

3 Presentation of officer reports

3.1 Recommendations of the Audit and Risk Committee - Annual Financial Statements and Performance Statement for the year ended 30 June 2023

Executive Summary

Purpose

To present to Council the recommendations of the Audit and Risk Committee meeting held on 3 October 2023 pertaining to the Annual Financial Statements and Performance Statement for the year ended 30 June 2023.

Background

The Annual Financial Statements and Performance Statement were reviewed by the Audit and Risk Committee and have been endorsed for consideration by Council.

Key Issues

The year-end Audit draft Closing Report and draft Final Management Letter were presented to Audit and Risk Committee. The Auditors advised the Committee the Auditor-General has given preliminary approval subject to Council's endorsement.

The final audit opinion will be issued by the Auditor-General and final audit clearance in the form of an "unqualified" audit opinion is expected.

Next Steps

Following adoption of the recommendations below, the Annual Financial Statements and Performance Statement for the year ended 30 June 2023 will be forwarded to the Auditor-General's office. Final sign-off from the Auditor-General is expected by mid October in time to meet the statutory deadline of 31 October 2023 for submission of Council's Annual Report to the Minister.

Officers' recommendation

That Council resolve to

1. Record its approval in principle of the Annual Financial Statements and Performance Statement for the year ended 30 June 2023.
2. Authorise the Chief Executive Officer to provide the Annual Financial Statements and Performance Statement to the Auditor-General.
3. Authorise the Mayor, Councillor Felicity Sinfeld and Councillor Jim Parke (representing the Audit and Risk Committee) to certify the Annual Financial Statements and Performance Statement in their final form.
4. Authorise the Chief Financial Officer to implement any non-material changes to the Annual Financial Statements and Performance Statement as recommended by the Auditor-General. A summary of these changes, if any, will be presented at the next Audit and Risk Committee meeting.

5. Note that any material changes requested by Victorian Auditor-General's Office will be completed by the Chief Financial Officer after consultation with the Chair of the Audit and Risk Committee and reported to Council.

Responsible director: Phillip Storer, Chief Executive Officer

1. Purpose

This report presents to Council the Annual Financial Statements and Performance Statement for the year ended 30 June 2023 (**Attachment 1**). Both reports were presented to the Audit and Risk Committee at its meeting held on 3 October 2023.

2. Policy implications and relevance to community plan and council plan

The Annual Financial Statements and Performance Statement for the year ended 30 June 2023 have been prepared in accordance with the Local Government (Planning and Reporting) Regulations 2014, the *Local Government Act 2020*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and internal accounting policies.

The Financial Statements have been prepared in accordance with the “Local Government Model Financial Report” issued by the Department of Government Services in February 2023.

This report is consistent with the Boroondara Community Plan 2021-31, incorporating the 10-year Community Vision, Council Plan 2021-25 and Municipal Public Health and Wellbeing Plan 2021-25 (MPHWP). In particular, the Council Plan theme of Leadership & Governance and the strategy “Resources are responsibly allocated and used through sound financial and asset planning, procurement and risk management practices”.

3. Background

The Audit and Risk Committee met on 3 October 2023 to consider the Annual Financial Statements and Performance Statement for the year ended 30 June 2023. A representative from the Victorian Auditor-General’s office was in attendance.

4. Outline of key issues/options

Council’s Annual Financial Statements and Performance Statement (**Attachment 1**) have been successfully finalised in accordance with the timelines set down in the year end timetable.

Detailed analysis of operational financial performance for the year ended 30 June 2023 is contained in the June 2023 Quarterly Financial Report which was presented to Council at the Council meeting on 21 August 2023.

The year-end Audit draft Closing Report and draft Final Management Letter were presented to the Audit and Risk Committee. The draft Closing Report raised no issues in relation to the statements and the Auditors advised the Committee the Auditor-General has given preliminary approval subject to Council’s endorsement.

The Annual Financial Statements and Performance Statement for the year ended 30 June 2023 were reviewed by the Audit and Risk Committee and were endorsed for Council's consideration.

5. Consultation/communication

The Victorian Auditor-General's office has completed the audit of the Annual Financial Statements and Performance Statement for the year ended 30 June 2023. These statements and accompanying documents were presented to the Audit and Risk Committee on 3 October 2023.

6. Financial and resource implications

Audit fieldwork and examination of the Annual Financial Statements and the Performance Statement has been completed on time within legislative deadlines.

7. Governance issues

Officers involved in the preparation of this report have no conflict of interest. The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

All related party transactions are fully disclosed in accordance with Australian Accounting Standards in Note 7 of the Annual Financial Statements.

8. Social and environmental issues

Consideration has been given to environmental issues. As a result, Council's Annual Report (which includes the Annual Financial Statements and Performance Statement) is available online to minimise the impact on the environment.

9. Evaluation and review

Following adoption of the above recommendations, the Annual Financial Statements and Performance Statement for the year ended 30 June 2023 will be forwarded to the Auditor-General's office. Final sign-off from the Auditor-General is expected by mid October in time to meet the statutory deadline of 31 October 2023 for submission of Council's Annual Report to the Minister.

10. Conclusion

The Victorian Auditor-General's office has completed their audit and has found no issues that would warrant a qualification of the Financial Statements. The final audit opinion will be issued by the Auditor-General and final audit clearance in the form of an "unqualified" audit opinion is expected.

Manager: Amy Montalti, Chief Financial Officer

Report officer: Shawn Mahiyuddin, Acting Coordinator Financial Accounting



Attachment 1
(Part 1)

Annual Financial Report

For the Year Ended 30 June 2023

City of Boroondara

Financial Report

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City of Boroondara
2022/2023 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.

Amy Montalti, CPA
Principal Accounting Officer

Dated:
Camberwell

In our opinion, the accompanying financial statements present fairly the financial transactions of the Boroondara City Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances which 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.

Cr Felicity Sinfield
Mayor

Dated:
Camberwell

Cr Jim Parke
Councillor

Dated:
Camberwell

Phillip Storer
Chief Executive Officer

Dated:
Camberwell

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City of Boroondara
2022/2023 Financial Report

Comprehensive Income Statement

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	203,874	200,064
Statutory fees and fines	3.2	16,343	11,404
User fees	3.3	10,057	9,382
Grants - operating	3.4	14,665	16,989
Grants - capital	3.4	10,003	4,547
Contributions - monetary	3.5	6,146	4,901
Other income	3.7	11,889	6,632
Fair value adjustments for investment property	6.4	8,480	-
Share of net gain of joint ventures	6.3	-	-
Total income / revenue		281,457	253,919
Expenses			
Employee costs	4.1 (a)	(104,378)	(101,825)
Materials and services	4.2	(90,275)	(85,598)
Depreciation	4.3	(38,127)	(36,602)
Amortisation - intangible assets	4.4	(322)	(335)
Amortisation - right of use assets	4.5	(3,645)	(3,614)
Bad and doubtful debts - allowance for impairment losses	4.6	(4,416)	(2,121)
Borrowing costs	4.7	(3,938)	(1,419)
Finance costs - leases	4.8	(247)	(288)
Other expenses	4.9	(7,175)	(7,700)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(3,178)	(4,142)
Share of net loss of joint ventures	6.3	(1,517)	687
Total expenses		(257,218)	(242,957)
Surplus/(deficit) for the year		24,239	10,962
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.2	29,564	340,827
Total other comprehensive income		29,564	340,827
Total comprehensive result		53,803	351,789

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

City of Boroondara
2022/2023 Financial Report

Balance Sheet

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	66,751	71,342
Trade and other receivables	5.1 (d)	24,060	26,021
Other financial assets	5.1 (b)	79,500	79,000
Inventories	5.2 (a)	75	72
Prepayments	5.2 (b)	3,177	2,373
Non-current assets classified as held for sale	6.1	-	-
Total current assets		<u>173,563</u>	<u>178,808</u>
Non-current assets			
Other financial assets	5.1 (b)	4	4
Property, infrastructure, plant and equipment	6.2	4,448,984	4,410,082
Right-of-use assets	5.8	7,176	8,552
Investment property	6.4	18,105	8,756
Intangible assets	5.2 (c)	15	269
Total non-current assets		<u>4,474,284</u>	<u>4,427,663</u>
Total assets		<u>4,647,847</u>	<u>4,606,471</u>
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	19,739	27,669
Trust funds and deposits	5.3 (b)	16,032	13,411
Unearned income/revenue	5.3 (c)	10,746	11,985
Provisions	5.5	19,843	19,750
Interest-bearing liabilities	5.4	8,117	7,579
Lease liabilities	5.8	2,980	3,206
Total current liabilities		<u>77,457</u>	<u>83,600</u>
Non-current liabilities			
Provisions	5.5	2,244	2,120
Provision for investments in joint ventures	6.3	7,557	6,040
Interest-bearing liabilities	5.4	77,216	83,960
Lease liabilities	5.8	4,266	5,447
Total non-current liabilities		<u>91,283</u>	<u>97,567</u>
Total liabilities		<u>168,740</u>	<u>181,167</u>
Net assets		<u>4,479,107</u>	<u>4,425,304</u>
Equity			
Accumulated surplus		958,846	935,342
Reserves	9.1	3,520,261	3,489,962
Total equity		<u>4,479,107</u>	<u>4,425,304</u>

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

City of Boroondara
2022/2023 Financial Report

Statement of Changes in Equity

For the year ended 30 June 2023

		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	Note	\$'000	\$'000	\$'000	\$'000
2023					
Balance at beginning of the financial year		4,425,304	935,342	3,466,495	23,467
Surplus/(Deficit) for the year		24,239	24,239	-	-
Net asset revaluation increment/ (decrement)	6.2	29,564	-	29,564	-
Transfers to other reserves	9.1	-	(2,100)	-	2,100
Transfers from revaluation reserve	9.1	-	1,365	(1,365)	-
Balance at end of the financial year		4,479,107	958,846	3,494,694	25,567

		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
		\$'000	\$'000	\$'000	\$'000
2022					
Balance at beginning of the financial year		4,073,515	926,851	3,125,778	20,886
Surplus/(Deficit) for the year		10,962	10,962	-	-
Net asset revaluation increment/ (decrement)	6.2	340,827	-	340,827	-
Transfers to other reserves	9.1	-	(2,581)	-	2,581
Transfers from revaluation reserve	9.1	-	110	(110)	-
Balance at end of the financial year		4,425,304	935,342	3,466,495	23,467

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

City of Boroondara
2022/2023 Financial Report

Statement of Cash Flows

For the year ended 30 June 2023

		2023	2022
		Inflows/ (Outflows)	Inflows/ (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Rates and charges		203,086	199,666
Statutory fees and fines		14,424	9,701
User charges		11,683	9,265
Grants - operating		14,901	17,497
Grants - capital		6,037	5,131
Contributions - monetary		6,355	5,050
Interest received		4,631	249
Trust funds and deposits taken		28,648	28,433
Other receipts		6,782	6,524
Net GST refund		15,169	15,521
Employee costs		(103,718)	(104,147)
Materials and services		(100,353)	(91,507)
Short-term, low value and variable lease payments		(823)	(914)
Trust funds and deposits repaid		(26,027)	(24,365)
Other payments		(7,079)	(7,587)
Net cash provided by operating activities	9.2	73,716	68,517
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(63,716)	(76,317)
Proceeds from sale of property, infrastructure, plant and equipment		5	2
Payments for investments		(500)	(79,000)
(Payments for)/Proceeds from sale of investments		-	12,009
Net cash provided (used in) investing activities		(64,211)	(143,306)
Cash flows from financing activities			
Finance costs		(3,967)	(1,261)
Proceeds from borrowings		19,700	70,000
Repayments of borrowings		(25,906)	(1,674)
Interest paid - lease liability		(247)	(288)
Repayment of lease liabilities		(3,676)	(3,588)
Net cash provided by/(used in) financing activities		(14,096)	63,189
Net increase/(decrease) in cash and cash equivalents		(4,591)	(11,600)
Cash and cash equivalents at the beginning of the financial year		71,342	82,942
Cash and cash equivalents at the end of the financial year	5.1 (a)	66,751	71,342
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

City of Boroondara
2022/2023 Financial Report

Statement of Capital Works

For the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Property		
Buildings	23,163	45,707
Building improvements	46	83
Total buildings	23,209	45,790
Total property	23,209	45,790
 Plant and equipment		
Plant, machinery and equipment	1,321	1,182
Fixtures, fittings and furniture	625	1,348
Computers and telecommunications	1,185	456
Library books	1,003	928
Total plant and equipment	4,134	3,914
 Infrastructure		
Roads	11,683	10,275
Bridges	3,015	197
Footpaths and cycleways	1,859	2,096
Drainage	4,578	3,691
Recreational, leisure and community facilities	3,401	3,963
Parks, open space and streetscapes	4,371	6,408
Off street car parks	395	590
Total infrastructure	29,302	27,220
 Total capital works expenditure	56,645	76,924
 Represented by:		
New asset expenditure	7,439	15,987
Asset renewal expenditure	43,489	49,644
Asset expansion expenditure	1,366	8,852
Asset upgrade expenditure	4,351	2,441
Total capital works expenditure	56,645	76,924

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

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

Note 1 OVERVIEW

Introduction

The Boroondara City Council, referred to as City of Boroondara throughout this report, was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. The Council's main office is located at 8 Inglesby Road, Camberwell.

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 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.

Significant accounting policies

(a) 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. 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 5.5)
- 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)
- 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 5.8)
- other areas requiring judgments

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.

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

(b) Impacts of Covid-19

During 2022-23 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following impacts on its financial operations:

- **Additional revenue** – Additional revenue of \$562K was received in grant funding during the year, largely relating to outdoor dining, business concierge and hospitality support programs.
- **Revenue foregone** – Council experienced foregone revenue of \$4.156 million due to impacts on Council's leisure and aquatic centres. This has been driven by the guaranteed fixed fee arrangement with the YMCA at Boroondara Leisure and Aquatic facility, and ongoing negotiations on the amount of revenue forgiven from the impact of COVID-19 on the leisure centre.
- **Expenditure reduction** – Council experienced a reduction of expenditure of \$228K predominately due to a reduction in Perin filing fees.
- **Additional costs** – Additional COVID-19 related expenditure was incurred of \$1.992 million was incurred predominately due to Boroondara's pandemic preparedness project (\$1.052 million) and outdoor dining (\$248K).

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

Note 2 ANALYSIS OF OUR RESULTS

Note 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 greater than 10 percent or \$1,000,000 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.

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 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %
	Ref				
Income / Revenue					
Rates and charges		203,581	203,874	293	0.1%
Statutory fees and fines	1	14,245	16,343	2,098	15%
User fees	2	16,728	10,057	(6,671)	-40%
Grants - operating	3	11,590	14,665	3,075	27%
Grants - capital	4	2,616	10,003	7,387	282%
Contributions - monetary	5	5,079	6,146	1,067	21%
Fair value adjustments for investment property	6	-	8,480	8,480	100%
Other income	7	5,288	11,889	6,601	125%
Total Income / Revenue		259,127	281,457	22,330	9%
Expenses					
Employee costs		104,260	104,378	118	0.1%
Materials and services		89,813	90,275	462	1%
Depreciation		38,454	38,127	(327)	-1%
Amortisation - intangible assets		-	322	322	100%
Amortisation - right of use assets		4,347	3,645	(702)	-16%
Bad and doubtful debts - allowance for impairment losses	8	1,818	4,416	2,598	143%
Borrowing costs	9	2,781	3,938	1,157	42%
Finance costs - leases		323	247	(76)	-24%
Other expenses		7,961	7,175	(786)	-10%
Net loss on disposal of property, infrastructure, plant and equipment		2,763	3,178	415	15%
Share of net losses of joint ventures	10	-	1,517	1,517	100%
Total expenses		252,520	257,218	4,698	2%
Surplus for the year		6,607	24,239	17,632	

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

Note 2.1 - Performance against budget (cont.)

2.1.1 Income / revenue and Expenditure (cont.)

(i) Explanation of material variations

Reference	Item	Explanation
1	Statutory fees and fines	The favourable variance to budget is predominately due to higher infringements and costs as a result of a larger number of infringements raised compared to the prior year, with the level of traffic and travel throughout the municipality normalising to pre-COVID-19 levels.
2	User fees	The unfavourable variance to budget is predominately due to the COVID impacts on Council's leisure and aquatic centres. This has been driven by the guaranteed fixed fee arrangement with the YMCA at Boroondara Leisure and Aquatic facility, and ongoing negotiations on the amount of revenue forgiven from the impact of COVID-19 on the leisure centre.
3	Grants - operating	The favourable variance to budget is predominately due to the bought forward FY23/24 Federal Financial Assistance grants, where 100% was received for 2023/24 financial year in advance, that amounted to \$5.35 million and was budgeted at 75%. This has been offset by a reduction of aged care recurrent funding of \$2.45 million, associated with the transition of aged care services in Boroondara to the Australian Government's nominated provider.
4	Grants - capital	<p>The favourable variance to budget is predominately due to the unbudgeted grants received and partially completed/completed in the buildings category, in relation to:</p> <ul style="list-style-type: none"> • Canterbury Precinct - additional \$594K • Lewin Reserve \$508K • Through Road Childcare Centre \$402K • Bellevue Shopping Centre Improvement project \$500K • Lynden Park \$448K • Camberwell Fresh Food market improvements \$514K <p>In addition to the above unbudgeted grants, City of Boroondara were successful in securing funding for Freeway Golf course reconfiguration works and administration building to the amount of \$2.5 million.</p>
5	Contributions - monetary	<p>The favourable variance budget is attributable to the timing of contributions received in the open space allocation. This varies year on year. City of Boroondara does not contain any Development Contributions Plan Overlays in its municipality, however, funds have been raised through the requirement for developers to make a Public Open Space Contribution to Council pursuant to Clause 53.01 of the Boroondara Planning Scheme and Section 18 of the Subdivision Act (1988).</p> <p>In the 2022-23 financial year, a total of \$6.146 million was received by Council in Public Open Space Contributions. These contributions generally range from three lot subdivisions to apartment building subdivisions with hundreds of dwellings.</p> <p>The largest Public Open Space Contribution received by Council was for a mixed-use development located at 196-202 Burwood Road, Hawthorn. The development contained 236 dwellings, 4 cafes, and 1 gymnasium and contributed \$1.7 million to Council.</p>
6	Fair value adjustments for investment property	There has been a change in accounting policy on Investment Properties in the 22/23 financial year. This has resulted in the investment properties been accounted for the first time at fair value - being the price that would be received to sell the investment properties between market participants. Given that the investment properties were previously accounted for at the cost they were acquired for, the movement in values between the prior year and the current year is a material movement to that experienced in previous years. Under this accounting standard, the movement in investment property values is now accounted for in the Income Statement.
7	Other income	Other income was favourable to budget due to a larger amount of interest income received than anticipated. This was due to higher than anticipated interest rates on cash held, as a result of interest rate rises during the year.

City of Boroondara
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Notes to the Financial Statements

Note 2.1 - Performance against budget (cont.)

2.1.1 Income / revenue and Expenditure (cont.)

(i) Explanation of material variations (cont.)

Reference	Item	Explanation
8	Bad and doubtful debts	A review of the doubtful debt methodology and underlying assumptions around collectability of outstanding parking infringements was undertaken during the 2022-23 financial year. As part of this process, some of the key assumptions required updating to better align with current collectability rates. The revised assumptions have resulted in an increase in the portion of parking management debts considered doubtful.
9	Borrowing costs	The FY22/23 original budget was set before the Treasury Corporation Victoria loan contract was signed in June 2022. At the time of the setting the budget, it was unknown that interest rates would increase adding a cost to this loan, which were adjusted in the 2022/23 amended budget.
10	Share of net losses of associates and joint ventures	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.

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Notes to the Financial Statements

Note 2.1 - Performance against budget (cont.)

2.1.2 Capital works

		Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %
	Ref				
Property					
Buildings	1	44,376	23,163	(21,213)	-48%
Building improvements		58	46	(12)	-21%
Total buildings		44,434	23,209	(21,225)	-48%
Total property		44,434	23,209	(21,225)	-48%
Plant and equipment					
Plant, machinery and equipment		1,363	1,321	(42)	-3%
Fixtures, fittings and furniture	2	1,655	625	(1,030)	-62%
Computers and telecommunications		1,062	1,185	123	12%
Library books		995	1,003	8	1%
Total Plant and equipment		5,075	4,134	(941)	-19%
Infrastructure					
Roads		12,551	11,683	(868)	-7%
Bridges	3	1,459	3,015	1,556	107%
Footpaths and cycleways		2,100	1,859	(241)	-11%
Drainage		4,218	4,578	360	9%
Recreational, leisure and community facilities		3,639	3,401	(238)	-7%
Parks, open space and streetscapes		4,693	4,371	(322)	-7%
Off street car parks		721	395	(326)	-45%
Total infrastructure		29,381	29,302	(79)	0%
Total capital works expenditure		78,890	56,645	(22,245)	-28%
New asset expenditure		16,946	7,439	(9,507)	-56%
Asset renewal expenditure		53,595	43,489	(10,106)	-19%
Asset expansion expenditure		2,315	1,366	(949)	-41%
Asset upgrade expenditure		6,034	4,351	(1,683)	-28%
Total capital works expenditure		78,890	56,645	(22,245)	-28%

City of Boroondara
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Notes to the Financial Statements

Note 2.1 - Performance against budget (cont.)

2.1.2 Capital works (cont.)

(i) Explanation of material variations

Variance Item Ref		Explanation
1	Buildings	The favourable variance to budget is primarily due to project timing for the Kew Recreation Centre. This is a multi-year project. Works have been delayed due to the structural steel collapse on the 20th October 2022.
2	Fixtures, fittings and furniture	Furniture, fixtures and fittings had a favourable variance to budget predominately due to the Library IT Hardware Renewal project. Return chutes and sorters have been ordered for Hawthorn and Ashburton Libraries. This is a multi-year project that involves building related works to be undertaken at each site to accommodate the upgraded sorters and return chutes. The building works need to be completed before the new equipment can be installed. It is now anticipated the project will be completed by March 2024.
3	Bridges	Bridges is unfavourable to budget as a result of the Walmer Street Bridge experiencing adverse site conditions and requiring additional spend in the current year.

City of Boroondara
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Notes to the Financial Statements

Note 2.2 Analysis of Council results by program

2.2.1 Council delivers its functions and activities through the following programs.

Community Support

The Community Support directorate are the community care specialists. We foster equity, connectedness and inclusivity through the provision of services & programs that meet community needs, support community jobs and a thriving economy, while also caring for our community throughout their health, learning and wellbeing journeys. The directorate includes the following departments:

- Arts & Culture
- Library Services
- Liveable Communities
- Community Planning & Development
- Health & Wellbeing Services

Places and Spaces

The Places and Spaces directorate are specialists who create and maintain our facilities, open spaces and infrastructure. We design and champion the physical environment to deliver the experience our community desires - we do this to keep Boroondara clean, beautiful and working. The directorate includes the following departments:

- Asset & Capital Planning
- Traffic & Transport
- Capital Projects
- Environmental Sustainability & Open Spaces
- Facilities, Waste & Infrastructure

Urban Living

The Urban Living directorate are specialists who provide expertise to our community in navigating land use and development controls, guidelines and policy applying to their property and neighbourhood. We endeavour to protect neighbourhood character, amenity and the health of the community to deliver high liveability and community prosperity. The directorate includes the following departments:

- Civic Services
- Building Services
- Strategic & Statutory Planning

Customer and Transformation

The Customer and Transformation directorate lead the organisation to place the customer at the centre of everything we do and deliver a more seamless, convenient and empowering customer experience when interacting with council. We also lead the organisation into the future, helping set the strategy for the organisation through two way consultation with our highly valued SMEs in conjunction with a strong customer segment insight led approach. We deliver on strategic priorities through our multi-disciplinary delivery and innovation teams that make sure to leverage business SMEs:

- Customer & Communication
- Strategy & Performance
- Transformation & Technology

Office of the CEO

Includes the Chief Executive Office, Chief Financial Office, People Culture & Development and Governance department. We provide a range of specialised expertise and support services to the rest of the business, enabling them to focus on their specialist areas to provide maximum value to our community and stakeholders.

City of Boroondara
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Notes to the Financial Statements

Note 2.2. Analysis of Council results by program

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
2023					
Community Support	11,758	38,898	(27,140)	6,387	770,523
Places & Spaces	13,178	81,977	(68,799)	10,436	3,665,733
Urban Living	25,462	28,456	(2,994)	867	21,344
Customer and Transformation	374	39,430	(39,056)	373	16,429
Office of the CEO*	230,685	68,457	162,228	6,606	173,818
	281,457	257,218	24,239	24,669	4,647,847
	Income / revenue	Expenses	Surplus / (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Community Support	13,041	42,106	(29,065)	8,881	780,623
Places & Spaces	8,184	75,862	(67,678)	5,353	3,611,802
Urban Living	19,400	23,362	(3,962)	738	21,005
Customer and Transformation	1	38,365	(38,364)	-	15,476
Office of the CEO*	213,293	63,262	150,031	6,564	177,566
	253,919	242,957	10,962	21,536	4,606,472

* Includes Revenue and Property Services function - rates and charges income.

City of Boroondara
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Notes to the Financial Statements

	2023	2022
	\$'000	\$'000

Note 3 - Funding for the delivery of our services

3.1 - Rates and charges

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 2022-23 was \$134.34 billion (2021-22: \$120.63 billion). The 2022-23 rate in the CIV dollar was 0.12653020 (2021-22: 0.13720849).

General rates	168,982	164,674
Supplementary rates and rate adjustments	650	1,336
Waste management charge	31,582	31,402
Special rates and charges	1,413	1,416
Interest on rates and charges	1,247	1,236
Total rates and charges	203,874	200,064

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

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

3.2 - Statutory fees and fines

Infringements and costs	11,238	6,614
Court recoveries	1,102	586
Town planning fees	2,470	2,795
Land information certificates	207	251
Swimming pool registrations	58	239
Permits	1,268	919
Total statutory fees and fines	16,343	11,404

Statutory fees and fines (including parking fees and fines) are recognised as revenue 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	1,490	1,719
Building services	1,457	1,498
Road occupancy, traffic and drainage	804	901
Child care/children's program	272	209
Parking	1,672	1,199
Leisure centre and recreation	917	690
Registrations and other permits	1,270	1,415
Waste management services	1,123	833
Other fees and charges	1,052	918
Total user fees	10,057	9,382

User fees by timing of revenue recognition

User fees recognised over time	120	111
User fees recognised at a point in time	9,937	9,271
Total user fees	10,057	9,382

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.

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

	2023 \$'000	2022 \$'000
3.4 - Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	10,666	14,484
State funded grants	14,002	7,052
Total grants received	24,668	21,536
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	6,567	6,485
Aged care	1,091	3,545
Community transport	423	461
Senior citizen centres	-	149
Volunteer services	86	85
Recurrent - State Government		
Aged care	844	847
Libraries	1,151	1,148
Maternal and child health	1,210	1,284
School crossing supervisors	842	703
Family and children	220	209
Community safety	223	258
Senior citizen centres	-	4
Total recurrent operating grants	12,657	15,178
Non-recurrent - Commonwealth Government		
Environmental planning	5	-
Libraries	-	7
Other	35	4
Non-recurrent - State Government		
Recycling	412	-
Community health	133	42
Community safety	198	15
Community transport	2	642
Family and children	356	527
Maternal and child health	144	168
Libraries	65	43
Other	638	363
Total non-recurrent operating grants	2,008	1,811
Total operating grants	14,665	16,989
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	594	594
Total recurrent capital grants	594	594

City of Boroondara
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Notes to the Financial Statements

	2023 \$'000	2022 \$'000
3.4 - Funding from other levels of government (cont.)		
Non-recurrent - Commonwealth Government		
Community health	375	208
Environmental planning	-	431
Buildings	729	314
Community Safety	141	566
Roads	469	1,605
Sports and recreation	151	30
Non-recurrent - State Government		
Roads	192	240
Environmental planning	23	33
Buildings	4,111	526
Bridges	350	-
Sports and recreation	2,868	-
Total non-recurrent capital grants	9,409	3,953
Total capital grants	10,003	4,547

(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 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 for 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.

Income recognised under AASB 1058 Income of Not-for-Profit Entities

General purpose	6,567	6,485
Other specific purpose grants	15,174	9,421
Revenue recognised under AASB 15 Revenue from Contracts		
Specific purpose grants	2,927	5,630
	24,668	21,536

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

Operating

Balance at start of year	2,658	2,486
Received during the financial year and remained unspent at balance date	1,142	1,905
Received in prior years and spent during the financial year	(1,058)	(1,733)
Balance at year end	2,742	2,658

Capital

Balance at start of year	9,206	8,622
Received during the financial year and remained unspent at balance date	1,823	2,414
Received in prior years and spent during the financial year	(5,790)	(1,830)
Balance at year end	5,239	9,206

Unspent grants are determined and disclosed on a cash basis.

City of Boroondara
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Notes to the Financial Statements

	2023 \$'000	2022 \$'000
3.5 - Contributions		
Monetary	6,146	4,901
Total contributions	6,146	4,901

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

3.6 - Net loss on disposal of property, infrastructure, plant and equipment

Proceeds of sale	3	2
Written down value of assets sold, replaced and disposed	(3,181)	(4,144)
Total net loss on disposal of property, infrastructure, plant and equipment	(3,178)	(4,142)

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	5,333	300
Other rental income	3,015	3,185
Reimbursements	1,415	979
Right-of-way sales	325	147
Traffic and drainage	1,599	1,285
Other income	202	736
Total other income	11,889	6,632

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.

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

	2023	2022
	\$'000	\$'000

Note 4 - The cost of delivering services

4.1 - (a) Employee Costs

Wages and salaries	77,693	78,938
Workcover	902	1,294
Casual staff	6,143	5,064
Annual leave and long service leave	8,586	7,718
Superannuation	8,481	8,203
Fringe benefits tax	396	356
Other	2,177	252
Total employee costs	104,378	101,825

(b) Superannuation

Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	244	310
	244	310

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,751	3,792
Employer contributions - other funds	4,537	4,101
	8,288	7,893

Employer contributions payable at reporting date.	-	66
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Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

	2023 \$'000	2022 \$'000
4.2 - Materials and services		
Contract payments and trade services:		
-Waste Collection	12,340	11,992
-Open Space	12,532	11,477
-Minor Projects	8,328	10,465
-Leisure and Aquatic Centre	-	1,195
-Other*	15,575	14,546
Building maintenance	4,446	4,111
General maintenance	6,155	4,411
Plant and equipment maintenance	2,780	2,309
Utilities	4,611	4,554
Consultants and Professional services & advice	6,333	6,137
Office and administration	5,074	4,673
Financial and legal	2,173	1,986
Information technology	7,176	5,092
Insurance	2,752	2,495
Other	-	155
Total materials and services	90,275	85,598

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

*This includes amounts individually under \$1 million where Council engages contractors to deliver services to the community.

4.3 - Depreciation

Property	15,108	14,445
Plant and equipment	4,250	4,189
Infrastructure	18,769	17,775
Investment property	-	193
Total depreciation	38,127	36,602

Refer to note 6.2 and 6.4 for a more detailed breakdown of depreciation charges and accounting policy.

4.4 - Amortisation - intangible assets

Software	322	335
Total Amortisation - intangible assets	322	335

Refer to note 5.2(c) for a more detailed breakdown of amortisation charges and accounting policy.

4.5 - Amortisation - right of use assets

Vehicles	3,631	3,595
Other	14	19
Total Amortisation - right of use assets	3,645	3,614

Refer to note 5.8 for a more detailed breakdown of amortisation charges and accounting policy.

4.6 - Bad and doubtful debts and allowance for impairment losses

Parking fines and local laws debtors	4,335	1,849
Other debtors	81	272
Total bad and doubtful debts - allowance for impairment losses	4,416	2,121

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	2,814	2,750
New provisions recognised during the year	4,416	2,121
Amounts already provided for and written off as uncollectible	(1,941)	(2,057)
Balance at end of year	5,289	2,814

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.

City of Boroondara
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Notes to the Financial Statements

	2023 \$'000	2022 \$'000
4.7 - Borrowing costs		
Interest on borrowings	3,938	1,419
Total borrowing costs	3,938	1,419
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.		
4.8 - Finance Costs - leases		
Interest - Lease Liabilities	247	288
Total finance costs	247	288
4.9 - Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	90	92
Auditors' remuneration - Internal Audit	141	201
Councillors' allowances	513	480
Operating lease rentals	999	1,278
Community grants and contributions	2,545	2,866
Training and professional development	1,081	955
Special rate scheme expenditure	1,415	1,421
Other expenditure	391	407
Total other expenses	7,175	7,700

Note 5 - Our financial position

5.1 - Financial assets

(a) Cash and cash equivalents

Current

Cash on hand	5	5
Cash at bank	18,499	25,920
Term deposits	48,247	45,417
Total cash and cash equivalents	66,751	71,342

(b) Other financial assets

Current

Term deposits	79,500	79,000
Total current other financial assets	79,500	79,000

Non-current

Unlisted shares	4	4
Total non current other financial assets	4	4
Total other financial assets	79,504	79,004
Total financial assets	146,255	150,346

City of Boroondara
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Notes to the Financial Statements

2023	2022
\$'000	\$'000

5.1 - Financial assets (cont.)

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 3 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 three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

The unlisted shares are held with Procurement Australasia Limited.

(d) Trade and other receivables

Current

<i>Statutory receivables</i>		
Rates debtors	16,131	15,311
Parking infringement debtors	6,678	6,701
Provision for doubtful debts - parking infringements	(4,676)	(2,500)
Net GST receivable	2,326	2,369
<i>Non-statutory receivables</i>		
Other debtors	4,213	4,454
Provision for doubtful debts - other debtors	(612)	(314)
Total current trade and other receivables	<u>24,060</u>	<u>26,021</u>
Total trade and other receivables	<u>24,060</u>	<u>26,021</u>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(e) Ageing of receivables

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

Current (not yet due)	557	1,313
Past due by up to 30 days	1,223	821
Past due between 31 and 180 days	1,509	1,630
Past due between 181 and 365 days	470	446
Past due by more than 1 year	454	244
Total trade and other receivables	<u>4,213</u>	<u>4,454</u>

(f) Ageing of individually impaired receivables

At balance date there were no other debtors representing financial assets that were impaired (2022: Nil).

City of Boroondara
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Notes to the Financial Statements

	2023 \$'000	2022 \$'000
5.2 - Non - financial assets		
(a) Inventories		
Current		
Inventories held for distribution	34	17
Inventories held for sale	41	55
Total inventories	75	72

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Prepayments		
Current		
Prepayments	3,177	2,373
Total prepayments	3,177	2,373

(c) Intangible assets		
Non-current		
Software	15	269
Total intangible assets	15	269

	Software
Gross carrying amount	
Balance at 1 July 2022	4,609
Additions from internal developments	68
Balance at 30 June 2023	4,677

Accumulated amortisation and impairment	
Balance at 1 July 2022	(4,340)
Amortisation expense	(322)
Balance at 30 June 2023	(4,662)

Net book value at 30 June 2022	269
Net book value at 30 June 2023	15

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.

5.3 - Payables, trust funds and deposits and unearned income/revenue	2023 \$'000	2022 \$'000
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade and other payables	14,416	21,521
Accrued expenses	5,323	3,715
Total current trade and other payables	19,739	25,236
(b) Trust funds and deposits		
Current		
Refundable deposits	15,027	12,462
Fire services levy	742	700
Refundable contract deposits and retention monies	5	4
Balwyn Rotary Sunday Market trust funds	258	245
Total current trust funds and deposits	16,032	13,411

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

5.3 - Payables, trust funds and deposits and unearned income/revenue (cont.)

	2023	2022
(c) Unearned income/revenue	\$'000	\$'000
Current		
Grants received in advance - operating	2,742	2,658
Grants received in advance - capital	5,239	9,206
Other	2,765	2,554
Total current unearned income/revenue	10,746	14,418

Unearned income/revenue represents contract liabilities and reflect consideration received in advance in respect of government funding. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

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.

Purpose and nature of items

Refundable deposits - Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service 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.

Retention Amounts - 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.

Trust funds held on behalf of the operation of the Balwyn Rotary Sunday Market - Profits and losses are transferred each month when they exceed \$5,000.

5.4 - Interest-bearing liabilities

	2023	2022
	\$'000	\$'000
Current		
Treasury Corporation of Victoria borrowings - secured	7,671	5,789
Other Borrowings - secured	446	1,790
Total current interest-bearing liabilities	8,117	7,579
Non-current		
Treasury Corporation of Victoria borrowings - secured	76,240	64,211
Other Borrowings - secured	976	19,749
Total non-current interest-bearing liabilities	77,216	83,960
Total	85,333	91,539

Borrowings are secured over the General Rates of Council.

a) The maturity profile for Council's borrowings is:

Not later than one year	8,117	7,579
Later than one year and not later than five years	34,953	33,238
Later than five years	42,263	50,722
	85,333	91,539

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

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5.5 - Provisions

	Annual leave	Long service leave	Rostered day off	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2023				
Balance at beginning of the financial year	7,691	13,656	523	21,870
Additional provisions	7,751	3,800	2,448	13,999
Amounts used	(8,059)	(3,283)	(2,359)	(13,701)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(33)	(48)	-	(81)
Balance at the end of the financial year	7,350	14,125	612	22,087
<i>Provisions - current</i>	7,350	11,881	612	19,843
<i>Provisions - non-current</i>	-	2,244	-	2,244
2022				
Balance at beginning of the financial year	7,939	14,299	509	22,747
Additional provisions	7,231	4,705	2,229	14,165
Amounts used	(7,418)	(5,216)	(2,215)	(14,849)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(61)	(132)	-	(193)
Balance at the end of the financial year	7,691	13,656	523	21,870
<i>Provisions - current</i>	7,691	11,536	523	19,750
<i>Provisions - non-current</i>	-	2,120	-	2,120

	2023 \$'000	2022 \$'000
(a) Employee provisions		
Current provisions expected to be settled within 12 months		
Annual leave	5,448	5,500
Long service leave	1,595	1,603
Other	612	523
	7,655	7,626
Current provisions expected to be settled after 12 months		
Annual leave	1,902	2,191
Long service leave	10,286	9,933
	12,188	12,124
Total current employee provisions	19,843	19,750
Non-current		
Long service leave	2,244	2,120
Total non-current employee provisions	2,244	2,120
Aggregate carrying amount of employee provisions:		
Current	19,843	19,750
Non-current	2,244	2,120
Total aggregate carrying amount of employee provisions	22,087	21,870

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:

	2023	2022
- discount rate	4.06%	3.69%
- wage inflation rate	3.30%	1.80%

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	2023	2022
	\$'000	\$'000
5.6 - Financing arrangements		
Council has the following funding arrangements in place as at 30 June 2023:		
Credit card facilities	373	357
Other borrowing facilities	1,422	21,539
Treasury Corporation of Victoria facilities	83,911	70,000
Total facilities	85,706	91,896
Used facilities	85,446	91,605
Unused facilities	260	291

5.7 - 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

	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
2023					
Operating					
Cleaning contracts for council buildings	2,562	2,555	-	-	5,117
Consultancies	380	378	139	-	897
Home care services	-	-	-	-	-
Information systems and technology	1,793	1,013	255	-	3,061
Maintenance	2,060	2,040	525	-	4,625
Open space management	13,163	12,066	15,202	-	40,431
Other	7,579	2,474	2,816	-	12,869
Financial Services	203	203	254	-	660
Food and garden organics processing	6,836	6,817	14,214	-	27,867
Recycling	5,885	5,314	11,417	-	22,616
Total	40,461	32,860	44,822	-	118,143
Capital					
Buildings	11,966	4,597	31	-	16,594
Computers and telecommunications	68	-	-	-	68
Drainage	3,296	3,287	8,275	-	14,858
Information systems and technology	4,988	4,764	5,662	-	15,414
Library materials - Books and furnishings	2,250	2,244	-	-	4,494
Open Space Management	710	668	135	-	1,513
Vehicles	466	465	1,389	-	2,320
Concrete, bluestone and other materials	10,598	10,569	26,611	-	47,778
Other capital related	3,138	410	109	-	3,657
Recreational, leisure and community facilities	431	-	-	-	431
Landscaping	1,178	1,175	1,175	-	3,528
Roads	6,861	6,842	3,206	-	16,909
Total	45,950	35,021	46,593	-	127,564

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Notes to the Financial Statements

5.7 - Commitments (cont.)

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Cleaning contracts for council buildings	2,632	2,562	2,555	-	7,749
Consultancies	805	380	920	-	2,105
Home care services	61	-	-	-	61
Information systems and technology	1,174	267	-	-	1,441
Maintenance	325	8	-	-	333
Open space management	16,929	11,984	25,483	1,020	55,416
Other	8,378	7,208	4,876	167	20,629
Food and garden organics processing	6,249	6,817	20,452	568	34,086
Recycling	1,670	986	428	-	3,084
Total	38,223	30,212	54,714	1,755	124,904
Capital					
Buildings	19,154	5,001	1,685	-	25,840
Computers and telecommunications	419	68	-	-	487
Drainage	971	-	-	-	971
Footpaths, shopping centre improvements, laneways, car parks	2,900	-	-	-	2,900
Information systems and technology	381	262	256	-	899
Library materials - Books and furnishings	2,244	2,250	4,482	-	8,976
Open Space Management	709	710	803	-	2,222
Other capital related	4,192	3,138	629	-	7,959
Recreational, leisure and community facilities	648	431	-	-	1,079
Landscaping	1,175	1,178	3,521	-	5,874
Roads	3,560	-	-	-	3,560
Total	36,353	13,038	11,376	-	60,767

(b) Operating lease receivables Operating lease receivables

The Council has entered into commercial property leases on its investment properties as disclosed in note 6.4. These properties held under operating leases have remaining non-cancellable lease terms of up to 22 years. All leases include a CPI based revision of the rental charge annually.

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

	2023 \$'000	2022 \$'000
Not later than one year	794	266
Later than one year and not later than five years	2,279	1,650
Later than five years	4,284	4,405
	7,357	6,321

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Notes to the Financial Statements

5.8 - Leases

At inception of a contract, all entities would assess 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;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The contract 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
- 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 re-measured 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.

Peppercorn Leases that Council has entered into include leasing of property for the use of community services such as kindergarten, childcare and family services. Due to the temporary relief granted under AASB 2018-8, peppercorn leases have not been recognised in the balance sheet.

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Notes to the Financial Statements

5.8 - Leases (cont.)

Right-of-use assets	Vehicles \$'000	Other \$'000	Total \$'000
Balance at 1 July 2022	8,538	14	8,552
Additions	2,269	-	2,269
Disposals	(1,017)	-	(1,017)
Amortisation charge	(3,631)	(14)	(3,645)
Amortisation of disposals	1,017	-	1,017
Balance at 30 June 2023	<u>7,176</u>	<u>-</u>	<u>7,176</u>

Lease liabilities	2023 \$'000	2022 \$'000
Maturity analysis - contractual undiscounted cash		
Less than one year	3,155	3,415
One to five years	3,960	4,936
More than five years	569	846
Total undiscounted lease liabilities as at 30 June:	<u>7,684</u>	<u>9,197</u>

Lease liabilities included in the Balance Sheet at 30 June:

Current	2,980	3,206
Non-current	4,266	5,447
Total lease liabilities	<u>7,246</u>	<u>8,653</u>

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Expenses relating to:	2023 \$'000	2022 \$'000
Short-term leases	240	284
Leases of low value assets	529	537
Total	<u>769</u>	<u>821</u>

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:		
Within one year	529	538
Later than one year but not later than five years	2,116	2,151
Total lease commitments	<u>2,645</u>	<u>2,689</u>

Note 6 - Assets we manage

6.1 - Non current assets classified as held for sale

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. There are no assets held for sale as at 30 June 2023.

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Notes to the Financial Statements

6.2 - Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2022 \$'000	Additions \$'000	Contributions \$'000	Revaluations \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	* Transfers \$'000	Carrying amount 30 June 2023 \$'000
Land	3,394,026	-	-	-	-	-	-	-	3,394,026
Buildings	353,260	-	-	-	(15,108)	(1,182)	-	19,157	356,127
Plant and Equipment	20,500	-	-	-	(4,250)	(526)	-	4,636	20,360
Infrastructure	559,581	-	-	29,564	(18,769)	(1,473)	-	24,785	593,688
Work in progress	82,715	56,645	-	-	-	-	(5,058)	(49,519)	84,783
	4,410,082	56,645	-	29,564	(38,127)	(3,181)	(5,058)	(941)	4,448,984

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	* Transfers \$'000	Write Offs \$'000	Closing WIP \$'000
Buildings	67,677	23,209	(19,770)	(1,841)	69,275
Plant and Equipment	359	4,134	(3,362)	(644)	487
Infrastructure	14,679	29,302	(26,387)	(2,573)	15,021
Total	82,715	56,645	(49,519)	(5,058)	84,783

* The net transfers of \$941K is represented by transfers from work in progress to other financial categories including Investment property and Intangibles shown in Note 6.4 and Note 5.2 (c) respectively.

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Notes to the Financial Statements

6.2 - Property, infrastructure, plant and equipment (cont.)

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land \$'000	Buildings - non specialised \$'000	Total Buildings \$'000	Work in Progress \$'000	TOTAL PROPERTY \$'000
At fair value 1 July 2022	2,945,552	448,474	3,394,026	537,489	537,489	67,677	3,999,192
Accumulated depreciation at 1 July 2022	-	-	-	(184,229)	(184,229)	-	(184,229)
	2,945,552	448,474	3,394,026	353,260	353,260	67,677	3,814,963
Movements in fair value							
Additions	-	-	-	19,157	19,157	23,209	42,366
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	(2,512)	(2,512)	-	(2,512)
Write-offs	-	-	-	-	-	(1,841)	(1,841)
Transfers in (out)	-	-	-	-	-	(19,770)	(19,770)
	-	-	-	16,645	16,645	1,598	18,243
Movements in accumulated depreciation							
Depreciation and amortisation	-	-	-	(15,108)	(15,108)	-	(15,108)
Accumulated depreciation of disposals	-	-	-	1,330	1,330	-	1,330
	-	-	-	(13,778)	(13,778)	-	(13,778)
At fair value 30 June 2023	2,945,552	448,474	3,394,026	554,134	554,134	69,275	4,017,435
Accumulated depreciation at 30 June 2023	-	-	-	(198,007)	(198,007)	-	(198,007)
Carrying amount	2,945,552	448,474	3,394,026	356,127	356,127	69,275	3,819,428

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Notes to the Financial Statements

6.2 - Property, infrastructure, plant and equipment (cont.)

(b) Plant and Equipment

	Plant, machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecommunication \$'000	Library books \$'000	Work in Progress \$'000	TOTAL PLANT AND EQUIPMENT \$'000
At fair value 1 July 2022	43,610	10,287	8,376	1,909	359	64,541
Accumulated depreciation at 1 July 2022	(29,263)	(7,898)	(5,734)	(787)	-	(43,682)
	14,347	2,389	2,642	1,122	359	20,859
Movements in fair value						
Additions	2,582	452	599	1,003	4,134	8,770
Disposals	-	-	-	(895)	-	(895)
Write-offs	-	-	-	-	(644)	(644)
Transfers in (out)	-	-	-	-	(3,362)	(3,362)
	2,582	452	599	108	128	3,869
Movements in accumulated depreciation						
Depreciation and amortisation	(2,373)	(551)	(990)	(336)	-	(4,250)
Accumulated depreciation of disposals	-	-	-	369	-	369
	(2,373)	(551)	(990)	33	-	(3,881)
At fair value 30 June 2023	46,192	10,739	8,975	2,017	487	68,410
Accumulated depreciation at 30 June 2023	(31,636)	(8,449)	(6,724)	(754)	-	(47,563)
Carrying amount	14,556	2,290	2,251	1,263	487	20,847

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Notes to the Financial Statements

6.2 - Property, infrastructure, plant and equipment (cont.)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Parks open spaces and streetscapes	Off street car parks	Work in Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	660,008	15,471	157,081	241,548	57,736	44,334	41,613	14,679	1,232,470
Accumulated depreciation at 1 July 2022	(389,857)	(9,738)	(92,121)	(108,558)	(25,959)	(15,784)	(16,193)	-	(658,210)
	270,151	5,733	64,960	132,990	31,777	28,550	25,420	14,679	574,260
Movements in fair value									
Additions	10,845	-	2,041	2,964	1,986	6,624	325	29,302	54,087
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	69,941	1,820	49,286	43,372	-	-	874	-	165,293
Disposals	(4,027)	-	(146)	(180)	-	1	64	-	(4,418)
Write-offs	-	-	-	-	-	-	-	(2,573)	(2,573)
Transfers in (out)	-	-	-	-	-	-	-	(26,387)	(26,387)
	76,759	1,820	51,181	46,156	1,986	6,623	1,135	342	186,002
Movements in accumulated depreciation									
Depreciation and amortisation	(8,803)	(277)	(1,983)	(2,865)	(2,340)	(1,929)	(572)	-	(18,769)
Revaluation	(70,127)	(839)	(28,175)	(35,646)	-	-	(942)	-	(135,729)
Accumulated depreciation of disposals	2,655	-	102	167	-	-	21	-	2,945
	(76,275)	(1,116)	(30,056)	(38,344)	(2,340)	(1,929)	(1,493)	-	(151,553)
At fair value 30 June 2023	736,767	17,291	208,262	287,704	59,722	50,957	42,748	15,021	1,418,472
Accumulated depreciation at 30 June 2023	(466,132)	(10,854)	(122,177)	(146,902)	(28,299)	(17,713)	(17,686)	-	(809,763)
Carrying amount	270,635	6,437	86,085	140,802	31,423	33,244	25,062	15,021	608,709
Total property, infrastructure, plant and equipment									4,448,984

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Notes to the Financial Statements

6.2 - Property, infrastructure, plant and equipment (cont.)

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.

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.

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit
	Years	\$'000
Property		
Land	N/A	-
Buildings		
Buildings	2-55	5
Plant and Equipment		
Plant, machinery and equipment	5-30	2
Arts and heritage	100	0
Fixtures, fittings and furniture	10	2
Computers and telecommunications	3-5	2
Library books	6	0
Infrastructure		
Road pavements and seals	30-100	7
Road substructure	100-150	7
Road kerb, channel and minor culverts	75	7
Bridges deck	50-130	7
Bridges substructure	50-130	7
Footpaths and cycleways	20-85	7
Drainage	20-100	7
Recreational, leisure and community facilities	10-80	2
Parks, open space and streetscapes	15-100	2
Off street car parks	30-100	7
Intangible assets	3	5

Land under roads

Council recognises land under roads it controls on a fair value basis.

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.

Notes to the Financial Statements

6.2 - Property, infrastructure, plant and equipment (cont.)

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 below 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.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Matheson Stephen Valuations Property Consultants. 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.

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.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

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 2023/24.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of valuation
Land	-	186,706	261,768	Jan-22	Full
Specialised land	-	73,971	2,871,581	Jan-22	Full
Buildings	-	122,829	233,298	Jan-22	Full
Total	-	383,506	3,366,647		

Notes to the Financial Statements

6.2 - Property, infrastructure, plant and equipment (cont.)

Valuation of infrastructure

Valuation of infrastructure assets has been determined by Eric van Toor, Coordinator Strategic Asset Management, Bachelor of Engineering, Civil Engineering.

The date and type of the current valuation is detailed in the following table.

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 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of valuation
Roads	-	-	270,635	Jun-23	Full
Bridges	-	-	6,437	Jun-23	Full
Footpaths and cycleways	-	-	86,085	Jun-23	Full
Drainage	-	-	140,802	Jun-23	Full
Recreational, leisure and community facilities	-	-	31,423		
Parks, open space and streetscapes	-	-	33,244		
Other infrastructure	-	-	25,062	Jun-23	Full
Total	-	-	593,688		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is 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 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$37 and \$12,593 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$210 to \$325,161 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 25 years to 55 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. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 150 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 infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	2,170	2,170
Parks and reserves	1,248,579	1,248,579
Sports Grounds	1,065,405	1,065,405
Other	629,398	629,398
Total specialised land	2,945,552	2,945,552

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	2023 \$'000	2022 \$'000
6.3 - Investments in joint arrangements		
(a) Investments in joint arrangements		
Investment in Regional Landfill Clayton South	(7,557)	(6,040)
Background		
The City of Boroondara has entered into a joint venture arrangement called Regional Landfill Clayton South, which has developed a refuse tip for a number of municipalities. The Council has a 35.22% interest in the assets, liabilities, revenues and expenses of the joint venture. The remaining joint venture partners include City of Glen Eira, City of Monash, City of Whitehorse and City of Stonnington.		
Fair value of Council's investment in Regional Landfill Clayton South	(7,557)	(6,040)
Council's share of accumulated surplus(deficit)		
Council's share of accumulated surplus(deficit) at start of year	(7,680)	(8,367)
* Reported surplus/(deficit) for year	(1,517)	687
Council's share of accumulated deficit at end of year	(9,197)	(7,680)
Movement in carrying value of specific investment		
Carrying value of investment at start of year	(6,040)	(6,727)
* Share of surplus/(deficit) for year	(1,517)	687
Carrying value of investment at end of year	(7,557)	(6,040)

* Share of surplus/(deficit) is based on unaudited financial statements for 2023.

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 its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Council continues to account for Clayton Landfill under the equity method on the basis that Clayton Landfill operating results, assets and liabilities are not material individually or in aggregate. 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 respectively.

The landfill closed on the 29 January 2016. At balance date the landfill itself retains sufficient liquidity however it is likely that Council funds will be required to be expended in support of the entity to fund the post closure capital works and the post closure after care expenses.

Rehabilitation of the landfill comprising construction of the final cap and the 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 \$1.034 million annually.

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.

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	2023	2022
	\$'000	\$'000
6.4 - Investment property	Fair Value	Cost
Balance at beginning of financial year	8,756	8,745
Additions	869	204
Depreciation expense	-	(193)
Fair value adjustments	8,480	-
Balance at end of financial year	18,105	8,756

Investment property, comprising fresh food market stalls and a commercial shop, is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Refer to note 10 Changes in accounting policy for further details.

Valuation of investment property

Valuation of investment property has been determined in accordance with the CIV for that particular site under advice from Matheson Stephen Valuations Property Consultants. The valuation is at fair value, based on the current market value for the property.

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Notes to the Financial Statements

Note 7 - People and relationships

7.1 Council and key management remuneration

(a) Related parties

Parent entity
City of Boroondara 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 City of Boroondara. The Councillors, Chief Executive Officer, Executive Directors, Executive Manager People Culture and Development, Chief Financial Officer and Executive Manager Governance are deemed KMP.

Councillors

- Councillor Jane Addis (Mayor: 23 November 2021 - 8 December 2022)
- Councillor Felicity Sinfield (Mayor: 9 December 2022 - current)
- Councillor Wes Gault (Deputy Mayor: 23 November 2021 - 8 December 2022)
- Councillor Lisa Hollingsworth (Deputy Mayor: 9 December 2022 - current)
- Councillor Garry Thompson
- Councillor Cynthia Watson
- Councillor Jim Parke
- Councillor Susan Biggar
- Councillor Di Gillies
- Councillor Victor Franco
- Councillor Nick Stavrou

Chief Executive Officer Phillip Storer

Other KMPs

- Director Customer and Transformation - Mans Bassi
- Director Places and Spaces - Daniel Freer
- Director Community Support - Carolyn McClean (1 July 2022 - 30 June 2023)
- Director Community Support - Kate McCaughey (8 February 2023 - current)
- Director Urban Living - Scott Walker
- Executive Manager People Culture and Development - Mary-Anne Palatsides
- Executive Manager Governance and Legal - Bryan Wee
- Chief Financial Officer - Amy Montalti

	2023	2022
	No.	No.
Total Number of Councillors	11	11
Chief Executive Officer and other Key Management Personnel	9	13
Total Key Management Personnel	<u>20</u>	<u>24</u>

(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.

	2023	2022
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	3,175	2,737
Other long-term benefits	66	44
Post-employment benefits	211	162
Termination costs	-	244
Total	<u>3,452</u>	<u>3,187</u>

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Notes to the Financial Statements

7.1 Council and key management remuneration (cont.)

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

	2023 No.	2022 No.
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	7	9
\$40,000 - \$49,999	1	2
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	-	1
\$70,000 - \$79,999	1	-
\$80,000 - \$89,999	1	1
\$130,000 - \$139,999	1	1
\$150,000 - \$159,999	-	1
\$190,000 - \$199,999	-	1
\$240,000 - \$249,999	1	-
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	1	-
\$300,000 - \$309,999	1	-
\$340,000 - \$349,999	-	2
\$350,000 - \$359,999	3	1
\$420,000 - \$429,999	1	-
\$480,000 - \$489,999	-	1
\$490,000 - \$499,999	1	-
	20	24

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP.*

Total remuneration of other senior staff was as follows:

	2023 \$'000	2022 \$'000
Short-term benefits	4,331	4,062
Other long-term benefits	108	101
Post-employment benefits	448	386
Total	4,887	4,549

The number of Senior Officers are shown below in their relevant income bands:

	2023 No.	2022 No.
Income range:		
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	2	2
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	5	5
\$210,000 - \$219,999	3	3
\$220,000 - \$229,999	4	2
\$230,000 - \$239,999	1	3
\$240,000 - \$249,999	1	-
\$250,000 - \$259,999	1	1
\$260,000 - \$269,999	1	1
\$290,000 - \$299,999	1	-
\$300,000 - \$309,999	1	1
	22	21

Total remuneration for the reporting year for Senior Officers included above, amounted to:

\$ 4,887,309	\$ 4,549,156
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* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the *Local Government Act 1989*.

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Notes to the Financial Statements

7.2 Related party disclosure

(a) Transactions with related parties

There were no transactions entered into with related parties.

(b) Outstanding balances with related parties

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

There were no aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the Council to a responsible person of the Council, or a related party of a responsible person.

(d) Commitments to/from related parties

There were no aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party.

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Notes to the Financial Statements

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.

As part of the State Government's North East Link project, there will be compulsory acquisition of Council land to enable the project to progress. Council will be compensated in accordance with the Land Acquisition and Compensation Act 1986.

(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.

In addition to the disclosed contributions, City of Boroondara has not paid any unfunded liability payments to Vision Super (2021-22 \$nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

8.2 - Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 that are expected to impact Council.

City of Boroondara
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Notes to the Financial Statements

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 TCV borrowings. Details of the significant accounting policies 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.

(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 all financial assets included in our balance sheet. 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 our investment policy.

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Notes to the Financial Statements

8.3 - Financial instruments (cont.)

(c) Credit risk (cont.)

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 we 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 provisions 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 we 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 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 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. Details of the maturity profile for borrowings are disclosed at Note 5.4.

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 4.1%.

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 Statements

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 on 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 2 to 5 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	2 years
Buildings	2 years
Roads	2 years
Bridges	2 years
Footpaths and cycleways	2 years
Drainage	2 years
Other infrastructure	2 years

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

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 to sell 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.

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Notes to the Financial Statements

8.5 - Events occurring after balance date

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

Note 9 - Other matters

9.1 - Reserves

	Balance at beginning of reporting period	Increment (decrement)	Reversal of previous revaluations for assets disposed	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000	\$'000
2023				
Property				
Land	3,078,128	-	(755)	3,077,373
Buildings	113,525	-	(610)	112,915
	3,191,653	-	(1,365)	3,190,288
Infrastructure				
Roads	176,295	(186)	-	176,109
Bridges	5,338	981	-	6,319
Footpaths and cycleways	39,333	21,111	-	60,444
Drainage	39,836	7,726	-	47,562
Carparks and access roads	14,040	(68)	-	13,972
	274,842	29,564	-	304,406
Total asset revaluation reserves	3,466,495	29,564	(1,365)	3,494,694
2022				
Property				
Land	2,797,547	280,581	-	3,078,128
Buildings and other structures	70,710	42,925	(110)	113,525
	2,868,257	323,506	(110)	3,191,653
Infrastructure				
Roads	170,487	5,808	-	176,295
Bridges	5,253	85	-	5,338
Footpaths and cycleways	38,415	918	-	39,333
Drainage	29,816	10,020	-	39,836
Carparks and access roads	13,550	490	-	14,040
	257,521	17,321	-	274,842
Total asset revaluation reserves	3,125,778	340,827	(110)	3,466,495

The asset revaluation reserve is used to record the movement in fair value of Council's assets over time.

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Notes to the Financial Statements

9.1 - Reserves (cont.)

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2023				
Strategic Acquisition fund	434	-	-	434
Defined Benefit future call up fund	9,000	500	-	9,500
Open Space development fund	14,033	1,600	-	15,633
Total other reserves	23,467	2,100	-	25,567
2022				
Strategic Acquisition fund	434	-	-	434
Defined Benefit future call up fund	8,000	1,000	-	9,000
Open Space development fund	12,452	1,581	-	14,033
Total other reserves	20,886	2,581	-	23,467

The Strategic Acquisition fund will be available for the purpose of acquiring new strategic assets where they are required for the provision of community services or for additional public open space.

The Open Space development fund allows for the acquisition of land within the municipality for conversion to public open space as it becomes available.

The Defined Benefit future call up fund has been created for use should a shortfall in the defined benefit superannuation fund be called by the Local Government Defined Benefit Superannuation Fund trustee.

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	2023 \$'000	2022 \$'000
9.2 - Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the period	24,239	10,962
Depreciation and amortisation	42,094	40,551
Loss on disposal of property, infrastructure, plant and equipment	3,178	4,142
Investment property fair value movement	(8,477)	-
Share of joint venture (profits) / losses net of distributions	1,517	(687)
Works in progress not capitalised (expensed)	5,058	5,010
Borrowing costs	3,938	1,419
Finance costs leases	247	288
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	1,961	(919)
(Increase)/decrease in prepayments	(804)	309
(Increase)/decrease in inventories	(3)	11
(Decrease)/increase in trust funds and deposits	2,621	4,069
(Decrease)/increase in trade and other payables	1,924	3,495
(Decrease)/increase in unearned income/revenue	(4,004)	766
(Decrease)/increase in provisions	227	(899)
Net cash provided by operating activities	73,716	68,517

9.3 - Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). 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 Comprehensive Operating Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive 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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10%)).

The Superannuation Guarantee (SG) rate will eventually increase to 12% from 1 July 2025 based on the current SG legislation.

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 Boroondara 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.

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

9.3 - Superannuation (cont.)

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 review is currently underway for the Defined Benefit category as at 30 June 2023 as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2023.

Vision Super has advised that the VBI at 30 June 2023 was 104.1%. 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.

An interim actuarial investigation as at 30 June 2022 was conducted and was completed by the due date of 31 October 2022. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.5% pa
 Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter
 Price inflation (CPI) 3% pa.

Council were notified of the 30 June 2022 VBI during August 2023 (2022: August 2022).

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 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 2022 interim 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). 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 2022 interim 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-1 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.

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

9.3 - Superannuation (cont.)

The 2022 interim 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. An interim investigation was conducted as at 30 June 2022 and the last full investigation was conducted as at 30 June 2020.

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

	2022 (Interim)	2021 (Triennial)
	\$m	\$m
- A VBI Surplus	44.6	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	111.9	285.2

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 2022.

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 2022.

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 2022.

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision Super	Defined benefit	10.5% (2022:10%)	244	310
Vision Super	Accumulation fund	10.5% (2022:10%)	3,751	3,792
Other scheme	Accumulation fund	10.5% (2022:10%)	4,537	4,101

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$0 paid during the 2022-23 year (2021-22 \$0).

There were no contributions outstanding as at 30 June 2023. No loans were issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$400,000.

City of Boroondara
2022/2023 Financial Report

Notes to the Financial Statements

10 · Change in accounting policy

The council has previously recorded investment properties at cost. In 2022-23 Council elected to change its accounting policy to align with the Local Government Model Financial Report. This has resulted in the investment properties been accounted for the first time at fair value - being the price that would be received to sell the investment properties between market participants. The movement in investment property values is now accounted for in the Income Statement. In the 2022/23 financial year, this resulted in a \$8.4 million adjustment to income.



Attachment 1
(Part 2)

Performance Statement

For the Year Ended 30 June 2023

Performance Statement

For the year ended 30 June 2023

Description of municipality

The City of Boroondara (the Council) is located in the inner eastern suburbs of Melbourne, between 5 and 10 kilometres east of the Melbourne Central Business District and covers an area of 60 square kilometres. The Council includes the suburbs of Ashburton, Balwyn, Balwyn North, Camberwell, Canterbury, Deepdene, Hawthorn, Hawthorn East, Kew and Kew East, and parts of Glen Iris, Surrey Hills and Mont Albert.

Boroondara has an estimated residential population of 169,411 people (at 30 June 2022). In 2021, we had lower proportion of children (under 15) and a higher proportion of persons aged 65 or older than Greater Melbourne.

Boroondara is culturally and linguistically diverse. In 2021, 32.5% of residents were born overseas, compared with 35.7% in Greater Melbourne. Residents were born in more than 150 countries and spoke more than 120 languages and 28.7% of people spoke a language other than English at home in 2021.

By area, Boroondara has one of the highest concentrations of schools of all Victorian local government areas, with 56 secondary, primary and special education schools, including 13 combined primary and secondary schools, as well as Swinburne University of Technology, the Hawthorn-Melbourne English Language Centre and two Universities of the Third Age.

Currently, 82 organisations offer a kindergarten program in Boroondara spanning across standalone kindergartens, long day care centres and independent schools. The City also has 11 neighbourhood and community centres where residents can participate in programs focussing on health and wellbeing, languages, creative pursuits, the arts, cooking and technology.

City of Boroondara

Sustainable Capacity Indicators

For the year ended 30 June 2023

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
Own-source revenue <i>Own-source revenue per head of municipal population</i> (Own-source revenue/Municipal population)	\$1,214	\$1,167	\$1,288	\$1,479	Own-source revenue has been impacted by the COVID-19 pandemic for 2019-20, 2020-21 and 2021-22 years, with a reduction in revenue streams across user fees and charges. In 2022-23 Council's own source revenue increased primarily in user fees and fines due to a decline in ongoing COVID-19 impacts on Council's operations. The result has also been impacted by a slight decline in the population by 4.1%.
Recurrent grants <i>Recurrent grants per head of municipal population</i> (Recurrent grants/Municipal population)	\$73	\$69	\$89	\$78	The 2022-23 result includes the Commonwealth Financial Assistance Grants early receipt of the 2023-24 allocation (100% or \$5.35 million). This has been offset by a reduction in aged care recurrent grant funding of \$2.45 million associated with the transition of aged care services in Boroondara to the Australian Government's nominated provider. There has also been a slight reduction in the population by 4.1% for 2022-23.

City of Boroondara

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
Population <i>Expenses per head of municipal population</i> (Total expenses/Municipal population)	\$1,265	\$1,363	\$1,375	\$1,518	Council continues to deliver services in accordance with its Long Term Financial Plan. There has been an increase in the overall expenditure primarily due to bad and doubtful debts, borrowing costs and materials and services. There has also been a slight reduction in the population by 4.1% for 2022-23.
Population <i>Infrastructure per head of municipal population</i> (Value of infrastructure/Municipal population)	\$4,903	\$5,052	\$5,752	\$6,227	The result reflects Council's continued commitment to invest in high quality infrastructure. The increase in 2022-23 is primarily due to the completion of building and infrastructure projects and the revaluation of infrastructure assets during the year. There has also been a slight reduction in the population by 4.1% for 2022-23.
Population <i>Population density per length of road</i> (Municipal population/Kilometres of local roads)	323.22	321.66	269.92	258.29	As part of our Road Management Plan review in 2021 as per the Road Management Act, Council agreed to include additional laneways under the revised plan, which has increased the road length reported against Local Government Reporting. The length of roads reported in 2021-22 was 654 kilometres compared to 569 kilometres in 2020-21. There

City of Boroondara

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
					has also been a slight reduction in the population by 4.1% for 2022-23.
Disadvantage <i>Relative Socio-Economic disadvantage</i> (Index of Relative Socio-Economic Disadvantage by decile)	10	10	10	10	The Socio-Economic Disadvantage indicator remains consistent and the result reflects a low level of socio-economic disadvantage.
Workforce turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	9.5%	12.8%	17.1%	18.8%	This year's workforce turnover was impacted by the transfer of in home aged care services to MECWACARE as part of the Commonwealth Home Support Programme from 31 July 2022. Excluding figures associated with this transfer and redundant positions, the turnover rate for this year would have been 12.10%. This reflects the lowest since 2020. Turnover continues to be closely monitored.

Definitions

"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 in paragraphs (a) and (b)

"infrastructure" means non-current property, plant and equipment excluding land

City of Boroondara

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

"population" means the resident population estimated by council

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

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

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

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service Performance Indicators

For the year ended 30 June 2023

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
Aquatic facilities Utilisation <i>Utilisation of aquatic facilities</i> (Number of visits to aquatic facilities/Municipal population)	10	5	8	14	Performance is above target range which demonstrates increasing attendances across the facilities following reduced use during the COVID-19 pandemic and recovery.
Animal management Health and safety <i>Animal management prosecutions</i> (Number of successful animal	100%	100%	100%	100%	All prosecutions continued to have a 100% success rate. For the 2022-23 financial year we prosecuted the following:

City of Boroondara

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
management prosecutions / Total number of animal management prosecutions) x 100					<ul style="list-style-type: none"> • failure to register a cat and/or a dog • dog at large • a non-serious dog attack • multiple serious dog attacks • Contravening Council Order • causing a nuisance • obstruct/hinder authorised officer • dog rush.
Food safety Health and safety <i>Critical and major non-compliance outcome notifications</i> (Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up/Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises) x 100	99%	96%	93%	98%	The Health Services team continue to prioritise following up premises that receive a major/critical non-compliant inspection rating.
Governance Satisfaction <i>Satisfaction with council decisions</i>	59	62	61	59	In 2023, almost all councils that participated in the Victorian Local Government Annual Community Satisfaction Survey (CSS) received

City of Boroondara

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
(Community satisfaction rating out of 100 with how council has performance in making decisions in the interest of the community)					lower overall performance index scores than in 2022. This trend is reflective across the state with almost all individual service areas and core measures declining significantly for the second consecutive year. Despite this trend, our overall performance is still performing significantly higher compared to the metro and state-wide levels. Our score in community decisions is also significantly higher compared to the metro and state-wide levels. Perception in this area has historically been difficult to shift and Council has performed consistently on this measure between 59 and 63 for the past 10 years.
Libraries Participation <i>Active library borrowers in municipality</i> (The sum of the number of active library borrowers in the last three financial years/The sum of the population in the last three financial years) x 100	25%	22%	21%	20%	Visitor and borrower activity is returning to pre-pandemic levels, with community confidence in visiting public spaces at its highest level in three years.

City of Boroondara

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
Maternal and child health Participation <i>Participation in the MCH service</i> (Number of children who attend the MCH service at least once in the year/Number of children who enrolled in the MCH service) x 100	82%	81%	81%	83%	Result is in line with expectations. This measure is variable depending on how many children are due for appointments in the period.
Participation <i>Participation in the MCH service by Aboriginal children</i> (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	100%	96%	93%	90%	Result is in line with expectations. This measure is variable depending on how many children are due for appointments in the period.
Roads Satisfaction <i>Satisfaction with sealed local roads</i> (Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads)	72	74	71	67	<p>The City of Boroondara has seen a decline of 4 points from 71% to 67% in the Customer Satisfaction Survey Results for the Sealed Local Roads category. Significant adverse rain events in October/November 2022 and April/May 2023, resulting in increased road defects, have contributed to this result.</p> <p>The City of Boroondara continues to perform above both the metro 61% and state 48% averages, which have also declined by 4 and 5</p>

City of Boroondara

Indicator/measure	2020 Results	2021 Results	2022 Results	2023 Results	Material Variations
					points, respectively from metro 65% and state 53%.
Statutory Planning Decision making <i>Planning decisions upheld at VCAT</i> (Number of VCAT decisions that did not set aside council's decision in relation to a planning application/Number of VCAT decisions in relation to planning applications) x 100	49%	55%	53%	44%	Overall, a lower proportion of cases proceeded to a merits hearing in this reporting period, with a greater proportion of cases resolving prior by consent or withdrawal.
Waste collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> (Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins) x 100	53%	69%	72%	72%	The Food Organics and Garden Organics (FOGO) service has been a success, with the diversion rate increasing since 2020 and meeting the annual target of 72% in 2022-23. This places Boroondara near the top of the waste diversion tables in both a State and National context.

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

City of Boroondara

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

"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

"food premises" has the same meaning as the Food Act 1984

"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 authorized 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

"population" means the resident population estimated by council

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

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Financial Performance Indicators

For the year ended 30 June 2023

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
Operating position Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> (Adjusted underlying surplus (deficit) / Adjusted underlying revenue) x 100	2.13%	-9.16%	0.90%	3.35%	2.51%	9.41%	9.74%	9.83%	The adjusted underlying result for 2019-20, 2020-21 and 2021-22 was due to the ongoing impacts of COVID-19 and the resulting impacts on revenue and expenditure streams. For 2022-23 Council saw a reduction in the impacts of COVID-19 on its operations. It is anticipated that the adjusted underlying result will improve over the future year projections.
Liquidity Working capital <i>Current assets compared to current liabilities</i> (Current assets /	272.4%	177.3%	213.9%	224.1%	169.0%	167.2%	162.3%	164.4%	The indicator was lower in 2020-21 due to the reduction of cash reserves, an increase in unearned income due to additional capital grants received and an increase in trust funds

City of Boroondara

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
Current liabilities) x 100									and deposits. The result for 2022-23 year has increased from the prior year due to current assets having higher pre-payments coupled with an increase in the repayment of borrowings and the timing of trade and other payables under current liabilities. Working capital remains well above the minimum sustainable level.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> (Unrestricted cash / Current liabilities) x 100	131.9%	49.8%	22.1%	20.6%	95.3%	99.0%	98.9%	101.0%	The unrestricted cash is lower primarily due to a reduction of cash reserves. In 2020-21 and 2021-22, Council's own source revenue streams decreased as a result of the impacts of COVID-19, however it is starting to recover. At 30 June 2023, Council held \$79.50 million in investments with a

City of Boroondara

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
									maturity date greater than three months. During 2023-24, term deposits will be redeemed and transferred to cash and cash equivalents. Unrestricted cash remains within a sustainable level.
Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> (Interest bearing loans and borrowings / Rate revenue) x100	13.2%	12.1%	46.1%	42.2%	36.7%	31.7%	26.8%	22.3%	The decrease over years 2019-20 to 2020-21 is due to a combination of higher rate revenue and lower principal repayments as Council continued to reduce existing debt. In 2012-13, Council continued with substantial investment in major building redevelopment works and borrowed \$29 million. The borrowings were at a fixed interest rate for 10 years and were due to be repaid in

City of Boroondara

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
									full in 2022-23. Council reviewed its existing loan portfolio in 2022-23 and refinanced the remainder of this loan for a further 10 years. Council also took out borrowings of \$70 million in 2021-22 to fund significant infrastructure projects. All existing borrowings are projected to be repaid by 2033.
Loans and borrowings <i>Loans and borrowings repayments compared to rates (Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) x100</i>	1.6%	1.5%	1.5%	14.8%	5.5%	5.3%	5.2%	4.8%	In 2012-13, Council continued with substantial investment in major building redevelopment works and borrowed \$29 million. The borrowings were at a fixed interest rate for 10 years and were due to be repaid in full in 2022-23. Council reviewed its existing loan portfolio in 2022-23 and refinanced the remainder

City of Boroondara

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
									of this loan for a further 10 years. Council took out borrowings of \$70 million in 2021-22 to fund significant infrastructure projects. All existing borrowings are projected to be repaid by 2033.
Indebtedness <i>Non-current liabilities compared to own source revenue</i> (Non-current liabilities / Own source revenue) x 100	15.9%	17.7%	42.9%	36.4%	32.8%	29.4%	24.5%	20.9%	In 2019-20, 2020-21 and 2021-22 Council's own source revenue decreased due to the ongoing impacts of COVID-19 on Councils revenue streams, primarily in user fees and fines. There was also an increase in non-current liabilities in 2021-22 as Council took out borrowings of \$70 million to fund significant infrastructure projects. In 2022-23 Council's own source revenue increased primarily in

City of Boroondara

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
									user fees and fines due to a decline in ongoing COVID-19 impacts on Council's operations. Council also reviewed its existing loan portfolio in 2022-23 and refinanced the remainder of its 2012-13 loan for a further 10 years.
Asset renewal and upgrade <i>Asset renewal and upgrade compared to depreciation</i> (Asset renewal and asset upgrade expense / Asset depreciation) x100	126.8%	153.2%	142.3%	125.5%	144.3%	143.4%	158.2%	144.5%	The result is based on Asset Renewal budgets and the timing of major projects. Increases across 2020-21 and 2021-22 are due to planned major project expenditure, which demonstrates Council's ongoing commitment to invest in the renewal of its existing community infrastructure. The timing of planned renewal projects was reviewed during 2022-23, in the context of

City of Boroondara

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
									rising construction costs, resulting in some planned works being deferred to be undertaken in future years (including the Kew Recreation Centre due to the structural steel collapse in October 2022). Forecast years remain steady.

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Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> (Rate revenue / Adjusted underlying revenue) x 100	79.4%	83.8%	81.0%	76.1%	78.6%	79.3%	79.5%	79.7%	Boroondara receives a very low level of financial assistance from the State Government therefore rate revenue will continue to be a key source of funding for the delivery of high-quality services and infrastructure to the community. The adjusted underlying revenue for 2019-20, 2020-21 and 2021-22 was at reduced levels due to the ongoing impacts of COVID-19 on Councils revenue streams primarily in user fees and charges. The adjusted underlying revenue for 2022-23 improved compared to previous years due to a reduction in COVID-19 impacts across Council services.

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Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
Rates effort <i>Rates compared to property values</i> (Rate revenue / Capital improved value of rateable properties in the municipality) x 100	0.17%	0.16%	0.16%	0.15%	0.15%	0.16%	0.16%	0.16%	Boroondara receives a very low level of financial assistance from the State Government therefore rate revenue will continue to be a key source of funding for the delivery of high-quality services and infrastructure to the community. The adjusted underlying revenue for 2019-20, 2020-21 and 2021-22 was at reduced levels due to the ongoing impacts of COVID-19 on Councils revenue streams primarily in user fees and charges. The adjusted underlying revenue for 2022-23 improved compared to previous years due to a reduction in COVID-19 impacts across Council services.

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Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
Efficiency Expenditure level <i>Expenses per property assessment</i> (Total expenses / Number of property assessments)	\$2,952	\$3,159	\$3,047	\$3,214	\$3,262	\$3,080	\$3,134	\$3,193	Council continues to deliver services in accordance with its Long Term Financial Plan. There has been an increase in the overall expenditure primarily due to bad and doubtful debts, increased borrowing costs and materials and services. This is partially offset by a decrease to the net loss disposal of property, plant and equipment and other expenses.
Revenue level <i>Average rate revenue per property assessment</i> (Total rate revenue (General rates and Municipal charges) / Number	\$2,006	\$2,050	\$2,082	\$2,119	\$2,206	\$2,261	\$2,316	\$2,373	Council's budgeted rate increase in 2022-23 was capped at 1.75%. The rate cap is set by the State Government's Fair Go Rates System (FGRS) and Council's forecast rate increases have been aligned to the forecast FGRS. The forecast rate increase for

City of Boroondara

Dimension / Indicator / measure	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Material Variations
of property assessments)									2023-24 has been set at 3.5%. Council is delivering services in accordance with its Long Term Financial Plan.

Definitions

"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 in paragraphs (a) and (b)

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

"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

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"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

City of Boroondara

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"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

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Other Information

For the year ended 30 June 2023

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. 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).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource 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.

The forecast figures included in the performance statement are based on those adopted by Council in its 2023-24 Annual Budget. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.

City of Boroondara

Certification of 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*.

Amy Montalti, CPA
Principal Accounting Officer
Date:
Camberwell

In our opinion, the accompanying performance statement of the City of Boroondara for the year ended 30 June 2023 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.

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.

Cr Felicity Sinfield
Mayor
Date:
Camberwell

Cr Jim Parke
Councillor
Date:
Camberwell

Phillip Storer
Chief Executive Officer
Date:
Camberwell