610	7,655
These expenditures are payable:		
Not later than one year	610	7,164
Later than one year and not later than 5 years	–	491
	610	7,655

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 15. Financial indicators

	Indicator 2023	Indicators 2022	2021
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 / Total operating income *This ratio expresses the operating surplus as a percentage of total operating revenue.*	**(3.6)%**	3.6%	(6.8)%
2. Net Financial Liabilities Ratio Net financial liabilities / 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.*	**38%**	35%	42%
Adjusted Operating Surplus Ratio Operating surplus / Total operating income	**(4.7)%**	2.4%	(6.7)%
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 Net Financial Liabilities Ratio Net financial liabilities / Total operating income	**38%**	36%	42%
3. Asset Renewal Funding Ratio Asset renewals / Infrastructure and Asset Management Plan required expenditure *Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.*	**88%**	53%	54%

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 16. Uniform presentation of finances

$ '000	2023	2022
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.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income		
Rates	26,208	24,788
Statutory charges	630	710
User charges	3,015	2,259
Grants, subsidies and contributions - capital	534	–
Grants, subsidies and contributions - operating	2,687	2,283
Investment income	85	42
Reimbursements	767	821
Other income	95	122
Net gain - equity accounted council businesses	–	177
Total Income	34,021	31,202
Expenses		
Employee costs	10,680	9,859
Materials, contracts and other expenses	14,729	12,072
Depreciation, amortisation and impairment	8,975	7,524
Finance costs	470	289
Net loss - equity accounted council businesses	408	339
Total Expenses	35,262	30,083
Operating surplus / (deficit)	(1,241)	1,119
Adjusted Operating surplus / (deficit)	(1,241)	1,119
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(5,023)	(3,574)
Add back depreciation, amortisation and impairment	8,975	7,524
Add back proceeds from sale of replaced assets	277	246
	4,229	4,196
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(8,475)	(6,257)
Add back amounts received specifically for new and upgraded assets	3,168	2,467
	(5,307)	(3,790)
Annual net impact to financing activities (surplus/(deficit))	(2,319)	1,525

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Property Leases
Council continues to recognise the following Right of Use lease that has been accounted for since 1 July 2020:

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.

Council formerly held a lease over the portion of the Victor Harbor Foreshore Reserve known as the Visitor Information Centre. This lease commitment ceased on the 28th of July 2022.

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:

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 17. Leases (continued)

(a) Right of use assets

$ '000	Right of Use Asset	Total
2023		
Opening balance	233	233
Depreciation charge	(17)	(17)
Balance at 30 June	216	216
2022		
Opening balance	319	319
Depreciation charge	(86)	(86)
Balance at 30 June	233	233

(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	2023	2022
Balance at 1 July	250	334
Accretion of interest	8	10
Payments	(28)	(94)
Balance at 30 June *	230	250
Classified as:		
Current	14	20
Non-current	216	230

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

The Group had total cash outflows for leases of $30,545.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	17	86
Interest expense on lease liabilities	8	10
Total amount recognised in profit or loss	25	96

(*) Cemetery interment rights have deemed to be classified as “leases” under the Australian Accountancy Standards (AASB16). City of Victor Harbour has assessed the impact of this accounting treatment to be immaterial and as a result have elected to not apply this standard.

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 17. Leases (continued)

(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	2023	2022
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	397	330
Later than one year and not later than 5 years	1,287	1,207
Later than 5 years	3,103	3,170
	4,787	4,707

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super). 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 (10.50% in 2022/23; 10.00% in 2021/22). 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 2020/21) 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.

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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 2023	Council's Share of Net Income 2022	Council's Share of Net Assets 2023	Council's Share of Net Assets 2022
Council's share of net income				
Joint ventures	(408)	(162)	12,322	6,609
Total Council's share of net income	(408)	(162)	12,322	6,609

(i) Joint ventures, associates and joint operations

(a) Carrying amounts

$ '000	Principal Activity	2023	2022
Fleurieu Regional Aquatic Centre Authority	Aquatic Centre	14,977	9,124
Fleurieu Regional Waste Authority	Waste Management	(2,655)	(2,515)
Total carrying amounts - joint ventures and associates		12,322	6,609

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 2023	Interest in Operating Result 2022	Ownership Share of Equity 2023	Ownership Share of Equity 2022	Proportion of Voting Power 2023	Proportion of Voting Power 2022
Fleurieu Regional Aquatic Centre Authority	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Fleurieu Regional Waste Authority	30.00%	30.00%	30.00%	30.00%	25.00%	25.00%

(c) Movement in investment in joint venture or associate

$ '000	Fleurieu Regional Aquatic Centre Authority 2023	Fleurieu Regional Aquatic Centre Authority 2022	Fleurieu Regional Waste Authority 2023	Fleurieu Regional Waste Authority 2022
Opening Balance	9,124	9,466	(2,515)	(3,141)
Share in Operating Result	(268)	(339)	(138)	177
Share in Other Comprehensive Income	–	(3)	(2)	–
Adjustments to Equity	–	–	–	449
Asset Revaluation Movement	6,121	–	–	–
Council's equity share in the joint venture or associate	14,977	9,124	(2,655)	(2,515)

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 19(a). Interests in other entities (continued)

(d) Summarised financial information of the equity accounted business

	Fleurieu Regional Aquatic Centre Authority		Fleurieu Regional Waste Authority	
$ '000	2023	2022	2023	2022
Statement of Financial Position				
Cash and Cash Equivalents	723	688	1,378	2,590
Other Current Assets	11	159	223	576
Non-Current Assets	29,332	17,590	4,268	4,536
Total assets	30,066	18,437	5,869	7,702
Current Trade and Other Payables	112	190	2,628	2,614
Current Financial Liabilities	–	–	1,339	599
Current Provisions	–	–	3,494	5,647
Non-Current Trade and Other Payables	–	–	7,220	7,179
Non-Current Provisions	–	–	37	46
Total liabilities	112	190	14,718	16,085
Net Assets	29,954	18,247	(8,849)	(8,383)
Statement of Comprehensive Income				
Other Income	3,041	2,704	11,106	10,407
Total income	3,041	2,704	11,106	10,407
Employee Costs	30	43	3,542	3,082
Materials, Contracts & Other Expenses	3,009	2,650	6,813	5,847
Depreciation, Amortisation and Impairment	537	689	889	813
Finance Costs	–	–	320	75
Total expenses	3,576	3,382	11,564	9,817
Other Revenue / Expense Items	–	–	(8)	–
Operating Result	(535)	(678)	(466)	590

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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	Ownership 2023	Ownership 2022	Voting Rights 2023	Voting Rights 2022
Council's Interest in Subsidiary	100%	100%	100%	100%
Non-Controlling Interest in Subsidiary	0%	0%	0%	0%

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 $768,600 as at 30 June 2023.

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 2023.

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 19(b). Controlled entities (continued)

Summarised Financial Information for the Subsidiary

Summarised Financial Information for the Subsidiary

$ '000	2023	2022
Summarised Statement of Comprehensive Income		
Revenue	1,447	845
Expenses	(1,279)	(831)
Profit for the period	168	14
Total comprehensive income	168	14
Summarised Statement of Financial Position		
Current Assets	179	99
Non Current Assets	210	163
Total assets	389	262
Current Liabilities	135	162
Non Current Liabilities	87	102
Total liabilities	222	264
Net assets	167	(2)
Summarised Statement of Cash Flows		
Cash Flows from Operating Activities	201	16
Net increase (decrease) in cash and cash equivalents	201	16

Transactions with Council

Aggregate amount of transactions with Council

Note 20. Non-current assets held for sale and discontinued operations

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 21. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, 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 392.0 km of made road surface 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, events 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 deductable "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 Planning Development and Infrastructure Act 2016 (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 one appeal against planning decisions made prior to reporting date.

Note 22. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2023, 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 unaware of any "non adjusting events" that merit disclosure.

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 23. Related party transactions

Key management personnel

Transactions with key management personnel

The Key Management Personnel (KMP) of the Council include the Elected Members, Chief Executive Officer and certain prescribed officers under section 112 of the *Local Government Act 1999*.

In 2022/23, Council paid allowances to fourteen Elected Members (2021/22 = nine Elected Members). 2022/23 was higher due to local government elections and new Elected Members commencing part way through the year. As at 30/6/2023 there were ten Elected Members

In 2022/23 there were 17 employees classified as Key Management Personnel (2021/22 = 18 employees).
This year had minimal movement, with two staff leaving their position.

In all, 31 persons were paid the following total compensation:

$ '000	2023	2022
The compensation paid to key management personnel comprises:		
Salaries, allowances & other short term benefits - Employees	2,118	2,212
Salaries, allowances & other short term benefits - Elected Members	196	183
Total	2,314	2,395

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

Planning and building application Fees	20	–
Total	20	–

DeanNewbery

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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 2023, 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 2023, 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.

Liability limited by a scheme approved under Professional Standards Legislation

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
Director

10 November 2023

DeanNewbery

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Accountants

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

Opinion

In our opinion, the City of Victor Harbor (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 2022 to 30 June 2023.

Basis for opinion

We have audited the Internal Controls of 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 2022 to 30 June 2023 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.

Liability limited by a scheme approved under Professional Standards Legislation

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 perform 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 design 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
Director

10 November 2023

City of Victor Harbor

General Purpose Financial Statements

for the year ended 30 June 2023

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 2023, 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.*



Victoria MacKirdy
Chief Executive Officer



David Papa
Presiding Member, Audit Committee

Date: 8 November 2023

DeanNewbery

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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 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, 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

Director

DEAN NEWBERY

10 November 2023