

Attachments

Special Council Meeting

Monday 30 September 2024

3.1 Principle approval 2023/24 Annual Financial Statements and Performance Statement

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3.1 Principle approval 2023/24 Annual Financial Statements and Performance Statement

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3.1 – ATTACHMENT 1. Closing Report for the year ended 30 June 2024

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Whitehorse City Council

Closing Report

For the financial year ended 30 June 2024

Presented to the **Audit and Risk Committee** on **16 September 2024**

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3.1 – ATTACHMENT 1. Closing Report for the year ended 30 June 2024

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Background

I enclose for your information the closing report for the year ended 30 June 2024. The closing report provides a summary of results of our audit of the Whitehorse City Council. This report will be discussed at the audit and risk committee meeting on 16 September 2024.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.

Yours sincerely



Kathie Teasdale

Engagement Leader

RSD Audit

VAGO Audit Service Provider

Bendigo

26 August 2024

Presented to the Audit and Risk Committee on 16 September 2024

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3.1 – ATTACHMENT 1. Closing Report for the year ended 30 June 2024

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Presented to the Audit and Risk Committee on 16 September 2024 | Victorian Auditor-General's Report

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3.1 – ATTACHMENT 1. Closing Report for the year ended 30 June 2024

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Introduction

Purpose of the closing report

- Our closing report summarises the results of our audit and communicates significant findings from the final audit phase.
- Please read this document in conjunction with our Audit Strategy Memorandum issued on 21 February 2024.

Scope and purpose of the audit

- The *Audit Act 1994* requires the Auditor-General to form an opinion on your financial report and performance statement and provide a copy of the audit reports to you.
- A copy of the audit reports are also provided to the Minister for Local Government

The Auditor-General

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine on behalf of parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either parliament or the government.



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Audit completion status

We have substantially completed our audit of the financial report and performance statement. We performed our audit in accordance with the *Audit Act 1994* and the terms of our engagement letter. We can provide reasonable assurance that the:

- financial report presents fairly, in all material respects in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*
- performance statement presents fairly in accordance with the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

Expected audit opinion

Based on our audit, we expect to conclude that the financial report is presented fairly. We also expect to conclude that the performance statement is presented fairly. We expect to issue unmodified audit opinions.

Outstanding audit matters

We can conclude and issue our audit opinions when we finalise our audit process. Outstanding audit matters include:

- a final review of the financial report and performance statement
- a review of the signed management representation letter
- completion of the review of subsequent events.

Appendix A provides a detailed list of all outstanding audit matters.

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Areas of audit focus

Our audit focused on the financial report balances / disclosures / areas that we rated as higher risk for material misstatement in your financial report and performance statement.

Our procedures enabled us to conclude, with reasonable assurance, whether the risks resulted in a material misstatement. The outcome of our procedures is summarised in this section.

Risk of material misstatement	Our audit response	Results of our key procedures
<p>1. Revaluation of property, plant, and equipment</p> <p>Property, infrastructure assets, plant and equipment represent a significant part of the Council's total assets (\$4.3 billion as at 30 June 2023), with the majority of these assets carried at fair value.</p> <p>Some items experience significant and volatile changes in fair value, therefore necessitating an annual review of their value. While other assets it may be necessary to revalue the item only every 3 or 5 years.</p> <p>The market has been volatile and subject to uncertainties due to rising interest rates, supply chain issues, labour shortages, general inflation, COVID- 19, and other macro-economic factors.</p> <p>Determining the fair value of these assets is a complex process and is subject to judgement. Numerous assumptions about the assets are made (useful live, condition), valuation experts can be engaged and/or industry indices management judgement is applied.</p> <p>On annual basis, selected asset classes are scheduled for a full revaluation.</p> <p>Land, Land under roads and Buildings were previously revalued during the 2021/22 year. Infrastructure assets</p>	<p>Our audit response</p> <p>We:</p> <ul style="list-style-type: none">reviewed management's assessment as to whether the fair value, for each material asset class, is materially different from the carrying amountassessed the reasonableness of key assumptions underlying management's fair value assessmentreviewed any indexation calculations prepared by management and sight supporting documentation to validate the fair value. <p>Where you engage an expert we:</p> <ul style="list-style-type: none">assessed the valuer's competence, skills and experience to conduct an appropriate valuationreviewed the terms of engagement (ie. scope)valuer's report to evaluate the appropriateness of the methodology adopted, assumptions and estimates used and the overall reasonableness of the valuationtested the completeness and accuracy of data provided to your valuer. <p>We completed substantive procedures including:</p>	<p>Results of our key procedures</p> <p>We have reviewed the valuation reports and methodology to assess Council's infrastructure asset revaluation. No errors or adjustments were identified. The Infrastructure, Property, Plant and Equipment of Council is considered to be fairly stated.</p>

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are reviewed on a rotational cycle. Road, Off Street Car Park and Footpaths and Cycleway assets were revalued in 2022/23. Bridges were revalued for the first time in 2022/23. Drainage, Recreation, Leisure, Community Facilities, Park Open Spaces and Streetscapes were previously revalued in 2021/22.

The financial report may include a material misstatement if the valuation is not performed in line with a suitable methodology, by unqualified experts or is based on inappropriate assumptions and judgements. Valuations may be inaccurate due to the judgement and complexities associated with applying AASB 13 Fair Value Measurement.

Disclosures may be incorrect or insufficient.

- checked the determination of the revaluation increment or decrement
- reviewed the journals posted by management to bring the revaluation increment or decrement to account
- reviewed management's impairment assessment
- reviewed the adequacy of disclosures in your financial report.

2. Government grants

The Council receives funding from the Australian and Victorian governments. The amount and timing of receipt varies year-to-year at the discretion of the respective government, depending on program initiatives or capital projects.

The application of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Non-for-Profit Entities requires management to exercise judgement in determining whether the funding agreement contains sufficiently specific enforceable performance obligations exist.

Termination for Convenience (TFC) clauses within grant agreements, that require a grant recipient to refund unspent amounts upon demand by the grantor gives rise to a financial liability on any unspent amounts.

We:

- updated our understanding of key controls over material items of revenue
- evaluated management's process to assess funding arrangements against the requirements of AASB 15 and AASB 1058
- performed substantive analytical procedures
- verified a sample of transactions to supporting documentation, including a review of the grant agreement against the requirements of AASB 15 and AASB 1058
- made enquiries of management regarding funding subject to recall and if recall provisions are enacted or waived sight supporting documentation to confirm the appropriateness of the accounting treatment adopted
- obtained and reviewed management's assessment of the impacts of Termination for Convenience clauses
- reviewed the adequacy of disclosures in your financial report.

Based on our review and testing of the grants register and management's AASB 15 and 1058 assessment, we have concluded that grants have been appropriately accounted for

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<p>3. The performance statement may not be prepared in accordance with applicable legislative requirements</p> <p>The Local Government (Planning and Reporting) Regulations 2020 specify the indicators to be included in the performance statement.</p> <p>Local Government Victoria (LGV) release a model performance statement each year that needs to be compiled with.</p> <p>There is a potential risk that:</p> <ul style="list-style-type: none">• systems in place at Council may not accurately capture the data required to support the sustainability and service performance outcomes• financial figures are incorrectly included or excluded when calculating the financial outcomes• a lack of quality assurance over the preparation of performance statement may also result in significant errors or omissions.	<p>We:</p> <ul style="list-style-type: none">• reviewed the systems in place to capture the financial and non-financial data• determined the reliability and completeness of the available records for compiling that indicator• verified figures to supporting documentation• checked the calculations of reported figures• assessed the reasonableness of explanations included in the performance statement for material variations• confirmed that the format of the performance statement complies with model performance statement released by LGV.	<p>The performance statement has been appropriately prepared.</p>
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Audit findings—financial report

Materiality assessment

Misstatements are considered material if they could individually or collectively influence economic decisions of users of the financial report. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We have updated the materiality levels indicated in our audit strategy memorandum.

Final overall materiality for the financial report has been set at 5% of current year IPPE \$215 million

Final specific materiality for particular statements, account balances or disclosures has been set at 5% of current year total expenditure \$10.8 million.

In our view:

- total uncorrected errors above this amount for particular statements, account balances or disclosures would mislead the users of the financial report.
- risk that there may be material error the financial report increases with the level of accumulated uncorrected error below this threshold.

Adjusted audit differences

Our audit procedures did not identify any material audit differences

We found differences in the disclosures supporting the financial report, which management adjusted.

Appendix B presents the adjusted audit differences.

Unadjusted immaterial differences

Our audit procedures did not identify any unadjusted differences

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

Appendix C contains a list of the findings or the draft findings that we intend to include in our final management letter.

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Audit findings—performance statement

Materiality assessment

Misstatements are considered material if they could individually or collectively influence economic decisions of users of the performance statement. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We set materiality for each indicator reported in a performance statement after we consider the qualitative and quantitative factors that influence each indicator. We cannot set an overall materiality level for the performance statement due to its nature.

Adjusted differences

We identified no audit differences in the performance statement.

Appendix B presents the adjusted audit differences in the performance statement.

Unadjusted immaterial differences

We identified no unadjusted immaterial differences in the performance statement.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

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Other audit findings

Fraud, irregularities, or regulatory non-compliance

When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud. Our audit procedures did not identify any specific financial report and performance statement areas of fraud risk or regulatory non-compliance

Waste, probity & financial prudence

Our procedures are not specifically designed to detect matters of waste, probity, and financial prudence but we may detect these matters. Our audit procedures did not identify any material issues concerning waste, probity, or lack of financial prudence.

Accounting policies

Your entity's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian accounting standards.

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Reports to Parliament

Results of the 2023-24 Audits Local Government

Whitehorse City Council will be included in the *Results of the 2023-24 Audits: Local Government Report*. We aim to table this report by the end of November 2024. The report will analyse the financial performance and position, and sustainability risks of each sector. The report also informs Parliament about the strengths and weaknesses in the control environments at entities within the sector and make recommendations to improve them as appropriate.

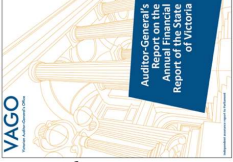
We will release an interactive dashboard to accompany the Parliamentary report. This will enable users to visualise:

- sector results over the last five years
- trends and composition analyses for specific entities
- compare results between entities over time.

Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023-24

Each year, the Auditor-General presents the Annual Financial Report of the State of Victoria to the Victorian Parliament. The report analyses and provides commentary on key aspects of the financial performance and position of the state. In line with the Act, and where appropriate, it provides information and recommendations for more effective and efficient management of public resources.

We must table this report on or before 24 November 2024.



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Fair value measurement amendments



AASB 13 *Fair Value Measurement* has been amended. The amendments are applicable for your entity for 2024-25. Amendments include authoritative implementation guidance to be followed by not-for-profit public sector entities when measuring their non-financial assets not held primarily for their ability to generate cash inflows at fair value.

Key amendments include:

- assessing highest and best use of assets
- developing unobservable inputs and
- application of the cost approach to fair value.

For an overview of the amendments and our implementation recommendations refer to our tech alerts 2024-1 and 2023-1 on [our website](#).



Given your entity has material assets that are measured at fair value using the cost approach, you need to assess the impact of the amendments early in the 2024-25 reporting cycle. We recommend finance teams:

- fully understand the new requirements
- undertake an impact assessment
- prepare and present a paper to the audit and risk committee that outlines the:
 - accounting policy to measure each class of property, plant and equipment
 - approach for assessing the fair value of each class of assets, identifying amendments to valuation and/or measurement methods required
 - timeframes for obtaining evidence to support amendments and engaging with audit.



Audit and Risk committees have a key role to play in this significant accounting change. We recommend that committees:

- fully understand the new requirements
- review the finance team's impact assessment, timeframes and any accounting papers
- review existing systems and processes to ensure they can gather any additional information required by the amendments
- critically assess the reasonableness of the approach and timelines
- engage early with your valuer and auditor on any significant issues identified.

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VAGO links and resources



VAGO’s website

VAGO’s role

Annual work plan

Strategic plan

Our reports

Audits in progress

Privacy policy

Financial reporting alerts

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APPENDIX A
Outstanding audit matters

The following items are outstanding at the date of this report and need to be resolved before we can issue our audit reports.

Item	Action required	Responsibility
Subsequent events update	Provide details of significant transactions and events up to date of signing. Audit will assess for any impact on the financial report	Management and audit
Financial report and performance statement certification	To be signed on adoption of the accounts by the Board	Management
Management representation letter	To be signed on same date as the certification of the financial report	Management

After we issue our audit report(s), we are required to undertake the following procedures. We will report any issues we find to your accountable officer for appropriate remedial action.

Item	Our procedure
Annual report	We will review your annual report to confirm that it includes the correct version of the signed financial report, performance report and auditor's report. We will also check that all information in the annual report is materially consistent with the financial report. We request your provision to us of an electronic copy of the printers' proof of the annual report.
Website publication of annual report	We will review your annual report on your website to confirm that it includes the correct version of the signed financial report performance report and auditor's report. We request your notification to us when you publish your annual report on your website.

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APPENDIX B
Adjusted audit differences

Adjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Adjustment	Basis for the adjustment
Financial report	Various formatting and wording changes	Improve readability and presentation of the financial report
Performance statement	Various formatting and wording changes	Improve readability and presentation of the performance statement

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3.1 – ATTACHMENT 1. Closing Report for the year ended 30 June 2024

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APPENDIX C
Final management letter

We provide a draft version of the final management letter as a separate attachment.

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APPENDIX D
Management representation letter

As part of gathering audit evidence, we obtain formal management representations about your entity's financial report and performance statement. We look at the completeness, preparation, and presentation of the information in the report and statement.

We do not rely solely on the management representations, except when they are the only evidence reasonably available.

A draft version of the management representation letter is provided as a separate attachment.

When forming our audit opinion, we did not rely solely on management representations.

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3.1 – ATTACHMENT 2. Final Management Letter for the year ended 30 June 2024

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Victorian Auditor-General's Office

Whitehorse City Council
Final Management Letter
for the year ended 30 June 2024

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3.1 – ATTACHMENT 2. Final Management Letter for the year ended 30 June 2024

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Background

I enclose for your information the final management letter for the year ended 30 June 2024. The final management letter provides a summary of audit findings from the final phase of our audit. It also includes the 4 recommendations from our *Results of 2022-23 Audits: Local Government* report which was tabled in Parliament on 7 March 2024. This letter will be discussed at the Audit and Risk committee meeting on 16 September 2024.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.



Yours sincerely
Kathie Teasdale
Engagement Leader
RSD Audit
VAGO Audit Service Provider

Bendigo
27 August 2024



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Whitehorse City Council —Final Management Letter 2024

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3.1 – ATTACHMENT 2. Final Management Letter for the year ended 30 June 2024

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Introduction

We have completed the 2023-24 audit and now bring to your attention our findings. This letter should be read in conjunction with our closing report presented to the Audit and Risk Committee on 16 September 2024. As part of our reporting, we include our assessment of the audit significance of the findings. The criteria we consider in this assessment is included in **Appendix A**. Findings can fall into the following categories:

- internal control findings.
- financial reporting and performance statement reporting findings.
- business improvement opportunities and other findings.

Internal control findings

As part of our audit, we assess the design and implementation of internal controls relevant to financial reporting and performance statement reporting. If we intend to rely on these controls, we test how effectively they are operating.

Any weaknesses in internal control identified during our audit is communicated to you through our management letters.

Financial reporting and performance statement reporting findings

As part of our audit, we may identify weaknesses in management’s approach to financial reporting and performance statement reporting resulting in potential material misstatement. This includes, but is not limited to, non-compliance with the Australian Accounting Standards and other reporting frameworks.

Reporting and tracking internal control and financial reporting findings

As part of this communication, we include:

- our assessment as to the significance of the finding
- recommended actions
- management comments and expected implementation dates.

We have discussed all of our findings with management. The nature and rating of the finding determines our expectations in relation to management acceptance and our monitoring of the implementation of remedial actions.



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Business improvement opportunities and other findings

While conducting our audit, we may identify opportunities for improving the efficiency and effectiveness of your entity’s processes and controls. We may also identify better practice situations from across the public sector which we would like to share with you. These would be included in this category.

Given their nature, business improvement opportunities and other matters will not be tracked.

Scope of our audit

We did not carry out a comprehensive audit of all processes and systems of internal control you maintain or seek to uncover all deficiencies, breaches and irregularities in those systems and processes. Inherent limitations in any process and system of internal control may mean that errors or irregularities might not be detected.

As explained in the audit strategy memorandum issued on 21 February 2024, the objective of the audit is for the Auditor-General to express an opinion on the financial report and performance statement. Although the audit considers internal controls relevant to preparing the financial report and performance statement, this is done in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of those controls. Our planned approach, including level of reliance on internal controls, was communicated in our audit strategy.

Reports to Parliament

The Auditor-General may include items listed in this letter in a report to Parliament. We will send you a draft of the relevant material included in this report and ask for your comments before the report is tabled in Parliament. High rated findings may be specifically identified and reported in the Parliamentary reports.

Our Results of 2022–23 Audits: Local Government report was tabled in Parliament on 7 March 2024. Our report discusses the observations and findings across all 79 councils as a result of our audit of sector. From this, we have made six recommendations. Four were specific to all councils. We have included these four findings in our management below to help councils keep track of them.



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Summary of audit findings

The table below summarises all 'open' (current and prior period) management letter issues and prior period issues that have been resolved in the current period. Open items include all findings that are 'unresolved', 'partially resolved' or 'substantially resolved' as at the date of this letter.

Finding first raised (month / year)	Classification of deficiency							Agreed implementation date	
	Reference	Findings	Rating	Internal control	Financial /Performance reporting	Financial statements areas grouping	Resolved / unresolved		Management acceptance
Open issues (current and prior period)									
Prior period issues resolved during the period									
April 2024	2024.1	Formal signoff of review of supplementary valuation During our discussion surrounding Rates process, we have noted that supplementary valuations are independently reviewed by the Coordinator Revenue & Rates reviews, however there is no formal sign off that this review has taken place. We recommend the secondary review by the Coordinator Revenue & Rates is formally signed off after each batch of supplementary valuations to ensure the accuracy of	Low	X	-	Rates Revenue	Resolved	Yes	April 2024



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Finding first raised (month / year)	Reference	Findings	Rating	Classification of deficiency					Agreed implementation date
				Internal control	Financial /Performance reporting	Financial statements areas grouping	Resolved / unresolved	Management acceptance	
September 2023	2023.11	<p>Council property data and valuations processed and that an appropriate audit trail is maintained.</p> <p>Terminated employees included in Long Service Leave Provision</p> <p>Four employees were observed as being included in Council's Long Service Leave calculation at 30 June 2023 who had been terminated beforehand prior to that date. This indicates a potential gap in the current termination process. Inclusion of terminated employees in the Long Service Leave calculation overstates this provision and the employee benefits expenses. We recommend Council implements a control check of its termination review process whereby all staff departures are removed from employee provisions when paid out to ensure accuracy and completeness of the provision.</p>	Low	X	X	Employee Benefits Provisions	Resolved	Yes	April 2024



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Finding first raised (month / year)	Reference	Findings	Classification of deficiency					Agreed implementation date
			Rating	Internal control	Financial /Performance reporting	Financial statements areas grouping	Resolved / unresolved	Management acceptance
September 2023	2023.12	Network Security - User Access Rights	Moderate	X	X	Information Technology environment	Resolved	Yes
September 2023	2023.13	Delay in Asset disposal forms completion Our testing of material asset disposals by Council identified each of the key disposals as listed below had considerable delays in the preparation of Asset Disposal forms: - Morack Golf Course (\$852k) disposed 16/2/22, form disposed 30/9/22. - Sinnott Street, Burwood (\$5.725m) disposed 29/3/23, form 2/8/23. - Silver Grove, Nunawading (\$925k) disposed January 2023, form 2/8/23. We recommend that Asset Disposal forms are prepared in a timely manner for all disposals, in particular those of large value. This will ensure depreciation is not overcharged on disposed assets and disposals occur in compliance with Council's Property,	Low	X	X	Infrastructure, Property, Plant & Equipment	Resolved	Yes



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Finding first raised (month / year)	Reference	Findings	Rating	Classification of deficiency				Agreed implementation date
				Internal control	Financial /Performance reporting	Financial statements areas grouping	Resolved / unresolved	Management acceptance
April 2023	2023.1	Infrastructure, Plant and Equipment Policy.	Low	X	X	Infrastructure, Property, Plant & Equipment	Resolved	Yes
		Asset Management Plans update Council's Asset Management Plans should be reviewed ongoing to ensure content remains current, accurate and reflective of present processes, procedures and Council intentions. Particularly for classes such as IT which have critical ongoing use and shorter lifespan assets with faster evolving replacement requirements. The following asset categories were reviewed pre-2020: Buildings September 2018 Plant/Fleet June 2019 IT assets March 2019 Open Space September 2019 It is acknowledged the standard 4 year review cycle was impacted by COVID.						
April 2023	2023.5	Asset additions and capitalisation policy We observed assets of a consumable nature being capitalised such as phones	Low	-	X	Infrastructure, Property, Plant & Equipment	Resolved	Yes
31 December 2023								



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Finding first raised (month / year)	Reference	Findings	Rating	Classification of deficiency				Agreed implementation date
				Internal control	Financial /Performance reporting	Financial statements areas grouping	Resolved / unresolved	
April 2023	2023.7	Stocktake of Fixed Asset Register at a value of \$1,050 each and numerous items under \$1,000 including shelves, tool boxes, blowers, optical mice, video monitor, down to computer monitors at \$252 each. We understand there is no active or effective tracking of these items after recognition which may lead to items being contained within the asset register which may no longer be in service leading to completeness and accuracy issues. While we do not expect the aggregate amount to be material in nature, consistent asset recognition criteria according to Council policy is recommended.	Moderate	X	-	Infrastructure, Property, Plant & Equipment	Resolved	31 October 2023
April 2023	2023.10	Inactive accounts still enabled in the IT Active Directory	Moderate	X	-	ICT general access controls	Resolved	30 June 2023



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Recommendations from the Results of 2022-23 Audits: Local Government report

Our Results of 2022-23 Audits: Local Government report contains 6 recommendations, 4 directed to the 79 councils. The full context of the findings can be found in our report at [Results of 2022–23 Audits: Local Government | Victorian Auditor-General's Office](#).

The following table summarises the 4 recommendations with further detail on the pages that follow.

Finding first raised	Reference	Findings	Classification of deficiency			Resolved / unresolved	Original implementation date
			Internal control	Financial / performance reporting	Management acceptance		
March 2024	2024.LG1	Annual financial reporting process	X	X	Yes	Resolved	May 2024
March 2024	2024.LG2	Asset valuations – Finance team briefing	X	-	Yes	Resolved	May 2024
March 2024	2024.LG3	Asset valuations - Audit and Risk Committee oversight	X	-	Yes	Resolved	May 2024
March 2024	2024.LG4	Open internal control weakness and financial reporting issues	X	-	Yes	Resolved	May 2024



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Ref	Summary of our report findings	Response from management
2024.LG1	<p>Annual financial reporting process</p> <p>We recommend that all councils:</p> <p>→ arrange for training or briefing sessions to be held with key internal stakeholders before 30 June 2024 to enhance their understanding of the financial reporting process and their legislative obligations</p> <p>→ assess the adequacy of their financial reporting plan given their legislative obligations, namely:</p> <ul style="list-style-type: none">– task allocation and timelines– the nature and timing of liaison with other business units– quality assurance processes <p>→ critically assess whether they have the resources and expertise to fulfil their financial reporting obligations throughout the year and, if not, that they consider engaging an external party.</p>	<p>Responsible officer: Fiona Hayden</p> <p>Implementation date: May 2024</p> <p>Management comment: Completed for 2023/24 and presented to Audit and Risk Committee in May 2024. Finance conducts training and briefing sessions on financial reporting processes, accounting for income and expenses and other reporting obligations for key stakeholders. This will continue for 30 June 2024 and beyond and will be conducted well before the respective end of financial year.</p> <p>Financial Accounting team have a comprehensive reporting plan and is communicated to relevant stakeholders ahead of financial year end. The plan includes critical timelines, tasks/actions, due dates and key roles and responsibilities and is supported by policies, guidelines and procedures. It is reviewed on a regular basis to ensure reporting and legislative obligations are achieved.</p> <p>Finance team reviews and assesses resource requirements and support including up-to-date policies and procedures to ensure financial reporting obligations are fulfilled. This also includes review and liaison with other key stakeholders including the capital works and asset team to ensure all areas meet end of year requirements and timelines to achieve end of financial year obligations.</p> <p>This will be an ongoing process for upcoming financial year.</p>
2024.LG2	<p>Asset valuations – Finance team briefing</p> <p>We recommend that finance teams:</p> <p>→ prepare and present a paper to their audit and risk committee prior to 30 June each year that outlines the:</p> <ul style="list-style-type: none">– requirements of the council's accounting policy with respect to property, infrastructure assets, plant and equipment– approach to assessing the fair value of each class of property, infrastructure assets, plant and equipment, including the engagement of an expert valuer and key milestones	<p>Responsible officer: Fiona Hayden</p> <p>Implementation date: May 2024</p> <p>Management comment: Completed for 2023/24 and presented to Audit and Risk Committee in May 2024.</p> <p>Review and update of Council's Fixed Asset Policy has been completed. The policy will be presented to ARC in May 2024. Accounting policy updates will be reported annually to ARC prior to 30 June where there are significant changes or issues identified. A report on approaches to assessing fair value and movements of respective asset classes will be reported to ARC on an annual basis with the first</p>



Entity name (edit via document properties) — Final Management Letter 2024 12

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3.1 – ATTACHMENT 2. Final Management Letter for the year ended 30 June 2024

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Ref	Summary of our report findings	Response from management
	<ul style="list-style-type: none">likely outcomes for the respective reporting cycle (expected movements in fair value and resultant impact on the financial report).	report presented in May 2024. The report will also include annual desktop reviews and expected timelines on the full revaluation cycle for all asset classes.
2024.LG3	<p>Asset valuations - Audit and Risk Committee oversight</p> <p>We recommend that audit and risk committees:</p> <ul style="list-style-type: none">→ prior to balance date, review the finance team's accounting paper→ after balance date and at the time of reviewing the draft financial report:<ul style="list-style-type: none">determine whether there have been any changes to circumstances that would indicate that key assumptions behind the finance team's initial advice and key judgements no longer hold trueassess the reasonableness of the valuation and fair value assessment outcomes.→ update their annual work plan to include the above tasks.	<p>Responsible officer: Fiona Hayden</p> <p>Implementation date: May 2024</p> <p>Management comment: Completed for 2023/24 and presented to Audit and Risk Committee in May 2024.</p> <p>The ARC discussed year end asset valuations at its March 2024 meeting and agreed to receive a paper on the topic in May 2024. The ARC workplan has been updated to include the pre and post balance date work plan items as recommended by VAGO. Going forward, management will be prompted to provide these updates to ARC on an annual basis.</p>
2024.LG4	<p>Open internal control weakness and financial reporting issues</p> <p>We recommend that</p> <ul style="list-style-type: none">→ prioritise and promptly address the internal control and financial reporting issues we raise with them and that their audit and risk committee monitor this→ review the actions and timelines established to resolve internal control weaknesses, with a focus on older and higher-risk findings→ for longer-term action plans, ensure adequate compensating safeguards are in place.	<p>Responsible officer: Fiona Hayden</p> <p>Implementation date: May 2024</p> <p>Management comment: Completed for 2023/24 and presented to Audit and Risk Committee in May 2024. Audit actions and progress are reported to ARC on a regular basis and Finance will continue to promptly address respective internal control and financial reporting issues raised in reports where applicable. This recommendation is consistent with previous years reporting and will continue to apply.</p> <p>This was already prepared in prior years. We will continue to review actions and timelines established to resolve internal control weaknesses and focus on old or high-risk findings.</p> <p>Action items are reviewed on a quarterly basis. Based on Management letters, there are not many longer-term action plans. For open issues, management ensures there are adequate compensating controls in place.</p> <p>This will be an ongoing process for upcoming financial year.</p>



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Appendix A. Rating definitions and actions

We have rated our findings as follows:

Rating	Description of rating	Management action required
High	<p>This issue represents:</p> <ul style="list-style-type: none">→ a material misstatement in the financial report which has occurred, or an issue which could potentially result in a modified audit opinion if not addressed as a matter of urgency by the entity, or→ a control weakness which could cause or is causing a major disruption of the process or the entity's ability to achieve process objectives in relation to financial reporting and comply with relevant legislation.	<ul style="list-style-type: none">→ Requires executive management to correct the misstatement in the financial report, or address the issue, as a matter of urgency to avoid a modified audit opinion.→ Requires immediate management intervention with a detailed action plan to be implemented within one month.
Moderate	<p>This issue represents:</p> <ul style="list-style-type: none">→ a misstatement in the financial report that is not material and has occurred, or that may occur, the impact of which has the possibility to be material, or→ a control weakness which could have or is having a moderate adverse effect on the ability to achieve process objectives and comply with relevant legislation.	<ul style="list-style-type: none">→ Requires management intervention with a detailed action plan implemented within three to six months.
Low	<p>This issue represents:</p> <ul style="list-style-type: none">→ a misstatement in the financial report that is likely to occur but is not expected to be material, or→ a minor control weakness with minimal but reportable impact on the ability to achieve process objectives and comply with relevant legislation.	<ul style="list-style-type: none">→ Requires management intervention with a detailed action plan implemented within six to 12 months.



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3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

Whitehorse City Council
379–399 Whitehorse Road
Nunawading VIC 3131

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Nunawading VIC 3131

www.whitehorse.vic.gov.au
customer.service@whitehorse.vic.gov.au
Telephone: (03) 9262 6333
NRS: 133 677

ABN: 39549568822

Kathie Teasdale
Engagement Leader
RSD Audit

Via email: kathiet@rsdaudit.com.au

Dear Mrs Teasdale,

Representations by the Chief Executive Officer and Chief Financial Officer in relation to the financial report and performance statement of Whitehorse City Council for the year ended 30 June 2024

This representation letter is provided in connection with your audit of the financial report and performance statement of Whitehorse City Council for the year ended 30 June 2024. The audit is undertaken for the purpose of you being able to obtain sufficient and appropriate audit evidence on which to express an opinion as to whether the:

- financial report presents fairly, in all material respects in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*
- whether the performance statement presents fairly in accordance with the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

We confirm that, to the best of our knowledge and belief, the representations we make below are based on information available to us, having made such enquiries as we considered necessary to appropriately inform ourselves on these matters.

Preparation of the financial report

We have fulfilled our responsibilities, as set out in the terms of the audit engagement previously issued, for the preparation of the financial report in accordance with Australian Accounting Standards and the requirements of *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020* in particular the financial report presents fairly, in all material respects.

1. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

2. All transactions have been recorded in the accounting records and are reflected in the financial report.¹
3. Proper accounts and records of the transactions and affairs of the council and such other records as sufficiently explain the financial operations and financial position of the council have been kept in accordance with the *Local Government Act 2020*, where applicable.
4. The effects of uncorrected misstatements are immaterial, both individual and in the aggregate, to the financial report as a whole. A list of all uncorrected misstatements is attached to this representation letter (refer Attachment A)².

Access to information

5. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
 - b. any additional information that you have requested from us for the purpose of the audit
 - c. unrestricted access to persons within the council from whom you determined it necessary to obtain audit evidence³

Controlled entities

6. We have undertaken a control assessment using the criteria outlined in AASB 10 *Consolidated Financial Statements*. Our assessment has not identified any controlled entities that require consolidation.

Joint arrangements

7. The financial statements have accounted for the following joint arrangements:

- Regional Landfill Clayton South

We have assessed these arrangements to determine whether they are joint operations or joint ventures and accounted for the arrangements in line with the requirements of AASB 11 *Joint Arrangements*.

Investments in associates

8. We have undertaken an assessment of our contractual arrangements to determine whether they are investments classified as associates as per the requirements of AASB 128 *Investments in Associates and Joint Ventures*. Our assessment has not identified any joint arrangements that require accounting as per AASB 128 *Investments in Associates and Joint Ventures*.

Fraud disclosure

9. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.⁴

¹ [ASA 580 Written Representations](#)

² [ASA 450 Evaluation of Misstatements Identified During the Audit](#)

³ [ASA 580 Written Representations/ASA 210 Agreeing the Terms of Audit Engagements](#)

⁴ [ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report](#)



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

10. We are not aware of any actual or suspected fraud affecting Whitehorse City Council that involves:
 - a. management
 - b. employees who have significant roles in internal control or
 - c. others where the fraud could have a material effect on the financial report.⁴
11. We are not aware of any allegations (to the extent we are legally able to disclose these to you in accordance with the requirements of the *Independent Broad-based Anti-Corruption Commission Act 2011*) of fraud, or suspected fraud, affecting Whitehorse City Council financial report communicated by employees, former employees, analysts, regulators or others⁴.

Internal control

12. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and/or error⁴. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control of which we are aware.

Legal

13. There are no known or suspected instances of non-compliance with laws or regulations whose effects should be considered when preparing the financial report.
14. There is no known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
15. The Council has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset, with the exception of right of use assets under finance lease, been pledged as collateral.
16. The Council has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of noncompliance.
17. The Council has been properly managed in accordance with the requirements of the *Local Government Act 2020*.
18. We have complied with, in all material respects, the requirements of the *Local Government Act 2020* for the establishment and keeping of relevant accounts, registers and other appropriate records.

Accounting estimates

19. We believe that the significant assumptions, judgements, methods and data we have used in making accounting estimates for inclusion in the financial report are reasonable, appropriately supported and, where required, disclosed to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework⁵.

Financial statement disclosures

⁵ [ASA 540 Auditing Accounting Estimates and related disclosures](#)



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

20. The financial report discloses all significant accounting policies used in the preparation of the financial report. We considered the substance of the underlying transactions as well as their legal form in selecting the appropriate accounting policies and related disclosures for the financial report.
21. The following have been properly recorded and/or disclosed in the financial report:
 - a. arrangements involving restrictions on cash balances and line-of-credit or similar arrangements

Income and revenue

22. We have determined whether contracts and arrangements are within the scope of AASB 1004 *Contributions*, AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*; applying the relevant measurement and recognition requirements for each transaction.

Asset and liability fair values (including property, plant and equipment)

23. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate based on the nature and purpose of the asset/liability. These have been consistently applied and appropriately disclosed in the financial report.
24. We have considered the requirements of AASB 13 *Fair Value Measurement* relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use.
Further, we confirm that the assumptions used by us in the categorisation of observable and un-observable inputs within the fair value valuation hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.
25. We have applied AASB 16 *Leases*. We have assessed whether our contracts are or contain a lease. For our leases we have recognised on the balance sheet a separate right of use asset (ROU) with an associated lease liability. We have applied the initial and subsequent measurement ROU asset and lease liability.
26. We have considered the requirements of AASB 136 *Impairment of Assets* when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
27. Asset useful lives have been reviewed and we are satisfied that they reflect the assets' expected period of use.
28. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.

Related parties and key management personnel

29. We have determined who are the key management personnel of Whitehorse City Council in accordance with AASB 124 *Related Party Disclosures* and we are satisfied that our assessment is complete and appropriate.



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

30. We are satisfied that the compensation paid to key management personnel has been properly reported in Note 7.1 to the financial statements in accordance with AASB 124 *Related Party Disclosures* and includes all required components of compensation.
31. We have not identified any significant transactions with government-related entities that would require disclosure in accordance with AASB 124 *Related Party Disclosures*.⁶
32. We are not aware of any non-government related parties (including any controlled entities), related party relationships or transactions which would require disclosure under AASB 124 *Related Party Disclosures*.⁶

Remuneration of other senior staff

33. We have disclosed the remuneration of all other senior staff in Note 7.1 as per the requirements of *Local Government (Planning and Reporting) Regulations 2020*. This includes all short-term, post-employment, other long-term benefits and any termination benefits.

Future plans

34. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
35. We have no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

Going concern

36. We have assessed the Council's ability to continue as a going concern and believe there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

Subsequent events

37. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report⁷.

Preparation of the performance statement

38. We have prepared and presented the performance statement in conformity with the requirements of *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*. We consider the indicators to present fairly the performance of the council.
39. All relevant matters have been recorded in the council's records and are reflected in the performance statement⁸.
40. We believe the effects of uncorrected misstatements are not material, both individually and in aggregate, to the performance statement taken as a whole. A list of all uncorrected misstatements is attached to this representation letter (refer Appendix A)⁸.

⁶ [ASA 550 Related Parties](#)

⁷ [ASA 560 Subsequent Events](#)

⁸ [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

41. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and/or error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable performance statement. We have disclosed to you details of all deficiencies in internal control of which we are aware⁸.

Publication of the financial report and performance statement

42. With respect to publication of the financial report and performance statement in hard copy, we will ensure that:
- the financial report and performance statement accurately reflects the audited financial report and performance statement and
 - the independent auditor's reports are reproduced accurately and in full.
43. The electronic presentation of the financial report and performance statement is our responsibility. Our responsibility includes ensuring that the electronic version of the financial report, the performance statement and the independent auditor's reports presented on the website are the same as the final signed version of the financial report, the performance statement and independent auditor's reports.
44. The Annual Report may include additional financial and/or non-financial information other than the financial report, the performance statement and the independent auditor's reports (referred to as 'other information'). With respect to other information that is included in the council's Annual Report, we have informed you of all the sections/separate documents that we expect to issue that may comprise other information. With regard to any other information that we have not provided to you prior to the date of the auditor's report, that we intend to prepare and issue such other information and that we expect to issue it by 30th September 2024 and will provide it to you to enable you to complete your required procedures.⁹
45. We have provided you with a copy of the printers' proof of the annual report or will provide a copy to you on 25th October 2024. We plan to publish our annual report on our website on 28th October 2024.

Other matters¹⁰

46. We have provided you with all requested information, explanations and assistance for the purposes of the audit.
47. We have provided you with all information required by the *Local Government Act 2020*.

Conclusion

We understand that your examination was made in accordance with the *Audit Act 1994* and Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an audit opinion on the financial report and performance statement of the council taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

⁹ [ASA 720 The Auditor's Responsibilities Relating to Other Information](#)

¹⁰ [ASA 580 Written Representations](#)



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

This letter is provided for and on behalf of Whitehorse City Council.

Yours sincerely

Simon McMillan
Chief Executive Officer
30 September 2024

Callista Clarke
Finance Manager
30 September 2024



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024

Contact

Phone:

[Insert name]

[Insert address]

[Insert suburb state postcode]

Dear [insert name]

[insert subject line]

[insert correspondence text]

Yours sincerely

[insert name]

[insert position]

Enc

Copy



3.1 – ATTACHMENT 3. Management Representation Letter for the year ended 30 June 2024



PERFORMANCE STATEMENT

For the year ended 30 June 2024

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement**CONTENTS PAGE**

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3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement**CERTIFICATION OF THE PERFORMANCE STATEMENT**

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

Callista Clarke

CPA Principal Accounting Officer

Dated: 30 September 2024

In our opinion, the accompanying performance statement of *Whitehorse City Council* for the year ended 30 June 2024 presents fairly the results of Council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity performance.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify this performance statement in its final form.

Councillor Blair Barker

Councillor

Dated: 30 September 2024

Councillor Trudy Skilbeck

Councillor

Dated: 30 September 2024

Simon McMillan

Chief Executive Officer

Dated: 30 September 2024

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

PLACEHOLDER FOR VAGO REPORT

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

PLACEHOLDER FOR VAGO REPORT

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement**Description of Municipality**

The City of Whitehorse is located just 15 kilometers east of Melbourne and covers an area of 64 square kilometers. The municipality has an estimated residential population of 178,369 residents (Australian Bureau of Statistics).

The City of Whitehorse has a diverse population. According to the 2021 census, 44.9 per cent of residents were born overseas and 44.3 per cent speak a language other than English at home. The most common languages are Mandarin, Cantonese, Greek, Vietnamese and Hindi (Australian Bureau of Statistics).

Whitehorse City Council provides high-quality services and facilities across a range of areas including community services, environmental services, customer services, health and wellbeing, planning and building, parks and gardens and more. The City of Whitehorse has more than 631 hectares of open space, including quality bushland reserves, parks, formal gardens, recreation reserves and trails, combined with tree-lined residential streetscapes to form a pleasant urban environment.

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2024

SERVICE/INDICATOR/MEASURE		Results			Comments
Aquatic Facilities		2021	2022	2023	
Utilisation					
AF6 Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]		3.08	4.70	7.86	The indoor pool at Aqualink Box Hill was closed from July to October 2023 due to refilling works. Despite this closure, the overall utilisation result for Council's two aquatic facilities has remained consistent with 22/23.
Animal Management					
Health and Safety					
AM7 Animal management prosecutions [Number of successful animal management prosecutions / (Number of animal management prosecutions) x 100]		100.00%	100.00%	100.00%	This year, Council maintained a 100% successful prosecution rate for all animal-related matters, prosecuting nine cases in total. Council pursues prosecution for cases that cannot be resolved with the relevant parties outside of court.
Food Safety					
Health and Safety					
FS4 Critical and major noncompliance outcome notifications [Number of critical non-compliance outcome notifications and major noncompliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100		100.00%	100.00%	100.00%	This is a calendar year result, and as such the final result for the 2023/2024 year. There were 56 assessments/inspections resulting in Major/Critical non-compliance this year, and all were followed up during the reporting period.
Governance					
Satisfaction					
G2 Satisfaction with community consultation and engagement [Community satisfaction rating out of 100 with the consultation and engagement efforts of the council]		57	57	55	The 2024 community satisfaction result for Council's consultation and engagement has increased since the 2022/23 year. The increase demonstrates Council's commitment to improve community engagement activities and further support the needs of the community.
Libraries					
Participation					
LB7 Library membership [Number of registered library members / Population] x 100		N/A	N/A	N/A	This is a new measure for 2023/24 and the result for this financial year is within the expected range determined by Local Government Victoria. This result demonstrates a high number of library memberships for the Whitehorse population.

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

SERVICE/INDICATOR/MEASURE		Results		Comments
2021	2022	2023	2024 Target	
Maternal and Child Health (MCH)				
Participation				
MC4 Participation in MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	78.22%	77.03%	77.55%	2024 Actual 76.65%
Participation				
MC5 Participation in MCH service by aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	86.54%	85.71%	93.41%	N/A 89.58%
Roads				
Condition				
R2 Sealed local roads maintained to condition standards [Number of Kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x 100	98.59%	98.59%*	98.52%*	98.48% 98.49%
Statutory Planning				
Service Standard				
SP2 Planning applications decided within required time frame [Number of planning applications decisions made within 60 days for regular permits and 10 days for VicSmart permits / Number of planning application decisions made] x 100	59.75%	58.74%	64.67%	58.00% 66.58%
Waste Collection				
Waste diversion				
WC5 Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	52.32%	51.46%	56.32%	60.00% 55.49%

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2024

SERVICE/ INDICATOR/ MEASURE	2021	2022 Actual	2023	2024 Target	2024 Actual	2025	2026 Forecast	2027 Forecast	2028	Comments
Efficiency										
Expenditure level										
E2 Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$2,278.34	\$2,446.47	\$2,866.94	\$2,642.00	\$2,655.34	\$2,734.63	\$2,810.84	\$2,854.19	\$2,889.39	This result demonstrates Council's continual ability to deliver services to the community within a responsible budget.
Revenue level										
E4 Average rate per property assessment <i>[Sum of all general rates and municipal charges / Number of property assessments]</i>	\$1,606.97	\$1,626.97	\$1,645.97	N/A	\$1,474.26	\$1,512.24	\$1,544.37	\$1,576.98	\$1,610.07	This result confirms Whitehorse City Council's low average rates per assessment, which is among the lowest across Metropolitan Melbourne. The decrease in average rates per assessment in 2023/24 reflects the introduction and separation of the waste service charge which is excluded from general rates and this indicator.
Liquidity										
Working Capital										
L1 Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	390.84%	384.59%	327.83%	272.96%	449.20%	334.92%	323.04%	307.78%	270.37%	Working capital is higher in 2023/24 due to higher cash holdings at balance date and higher 'other assets' mainly from accrued income relating to the divestment of Sinnott Street reserve, Burwood (\$9.53m). Current liabilities are lower in 2023/24 due to timing of trade and other payables and higher liabilities in 2022/23 relating to major capital projects and the provision of once-off employee entitlements due to Council's decision not to renew its contracts to provide Whitehorse Home and Community Service beyond 30 June 2023. The 2023/24 result is well above the minimum sustainable level and is forecast to remain so, with decreases attributed mainly to the funding of major capital works and initiatives in future years.

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

SERVICE/INDICATOR/ MEASURE	2021	2022 Actual	2023	2024 Target	2024 Actual	2025	2026	2027 Forecast	2028	Comments
Unrestricted cash										This indicator shows cash and cash equivalents and financial assets that are not available for use other than for the purpose for which it is restricted in accordance with accounting standards. The unrestricted cash indicator for 2023/24 is due to cash held to fund carry forward capital works from 2023/24, conditional grants unspent and statutory reserves. Also contributing to the 2023/24 result were high levels of funding held in investments with a term of greater than 90 days maturity in order to maximise interest income at the end of 30 June 2024. A total of \$170 million in term deposit investments are classified as "other financial assets" not cash. If these term deposits were classified as cash the indicator result would be 188.22% (154.32% in 2022/23).
L2 Unrestricted cash compared to current liabilities	214.18%	-109.89%	-100.63%	N/A	-167.30%	193.97%	189.89%	178.57%	145.30%	
[Unrestricted cash / Current liabilities] x100										
Obligations										
Loans and borrowings										
O2 Loans and borrowings compared to rates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Council currently has no loans and borrowings.
[Interest bearing loans and borrowings / Rate revenue] x100										
Loans and borrowings										
O3 Loans and borrowings repayments compared to rates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Council currently has no loans and borrowings.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100										

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

SERVICE/ INDICATOR/ MEASURE	2021	2022 Actual	2023	2024 Target	2024 Actual	2025	2026	2027	2028	Comments
							Forecast			
Indebtedness										The 2023/24 result reflects an overall increase in own source revenue mainly due to proceeds from the divestment of the Sinnott Street reserve, Burwood (\$9.53m) to the State Government for construction of the Suburban Rail Loop higher interest on investments (\$3.94m) and higher statutory fees and charges (\$2.62m). Non-current liabilities have decreased in 2023/24, primarily relating to a decrease in lease liabilities as lease payments have been made during the course of the year.
O4 Non-current liabilities compared to own source revenue <i>[Non-current liabilities / Own source revenue] x100</i>	3.36%	2.97%	6.97%	N/A	5.69%	5.21%	4.55%	3.98%	3.41%	
Asset renewal and upgrade										The indicator is lower than projected due to a combination of higher than budgeted depreciation, impacted by road and pathway revaluation increments and higher than budgeted depreciation on it recently capitalised The Round and Morack Public Golf major redevelopment projects during the year. Also contributing to the result is lower than budgeted renewal and upgrade capital expenditure resulting from projects not progressing as rapidly as planned due to grant funding agreement delays, including the Box Hill City Oval, Mirrabooka and Forest Hill Reserve pavilions, and the Elgar Park North East oval synthetic surface project. The forecast result is expected to return to above the desired level of 100% and remain strong and reflects Council's continued commitment to renew its existing community infrastructure.
O5 Asset renewal and upgrade expense compared to depreciation <i>[Asset renewal and asset upgrade expenditure / Asset depreciation] x100</i>	151.59%	124.63%	126.13%	109.11%	90.11%	101.09%	132.08%	134.20%	128.43%	

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

SERVICE/ INDICATOR/ MEASURE	2021	2022	2023	2024	2025	2026	2027	2028	Comments
Operating position		Actual		Target	Actual		Forecast		
Adjusted underlying result									
OP1 Adjusted underlying surplus (or deficit)	10.86%	5.78%	-4.06%	N/A	3.50%	1.47%	-0.13%	0.17%	
[Adjusted underlying surplus (or deficit)/ Adjusted underlying revenue] x100									The adjusted underlying result has improved returning a positive result for 2023/24. Contributing to this result include higher revenue from the proceeds on the disposal of Sinnott Street reserve (\$9.53m) to the State Government for construction of the Suburban Rail Loop, higher interest on investments (\$3.94m) and higher statutory fees and charges (\$2.62m). This has been partly offset by a reduction in recurrent operating grant income, due to the entire 2023/24 funding allocation being paid early and recognised in 2022/23 (\$5.78m) and reductions in Home & Community Services funding (\$9.60m) and expenditure due to Council's decision not to renew its contracts to provide Whitehorse Home & Community Services beyond 30 June 2023. The prior year result of -4.06% included the impact of several once-off items including the entire funding allocation for 2023/24 being paid early and recognised in 2022/23, offset by once-off employee expenditure associated with the discontinuation of delivering Home & Community Services. The adjusted underlying result over the next four years reflects Council's investment in transformation initiatives that support the delivery of actions in the Council Plan.

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

SERVICE/INDICATOR/ MEASURE	2021	2022 Actual	2023	2024 Target	2024 Actual	2025	2026	2027 Forecast	2028	Comments
Stability										
Rates concentration										
S1 Rates compared to adjusted underlying revenue <i>[Rate revenue / Adjusted underlying revenue] x100</i>	62.89%	62.68%	59.91%	69.74%	64.97%	66.09%	65.95%	66.86%	67.13%	The indicator assesses whether council can generate revenue from a range of sources to fund services and activities. A lower proportion of rates to underlying revenue suggests greater stability. For 2023/24, there is a slight higher proportion of rates to underlying revenue compared to 2022/23, mainly due to the transfer of supplementary bin services (previously a fee for service under user fees) into rates and charge as a result of the introduction of Council's waste service charge.
Rates effort										
S2 Rates compared to property values <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.17%	0.17%	0.15%	N/A	0.17%	0.17%	0.17%	0.17%	0.17%	This result reflects the extent of reliance on rate revenues to fund all of Council's ongoing services. A low or decreasing level of rates suggests an improvement in the rating burden. Council's result remains low, with the forecast in alignment with historical performance. Overall property values in 2023/24 decreased by 2.52% compared to 2022/23, combined with the rate cap of 3.5% and inclusion of supplementary bin services (previously user fees) now included under rates and charges due to introduction of the waste service charge.

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2024

SERVICE/INDICATOR/MEASURE	Results			Comments
	2021	2022	2023	2024
Population				
C1 Expenses per head of municipal population [Total expenses / Municipal population]	\$968.84	\$1,082.21	\$1,315.31	\$1,189.77
C2 Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$5,179.50	\$6,092.03	\$6,950.31	\$6,926.59
C3 Population density per length of road [Municipal population / Kilometres of local roads]	283.73	276.25	270.03	278.80
Own-source revenue				
C4 Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$916.26	\$999.27	\$1,117.37	\$1,182.26
Recurrent grants				
C5 Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$121.14	\$135.11	\$137.94	\$50.10
Disadvantage				
C6 Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	9.00	9.00	9.00	9.00
Workforce turnover				
C7 Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	7.78%	12.82%	10.17%	21.5%

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement**Basis of preparation for the Performance Statement**

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed, service performance, financial performance and sustainable capacity indicators and measures together with a description of the municipal district, an explanation of material variations in the results and notes to the accounts. This statement has been prepared to meet the requirements of the *Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020*.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g., Australian Bureau of Statistics or the Council's satisfaction survey provider).

The performance statement presents the actual results for the current year and the previous three years, along with the current year's target, if mandated by the *Local Government (Planning and Reporting) Regulations 2020*. Additionally, for the prescribed financial performance indicators and measures, the performance statement includes the target budget for the current year and the results forecast for the period 2024-25 to 2027-28 by the council's financial plan.

The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

3.1 – ATTACHMENT 4. 2023-24 Whitehorse Performance Statement

Definitions

“Aboriginal children” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

“adjusted underlying revenue” means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

“adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure

“annual report” means an annual report prepared by a council under section 98 of the Act

“asset renewal expenditure” means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

“asset upgrade expenditure” means the expenditure that – (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life

“critical non-compliance outcome notification” means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

“current assets” has the same meaning as in the AAS

“current liabilities” has the same meaning as in the AAS

“food premises” has the same meaning as in the Food Act 1984

“intervention level” means the level set for the condition of a road beyond which a council will not allow the road to deteriorate and will need to intervene

“local road” means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

“major non-compliance outcome notification” means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

“MCH” means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age.

“non-current liabilities” means all liabilities other than current liabilities.

“own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

“population” means the resident population estimated by council.

“rate revenue” means revenue from general rates, municipal charges, service rates and service charges

“relative socio-economic disadvantage”, in relation to a municipal district, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipal district is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA

“restricted cash” means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

“SEIFA” means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its website.

“unrestricted cash” means all cash and cash equivalents other than restricted cash

Whitehorse City Council
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2024

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

**Whitehorse City Council
Financial Report
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3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.

Callista Clarke CPA
Principal Accounting Officer

Dated : 30 September 2024

Nunawading

In our opinion, the accompanying financial statements present fairly the financial transactions of the Whitehorse City Council for the year ended 30 June 2024 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.

Councillor Blair Barker

Councillor

Dated: 30 September 2024

Nunawading

Councillor Trudy Skilbeck

Councillor

Dated: 30 September 2024

Nunawading

Simon McMillan

**Chief Executive
Officer**

Dated: 30 September 2024

Nunawading

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

*Whitehorse City Council
2023/2024 Financial Report*

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3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

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3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Comprehensive Income Statement For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income / Revenue			
Rates and charges	3.1	143,109	130,471
Statutory fees and fines	3.2	12,294	9,670
User fees	3.3	34,984	40,961
Grants - operating	3.4	8,107	24,871
Grants - capital	3.4	3,351	8,970
Contributions - monetary	3.5	7,102	5,770
Contributions - non monetary	3.5	7,237	621
Other income	3.7	14,167	11,421
Net gain or (loss) on disposal of property, infrastructure, plant and equipment	3.6	6,643	(7,131)
Total income / revenue		236,994	225,655
Expenses			
Employee costs	4.1	82,813	92,401
Materials and services	4.2	80,957	80,561
Depreciation	4.3	38,725	34,720
Amortisation - intangible assets	4.4	380	371
Depreciation - right of use assets	4.5	1,326	1,481
Allowance for impairment losses	4.6	(173)	1,180
Finance costs - leases	4.7	139	151
Contributions expense - Whitehorse Manningham Library	7.2	5,843	5,661
Share of net loss of associates and joint ventures	6.3	50	211
Other expenses	4.8	2,479	2,731
Total expenses		212,539	219,511
Surplus for the year		24,455	6,144
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain	6.2	31,580	71,270
Total other comprehensive income		31,580	71,270
Total comprehensive result		56,035	77,414

The above comprehensive income statement should be read in conjunction with the accompanying notes.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Balance Sheet

As at 30 June 2024

	Note	2024 \$'000	202 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	15,188	29,03
Trade and other receivables	5.1	17,097	15,59
Other financial assets	5.1	170,030	162,58
Prepayments	5.2	1,573	1,52
Non-current assets classified as held for sale	6.1	2,414	2,41
Other assets	5.2	14,147	4,33
Total current assets		<u>220,449</u>	<u>215,48</u>
Non-current assets			
Trade and other receivables	5.1	327	37
Other financial assets	5.1	-	5,00
Investments in associates, joint arrangements and subsidiaries	6.3	6,468	6,55
Property, infrastructure, plant and equipment	6.2	4,306,380	4,266,67
Right-of-use assets	5.7	8,466	9,79
Intangible assets	5.2	726	97
Total non-current assets		<u>4,322,367</u>	<u>4,289,36</u>
Total assets		<u>4,542,816</u>	<u>4,504,85</u>
Liabilities			
Current liabilities			
Trade and other payables	5.3	10,858	22,70
Trust funds and deposits	5.3	15,234	15,15
Contract and other liabilities	5.3	5,677	8,16
Provisions	5.4	16,052	18,42
Lease liabilities	5.7	1,255	1,28
Total current liabilities		<u>49,076</u>	<u>65,73</u>
Non-current liabilities			
Provisions	5.4	1,612	1,73
Provision for investments in joint operation accounted for using the equity method	6.3	2,992	3,03
Lease liabilities	5.7	7,404	8,65
Total non-current liabilities		<u>12,008</u>	<u>13,42</u>
Total liabilities		<u>61,084</u>	<u>79,15</u>
Net assets		<u>4,481,732</u>	<u>4,425,69</u>
Equity			
Accumulated surplus		1,549,915	1,535,88
Reserves	9.1	2,931,817	2,889,81
Total Equity		<u>4,481,732</u>	<u>4,425,69</u>

The above balance sheet should be read in conjunction with the accompanying notes.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report***Statement of Changes in Equity
For the Year Ended 30 June 2024**

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2024					
Balance at beginning of the financial year		4,425,697	1,535,881	2,788,244	101,572
Surplus for the year		24,455	24,455	-	-
Net asset revaluation gain	9.1(a)	31,580	-	31,580	-
Transfers to other reserves	9.1(b)	-	(19,219)	-	19,219
Transfers from other reserves	9.1(b)	-	8,798	-	(8,798)
		4,481,732	1,549,915	2,819,824	111,993
Balance at end of the financial year		4,481,732	1,549,915	2,819,824	111,993

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
Balance at beginning of the financial year		4,348,286	1,499,245	2,716,974	132,067
Surplus for the year		6,141	6,141	-	-
Net asset revaluation gain	9.1(a)	71,270	-	71,270	-
Transfers to other reserves	9.1(b)	-	(10,178)	-	10,178
Transfers from other reserves	9.1(b)	-	40,673	-	(40,673)
		4,425,697	1,535,881	2,788,244	101,572
Balance at end of the financial year		4,425,697	1,535,881	2,788,244	101,572

The above statement of changes in equity should be read in conjunction with the accompanying notes.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

Statement of Cash Flows

For the Year Ended 30 June 2024

		2024	202
		Inflows/ (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'00
Cash flows from operating activities			
Rates and charges		139,901	129,35€
Statutory fees and fines		10,291	8,37€
User fees		39,201	41,87€
Grants - operating		8,754	25,401
Grants - capital		1,273	5,841
Contributions - monetary		8,006	6,091
Interest received		7,051	3,164
Trust funds and deposits taken		29,921	27,231
Other receipts		6,387	7,122
Net GST refund		11,348	14,311
Employee costs		(90,457)	(86,82€
Materials and services		(93,687)	(111,66€
Contributions expense - Whitehorse Manningham Library		(5,843)	(5,66€
Trust funds and deposits repaid		(29,840)	(26,224
Other payments		(2,735)	(2,987
Net cash provided by operating activities	9.2	<u>39,571</u>	<u>35,397</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(50,804)	(85,67€
Proceeds from sale of property, infrastructure, plant and equipment		1,253	1,11€
Payments for investments		(170,030)	(167,58€
Proceeds from sale of investments		167,585	225,681
Payments of loans and advances		3	2
Net cash used in investing activities		<u>(51,993)</u>	<u>(26,45€</u>
Cash flows from financing activities			
Interest paid - lease liability	4.7	(139)	(15€
Repayment of lease liabilities		(1,282)	(1,36€
Net cash used in financing activities		<u>(1,421)</u>	<u>(1,527</u>
Net decrease in cash and cash equivalents		(13,843)	7,411
Cash and cash equivalents at the beginning of the financial year		29,031	21,62€
Cash and cash equivalents at the end of the financial year	5.1	<u>15,188</u>	<u>29,031</u>
 Financing arrangements	 5.5		

The above statement of cash flows should be read in conjunction with the accompanying notes.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Statement of Capital Works For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Property			
Buildings		16,116	58,674
Building improvements		5,517	3,721
Total buildings		<u>21,633</u>	<u>62,395</u>
Land		400	-
Total Land		<u>400</u>	<u>-</u>
Total property		<u>22,033</u>	<u>62,395</u>
Plant and equipment			
Plant, machinery and equipment		2,656	2,987
Fixtures, fittings and furniture		594	836
Computers and telecommunications		1,071	2,467
Total plant and equipment		<u>4,321</u>	<u>6,290</u>
Infrastructure			
Roads		5,987	5,533
Footpaths and cycleways		4,560	6,045
Drainage		1,821	1,603
Recreational, leisure and community facilities		4,016	5,571
Parks, open space and streetscapes		2,569	3,563
Off street car parks		312	759
Total infrastructure		<u>19,265</u>	<u>23,074</u>
Total capital works expenditure		<u>45,619</u>	<u>91,759</u>
Represented by:			
New asset expenditure		3,381	12,335
Asset renewal expenditure		28,009	39,965
Asset expansion expenditure		7,342	35,632
Asset upgrade expenditure		6,887	3,827
Total capital works expenditure		<u>45,619</u>	<u>91,759</u>

The above statement of capital works should be read in conjunction with the accompanying notes.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report***Notes to the Financial Report
For the Year Ended 30 June 2024****ote 1 Overview****Introduction**

The Whitehorse City Council was established by an Order of the Governor in Council on 15th December 1994 and is a body corporate.

The Council's main office is located at 379-399 Whitehorse Road, Nunawading VIC 3131.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Accounting policy information**1.1 Basis of accounting**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Specific accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.4)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3.4)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2024

Note 2 Analysis of our results**2.1 Performance against budget**

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$1 million where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 26 June 2023. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council set guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income / Revenue and expenditure

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	141,982	143,109	1,127	1%	1
Statutory fees and fines	12,214	12,294	80	1%	
User fees	37,119	34,984	(2,135)	(6%)	2
Grants - operating	6,499	8,107	1,608	25%	3
Grants - capital	7,595	3,351	(4,244)	(56%)	4
Contributions - monetary	5,000	7,102	2,102	42%	5
Contributions - non monetary	-	7,237	7,237	100%	6
Other income	8,735	14,167	5,432	62%	7
Net gain / (loss) on disposal of property, infrastructure, plant and equipment	(3,626)	6,643	10,269	283%	8
Total income / revenue	215,518	236,994	21,476	10%	
Expenses					
Employee costs	81,747	82,813	1,066	1%	9
Materials and services	82,099	80,957	(1,142)	(1%)	10
Depreciation	35,910	38,725	2,815	8%	11
Amortisation - intangible assets	470	380	(90)	(19%)	12
Depreciation - right of use assets	1,553	1,326	(227)	(15%)	13
Allowance for impairment loss	1,268	(173)	(1,441)	(114%)	14
Contribution expense - Whitehorse Manningham Library	5,864	5,843	(21)	(0%)	
Finance costs - leases	122	139	17	14%	15
Share of net losses of associates and joint ventures	-	50	50	100%	16
Other expenses	2,503	2,479	(24)	(1%)	
Total expenses	211,536	212,539	1,003	0%	
Surplus for the year	3,982	24,455	20,473	514%	
Other comprehensive income					
Revaluation of property, infrastructure, plant and equipment	-	31,580	31,580	100%	17
Total Comprehensive result	3,982	56,035	52,053	1307%	

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report***Notes to the Financial Report
For the Year Ended 30 June 2024****2.1.1 Income/Revenue and expenditure (continued)****(i) Explanation of material variations**

- 1 Rates and charges were \$1.13m above budget, primarily due to higher than budgeted waste service charge income (\$472k) as a result of changes in bin numbers and an increase in properties utilising FOGO (note that this increase will be offset by corresponding FOGO processing costs related to the additional FOGO utilisation). Penalty interest on rates and charges was also \$626k higher than budgeted.
- 2 User fees were \$2.14m lower than budget primarily related to decreases within Health & Family Services (\$1.13m) and Recycling and Waste Centre (\$1.15m), partly offset by favourable variances within Leisure & Recreation Services (\$451k) and Arts & Cultural Services (\$183k).
- 3 Operating grants were \$1.61m above budget, primarily reflecting higher than budgeted childcare subsidies (\$839k) and \$249k related to the finalisation of the 2023/24 Victorian Local Government Grants Commission (VLGGC) funding allocation. Whitehorse City Council discontinued WHACS at 30 June 2023 however transition to new providers occurred early in 2023/24 as a result, Council received Commonwealth Home Support grants in July (\$368k).
- 4 Capital grants were \$4.24m lower than budgeted, due mainly to the development schedules associated with Elgar Park North East Oval surface improvements and the redevelopment of Box Hill City Oval, Mirrabooka and Forest Hill Reserve pavilions being extended into 2024/25 and balance of grants received accordingly.
- 5 Contributions – monetary was \$2.10m higher than budget due to higher public open space contributions (\$1.10m), unbudgeted Development Contributions Plan (DCP) income (\$698k, with the new plan coming into effect from 21 December 2023), plus unbudgeted capital contributions (\$303k) mainly related to the Morack Public Golf Course redevelopment (\$197k).
- 6 Contributions non-monetary primarily consists of contributed roads (\$4.48m) and drainage (\$2.50m) assets. These assets were transferred to Council's ownership from developers.
- 7 Other income was \$5.43m higher than budget primarily due to higher interest on investments (\$3.97m), plus the receipt of reimbursement income associated with Major Transport projects (\$358k), unbudgeted income related to Victoria's new Container Deposit Scheme (\$298k) and the receipt of energy efficiency rebates (\$166k).
- 8 Net gain / (loss) on disposal of property, infrastructure, plant and equipment is higher than budget predominantly related to the receipt of proceeds related to the divestment of the Sinnott Street reserve, Burwood (\$9.53m) to the State Government for construction of the Suburban Rail Loop, plus higher than budgeted proceeds on the disposal of vehicles, plant and equipment (\$627k).
- 9 Employee costs were \$1.07m higher than budget mainly due to temporary support related to key strategic projects within Organisational Technology (\$895k, primarily related to the extension of the ERP Support Team that concluded on 30 June 2024, the majority of which was offset by a reduction in project spend under Materials and Services). There were also additional staffing costs associated with an extra month of service provision under the Commonwealth Home Support Programme (\$282k, grant funded).
- 10 Materials & services were \$1.14m lower than budget primarily due to lower category spend across Organisational Technology (\$1.83m, of which \$750k relates to the ERP Support Team and is offset by additional employee costs per Note 2.1.1(i)(9) - Employee Costs), Transformation (\$1.09m), Finance (\$705k), Community Safety (\$666k), Leisure Services (\$540k), City Planning and Development (\$522k) and Recreation Services (\$485k). This was partly offset by unfavourable variances related mainly to the write-off of projects costs due to not meeting the definition of assets or for being under the capital expenditure threshold (\$1.90m), and higher than budget spend within City Services (\$1.70m, mainly related to higher road and pathway maintenance (\$833k) and drainage maintenance (\$665k)) and Project Delivery and Assets (\$686k).
- 11 Depreciation expense was \$2.82m above budget mainly due to the impact of revaluation of assets at 30 June 2023 for roads, bridges, footpaths & cycleways and off street carparks (revalued for the first time in 2023). During 2023/24 assets were capitalised under Plant Machinery and Equipment in line with policy relating to The Round however were classified in the budget under the Building asset class resulting in higher depreciation compared to the budget.
- 12 Amortisation Intangible assets represents software. Lower amortisation charge compared to budget, due to lower capitalisation of software costs with a greater proportion being expensed due to not meeting the criteria for capitalisation.
- 13 Depreciation - right of use assets \$227k lower than budget, primarily due to estimates provided in the adopted budget prior to finalisation of the waste contract for right of use assets.
- 14 Allowance for impairment losses was \$1.44m favourable to budget, primarily related to a reversal of a previously recognised provision related to multi-deck carparks in Box Hill.
- 15 Finance cost \$17k higher than budget and relates to the interest expense component for leases.
- 16 Share of net losses of associates and joint ventures are budgeted to break even. The variance to budget primarily represents the share of the net loss related to the Whitehorse Manningham Regional Library Corporation. Further, the timing of budget information received for the Regional Landfill Clayton South does not allow for its inclusion in Council's budget document and hence this is not budgeted for.
- 17 Drainage, parks, open space and streetscapes were revalued in 2023/24. Please refer to Note 6.2 for the breakdown of these revaluations.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2024

2.1.2 Capital works

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	3,000	400	(2,600)	-87%	18
Total land	3,000	400	(2,600)	-87%	
Buildings	13,087	16,116	3,029	23%	19
Building improvements	4,837	5,517	680	14%	20
Total buildings	17,924	21,633	3,709	21%	
Total property	20,924	22,033	1,109	5%	
Plant and equipment					
Plant, machinery and equipment	4,813	2,656	(2,157)	-45%	21
Fixtures, fittings and furniture	656	594	(62)	-9%	
Computers and telecommunications	1,235	1,071	(164)	-13%	22
Total plant and equipment	6,704	4,321	(2,383)	-36%	
Infrastructure					
Roads	5,480	5,987	507	9%	
Bridges	50	-	(50)	-100%	23
Footpaths and cycleways	4,477	4,560	83	2%	
Drainage	2,200	1,821	(379)	-17%	24
Recreational, leisure and community facilities	5,804	4,016	(1,788)	-31%	25
Parks, open space and streetscapes	3,673	2,569	(1,104)	-30%	26
Off street car parks	920	312	(608)	-66%	27
Total infrastructure	22,604	19,265	(3,339)	-15%	
Total capital works expenditure	50,232	45,619	(4,613)	-9%	
Represented by:					
New asset expenditure	5,763	3,381	(2,382)	-41%	
Asset renewal expenditure	32,946	28,009	(4,937)	-15%	
Asset expansion expenditure	6,237	7,342	1,105	18%	
Asset upgrade expenditure	5,286	6,887	1,601	30%	
Total capital works expenditure	50,232	45,619	(4,613)	-9%	

(i) Explanation of material variations

Variance
Ref

18 **Land**

The budget included a provisional allocation for land acquisitions. During 2023/24 a deposit was paid for a property in Box Hill South with settlement on 5 August 2024.

19 **Buildings**

Buildings expenditure was \$3.03m higher than budget predominantly reflecting carried forward expenditure from 2022/23 for the redevelopments of The Round (\$4.36m), and Morack Golf Course (\$1.95m), and the Vermont South Bowls Club extension (\$1.11m). This is partly offset by unspent funding to be carried forward into 2024/25 on the redevelopments of Mirrabooka Reserve Pavilion (\$1.63m), Box Hill City Oval (\$1.17m) and Mahoneys Reserve Pavilion (\$1.05m).

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

**Notes to the Financial Report
For the Year Ended 30 June 2024****2.1.2 Capital works (continued)****20 Buildings Improvement**

Building improvements expenditure was \$680k higher than budget primarily due to \$874k funding brought forward from 2024/25 to condense the Private Buildings Renewal Program (renewal of four scout halls) from a two year program into one.

21 Plant, machinery and equipment

Plant, machinery and equipment was \$2.16m below budget due to a purchasing freeze on passenger vehicle renewals while the Fleet Policy was under review (\$1.69m) and ongoing supply chain delays for delivery of heavy plant (\$511k). Funding will be carried forward into 2024/25 for plant not delivered by 30 June 2024 and to catch up on passenger vehicle replacements that are due.

22 Communications and telecommunications

Computers and telecommunications expenditure was \$164k below budget due to the reallocation of non-capital low value and subscription-based purchases to operational expenditure in line with Council's Fixed Assets Policy.

23 Bridges

No bridge renewal works were required during 2023/24.

24 Drainage

Drainage expenditure was \$379k below budget primarily reflecting the reallocation of funding from the Drainage Stormwater Network Renewal Program to the Roads asset class to fund the renewal of drainage assets associated with road reconstruction projects.

25 Recreational, leisure and community facilities

Recreational, Leisure and Community Facilities expenditure was \$1.79m below budget mainly due to a delay in finalising the project scope for the Elgar Park North East sports field synthetic surface and lighting designs, with \$2.22m unspent funding carried forward into 2024/25 to enable completion of these projects. This was partly offset by \$374k unbudgeted expenditure to improve Hagenauer Reserve track and field lighting, which was funded by a State Government grant.

26 Parks, open space and streetscapes

Parks, Open Space and Streetscapes expenditure was \$1.10m below budget mainly due to a \$668k decrease in expenditure on the Nunawading Shopping Centre Streetscape Renewal project, which was impacted by Department of Transport and Planning approval delays for design and traffic management requirements and will now be completed over two financial years. The Play Space Renewal Program was also \$223k below budget due to the deferral of the North East Link Project (NELP) grant-funded Frank Sedgman play space renewal to investigate broader investment opportunities within the Park.

27 Off street car park

Off Street Car Park expenditure was \$608k below budget mainly due to a slight delay in construction of a new temporary car park on the Box Hill Bowls Club site, with \$453k of unspent funding to be carried forward into 2024/25 to fund construction.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

**Notes to the Financial Report
For the Year Ended 30 June 2024****2.2 Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

2.2.1 Corporate Services

The Corporate Services Directorate is responsible for managing computer systems, records, training, governance and integrity including risk management and co-ordinating rates and valuations. The Strategic Communications Department provides information on Council activities and services to the community, staff and media. The Customer Service Department delivers the provision of customer service at Council's three service centres. This directorate is also responsible for ensuring Council's compliance in relation to Privacy, the Public Records Act and Record Management standards. Finance, Contracts and Benefits, Organisational Technology, People & Culture are included within this directorate.

City Development

Council's City Development Directorate comprises of Community Safety, Property and Leasing, Planning and Building and Engineering and Investment. The Planning and Building Department is responsible for planning policy development and ensuring that development complies with relevant planning legislation. The Engineering and Investment Department is responsible for local economic development in partnership with business and community networks as well Engineering approvals, traffic and mayor transport projects. Community Safety is responsible for parking, local laws, animal management and school crossing supervision, this directorate also comprises of Property Management and Leasing with a focus on property management and centralised leasing.

Community Services

Council's Community Services Directorate comprises seven departments: Community engagement and Integrated Planning, Health and Family Services, Corporate Planning and Performance, Positive Ageing, Leisure Strategy and Development and Arts and Cultural Services and Leisure and Recreation Services. Community Services provides support services for the aged, children, youth and families, public health services for all residents, community planning, social policy and community development activities and community engagement, events, cultural facilities, art programs, Council's aquatic centres, public golf course and community centre, as well as planning and policy development for parks, open space and recreation resources.

Infrastructure

Council's Infrastructure Directorate comprises: Project delivery and Assets, Major Projects, City Services and Parks and Natural Environment. It is primarily responsible for maintaining and upgrading Council's assets and infrastructure, design and construction, the City's open space areas, the Whitehorse Recycling and Waste Centre as well as fleet of plant and vehicle assets. This directorate is responsible for major projects and sustainability.

Transformation

Council's Transformation Directorate comprises: Strategic Property Program, Technology Transformation Program, Service Excellence Program, Enterprise Change Management, Continuous Improvement Program and Human Experience Program. The Directorate leads and supports the successful achievement of Council's Transformation Strategic Objectives via initiatives, projects and change.

Treasury

The Treasury function is responsible for managing Council's monetary transactions as well as accounting for Council's Assets (e.g. depreciation and the sale and write off of assets). The monetary transactions include income from rates (includes waste and the associated interest), the sale of assets and Financial Assistance Grants.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2024					
Corporate Services *	836	32,074	(31,238)	60	176,415
City Development	27,606	23,461	4,145	896	1,342,780
Community Services	24,757	44,759	(20,002)	6,901	1,589,944
Infrastructure	13,736	67,267	(53,531)	-	1,162,898
Transformation	-	3,879	(3,879)	-	81,496
Treasury	170,059	41,099	128,960	3,601	189,283
	236,994	212,539	24,455	11,458	4,542,816

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Corporate Services	933	26,761	(25,828)	30	193,534
City Development	23,525	23,922	(397)	1,770	1,320,562
Community Services **	36,743	61,499	(24,756)	16,068	1,605,097
Infrastructure	28,283	64,030	(35,747)	9,050	1,098,743
Transformation	-	7,818	(7,818)	-	88,336
Treasury	136,167	35,480	100,687	6,937	198,581
	225,651	219,510	6,141	33,855	4,504,853

* The increase in 2023/24 expenditure in Corporate Services mainly relates to Oracle Enterprise Resource Planning (ERP) system post go live support costs (concluded at 30 June 2024) and ongoing ERP software licensing and hosting support previously recognised under the Transformation Directorate.

** In 2022/23 Council resolved to not renew its contract to provide services under the Commonwealth Home Support Programme (CHSP) and the Regional Assessment Service, Home and Community Care Program for Young People (HACC-PGYP) and the services concluded at 30 June 2023.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

Note 3 Funding for the delivery of our Services**3.1 Rates and charges**

	2024	2023
	\$'000	\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property, is the value of the land and all improvements.

The valuation base used to calculate general rates for 2023/24 was:

General rate	82,717,103	84,047,771
Recreation rate	95,639	98,863

The 2023/24 rate in the dollar of general rate assessment was 0.141535 cent of each dollar of CIV (2022/23: 0.153777)

The total quantum of 'in-lieu of rates' levied on recreational assessment was \$39,429 in 2023/24 (2022/23: \$43,302)

General rates	117,186	129,159
Service rates and charges	24,341	-
Supplementary rates and rate adjustments	817	965
Revenue in lieu of rates	39	43
Interest on rates and charges	726	311
Total rates and charges	143,109	130,478

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2023 and the valuation was first applied in the rating year commencing 1 July 2023.

Annual rates and charges are recognised as income when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

From 1 July 2023, Council separated out the cost of providing waste and recycling services into a Waste Service Charge (Service rates and charges). The overall general rates across the municipality has reduced. Supplementary Bin charges (previously a fee for service and under "User fees" Note 3.3 in 2022/23) has formed part of the Service rates and charges in 2023/24.

3.2 Statutory fees and fines

Infringements and costs	7,564	5,356
Court recoveries	831	499
Town planning fees	1,612	1,656
Land information certificates	216	163
Building services	1,291	1,191
Permits	780	805
Total statutory fees and fines	12,294	9,670

Statutory fees and fines (including parking fees and fines) are recognised as income when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

3.3 User fees

Aged and health services	105	1,920
Arts and Culture	3,075	1,306
Leisure centre and recreation	9,881	9,595
Child care/children's programs	1,948	2,489
Parking	3,323	3,167
Registration and other permits	2,620	2,535
Building services	60	50
Waste management services *	12,250	18,377
Other fees and charges	1,722	1,530
Total user fees	34,984	40,969

User fees by timing of revenue recognition

User fees recognised over time	11,829	12,084
User fees recognised at a point in time	23,155	28,885
Total user fees	34,984	40,969

*Waste management services has reduced in 2023/24 due to the introduction of a waste service charge refer to Note 3.1.

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report***Notes to the Financial Report
For the Year Ended 30 June 2024**

	2024	2023
	\$'000	\$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	5,737	26,712
State funded grants	5,721	7,143
Total grants received	11,458	33,855
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Aged and disability services	358	7,286
Family day care	3,754	3,359
General home care	9	1,730
Financial Assistance Grants	249	6,937
Other	18	61
	4,388	19,373
<i>Recurrent - State Government</i>		
Aged care	-	954
Community safety	130	124
Family and children	1,104	777
Maternal and child health	1,488	1,353
School crossing supervisors	818	783
Other	68	21
	3,608	4,012
Total recurrent operating grants	7,996	23,385
<i>Non-recurrent - Commonwealth Government</i>		
Family and children	-	80
Street Lighting	-	863
	-	943
<i>Non-recurrent - State Government</i>		
Other	111	551
	111	551
Total non-recurrent operating grants	111	1,494
Total operating grants	8,107	24,879
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	953	385
Total recurrent capital grants	953	385
<i>Non-recurrent - Commonwealth Government</i>		
Buildings	396	2,737
Infrastructure	-	3,274
	396	6,011
<i>Non-recurrent - State Government</i>		
Buildings	-	338
Infrastructure	2,002	2,242
	2,002	2,580
Total non-recurrent capital grants	2,398	8,591
Total capital grants	3,351	8,976

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

3.4 Funding from other levels of government (continued)**(c) Recognition of grant income**

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers*. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement
 - determines the transaction price
 - recognises a contract liability for its obligations under the agreement
 - recognises revenue as it satisfies its performance obligations, at the point in time or over time when services are rendered.
- Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income of Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

	2024	2023
	\$'000	\$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	953	385
Other specific purpose grants	2,398	8,591
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	8,107	24,879
	11,458	33,855

(d) Unspent grants received on condition that they be spent in a specific manner***Operating***

Balance at start of year	867	1,000
Received during the financial year and remained unspent at balance date	69	867
Received in prior years and spent during the financial year	(565)	(1,000)
Balance at year end	371	867

Capital

Balance at start of year	7,298	9,205
Received during the financial year and remained unspent at balance date	5	1,340
Received in prior years and spent during the financial year	(1,997)	(3,247)
Balance at year end	5,306	7,298

Unspent grants are determined and disclosed on a cash basis.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
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Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
	\$'000	\$'000
3.5 Contributions		
Monetary	7,102	5,770
Non-monetary	7,237	625
Total contributions	<u>14,339</u>	<u>6,395</u>

Contributions of non monetary assets were received in relation to the following asset classes.

Infrastructure	7,237	625
Total non-monetary contributions	<u>7,237</u>	<u>625</u>

Monetary and non monetary contributions are recognised as income at their fair value when Council obtains control over the contributed asset.

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	10,783	1,119
Written down value of assets disposed	(4,140)	(8,258)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>6,643</u>	<u>(7,139)</u>

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

3.7 Other income

Interest	8,470	4,533
Cost and contract recovery income	2,134	1,129
Reycling income	278	259
Rent	806	673
Swim school income	776	1,285
Other	1,703	3,544
Total other income	<u>14,167</u>	<u>11,423</u>

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
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For the Year Ended 30 June 2024

	2024	2023
	\$'000	\$'000
Note 4 The cost of Delivering Services		
4.1 (a) Employee costs		
Wages and salaries	63,428	68,713
Casual Staff	7,574	6,889
Superannuation	8,774	9,045
Fringe benefits tax	772	774
Staff development	964	860
Workcover	1,301	939
Redundancies	-	5,186
Total employee costs	82,813	92,406
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	371	385
	371	385
Employer contributions payable at reporting date.		
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,524	4,065
Employer contributions - other funds	4,879	4,595
	8,403	8,660
Employer contributions payable at reporting date.	170	864
Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.		
4.2 Materials and services		
Building maintenance	2,994	2,415
Consultants	1,510	801
Arts and recreation contracts	1,777	2,511
City Works contracts	5,794	4,756
Parks Wide Contracts	6,585	7,145
Waste collection contracts	19,387	17,348
Recycling and Waste Centre contracts	7,851	7,863
Other contract payments	5,402	9,637
General maintenance	1,769	1,808
Information technology	5,589	4,487
Insurance	2,505	2,247
Legal expenses	1,373	1,348
Materials and supplies	5,278	5,112
Office administration	2,343	2,353
Utilities	3,766	3,785
Works in progress (unable to be capitalised) *	1,897	-
Other services **	5,137	6,952
Total materials and services	80,957	80,568

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

* Works in progress (unable to be capitalised) refers to items not meeting the definition of an asset or being below the capitalisation threshold and mainly relates to The Round.

** Other services includes low value items across various programs including marketing and promotions, special project initiatives and other program activities.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

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**Notes to the Financial Report
For the Year Ended 30 June 2024**

	2024 \$'000	2023 \$'000
4.3 Depreciation		
Property	10,695	10,019
Plant and equipment	5,296	4,235
Infrastructure	22,734	20,466
Total depreciation	38,725	34,720
<i>Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.</i>		
4.4 Amortisation - intangible assets		
Software	380	377
Total amortisation - intangible assets	380	377
4.5 Depreciation - right of use assets		
Property	85	177
Plant and equipment	137	191
Vehicles	1,104	1,114
Total depreciation - right of use assets	1,326	1,482
4.6 Allowance for impairment losses		
Parking fine debtors	1,309	942
Other debtors	(1,482)	238
Total allowance for impairment losses	(173)	1,180
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	9,606	8,456
New allowances recognised during the year	2,530	1,999
Amounts already allowed for and written off as uncollectible	(365)	(30)
Amounts allowed for but recovered during the year	(2,615)	(819)
Balance at end of year	9,156	9,606
An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.		
4.7 Finance Costs - leases		
Interest - lease liabilities	139	159
Total finance costs	139	159
4.8 Other expenses		
Community grants	1,043	957
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	74	74
Auditors' remuneration - Internal Audit	83	96
Councillors' allowances	543	510
Operating lease rentals	1	42
Fire Services Property Levy	221	230
Others	514	825
Total other expenses	2,479	2,734

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

Note 5 Investing in and Financing our Operations	2024	2023
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	11	1
Cash at bank	15,177	25,021
Term deposits	-	4,000
Total cash and cash equivalents	15,188	29,031
(b) Other financial assets		
Current		
Term deposits	170,030	162,581
Total current other financial assets	170,030	162,581
Non-current		
Term deposits	-	5,000
Total non-current other financial assets	-	5,000
Total other financial assets	170,030	167,581
Total cash and cash equivalents and other financial assets	185,218	196,611
Some of Council's cash, cash equivalents and other financial assets are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits	15,234	15,151
- Public open space reserve	71,913	57,791
- Car parking in lieu reserve	25	2
Total restricted funds	87,172	72,971
Total unrestricted cash, cash equivalents and other	98,046	123,641
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Development reserve	39,099	42,331
- Waste management reserve	950	1,141
- Art collection reserve	6	1
- Energy fund reserve	-	271
	40,055	43,751

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of 3 to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

Note 5 Investing in and Financing our Operations (continued)	2024	2023
(c) Trade and other receivables	\$'000	\$'000
Current		
<i>Statutory receivables</i>		
Rates and charges debtors	12,760	10,240
Infringement debtors	10,119	8,380
Allowance for expected credit loss - infringements	(8,781)	(7,373)
Net GST receivable	682	1,520
<i>Non statutory receivables</i>		
Loans and advances to community organisations	3	0
Allowance for expected credit loss - community loan	(1)	(1)
Other debtors	2,690	5,040
Allowance for expected credit loss - other debtors	(375)	(2,232)
Total current trade and other receivables	17,097	15,597
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	297	340
<i>Non statutory receivables</i>		
Loans and advances to community organisations	60	60
Allowance for expected credit loss - community loan	(30)	(31)
Total non-current trade and other receivables	327	370
Total trade and other receivables	17,424	15,977

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	1,574	2,090
Past due by up to 30 days	289	320
Past due between 31 and 180 days	325	250
Past due between 181 and 365 days	287	230
Past due by more than 1 year	215	2,130
Total trade and other receivables	2,690	5,040

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$375k (2023: \$2.23m) were impaired. The amount of the allowance raised against these debtors was \$375k (2023: \$2.23m). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	-	20
Past due by up to 30 days	12	10
Past due between 31 and 180 days	43	10
Past due between 181 and 365 days	157	100
Past due by more than 1 year	163	2,070
Total trade & other receivables	375	2,230

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

**Notes to the Financial Report
For the Year Ended 30 June 2024**

5.2 Non-financial assets	2024	2023
(a) Other assets	\$'000	\$'000
Prepayments	1,573	1,522
Accrued Income	14,147	4,336
Total other assets	15,720	5,858
 (b) Intangible assets		
Software	726	973
Total intangible assets	726	973
	Software	
	\$'000	
Gross carrying amount		
Balance at 1 July 2023	4,479	
Other additions	133	
Balance at 30 June 2024	4,612	
Accumulated amortisation and impairment		
Balance at 1 July 2023	(3,506)	
Amortisation expense	(380)	
Balance at 30 June 2024	(3,886)	
Net book value at 30 June 2023	973	
Net book value at 30 June 2024	726	

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

**Notes to the Financial Report
For the Year Ended 30 June 2024**

5.3 Payables, trust funds and deposits and contract and other liabilities

	2024	2023
	\$'000	\$'000
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	-	39
Accrued expenses	10,858	22,669
Total current trade and other payables	<u>10,858</u>	<u>22,708</u>
 (b) Trust funds and deposits		
Current		
Narre Warren User Group	1,417	1,481
Fire Services Property Levy	1,436	1,225
Deposits for asset protection	9,933	10,159
Other refundable deposits	2,448	2,288
Total current trust funds and deposits	<u>15,234</u>	<u>15,153</u>
 (c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance - operating	371	867
Grants received in advance - capital	5,306	7,298
Total contract liabilities	<u>5,677</u>	<u>8,165</u>
Total contract and other liabilities	<u>5,677</u>	<u>8,165</u>

Grant consideration was received from State and Federal Government to support the construction of Infrastructure Assets. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of buildings and infrastructure assets. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations. Refer to Note 3.4.

Amounts received as deposits and retention amounts controlled by council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

**Notes to the Financial Report
For the Year Ended 30 June 2024**

5.3 Payables, trust funds and deposits and contract and other liabilities (continued)***Purpose and nature of items***

Narre Warren User Group (NWUG) - Council holds the cash investment for NWUG and surplus is generated from the interest and gas royalty returns less site monitoring costs.

Fire Service Property Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Deposits for asset protection - Deposits are taken by Council in relation to building works to protect Council's assets.

Other Deposits - Deposits are taken by council as a form of surety in a number of circumstances such as tender deposits, contract deposits and the use of civic facilities. Other deposits also include Retention amounts where council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

5.4 Provisions

	2024	2023
	\$ '000	\$ '000
Employee Provisions		
Balance at beginning of the financial year	20,158	19,011
Additional provisions	6,656	8,948
Amounts used	(8,679)	(7,125)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(471)	(676)
Balance at the end of the financial year	<u>17,664</u>	<u>20,158</u>
<i>Provisions - current</i>	16,052	18,423
<i>Provisions - non-current</i>	1,612	1,736

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report***Notes to the Financial Report
For the Year Ended 30 June 2024****5.4 Provisions (continued)**

	2024	2023
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	4,702	5,220
Long service leave	913	1,020
	<u>5,615</u>	<u>6,240</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,480	1,661
Long service leave	8,957	10,522
	<u>10,437</u>	<u>12,183</u>
Total current employee provisions	<u>16,052</u>	<u>18,423</u>
Non-current		
Long service leave	1,612	1,736
Total non-current employee provisions	<u>1,612</u>	<u>1,736</u>
Aggregate carrying amount of employee provisions:		
Current	16,052	18,423
Non-current	1,612	1,736
Total aggregate carrying amount of employee provisions	<u>17,664</u>	<u>20,159</u>

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

Key assumptions:

	2024	2023
- discount rate	4.35%	4.06%
- wages escalation rate	2.83%	3.35%
- settlement rate	6.72%	6.83%

5.5 Financing arrangements

The Council has the following funding arrangements in place as at 30 June.

	2024	2023
	\$'000	\$'000
Bank overdraft	100	100
Credit card facilities	212	212
Total facilities	<u>312</u>	<u>312</u>
Used facilities	79	66
Unused facilities	233	246
	<u>312</u>	<u>312</u>

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

5.6 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

(a) Commitments for expenditure

2024	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Street sweeping	1,977	1,512	1,886	629	6,004
Community programs	226	56	-	-	282
Cleaning contracts for council buildings	2,545	1,100	-	-	3,645
Maintenance of Council assets	729	-	-	-	729
Professional services	1,536	586	148	-	2,270
Waste Services	25,774	26,965	70,271	31,073	154,083
Other Services	1,730	1,731	59	-	3,520
Total	34,517	31,950	72,364	31,702	170,533
Capital					
Buildings	1,000	-	-	-	1,000
Total	1,000	-	-	-	1,000

2023	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Street sweeping	2,271	2,904	629	2,514	8,318
Community programs	226	225	225	-	676
Cleaning contracts for Council buildings	2,545	2,545	1,100	-	6,190
Maintenance of Council assets	1,250	-	-	-	1,250
Professional services	856	100	200	-	1,156
Waste services	30,248	31,192	32,173	18,966	112,579
Other Services	1,569	1,576	1,624	1,065	5,834
Total	38,965	38,542	35,951	22,545	136,003
Capital					
Buildings	12,652	1,000	-	-	13,652
Parks, Sportsfield and streetscapes	207	-	-	-	207
Total	12,859	1,000	-	-	13,859

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report***Notes to the Financial Report
For the Year Ended 30 June 2024****5.6 Commitments (continued)****(b) Operating lease receivables**

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 20 years and where applicable a CPI based revision of the rental is charged annually.

Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

	2024	2023
	\$'000	\$'000
Not later than one year	825	846
Later than one year and not later than five years	3,197	3,326
Later than five years	7,202	7,799
	<u>11,224</u>	<u>11,971</u>

5.7 Leases

At inception of a contract, Council assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under *AASB 16 Leases*, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Council is the beneficiary of peppercorn leases relating to two separate properties comprising five current premises. Two premises at one property are now vacant. The remaining premises are used for a kindergarten, community group space at one property and a customer service centre and community group space located at the other property. Rentals are between \$1 and \$12 (if demanded) with remaining lease terms ranging from between 2.5 to 14 years.

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Notes to the Financial Report For the Year Ended 30 June 2024

5.7 Leases (continued)***Right-of-use assets***

	Property	Plant & Equipment	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	522	400	8,870	9,792
Additions	-	-	-	-
Depreciation charge	(85)	(138)	(1,103)	(1,326)
Balance at 30 June 2024	437	262	7,767	8,466
Balance at 1 July 2022	474	704	340	1,518
Reclassifications	225	(113)	(136)	(24)
Additions	-	-	9,780	9,780
Depreciation charge	(177)	(191)	(1,114)	(1,482)
Balance at 30 June 2023	522	400	8,870	9,792

Lease liabilities

	2024	2023
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,375	1,421
One to five years	5,023	5,203
More than five years	2,732	3,927
Total undiscounted lease liabilities as at 30 June:	9,130	10,551

Lease liabilities included in the Balance Sheet at 30 June:

Current	1,255	1,282
Non-current	7,404	8,659
Total lease liabilities	8,659	9,941

Note 6 Assets we manage**6.1 Non current assets classified as held for sale**

	2024	2023
	\$'000	\$'000
Held at Carrying value	2,414	2,414
Total non current assets classified as held for sale	2,414	2,414

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

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Notes to the Financial Report
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6.2 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2023 \$'000	Additions \$'000	Contributions \$'000	Found \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Carrying amount 30 June 2024 \$'000
Land	3,069,021	-	-	-	-	-	-	-	-	3,069,021
Building	433,554	13,826	-	-	-	(10,695)	(3,666)	-	62,781	495,800
Plant and equipment	17,174	5,015	-	-	-	(5,296)	(474)	-	3,863	20,282
Infrastructure	671,967	23,516	6,984	253	31,580	(22,734)	-	-	3,572	715,138
Work in progress	74,955	3,111	-	-	-	-	-	(1,711)	(70,216)	6,139
	4,266,671	45,468	6,984	253	31,580	(38,725)	(4,140)	(1,711)	-	4,306,380

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Building and Land	70,575	1,426	(1,685)	(68,175)	2,141
Plant and equipment	-	9	-	-	9
Infrastructure	4,380	1,676	(26)	(2,041)	3,989
Total	74,955	3,111	(1,711)	(70,216)	6,139

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Notes to the Financial Report
For the Year Ended 30 June 2024

ote 6 Assets we manage (continued)
(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work in Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	2,183,445	196,745	688,831	3,069,021	690,367	45,449	735,816	70,575	3,875,412
Accumulated depreciation at 1 July 2023	-	-	-	-	(258,139)	(44,123)	(302,262)	-	(302,262)
	2,183,445	196,745	688,831	3,069,021	432,228	1,326	433,554	70,575	3,573,150
Movements in fair value									
Additions	-	-	-	-	13,119	707	13,826	1,426	15,252
Disposal	-	-	-	-	(11,195)	-	(11,195)	-	(11,195)
Write-off	-	-	-	-	-	-	-	(1,685)	(1,685)
Transfers	-	-	-	-	63,497	(716)	62,781	(68,175)	(5,394)
	-	-	-	-	65,421	(9)	65,412	(68,434)	(3,022)
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(10,457)	(238)	(10,695)	-	(10,695)
Accumulated depreciation of disposals	-	-	-	-	7,529	-	7,529	-	7,529
Transfers	-	-	-	-	352	(352)	-	-	-
	-	-	-	-	(2,576)	(590)	(3,166)	-	(3,166)
At fair value 30 June 2024	2,183,445	196,745	688,831	3,069,021	755,788	45,440	801,228	2,141	3,872,390
Accumulated depreciation at 30 June 2024	-	-	-	-	(260,715)	(44,713)	(305,428)	-	(305,428)
Carrying amount	2,183,445	196,745	688,831	3,069,021	495,073	727	495,800	2,141	3,566,962

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2024

note 6 Assets we manage (continued)
(b) Plant and Equipment

	Plant machinery equipment \$'000	Fixtures and furniture \$'000	Computers and telecomms \$'000	Work in progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2023	28,452	7,386	7,000	-	42,838
Accumulated depreciation at 1 July 2023	(18,472)	(2,930)	(4,262)	-	(25,664)
	9,980	4,456	2,738	-	17,174
Movements in fair value					
Additions	3,741	258	1,016	9	5,024
Disposal	(2,761)	-	(1,005)	-	(3,766)
Transfers	3,205	651	7	-	3,863
	4,185	909	18	9	5,121
Movements in accumulated depreciation					
Depreciation and amortisation	(3,771)	(393)	(1,132)	-	(5,296)
Accumulated depreciation of disposals	2,314	-	978	-	3,292
	(1,457)	(393)	(154)	-	(2,004)
At fair value 30 June 2024	32,637	8,295	7,018	9	47,959
Accumulated depreciation at 30 June 2024	(19,929)	(3,323)	(4,416)	-	(27,668)
Carrying amount	12,708	4,972	2,602	9	20,291

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
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Notes to the Financial Report
For the Year Ended 30 June 2024

ote 6 Assets we manage (continued)
(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Parks open space and streetscapes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	489,394	4,009	193,690	349,092	92,723	71,186	19,137	(98)	4,380	1,223,513
At cost 1 July 2023	-	-	-	-	-	-	-	98	-	98
Accumulated depreciation at 1 July 2023	(167,200)	(1,474)	(110,724)	(160,822)	(55,760)	(44,017)	(7,268)	18	-	(547,247)
Accumulated depreciation at cost 1 July 2023	-	-	-	-	-	-	-	(18)	-	(18)
	322,194	2,535	82,966	188,270	36,963	27,169	11,869	-	4,380	676,346
Movements in fair value										
Additions	5,546	-	5,948	2,484	5,248	3,493	797	-	1,676	25,192
Contributions	3,766	-	714	2,504	-	-	-	-	-	6,984
Found	-	-	-	253	-	-	-	-	-	253
Revaluation	-	-	-	64,294	-	6,905	-	-	-	71,199
Write-off	-	-	-	-	-	-	-	-	(26)	(26)
Transfers	633	-	604	399	779	900	257	-	(2,041)	1,531
	9,945	-	7,266	69,934	6,027	11,298	1,054	-	(391)	105,133
Movements in accumulated depreciation										
Depreciation and amortisation	(7,127)	(191)	(3,673)	(3,519)	(4,336)	(3,610)	(278)	-	-	(22,734)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	(33,256)	-	(6,363)	-	-	-	(39,619)
	(7,127)	(191)	(3,673)	(36,775)	(4,336)	(9,973)	(278)	-	-	(62,353)
At fair value 30 June 2024	499,339	4,009	200,956	419,026	98,750	82,484	20,191	-	3,989	1,328,744
Accumulated depreciation at 30 June 2024	(174,327)	(1,665)	(114,397)	(197,597)	(60,096)	(53,990)	(7,546)	-	-	(609,618)
	325,012	2,344	86,559	221,429	38,654	28,494	12,645	-	3,989	719,127

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

*Whitehorse City Council
2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

Note 6 Assets we manage*Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit
<i>Asset recognition thresholds and depreciation periods</i>		\$'000
Land & land improvements		
land	-	-
Buildings		
buildings	50-200 years	\$ 7,000
Plant and Equipment		
plant, machinery and equipment	4-7 years	\$ 1,000
Fixture, fittings and furniture	10-100 years	\$ 500
computers and telecommunications	4 years	\$ 500
Infrastructure		
roads	10-150 years	\$ 8,000
bridges	20 years	\$ 3,000
footpaths and cycleways	10-100 years	\$ 8,000
drainage	50-100 years	\$ 2,000
recreational, leisure and community facilities	15-80 years	\$ 3,000
parks, open space and streetscapes	15-50 years	\$ 3,000
off street car parks	10-150 years	\$ 3,000
Intangible assets	4 years	\$ 500

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

*Whitehorse City Council
2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

Note 6 Assets we manage (continued)**Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer Matheson Stephen Valuations. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement. MSV have utilised Core Logic's 12-month percentage change by suburb and REIV median house price information to determine that the change in land value within the Whitehorse municipality ranges between 0-1%. Additionally, the Melbourne Building Price Index from Rawlinson's was employed to determine a 6.1% increase in building assets. As these movements were deemed immaterial, a full revaluation of land and buildings was not conducted for the 2023/2024 period.

A full valuation of Land, Land under roads and Buildings was last undertaken in 2021/22 by the independent valuation firm, Matheson Stephen Valuations. The names of the valuers from the firm were Andrew Brennan (AAPI Certified Practising Valuer Registration 73379) and Briony Stephen (AAPI Certified Practising valuer Registration 63034). The valuer reported to Council's manager property and Leasing Mr Tony Peak (AAPI Certified Practising Valuer Registration 62445).

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date and type of the current valuation is detailed in the following table, a full revaluation of these assets will be conducted in 2024/25.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land - Non specialised	-	196,745	-	30/06/2022	Full Revaluation
Land - Specialised	-	-	2,183,445	30/06/2022	Full Revaluation
Land under roads	-	-	688,831	30/06/2022	Full Revaluation
Buildings - Non specialised	-	727	-	30/06/2022	Full Revaluation
Buildings - Specialised	-	-	495,073	30/06/2022	Full Revaluation
Total	-	197,472	3,367,349		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a Council valuation based on current unit rates provided to us by contractors.

A formal valuation of Infrastructure assets is conducted as part of a 3 year rotation cycle unless a desktop review indicates a material difference between the fair value and the carrying amount of the assets.

A formal valuation of Drainage assets was conducted in 2023/24 as part of the 3 year rotation cycle.

Desktop valuations of Roads, Bridges, Footpaths and Cycleways, Recreation Leisure and Community Facilities, Parks Open Spaces and Streetscapes and Off street carparks were carried out in 2023/24 using a combination of Producer Price Index rates, CPI rates and current contracts / projects costings.

No material change was identified for Roads, Bridges, Footpaths and Cycleways, Recreation Leisure and Community Facilities and Off Street Carparks as per Council's fixed asset policy therefore they did not require a full or index based revaluation in 2023/24. A material change was identified for Parks, Open Space and Streetscapes of 9.97% and therefore an index based revaluation was completed in 2023/24, a further desktop review was completed as at 30 June to ensure no further material movement and this showed an updated change of 10.5%

Valuations of Drainage assets have been undertaken by Council's Manager of Project Delivery and Assets, Mr Nigel Brown. The valuations are at fair value based on replacement cost less accumulated depreciation as at the date of valuation. The valuations of drainage assets were based on unit rate assessment data sourced from local contracts, capital work project costings, asset subject matter experts.

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2024

Note 6 Assets we manage (continued)

The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	325,012	30/06/2023	Full Revaluation
Bridges	-	-	2,344	30/06/2023	Full Revaluation
Footpaths and cycleways	-	-	86,559	30/06/2023	Full Revaluation
Drainage	-	-	221,429	30/06/2024	Full Revaluation
Recreational, leisure and community facilities	-	-	38,654	30/06/2022	Full Revaluation
Parks, open space and streetscapes	-	-	28,494	30/06/2024	Index Based Revaluation
Off street car parks	-	-	12,645	30/06/2023	Full Revaluation
Total	-	-	715,137		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads are valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 3% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$48 and \$11,330 per square metre.

Land under roads valuation recognises the 2022 site value across the municipality, expressed as an average site value rate per square metre and adjusts this rate, firstly to assume an 'englobobasis' (where land is undeveloped, un-subdivided and exists in its theoretical 'raw' form) and secondly to reflect the possible or actual presence of carriageway rights and infrastructure assets to the roadways. The aggregate adjustment for these two factors is a 95% deduction from the average site value rate to arrive at a value for Land under Roads.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 6 years to 108 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. Current replacement costs for drainage are calculated using unit rates based on a length (metres) basis for pipes (ranges from \$100.23 to \$3,597.18) and depth (metres) basis for pits (ranges from \$562.95 to \$162,741.40) depending on the type of asset. Parks, streetscapes and open spaces is calculated using length (metre) basis (ranges from \$145.54 to \$329.54) and a per asset basis (ranges from \$4,296.25 to \$32,355) depending on the type of asset and material used. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets

	2024	2023
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	688,831	688,831
Parks and reserves	2,183,445	2,183,445
Total specialised land	2,872,276	2,872,276

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
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Notes to the Financial Report
For the Year Ended 30 June 2024

ote 6 Assets we manage (continued)	2024	2023
6.3 Investments in associates, joint arrangements and subsidiaries	\$'000	\$'000

(a) Share of net gain/(loss) of associates and joint operation accounted for using the equity method

- Whitehorse Manningham Regional Library Corporation	(57)	415
- Narre Warren User Group	(31)	(26)
- Regional Landfill Clayton South	38	(608)
	<u>(50)</u>	<u>(219)</u>

(b) Investments in associates and joint operation accounted for using the equity method

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

For joint operations, Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

	2024	2023
Investment in associates accounted for by the equity	\$'000	\$'000
- Whitehorse Manningham Regional Library Corporation	5,775	5,832
- Narre Warren User Group	693	724
Fair value of investment in associates	<u>6,468</u>	<u>6,556</u>

Whitehorse Manningham Regional Library Corporation

On 21 December 1995 Council's library operation was combined with the Regional Authority to form Whitehorse Manningham Regional Library Corporation (The Corporation). Council has 60% interest (as per funding responsibilities) and a 64.23% (2022/23: 64.94%) economic entitlement in the net assets of the Corporation but does not have effective control, as both Whitehorse and Manningham Councils possess the same voting rights on the board of management. The Corporation is established by agreement between the two participating councils. The principal activity of the Corporation is the lending of books and other materials.

	2024	2023
Movement in carrying value of investment	\$'000	\$'000
Carrying value of investment at start of year	5,832	5,417
Share of surplus (deficit) for the year	(57)	415
Carrying value of investment at end of year	<u>5,775</u>	<u>5,832</u>

Narre Warren User Group

Council holds an interest of 48.88% (2022/23: 48.88%) in Narre Warren User Group (NWUG). The principal activity of NWUG is to monitor the closed landfill that was previously used by Council. Contributions by Council to NWUG during the period totalled Nil (2022/23: Nil). Council holds the cash investment for NWUG and surplus is generated from the interest and gas royalty less site monitoring costs.

	2024	2023
Movement in carrying value of investment	\$'000	\$'000
Carrying value of investment at start of year	724	750
Share of deficit for the year	(31)	(26)
Carrying value of investment at end of year	<u>693</u>	<u>724</u>

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

*Whitehorse City Council
2023/2024 Financial Report*

Notes to the Financial Report For the Year Ended 30 June 2024

Note 6 Assets we manage (continued)**(c) Provision for investments in joint operation accounted for using the equity method**

Whitehorse City Council is part of a joint venture arrangement called Regional Landfill Clayton South, which has developed a refuse disposal site for a number of municipalities. The landfill closed on the 29 January 2016. The Council has a 14.12% interest in the assets, liabilities, revenues and expenses of the joint venture. The remaining joint venture partners include Glen Eira Council, Monash City Council, Whitehorse City Council and City of Stonnington.

The principal activity is the provision of a refuse disposal site for member Councils. The liability represents Council's share of future funding for the Clayton landfill site's aftercare management costs.

Rehabilitation of the landfill comprising construction of the final cap and installation of landfill gas and leachate extraction infrastructure has been completed. Remaining capital works to be undertaken is the construction of a stormwater detention basin. The provision was formally assessed in 2015. A review was undertaken during the 2020-21 financial year by Mackenzie Environmental Pty Ltd on estimates of future costs to operate the closed landfill site in accordance with the Environment Protection Act 2017 (the Act). The increase in provision relates to the expected post closure maintenance period costs after capping works are completed. The provision is based on the best information available to management at year end. This indicates aftercare costs of approximately \$1m annually.

The Joint Venture liquidity levels have been insufficient to meet its liabilities and received financial support from the member Council's to allow the Joint Venture to meet its liabilities the last couple of years. This has continued into 2023/24. Council funds of \$148,260 were expended in 2023/24 to fund the post closure capital works and the post closure after care expenses.

It is expected that financial support from member Council's will continue to be made available in future periods under the Clayton South Regional Landfill User Group Agreement.

The value of the investment in the Clayton Landfill has been revalued at year end to reflect Council's share of net assets recorded in the unaudited accounts of the Joint operation at 30 June 2024 and is included in the Balance Sheet as follows:

Whitehorse City Council has a joint arrangement interest in the Regional Landfill Clayton South together with four other Councils:

Whitehorse City Council	14.12%
Monash City Council	16.80%
Boroondara City Council	35.22%
Glen Eira City Council	21.10%
Stonnington City Council	12.76%
	<u>100.00%</u>

	2024	2023
	\$'000	\$'000
Movement in provision for investment in joint operation for using the equity method		
Provision for investment in joint arrangement at start of year	(3,030)	(2,422)
Share of surplus (deficit) for the year	38	(608)
Provision for investment in joint arrangement at end of year	<u>(2,992)</u>	<u>(3,030)</u>

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2024

Note 7 People and relationships**7.1 Council and key management remuneration****(a) Related Parties***Parent entity*

Whitehorse City Council is the parent entity.

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Whitehorse City Council. The Councillors, Chief Executive Officer, Directors and Executive Manager are deemed KMP.

Details of KMP at any time during the year are:

		2024 No.	2023 No.
Councillors	Denise Massoud - Mayor from 15 November 2023 to present Andrew Davenport - Deputy Mayor from 15 November 2023 to present Mark Lane - Mayor from 9 November 2022 to 14 November 2023 Prue Cutts - Deputy Mayor from 9 November to 14 November 2023 Amanda McNeill Tina Liu Ben Stennett Blair Barker Trudy Skilbeck Raylene Carr Andrew Munroe		
Other KMP	Chief Executive Officer - Simon McMillan Director Community Services - Lisa Letic Director Corporate Services - Stuart Cann Director Infrastructure - Steven White Director City Development - Jeff Green Executive Manager Transformation - Siobhan Sullivan		
Total Number of Councillors		11	11
Total of Chief Executive Officer and other Key Management Personnel		6	6
Total Number of Key Management Personnel		17	17

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2024 \$	2023 \$
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	2,153	2,153
Other long-term employee benefits	50	4
Post-employment benefits	225	16
Total	2,428	2,363

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2024

Note 7 People and relationships (continued)

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2024 No.	2023 No.
\$30,000 - \$39,999	7	1
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	-	-
\$70,000 - \$79,999	1	1
\$90,000 - \$99,999	1	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	-	-
\$280,000 - \$289,999	-	-
\$290,000 - \$299,999	1	1
\$300,000 - \$309,999	2	7
\$310,000 - \$319,999	-	-
\$320,000 - \$329,999	1	1
\$400,000 - \$409,999	1	1
\$420,000 - \$429,999	-	-
	17	17

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$170,000 and who report directly to a member of the KMP.

	2024 \$000	2023 \$000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	3,068	3,137
Other long-term employee benefits	73	73
Post-employment benefits	308	308
Termination benefits	32	32
Total	3,481	3,510

The number of other senior staff are shown below in their relevant income bands:

	2024 No.	2023 No.
Income Range:		
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	2	2
\$190,000 - \$199,999	2	2
\$200,000 - \$209,999	6	6
\$210,000 - \$219,999	4	4
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	-	-
\$250,000 - \$259,999	-	-
	17	17

Total remuneration for the reporting year for other senior staff included above, amounted to:

3,481,001	3,518,361
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3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements

Whitehorse City Council
2023/2024 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024 \$'000	2023 \$'000
7.2 Related party disclosure		
(a) Transactions with related parties		
During the period Council entered into the following transactions with related parties.		
<i>(i) Whitehorse Manningham Library</i>		
During the year Whitehorse City Council provided contributions to Whitehorse Manningham Regional Library Corporation (WMRLC) with the total value towards running costs as per agreement.	5,843	5,661
<i>(ii) Regional Landfill Clayton South joint venture</i>		
During the year Council contributed funds to Regional Landfill Clayton South joint venture to fund the post closure capital works and the post closure after care expenses.	148	22
<i>(iii) Whitehorse Business Group</i>		
Mayor Denise Massoud and Councillor Mark Lane represents Council on the Whitehorse Business Group. For the year ended 30 June 2024, Council transactions with Whitehorse Business Group were conducted at normal business terms and valued at \$68,698.		
<i>(iv) Orkan Group Pty Ltd formally DCA Cities Pty Ltd - After Hours Parking Services contract</i>		
Councillor Andrew Davenport is employed at Orkan Group Pty Ltd formally DCA Cities Pty Ltd. For the year ended 30 June 2024 Council transactions with Orkan Group Pty Ltd were conducted at normal business terms and valued at \$654,525.		
(b) Outstanding balances with related parties		
Council did not have any outstanding balances at the end of the reporting period in relation to transactions with a related party that required disclosure.		
(c) Loans to/from related parties		
There were no loans in existence at balance date that have been made, guaranteed or secured by the Council to a related party that required disclosure.		
(d) Commitments to/from related parties		
There were no commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party that required disclosure.		

3.1 – ATTACHMENT 5. 2023-24 Whitehorse Annual Financial Statements*Whitehorse City Council**2023/2024 Financial Report***Notes to the Financial Report
For the Year Ended 30 June 2024****Note 8 Managing Uncertainties****8.1 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

Sinnott Street Reserve

On 29 March 2023, by Order published in the Government Gazette, the Governor in Council under section 134(1)(b) of the Major Transport Facilitation Act 2009 (MTPF Act), on the recommendation of the Minister for the Suburban Rail Loop (SRLA), divested the land known as Sinnott Street Reserve (Land) from Whitehorse City Council.

Council is entitled to compensation in accordance with the Land Acquisition and Compensation Act 1986. On 13 October 2023, Council resolved to lodge a compensation claim in accordance with Section 37 of the Land Acquisition and Compensation Act 1986. Council lodged its compensation claim in November 2023. The Suburban Rail Loop Authority, on 15 April 2024 made an offer to Council totalling \$9.53m, Council accepted the offer and \$9.53m is recognised in 2023/24. Council is seeking further compensation against the claim, however the amount is unknown.

(b) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

The following are potential contingencies to be considered by Council.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

	Loan balance outstanding 2024 \$'000	Loan guarantee limit 2024 \$'000	Loan balance outstanding 2023 \$'000	Loan guarantee limit 2023 \$'000
Vermont South Club	76	87	96	109
The Whitehorse Club	146	500	183	500
Elgar Park Regional Hockey Association	35	65	93	99
	257	652	372	708

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

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**Notes to the Financial Report
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8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council assesses the impact of these new standards.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities to modify AASB 13 Fair Value Measurement. AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The AASB 13 modifications:

- are applicable only to not-for-profit public sector entities;
- are limited to fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows;
- are to be applied prospectively for annual periods beginning on or after 1 January 2024;
- would not necessarily change practice for some not-for-profit public sector entities; and
- do not indicate that entities changing practice in how they measure relevant assets made an error in applying the existing requirements of AASB 13.

Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants. AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about long term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024-25 reporting period.

8.3 Financial instruments**(a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank and/or TCV borrowings. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

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**Notes to the Financial Report
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Note 8 Managing uncertainties (continued)**(c) Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- Council have a policy for establishing credit limits for the entities council deal with;
- Council may require collateral where appropriate; and
- Council only invest surplus funds with financial institutions which have a recognised credit rating specified in Council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any allowance for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Currently Council does not hold any borrowings.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 5%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

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Notes to the Financial Report For the Year Ended 30 June 2024

Note 8 Managing uncertainties (continued)**8.4 Fair value measurement***Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	1 to 3 years
Buildings	1 to 3 years
Roads	1 to 3 years
Bridges	1 to 3 years
Footpaths and cycleways	1 to 3 years
Drainage	1 to 3 years
Recreational, leisure and community facilities	1 to 3 years
Waste management	1 to 3 years
Parks, open space and streetscapes	1 to 3 years
Aerodromes	1 to 3 years
Other infrastructure	1 to 3 years

Where the assets are revalued, the revaluation increases are credited directly to the asset revaluation reserve except to the extent that an increase reverses a prior year decrease for that class of asset that had been recognised as an expense in which case the increase is recognised as revenue up to the amount of the expense. Revaluation decreases are recognised as an expense except where prior increases are included in the asset revaluation reserve for that class of asset in which case the decrease is taken to the reserve to the extent of the remaining increases. Within the same class of assets, revaluation increases and decreases within the year are offset.

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**Notes to the Financial Report
For the Year Ended 30 June 2024****Note 8 Managing uncertainties (continued)***Impairment of assets*

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. Council had no impairments for the year 2023/24.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

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For the Year Ended 30 June 2024****Note 9 Other Matters****9.1 Reserves****Summary of reserves**

Asset revaluation reserve

Other reserves

Total Reserves

Balance at beginning of reporting period	Increase (decrease)	Transfer to accumulated surplus	Transfer between reserves	Balance at end of reporting period
\$'000	\$'000	\$'000	\$'000	\$'000
2,788,244	31,580	-	-	2,819,824
101,572	19,219	(8,798)	-	111,993
2,889,816	50,799	(8,798)	-	2,931,817

(a) Asset revaluation reserves**2024****Property**

Land and land improvements

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Recreational, leisure and community facilities

Parks, open space and streetscapes

Offstreet car parks

Other infrastructure

Total asset revaluation reserves

2,193,654	-	-	-	2,193,654
246,623	-	-	-	246,623
2,440,277	-	-	-	2,440,277
173,528	-	-	-	173,528
441	-	-	-	441
32,866	-	-	-	32,866
122,251	31,038	-	-	153,289
1,107	-	-	-	1,107
8,813	542	-	-	9,355
8,961	-	-	-	8,961
-	-	-	-	-
347,967	31,580	-	-	379,547
2,788,244	31,580	-	-	2,819,824

2023**Property**

Land and land improvements

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Recreational, leisure and community facilities

Parks, open space and streetscapes

Offstreet car parks

Other infrastructure

Total asset revaluation reserves

2,193,661	(7)	-	-	2,193,654
246,623	-	-	-	246,623
2,440,284	(7)	-	-	2,440,277
108,236	65,292	-	-	173,528
-	441	-	-	441
28,314	4,552	-	-	32,866
122,251	-	-	-	122,251
1,107	-	-	-	1,107
8,813	-	-	-	8,813
7,969	992	-	-	8,961
-	-	-	-	-
276,690	71,277	-	-	347,967
2,716,974	71,270	-	-	2,788,244

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

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Notes to the Financial Report For the Year Ended 30 June 2024

Note 9 Other Matters (continued)	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Transfer between reserves \$'000	Balance at en of reportin perio \$'00
(b) Other reserves					
2024					
Public Open space reserve	57,794	18,521	(4,402)	-	71,913
Car parking in lieu reserve	25	-	-	-	25
Total Other reserves	57,819	18,521	(4,402)	-	71,938
Council Resolution					
Development reserve	42,330	-	(3,231)	-	39,099
Art Collection reserve	6	-	-	-	6
Waste management reserve	1,142	-	(192)	-	950
Energy fund reserve	275	-	(275)	-	-
Development infrastructure levy reserve	-	1	(1)	-	-
Community infrastructure levy reserve	-	697	(697)	-	-
	43,753	698	(4,396)	-	40,055
Total Other reserves	101,572	19,219	(8,798)	-	111,993
2023					
Statutory					
Public Open space reserve	20,807	7,125	(2,909)	32,771	57,794
Public Open space reserve - land acquisition	32,771	-	-	(32,771)	-
Car parking in lieu reserve	25	-	-	-	25
	53,603	7,125	(2,909)	-	57,819
Council Resolution					
Development reserve	77,030	3,004	(37,704)	-	42,330
Art Collection reserve	6	-	-	-	6
Waste management reserve	1,093	49	-	-	1,142
Energy fund reserve	335	-	(60)	-	275
	78,464	3,053	(37,764)	-	43,753
Total Other reserves	132,067	10,178	(40,673)	-	101,572

Public open space reserve

This reserve comprises funds collected from contributions to public open space made by developers. The funds in this reserve are restricted for expenditure on public space open space. Interest income that is generated from the reserve to be reinvested back into the reserve.

Car Parking in lieu reserve

This reserve comprises funds provided by developers instead of providing car parking. The funds from this reserve are restricted for expenditure on car parking.

Development reserve

This reserve is used for funding selected capital works projects which are meaningful to a broad section of the community; consistent with Council provided services and of a meaningful consequence and scale. The funds in this reserve are required to be expended in accordance with the reserve governing principles established by Council.

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Notes to the Financial Report For the Year Ended 30 June 2024

Note 9 Other Matters (continued)**9.1 Art collection reserve**

This reserve was established by council in 2002/03 for the purpose of deaccessioning unwanted art works and for future purchases of art work.

Waste management reserve

This reserve was established in 2013/14 resulting from the previous federal government's introduction of the carbon tax levy. Amounts held in this reserve represent the difference between the initial carbon tax per tonne that was announced and the actual price charged by independent landfill operators. The carbon tax was abolished and subsequently outflows from this reserve will be used to rehabilitate landfill sites.

Energy fund reserve

This reserve was established in 2018/19 after a Council decision to cease purchase of green power and undertake other sustainability measures to reduce Council's carbon footprint.

Development Infrastructure Levy reserve (DIL)

These reserve funds relate to Development Infrastructure Levies received in relation to the Whitehorse Development Contributions Plan (DCP) which came into effect 21 December 2023. The Development Infrastructure Levy funds applies to all types of development (residential, retail, commercial and industrial) and contributes to funding projects such as roads, drainage and footpaths.

Community Infrastructure Levy reserve (CIL)

These reserve funds relate to Community Infrastructure Levies received in relation to the Whitehorse Development Contributions Plan (DCP) which came into effect 21 December 2023. The Community Infrastructure Levy (CIL) applies to residential development only and contributes to funding projects such as childcare centres, recreation and sporting facilities, and maternal and child health centres.

	2024	2023
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus		
Surplus for the year	24,455	6,147
<i>Non-cash adjustments:</i>		
Loss on disposal of property, infrastructure, plant and equipment (Note 3.6)	2,887	7,138
Depreciation and amortisation (Note 4.3, 4.4, & 4.5)	40,431	36,578
Share of net loss of associates and joint operations (Note 6.3)	50	218
Contributions - Non-monetary assets (Note 3.5)	(7,237)	(621)
Finance cost leases (Note 4.7)	139	158
Works in progress not capitalised (expensed)	1,723	31
<i>Change in assets and liabilities:</i>		
Increase in trade and other receivables	(11,961)	(4,487)
(Increase)/decrease in other current assets	(51)	258
Decrease in trade and other payables	(5,963)	(10,138)
Decrease in contract and other liabilities	(2,488)	-
Decrease in unearned income/revenue	-	(2,040)
Decrease in trust funds and deposits	81	1,007
(Decrease)/increase in provisions	(2,495)	1,148
Net cash provided by operating activities	39,571	35,391

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Superannuation). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

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Notes to the Financial Report For the Year Ended 30 June 2024

9.3 Superannuation (continued)***Accumulation***

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Whitehorse City Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023. The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions**(a) *Regular contributions***

On the basis of the results of the 2023 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

(b) *Funding calls*

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

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9.3 Superannuation (continued)

The 2023 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2023.

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

	2023 (Triennial) \$m	2022 (Interim) \$m
- A VBI Surplus	84.7	44.6
- A total service liability surplus	123.6	105.8
- A discounted accrued benefits surplus	141.9	111.9

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2023.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2023.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2023.

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provide lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns	5.6% pa
Salary information	3.5% pa
Price inflation (CPI)	2.7% pa

Council was notified of the 30 June 2024 VBI during August 2024.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

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9.3 Superannuation (continued)***The 2020 triennial investigation***

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2020 Triennial investigation	2023 Triennial investigation
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.5% pa for two years and 2.75% pa thereafter	3.50% pa
Price inflation	2.0% pa	2.8% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2024 are detailed below:

Scheme	Type of Scheme	Rate	2024 \$'000	2023 \$'000
Vision super	Defined benefits	11.0% (2023:10.5%)	371	386
Vision super	Accumulation	11.0% (2023:10.5%)	3,524	3,996
Hostplus Super	Accumulation	11.0% (2023:10.5%)	358	536
Australian Super	Accumulation	11.0% (2023:10.5%)	1,495	1,136
Hesta	Accumulation	11.0% (2023:10.5%)	358	487
Rest	Accumulation	11.0% (2023:10.5%)	414	346
Other	Accumulation	11.0% (2023:10.5%)	2,013	2,096

Council did not pay any unfunded liability payments to Vision Super during the 2023/24 year. (2022/23 Nil)

There were no contributions outstanding and loans issued from or to the above schemes as at 30 June 2024.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is \$577k.

Note 10 Change in accounting policy

There have been no changes to accounting policies in the 2023/24 year.