

# Yarra Ranges Shire Council

## ANNUAL FINANCIAL REPORT

for the year ended 30 June 2024

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*Yarra Ranges is a vibrant and dynamic municipality based on strong local communities living in a place of great natural beauty.*



## Annual Financial Report

for the year ended 30 June 2024

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for the year ended 30 June 2024

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**Content Overview**

These financial statements are General Purpose Financial Statements and cover the consolidated operations for Yarra Ranges Shire Council.

All figures presented in these financial statements are presented in Australian Currency.

These financial statements were authorised for issue by the Council on the 22/10/2024.

Council has the power to amend and reissue these financial statements.

## Annual Financial Report

for the year ended 30 June 2024

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### 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.



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**Liam Routledge, CA**  
**Chief Financial Officer**

**Dated:** 25/10/2024

Lilydale

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

At the date of signing, we are not aware of any circumstances 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.



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**Sophie Todorov**  
**Mayor**

**Dated:** 25/10/2024

Lilydale



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**Fiona McAllister**  
**Councillor**

**Dated:** 25/10/2024

Lilydale



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**Tammi Rose**  
**Chief Executive Officer**

**Dated:** 25/10/2024

Lilydale

# Independent Auditor's Report

## To the Councillors of Yarra Ranges Shire Council

**Opinion** I have audited the financial report of Yarra Ranges Shire Council (the council) which comprises the:

- balance sheet as at 30 June 2024
- comprehensive income statement for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flows for the year then ended
- statement of capital works for the year then ended
- notes to the financial statements, including material accounting policy information
- certification of the financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2024 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the *Local Government Act 2020*, the Local Government (Planning and Reporting) Regulations 2020 and applicable Australian Accounting Standards.

**Basis for Opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Councillors' responsibilities for the financial report** The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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MELBOURNE  
25 October 2024



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

## Comprehensive Income Statement

for the year ended 30 June 2024

	Note	2024 \$ '000	2023 \$ '000
<b>Income / Revenue</b>			
Rates and charges	3.1	176,534	165,341
Statutory fees and fines	3.2	2,368	2,922
User fees	3.3	6,635	6,990
Grants - operating	3.4	23,001	42,223
Grants - capital	3.4	31,624	28,872
Contributions - monetary	3.5	3,683	4,015
Contributions - non monetary	3.5	2,409	6,882
Share of net profits of associates	6.3	311	63
Other income	3.7	6,526	4,052
<b>Total income / revenue</b>		<b>253,091</b>	<b>261,360</b>
<b>Expenses</b>			
Employee costs	4.1	79,399	71,267
Materials and services	4.2	107,161	103,165
Depreciation	4.3	35,192	30,768
Amortisation - Intangible assets	5.2	887	472
Depreciation - Right of use assets		2,447	1,749
Allowance for impairment losses		172	219
Borrowing costs		101	227
Finance Costs - Leases		742	157
Net loss on disposal of property, infrastructure, plant and equipment	3.6	7,701	7,835
Other expenses	4.4	11,336	9,919
<b>Total expenses</b>		<b>245,138</b>	<b>225,778</b>
<b>Surplus for the year</b>		<b>7,953</b>	<b>35,582</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation gain/(loss)	9.1	229,831	43,358
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>229,831</b>	<b>43,358</b>
<b>Total other comprehensive income</b>		<b>229,831</b>	<b>43,358</b>
<b>Total comprehensive result</b>		<b>237,784</b>	<b>78,940</b>

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

## Balance Sheet

as at 30 June 2024

	Note	2024 \$ '000	2023 \$ '000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	17,242	91,150
Trade and other receivables	5.1	43,657	45,220
Other financial assets	5.1	7,500	5,500
Prepayments	5.2	2,018	1,417
Non-current assets classified as "held for sale"	6.1	3,263	3,205
Contract assets	5.1	12,599	7,987
<b>Total current assets</b>		<b>86,279</b>	<b>154,479</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1	6,099	3,678
Investments in associates, joint arrangements and subsidiaries	6.3	2,924	2,613
Property, infrastructure, plant and equipment	6.2	1,611,462	1,351,953
Right-of-use assets	5.8	17,448	1,893
Intangible assets	5.2	5,625	5,815
<b>Total non-current assets</b>		<b>1,643,558</b>	<b>1,365,952</b>
<b>Total assets</b>		<b>1,729,837</b>	<b>1,520,431</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	22,995	30,973
Trust funds and deposits	5.3	8,589	13,568
Contract and other liabilities	5.3	31,779	59,790
Provisions	5.5	16,575	17,488
Interest-bearing liabilities	5.4	640	2,472
Lease liabilities	5.8	2,211	991
<b>Total current liabilities</b>		<b>82,789</b>	<b>125,282</b>
<b>Non-current liabilities</b>			
Provisions	5.5	8,832	8,574
Interest-bearing liabilities	5.4	–	640
Lease liabilities	5.8	15,634	1,137
<b>Total non-current liabilities</b>		<b>24,466</b>	<b>10,351</b>
<b>Total liabilities</b>		<b>107,255</b>	<b>135,633</b>
<b>Net assets</b>		<b>1,622,582</b>	<b>1,384,798</b>
<b>Equity</b>			
Accumulated surplus		645,628	638,541
Reserves	9.1	976,954	746,257
<b>Total Equity</b>		<b>1,622,582</b>	<b>1,384,798</b>

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



## Statement of Changes in Equity

for the year ended 30 June 2024

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserves \$ '000	Other Reserves \$ '000
<b>2024</b>					
<b>Balance at beginning of the financial year</b>		1,384,798	638,541	733,256	13,001
<b>Surplus for the year</b>		7,953	7,953	–	–
<b>Other comprehensive income</b>					
Net asset revaluation gain	6.2	229,831	–	229,831	–
<b>Other comprehensive income</b>		229,831	–	229,831	–
<b>Total comprehensive income</b>		237,784	7,953	229,831	–
Transfers to other reserves	9.1	–	(867)	–	867
Transfers from other reserves	9.1	–	1	–	(1)
<b>Balance at end of the financial year</b>		1,622,582	645,628	963,087	13,867
<b>2023</b>					
<b>Balance at beginning of the financial year</b>		1,305,858	603,051	689,898	12,909
<b>Surplus for the year</b>		35,582	35,582	–	–
<b>Other comprehensive income</b>					
Net asset revaluation gain	6.2	43,358	–	43,358	–
<b>Other comprehensive income</b>		43,358	–	43,358	–
<b>Total comprehensive income</b>		78,940	35,582	43,358	–
Transfers to other reserves	9.1	–	(2,107)	–	2,107
Transfers from other reserves	9.1	–	2,015	–	(2,015)
<b>Balance at end of the financial year</b>		1,384,798	638,541	733,256	13,001

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

## Statement of Cash Flows

for the year ended 30 June 2024

	Note	2024 Inflows/ (Outflows) \$ '000	2023 Inflows/ (Outflows) \$ '000
<b>Cash flows from operating activities</b>			
Rates and charges		168,769	159,959
Statutory fees and fines		2,266	2,845
User fees		6,630	6,903
Grants - operating		16,679	37,447
Grants - capital		6,707	56,463
Contributions - monetary		3,681	4,113
Interest received		2,961	2,186
Trust funds and deposits taken		9,891	9,063
Trust funds and deposits repaid		(1,517)	(16,036)
Other receipts		9,870	1,610
Net GST refund		18,323	10,635
Employee costs		(79,565)	(73,563)
Materials and services		(143,889)	(109,996)
Other payments		(16,197)	(8,559)
<b>Net cash provided by/(used in) operating activities</b>	9.2	<b>4,609</b>	<b>83,070</b>
<b>Cash flows from investing activities</b>			
Distributions from associate		–	1,011
Payments for property, infrastructure, plant and equipment	6.2	(71,341)	(65,763)
Payments for intangibles		(710)	(1,567)
Proceeds from sale of property, infrastructure, plant and equipment		1,134	595
Payments for investments		(2,000)	(5,500)
<b>Net cash provided by/(used in) investing activities</b>		<b>(72,917)</b>	<b>(71,224)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(101)	(227)
Repayment of borrowings		(2,472)	(3,183)
Interest paid - lease liability		(742)	(157)
Repayment of lease liabilities		(2,285)	(1,803)
<b>Net cash flow provided by/(used in) financing activities</b>		<b>(5,600)</b>	<b>(5,370)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(73,908)</b>	<b>6,476</b>
Cash and cash equivalents at the beginning of the financial year		91,150	84,674
<b>Cash and cash equivalents at the end of the financial year</b>		<b>17,242</b>	<b>91,150</b>
Financing arrangements	5.6	1,040	3,512

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

## Statement of Capital Works

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
<b>Property</b>		
Land	1,158	6,444
<b>Total land</b>	<u>1,158</u>	<u>6,444</u>
Buildings	4,130	2,303
Building improvements	14,208	14,526
<b>Total buildings</b>	<u>18,338</u>	<u>16,829</u>
<b>Total property</b>	<u>19,496</u>	<u>23,273</u>
<b>Plant and equipment</b>		
Plant, machinery and equipment	4,062	3,127
Fixtures, fittings and furniture	9	30
Computers and telecommunications	1,585	1,568
<b>Total plant and equipment</b>	<u>5,656</u>	<u>4,725</u>
<b>Infrastructure</b>		
Roads	22,666	19,634
Bridges	1,752	1,086
Footpaths and cycleways	2,429	2,826
Drainage	1,594	1,268
Recreational, leisure and community facilities	8,226	6,036
Parks, open space and streetscapes	9,603	7,979
Off street car parks	512	430
Other infrastructure	61	54
<b>Total infrastructure</b>	<u>46,843</u>	<u>39,313</u>
<b>Total capital works expenditure</b>	<u>71,995</u>	<u>67,311</u>
<b>Represented by:</b>		
New asset expenditure	19,199	18,508
Asset renewal expenditure	24,321	20,030
Asset expansion expenditure	6,919	6,104
Asset upgrade expenditure	21,556	22,669
<b>Total capital works expenditure</b>	<u>71,995</u>	<u>67,311</u>

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

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 1. Overview

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#### Introduction

Yarra Ranges Shire Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate.

The Council's main office is located at 15 Anderson Street, Lilydale VIC 3140.

#### 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.

#### Accounting policy information

##### 1.1 Basis of accounting

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

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

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

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.

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.

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 landfill 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)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgements

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 1. Overview (continued)

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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.

#### **1.2 Impact of Covid-19**

During 2023-24 the COVID-19 pandemic continued to impact on Council's operations. Council incurred costs of (\$0.5m) and received \$0.06m for COVID-19 Rapid Antigen Test Program. Following a period of waiving user fees revenue post COVID-19 most revenue categories are returning to pre covid levels. There has been some elevation in hardship from rate collections over the past twelve months.

## Notes to the Financial Statements

for the year ended 30 June 2024

## 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 the lower of ten percent or \$500,000 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*.

	Budget 2024 \$ '000	Actual 2024 \$ '000	Variance \$ '000	Variance %	Ref
<b>2.1.1 Income / Revenue and expenditure</b>					
<b>Income / Revenue</b>					
Rates and charges	172,614	176,534	3,920	2.27%	1
Statutory fees and fines	2,865	2,368	(497)	(17.35)%	2
User fees	6,533	6,635	102	1.56%	
Grants - operating	32,805	23,001	(9,804)	(29.89)%	3
Grants - capital	21,279	31,624	10,345	48.62%	4
Contributions - monetary	3,245	3,683	438	13.50%	5
Contributions - non monetary	3,000	2,409	(591)	(19.70)%	6
Net gain on disposal of property, infrastructure, plant and equipment	-	-	-	∞	
Share of net profits of associates and joint ventures	-	311	311	∞	
Other income	3,305	6,526	3,221	97.46%	7
<b>Total income / revenue</b>	<b>245,646</b>	<b>253,091</b>	<b>7,445</b>	<b>3.03%</b>	
<b>Expenses</b>					
Employee costs	82,734	79,399	3,335	4.03%	8
Materials and services	99,944	107,161	(7,217)	(7.22)%	9
Depreciation	31,684	35,192	(3,508)	(11.07)%	10
Amortisation - intangible assets	189	887	(698)	(369.31)%	11
Depreciation - right of use assets	1,553	2,447	(894)	(57.57)%	12
Allowance for impairment losses	65	172	(107)	(164.62)%	13
Borrowing costs	1,010	101	909	90.00%	14
Finance costs - leases	447	742	(295)	(66.00)%	15
Net loss on disposal of property, infrastructure, plant and equipment	-	7,701	(7,701)	∞	16
Other expenses	7,897	11,336	(3,439)	(43.55)%	17
<b>Total expenses</b>	<b>225,523</b>	<b>245,138</b>	<b>(19,615)</b>	<b>(8.70)%</b>	
<b>Surplus/(deficit) for the year</b>	<b>20,123</b>	<b>7,953</b>	<b>(12,170)</b>	<b>(60.48)%</b>	

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 2.1 Performance against budget (continued)

## (i) Explanation of material variations

Variance	Explanation
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Ref	Explanation
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1. The favourable variance in Rates and charges is due to Special charge scheme (Roads for Community) \$2.1m, interest on rates reclassification from budget \$1.2m, and waste charge increase due to cost recovery of additional FOGO service and landfill levy increases \$0.6m.
2. Increases in infringements, offset by reductions in building & planning applications (16%) along with food premises fees and fines.
3. The 2023-24 Grant Commission Funding budgeted to be received in 2023-24 financial year was prepaid in June 2023 (and included in the 2022-23 financial year). \$16.85m was received 22/23, and \$0.6m received 23/24.
4. Additional grant funding received for capital projects, including buildings (Pinks Stadium \$2.5m, Resilient Buildings \$1.0m), trails (Ngurrak Barring \$1.8m, Yarra Valley Trail \$0.7m), playspace (Chirnside Urban Park \$1.0m), and roads (RFCI \$0.6m).
5. Cash contributions from developers and community clubs toward projects exceeded the budget.
6. Contributions - non monetary relates to gifted and found assets, relates to works performed by developers, once complete these assets are handed over to council who assume responsibility for maintaining the assets. The following were gifted to Council; Bridges \$0.3, Drainage \$0.8m, Roads/Kerbs \$0.4m, Trails, Footpaths and Open Space \$0.2m and Art works \$0.7m.
7. Additional interest income due to improved cash holdings compared to the budget, and storm insurance claims received for major storm events.
8. Reduced employee costs the result of additomal role vacancies and recruitment timing from budget expectation. With some roles being filled with temporary staff (included in materials & services)
9. Overspend in materials and services is due to increased costs for storm clean-up \$0.8m, insurance premiums \$0.5m, waste management \$1.6m (introduction of the FOGO bin system), climate streetlighting energy-saving project brought forward \$1.0m, infrastructure flood consulting \$0.5m, reactive tree works \$1.1m, increased sports field usage \$0.4m, and IT increases \$2.7m.
10. Due to increase of \$61m in assets capitalized in FY24, along with a greater focus on strategic asset management.
11. Amortisation of intangible assets was high due to the capitalisation of \$2m of assets in FY24.
12. Due to the leases recognised in FY24, with the largest being the new waste management lease.
13. This balances relates to the impairment of debtors due to the increase in hardship arrangements.
14. Due to the strong cash position in FY24 the drawdown of borrowings budgeted hasn't been required.
15. Finance costs have increased due to interest expenses on the new waste management lease.
16. Due to the extensive review performed by the Asset Team with a focus on strategic asset management the loss on assets was in the infrastructure asset classification \$7.7m and work in progress account \$1.1m partially offset by sale of fleet vehicles \$1.1m.
17. Overspends due to increased investment in libraries, timing of grants and partnerships such as economic development and sustainability projects.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 2.1 Performance against budget (continued)

	Budget 2024 \$ '000	Actual 2024 \$ '000	Variance \$ '000	Variance %	Ref
<b>2.1.2 Capital works</b>					
<b>Property</b>					
Land	20	1,158	1,138	5,690.00%	1
<b>Total land</b>	<b>20</b>	<b>1,158</b>	<b>1,138</b>	<b>5,690.00%</b>	
Buildings	12,541	4,130	(8,411)	(67.07)%	2
Building improvements	3,238	14,208	10,970	338.79%	3
<b>Total buildings</b>	<b>15,779</b>	<b>18,338</b>	<b>2,559</b>	<b>16.22%</b>	
<b>Total property</b>	<b>15,799</b>	<b>19,496</b>	<b>3,697</b>	<b>23.40%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,743	4,062	1,319	48.09%	4
Fixtures, fittings and furniture	18	9	(9)	(50.00)%	5
Computers and telecommunications	2,095	1,585	(510)	(24.34)%	6
<b>Total plant and equipment</b>	<b>4,856</b>	<b>5,656</b>	<b>800</b>	<b>16.47%</b>	
<b>Infrastructure</b>					
Roads	26,490	22,666	(3,824)	(14.44)%	7
Bridges	2,244	1,752	(492)	(21.93)%	8
Footpaths and cycleways	1,312	2,429	1,117	85.14%	9
Drainage	2,339	1,594	(745)	(31.85)%	10
Recreational, leisure and community facilities	8,373	8,226	(147)	(1.76)%	
Parks, open space and streetscapes	9,468	9,603	135	1.43%	
Off street car parks	466	512	46	9.87%	
Other infrastructure	5,220	61	(5,159)	(98.83)%	
<b>Total infrastructure</b>	<b>55,912</b>	<b>46,843</b>	<b>(9,069)</b>	<b>(16.22)%</b>	
<b>Total capital works expenditure</b>	<b>76,567</b>	<b>71,995</b>	<b>(4,572)</b>	<b>(5.97)%</b>	
<b>Represented by:</b>					
New asset expenditure	17,131	19,199	2,068	12.07%	
Asset renewal expenditure	25,268	24,321	(947)	(3.75)%	
Asset expansion expenditure	4,211	6,919	2,708	64.31%	
Asset upgrade expenditure	29,957	21,556	(8,401)	(28.04)%	
<b>Total capital works expenditure</b>	<b>76,567</b>	<b>71,995</b>	<b>(4,572)</b>	<b>(5.97)%</b>	



## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 2.1 Performance against budget (continued)

**(i) Explanation of material variations****Variance Explanation  
Ref**

1. Overspend is due to the Land purchases of 13 Green St, Healesville (POSF \$0.7m) and Rear, 37-41 Olinda Monbulk Road, Olinda (\$0.5m)
2. Due to misalignment of the classification of Buildings and Buildings Improvements budget. Overspent compared to the \$3.2m budget due to forecasted expenditure unspent from the prior year and in the system management of Council Building Minor Works Program delivery.
3. Due to misalignment of the classification of Buildings and Buildings Improvements budget. Actual budget was \$12.5m overspent due to the brought forward expenditure for Pinks Stadium Improvements, Kilsyth (\$2.6m)
4. Timing of expenditure following delivery of fleet items with lengthy delays from previous years due to COVID-19 (\$0.7m) as well as unspent budget from 2022-23 for Lysterfield Transfer Station Fire Service (\$0.7m).
5. Delay on the delivery of hall furniture on order.
6. Due to delays with Enterprise Systems module roll out resulting in lower expenditure and carry forward to 2024-25.
7. Due to timing of expenditure which will be completed next year 2024-2025.
8. Due to timing of expenditure which will be completed next year 2024-2025..
9. Due to multiple factors: scope of works not requiring traffic management thus increasing costs and external works (Melbourne Water) located in areas of delivery, delaying works into 2023-24.
10. Due to unspent forecasted expenditure and delays in community consultation, resulting in budget carry forward to next year 2024-25.

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 2.2 Analysis of Council results by program

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#### 2.2.1 Analysis of Council results by program

Council delivers its services and carries out its activities through the following directorates and programs:

##### **The Office of the CEO and Corporate Services**

The Office of the CEO and our Corporate Services team provides customer focused services and communications and a broad range of support, integral for our internal operations.

- Strategy & Transformation (Transformation, Advocacy)
- Customer, Communications & Engagement (Customer Experience, Community Engagement, Communications)
- Financial Services (Finance, Property Rating Services, Strategic Procurement)
- People & Culture (People & Culture Operations, Organisational Development, Fleet Operations, Health Safety & Wellbeing)
- Information Services (Information Technology, Enterprise Systems, Information Management, Digital & Data)
- Organisational Performance & Integrity (Corporate Performance & Reporting, Governance, Risk & Compliance, Organisational Strategy, Governance & Integrity)

##### **Built, Environment and Infrastructure**

Our Built Environment & Infrastructure team look after a range of areas from building to maintaining community infrastructure.

- Infrastructure Operations (Infrastructure Maintenance, Stormwater, Traffic & Transport, Stormwater Strategy)
- Recreation, Parks & Facilities (Recreation & Sport, Parks, Trees & Trails, Property & Facilities Management)
- Asset Planning & Investment (Strategic Asset Management, Capital Investment Planning, Project Management)
- Design & Delivery (Infrastructure Delivery, Major Projects, Roads for the Community)

##### **Communities**

Our Communities team delivers a range of dedicated services to our community members from birth to the elderly along with community engagement and planning.

- Community Support (Age Friendly Communities, Family, Children & Youth Services, Partnerships & Community Wellbeing)
- Economy, Tourism & Culture (Creative Communities, Business Investment & Support, Business & Tourism Destination)
- Community Wellbeing (Safer Communities, Emergency Management, Indigenous Development and Community Health & Wellbeing)
- Social Infrastructure Planning

##### **Planning and Sustainable Futures**

Our Planning & Sustainable Futures team are responsible for the sustainable design and development of Yarra Ranges.

- Planning and Building (Planning Services, Development Compliance & Prosecutions, Building Surveyor)
- Design and Place (Strategic Planning, Urban Design, Landscape Architecture)
- Strategic Projects (Urban Development)
- Resilient Environment (Climate & Nature, Resource Recovery)

##### **Organisational Finance**

The Organisational Finance area comprises items of revenue and expenditure that are attributable to Council as a whole rather than individual groups. The major components are income from rates and charges, general purpose grants, loan financing costs and depreciation. This department is now amalgamated into Corporate Services - Financial Services.

##### **Natural Disaster and Recovery**

The Natural Disaster and Recovery Directorate was a temporary structure that was created to support the Yarra Ranges community in their immediate needs associated with the COVID 19 pandemic and the impacts of the June 2021 storms. The original intention was the Directorate would be temporary but with further storm events occurring in the current financial year, the directorate was extended but was ultimately wound down in 2022. This directorate is now part of Corporate Services - Financial Services.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 2.2 Analysis of Council results by program (continued)

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

Functions/activities	Income / Revenue \$ '000	Expenses \$ '000	Surplus / (Deficit) \$ '000	Grants included in income / revenue \$ '000	Total assets \$ '000
<b>2024</b>					
Office of the CEO and Corporate Services	3,509	36,429	(32,920)	285	136,715
Built, Environment and Infrastructure	38,141	61,622	(23,481)	31,623	1,484,183
Communities	12,298	36,968	(24,670)	9,570	108,003
Planning and Sustainable Futures	7,096	53,284	(46,188)	3,416	4,655
Organisational Finance	182,271	43,345	138,926	761	–
Natural Disaster	9,776	13,490	(3,714)	8,970	786
Unattributed	–	–	–	–	(4,505)
<b>Total functions and activities</b>	<b>253,091</b>	<b>245,138</b>	<b>7,953</b>	<b>54,625</b>	<b>1,729,837</b>
<b>2023</b>					
Office of the CEO and Corporate Services	2,507	33,796	(31,289)	90	178,180
Built, Environment and Infrastructure	34,757	60,115	(25,358)	28,587	1,258,028
Communities	12,806	35,250	(22,444)	8,834	78,980
Planning and Sustainable Futures	5,726	44,016	(38,290)	2,044	4,502
Organisational Finance	194,447	39,951	154,496	20,424	–
Natural Disaster	11,117	12,650	(1,533)	11,116	741
<b>Total functions and activities</b>	<b>261,360</b>	<b>225,778</b>	<b>35,582</b>	<b>71,095</b>	<b>1,520,431</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 3. Funding for the delivery of our services

	2024	2023
	\$ '000	\$ '000

## 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 total market value of the site value (land's market value) and the total value of the building and other improvements.

The valuation base used to calculate general rates for 2023/24 was \$49,033 million (2022/23: \$49,858 million).

General rates	141,993	135,061
Special rates and charges	3,837	3,005
Waste management charge	29,595	25,088
Supplementary rates and rate adjustments	(88)	626
Interest on rates	1,197	1,561
<b>Total rates and charges</b>	<b>176,534</b>	<b>165,341</b>

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

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

## 3.2 Statutory fees and fines

Infringements and costs	796	514
Town planning fees	1,391	1,484
Court recoveries	131	850
Other	50	74
<b>Total statutory fees and fines</b>	<b>2,368</b>	<b>2,922</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 3. Funding for the delivery of our services (continued)

	2024 \$ '000	2023 \$ '000
<b>3.3 User fees</b>		
Registration and other permits	2,088	2,236
Child care/children's programs	845	1,127
Animal control	1,546	1,342
Aged and health services	465	615
Leisure centre and recreation	794	609
Other fees and charges	356	552
Building services	541	509
<b>Total user fees</b>	<b>6,635</b>	<b>6,990</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised at a point in time	6,635	6,990
<b>Total user fees</b>	<b>6,635</b>	<b>6,990</b>

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.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 3. Funding for the delivery of our services (continued)

	2024 \$ '000	2023 \$ '000
<b>3.4 Funding from other levels of government</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	20,187	42,197
State funded grants	34,438	28,898
<b>Total grants received</b>	<b>54,625</b>	<b>71,095</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants	761	20,424
Aged care	274	429
Family and children	2,201	2,070
<b>Recurrent - State Government</b>		
Aged care	839	881
Maternal and child health	2,477	2,245
School crossing supervisors	769	746
Family and children	1,128	991
Community safety	412	303
Environmental planning	1,084	828
Community health	267	30
Recreation	84	120
<b>Total recurrent operating grants</b>	<b>10,296</b>	<b>29,067</b>
<b>Non-recurrent - Commonwealth Government</b>		
Environmental planning	15	-
Family and children	36	100
<b>Non-recurrent - State Government</b>		
Environmental planning	1,702	1,959
Community safety	88	-
Family and children	903	899
Natural disaster events	8,975	9,766
Community health	145	432
Recreation	554	-
Other	287	-
<b>Total non-recurrent operating grants</b>	<b>12,705</b>	<b>13,156</b>
<b>Total operating grants</b>	<b>23,001</b>	<b>42,223</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 3. Funding for the delivery of our services (continued)

	2024 \$ '000	2023 \$ '000
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	2,188	3,189
Roads for the community initiative	–	6,490
<b>Total recurrent capital grants</b>	<b>2,188</b>	<b>9,679</b>
<b>Non-recurrent - Commonwealth Government</b>		
Buildings	2,144	2,178
Recreation, leisure and community	960	227
Off street carparks	113	–
Roads	8,305	3,669
Parks, open space and streetscape	3,190	3,421
<b>Non-recurrent - State Government</b>		
Buildings	7,670	5,553
Roads	1,211	791
Recreation, leisure and community	3,572	2,449
Parks, open space and streetscape	468	457
Bridges	1,490	249
Footpaths and cycleways	55	–
Other	258	199
<b>Total non-recurrent capital grants</b>	<b>29,436</b>	<b>19,193</b>
<b>Total capital grants</b>	<b>31,624</b>	<b>28,872</b>

**(c) Recognition of grant income**

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

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the point in time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income 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	4,176	20,424
Specific purpose grants to acquire non-financial assets	31,624	28,872
Other specific purpose grants	18,825	21,799
	<b>54,625</b>	<b>71,095</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 3. Funding for the delivery of our services (continued)

	2024 \$ '000	2023 \$ '000
<b>(d) Unspent grants received on condition that they be spent in a specific manner:</b>		
<b>Operating</b>		
Balance at start of year	5,915	9,690
Received during the financial year and remained unspent at balance date	8,920	5,915
Received in prior years and spent during the financial year	(8,085)	(9,690)
<b>Balance at year end</b>	<b>6,750</b>	<b>5,915</b>
<b>Capital</b>		
Balance at start of year	53,875	31,525
Received during the financial year and remained unspent at balance date	2,945	27,972
Received in prior years and spend during the financial year	(31,791)	(5,622)
<b>Balance at year end</b>	<b>25,029</b>	<b>53,875</b>

Unspent grants are determined and disclosed on a cash basis.



## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 3. Funding for the delivery of our services (continued)

	2024	2023
	\$ '000	\$ '000
<b>3.5 Contributions</b>		
<b>Monetary contributions</b>		
Contributions monetary - resort and recreation fees	2,703	2,375
Contributions monetary - operating	197	267
Contributions monetary - capital	783	1,373
<b>Total monetary contributions</b>	<b>3,683</b>	<b>4,015</b>
<b>Non-monetary contributions</b>		
Recreational and community facilities	–	24
Drains	775	2,717
Land	–	60
Roads	309	2,242
Footpaths	188	1,049
Bridges	276	–
Kerb and Channel	159	766
Artwork	692	–
Off street car parks	10	24
<b>Total non-monetary contributions</b>	<b>2,409</b>	<b>6,882</b>
<b>Total contributions</b>	<b>6,092</b>	<b>10,897</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 3. Funding for the delivery of our services (continued)

	2024 \$ '000	2023 \$ '000
<b>3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
<b>Property, infrastructure, plant and equipment</b>		
Proceeds of sale	1,134	595
Written down value of assets disposed	(8,835)	(8,430)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(7,701)</b>	<b>(7,835)</b>

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	3,062	2,198
Rent	1,115	1,310
Cost recovery and reimbursements	2,349	544
<b>Total other income</b>	<b>6,526</b>	<b>4,052</b>

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.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 4. The cost of delivering services

	2024 \$ '000	2023 \$ '000
<b>4.1 Employee costs</b>		
<b>(a) Employee costs</b>		
Wages and salaries	68,708	62,138
Superannuation	8,028	6,749
Other employee costs	1,739	1,821
WorkCover	616	210
Fringe benefits tax	308	349
<b>Total employee costs</b>	<b>79,399</b>	<b>71,267</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	204	236
	<b>204</b>	<b>236</b>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,273	2,984
Employer contributions - other funds	4,551	3,259
<b>Total accumulation funds</b>	<b>7,824</b>	<b>6,243</b>
Employer contributions payable at reporting date	-	270

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 4. The cost of delivering services (continued)

	2024 \$ '000	2023 \$ '000
<b>4.2 Materials and services</b>		
Major contracts payments*	46,648	42,013
Other contract payments	15,665	20,124
Storms Recovery	9,704	8,134
Office administration	7,449	8,249
Consultants	6,541	5,533
Utilities	3,275	2,504
Building maintenance	6,242	6,968
Information technology	5,661	5,085
Community seminars and programs	2,692	2,190
General maintenance	2,793	2,159
Other materials and services	491	206
<b>Total materials and services</b>	<b>107,161</b>	<b>103,165</b>
<b>*Major contract payments</b>		
Garbage collection and disposal	8,866	12,561
Contracted services for programmed maintenance	7,111	7,463
General recycling service	4,867	4,700
Green waste collection and disposal	10,022	3,786
Hard waste service	4,933	3,273
Trees reactive maintenance	4,696	4,699
Aquatic facility management	1,152	2,004
Insurance	2,408	1,865
Building Maintenance – minor works	2,593	1,662
<b>Total major contract payments</b>	<b>46,648</b>	<b>42,013</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 4. The cost of delivering services (continued)

	2024 \$ '000	2023 \$ '000
<b>4.3 Depreciation</b>		
<b>Property</b>		
Land improvements	397	272
Heritage buildings	137	136
Buildings - specialised	8,796	7,887
Building improvements	194	88
Leasehold improvements	61	61
<b>Total depreciation - property</b>	<b>9,585</b>	<b>8,444</b>
<b>Plant and equipment</b>		
Plant machinery and equipment	1,820	1,358
Fixtures fittings and furniture	426	215
Computers and telecomms	507	355
<b>Total depreciation - plant and equipment</b>	<b>2,753</b>	<b>1,928</b>
<b>Infrastructure</b>		
Roads	10,825	8,847
Bridges	818	815
Footpaths and cycleways	2,490	2,317
Drainage	3,567	3,541
Recreational, leisure and community	3,408	3,138
Parks open spaces and streetscapes	844	851
Off street car parks	489	474
Other infrastructure	413	413
<b>Total depreciation - infrastructure</b>	<b>22,854</b>	<b>20,396</b>
<b>Total depreciation</b>	<b>35,192</b>	<b>30,768</b>

Refer to note 5.2(b), 5.8 and note 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

	2024 \$ '000	2023 \$ '000
<b>4.4 Other expenses</b>		
Council contributions and grants	9,579	8,653
Operating lease rentals	1,130	659
Councillors' allowances	466	436
Councillors other expenses and reimbursements	48	49
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	66	59
Auditors' remuneration - Internal Audit	47	63
<b>Total other expenses</b>	<b>11,336</b>	<b>9,919</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations

	Note	2024 \$ '000	2023 \$ '000
<b>5.1 Financial assets</b>			
<b>(a) Cash and cash equivalents</b>			
<b>Current</b>			
Cash on hand		4	4
Cash at bank		17,238	89,146
Term deposits		–	2,000
<b>Total current cash and cash equivalents</b>		<b>17,242</b>	<b>91,150</b>
<b>(b) Other financial assets</b>			
<b>Total other financial assets</b>		<b>7,500</b>	<b>5,500</b>
<b>Total current financial assets</b>		<b>24,742</b>	<b>96,650</b>
<b>Total cash and cash equivalents and other financial assets</b>		<b>24,742</b>	<b>96,650</b>

**External restrictions**

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

Trust funds and deposits	5.3	8,374	4,756
Reserves		13,867	13,001
<b>Total restricted funds</b>		<b>22,241</b>	<b>17,757</b>

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents has decreased due to the cash outflows for Property, plant and equipment as noted in the Statement of Cashflows and per note 6.2 Property, infrastructure, plant and equipment.

Other financial assets include bank term-deposits with original maturity of over 90 days.

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 revenue or expense.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024 \$ '000	2023 \$ '000
<b>(c) Trade &amp; Other Receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	34,537	29,797
Rates Clearing	(5)	(7)
Special rate and charges	876	833
Net GST receivables	2,082	2,225
Infringement debtors	1,619	1,519
Other debtors	4,814	11,102
Allowance for expected credit loss - infringements	(88)	(74)
Allowance for expected credit loss - rates debtors	(113)	(113)
<i>Non-statutory receivables</i>		
Allowance for expected credit loss - other debtors	(65)	(62)
<b>Total current trade and other receivables</b>	<b>43,657</b>	<b>45,220</b>
<b>Non-Current</b>		
<i>Statutory receivables</i>		
Special rates and charges	6,099	3,678
<b>Total non-current trade and other receivables</b>	<b>6,099</b>	<b>3,678</b>
<b>Total trade and other receivables</b>	<b>49,756</b>	<b>48,898</b>

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

**(d) Ageing of other debtors**

The ageing of Council's other debtors was:

Current (not yet due)	1,283	7,643
Past due by up to 30 days	131	1,021
Past due between 31 and 180 days	253	182
Past due between 181 and 365 days	673	214
Past due by more than 1 year	2,474	2,042
<b>Total trade and other receivables</b>	<b>4,814</b>	<b>11,102</b>

**(e) Ageing of individually impaired receivables**

At balance date, other debtors representing financial assets with a nominal value of \$66k (2023: \$62k ) were impaired. The amount of the allowance raised against these debtors was \$66k (2023: \$62k). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due between 31 and 180 days	10	57
Past due by more than 1 year	56	5
<b>Total impairment of trade and other receivables</b>	<b>66</b>	<b>62</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024	2023
	\$ '000	\$ '000
<b>(f) Contract assets</b>		
<b>Current</b>		
Contract Assets	12,599	7,987
<b>Total Contract Assets</b>	<u>12,599</u>	<u>7,987</u>

Contract assets are recognised when Council has transferred goods or services to the customer but where Council is yet to establish an unconditional right to consideration.



## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024 \$ '000	2023 \$ '000
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## 5.2 Non-financial assets

**(a) Other assets****Prepayments**

Prepayments	2,018	1,417
<b>Total current Prepayments</b>	<b>2,018</b>	<b>1,417</b>

**(b) Intangible assets**

Software	5,028	4,004
Work in Progress - Intangibles	597	1,811
<b>Total intangible assets</b>	<b>5,625</b>	<b>5,815</b>

	Software \$ '000	Work in Progress - Intangibles \$ '000	Total \$ '000
<b>Movement in gross carrying amount</b>			
<b>Gross Carrying Amount</b>			
Balance at 1 July 2023	8,962	1,811	10,773
Additions from internal developments	–	1,583	1,583
Disposal	(32)	–	(32)
Transfer from WIP	1,924	(1,924)	–
WIP Reclassification	–	(873)	(873)
<b>Balance at 30 June 2024</b>	<b>10,854</b>	<b>597</b>	<b>11,451</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2023	4,958	–	4,958
Amortisation expense	887	–	887
Amortisation on disposal	(19)	–	(19)
<b>Balance at 30 June 2024</b>	<b>5,826</b>	<b>–</b>	<b>5,826</b>
<b>Net book value at 30 June 2023</b>	<b>4,004</b>	<b>1,811</b>	<b>5,815</b>
<b>Net book value at 30 June 2024</b>	<b>5,028</b>	<b>597</b>	<b>5,625</b>

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.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024	2023
	\$ '000	\$ '000
<b>5.3 Payables, trust funds and deposits and contract and other liabilities</b>		
<b>(a) Trade and other payables</b>		
<b>Current</b>		
<i>Non-statutory payables</i>		
Trade payables	15,668	19,828
Accrued expenses	4,740	4,375
Prepaid income	2,587	6,770
<b>Total current trade and other payables</b>	<b>22,995</b>	<b>30,973</b>

Trade creditors and other current liabilities are amounts due to external parties for the purchase of goods and services and are recognised as liabilities when the goods and services are received. Trade creditors are normally paid 30 days from date of invoice.

**(b) Trust funds and deposits**

<b>Current</b>		
Refundable deposits	8,374	4,756
Fire services property levy	161	8,758
Retention amounts	54	54
<b>Total current trust funds and deposits</b>	<b>8,589</b>	<b>13,568</b>

**Trust funds and deposits**

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**

Fire services property levy - Council is the collection agent for the 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.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024 \$ '000	2023 \$ '000
<b>(c) Contract and other liabilities</b>		
<b>Contract liabilities</b>		
<b>Current</b>		
<b>Grants received in advance:</b>		
Grants received in advance - operating	6,750	5,915
Grants received in advance - capital	25,029	53,875
<b>Total contract liabilities</b>	<b>31,779</b>	<b>59,790</b>
<b>Total contract and other liabilities</b>	<b>31,779</b>	<b>59,790</b>

**Contract liabilities**

Contract liabilities reflect consideration received in advance from customers in respect of council services such as aged care, family and children, maternal health and natural disasters. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

**Other liabilities**

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

## 5.4 Interest-bearing liabilities

**Current**

Borrowings - secured	640	2,472
<b>Total current interest-bearing liabilities</b>	<b>640</b>	<b>2,472</b>

**Non-current**

Borrowings - secured	-	640
<b>Total non-current interest-bearing liabilities</b>	<b>-</b>	<b>640</b>

**Total**

	<b>640</b>	<b>3,112</b>
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Loans and borrowings are secured over the general rates of Yarra Ranges Shire Council.

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

Not later than one year	643	2,573
Later than one year and not later than five years	-	643
Later than five years	-	-
	<b>643</b>	<b>3,216</b>

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 based on contractual repayment terms at every balance date.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	Employee provisions \$ '000	Landfill restoration \$ '000	Special rates and charges \$ '000	Other \$ '000	Total \$ '000
<b>5.5 Provisions</b>					
<b>2024</b>					
Balance at the beginning of the financial year	16,646	8,766	648	2	26,062
Additional/(reduction) provisions	3,328	(868)	662	–	3,122
Amounts used	(3,234)	(1,359)	(178)	(2)	(4,773)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(117)	1,113	–	–	996
<b>Balance at the end of the financial year</b>	<b>16,623</b>	<b>7,652</b>	<b>1,132</b>	<b>–</b>	<b>25,407</b>
<b>Provisions</b>					
Provisions - current	14,937	1,480	158	–	16,575
Provisions - non-current	1,686	6,172	974	–	8,832
<b>Total Provisions</b>	<b>16,623</b>	<b>7,652</b>	<b>1,132</b>	<b>–</b>	<b>25,407</b>
<b>2023</b>					
Balance at the beginning of the financial year	19,168	5,656	325	456	25,605
Additional/(reduction) provisions	946	4,154	353	–	5,453
Amounts used	(3,383)	(795)	(30)	(454)	(4,662)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(85)	(249)	–	–	(334)
<b>Balance at the end of the financial year</b>	<b>16,646</b>	<b>8,766</b>	<b>648</b>	<b>2</b>	<b>26,062</b>
<b>Provisions</b>					
Provisions - current	15,299	2,122	65	2	17,488
Provisions - non-current	1,347	6,644	583	–	8,574
<b>Total Provisions</b>	<b>16,646</b>	<b>8,766</b>	<b>648</b>	<b>2</b>	<b>26,062</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024 \$ '000	2023 \$ '000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	5,338	5,103
Long service leave	883	872
Other entitlements	131	125
	6,352	6,100
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	637	1,355
Long service leave	7,948	7,844
	8,585	9,199
<b>Total current employee provisions</b>	14,937	15,299
<b>Non-Current</b>		
Long service leave	1,686	1,347
<b>Total Non-Current Employee Provisions</b>	1,686	1,347
Aggregate Carrying Amount of Employee Provisions:		
Current	14,937	15,299
Non-current	1,686	1,347
<b>Total Aggregate Carrying Amount of Employee Provisions</b>	16,623	16,646

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:

Weighted average increase in employee costs	2.75%	3.00%
Weighted average discount rates	4.35%	4.06%

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024	2023
	\$ '000	\$ '000

**(b) Landfill restoration**

Coldstream landfill has been closed to the receipt of refuse since May 2004, and Healesville landfill has been closed since 1998.

Council has continued the process of rehabilitation, monitoring and maintenance as required by the Post Closure Pollution Abatement Notice (PC PAN) issued by the EPA. An Environmental audit of progress towards the targets set in the PC Pan's is currently being undertaken by EPA accredited auditors, and any further recommendations from this review will be undertaken as part of the ongoing rehabilitation required under the EPA Act 2017.

The costs are expected to be in the order of \$6.54m, however this will be dependent on any further recommendations from the audit and requirements from the EPA, including the ongoing management and treatment of the landfill gas and leachate at the sites.

In addition to the above two landfill sites, Council continues to monitor the closed landfill sites at Lysterfield, Wesburn and Mt Evelyn. The ongoing monitoring charges for these have been factored into the calculation of the provision for landfill restoration.

**Current**

Current	1,480	2,122
<b>Total current</b>	<b>1,480</b>	<b>2,122</b>

**Non-current**

Non-current	6,172	6,644
<b>Total non-current</b>	<b>6,172</b>	<b>6,644</b>

Council is obligated to restore landfill sites at Coldstream and Healesville to a particular standard under the Environment Protection Act (2017). The provision for landfill remediation has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the work required, forecast timing of the work and related costs.

Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:

Weighted average increase in costs	4.45%	4.25%
Weighted average discount rates	4.35%	3.80%

**(c) Other provisions****Current**

Special rates and charges	158	65
Other	-	2
	<b>158</b>	<b>67</b>

**Non-Current**

Special rates and charges	974	583
	<b>974</b>	<b>583</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

	2024 \$ '000	2023 \$ '000
<b>5.6 Financing arrangements</b>		
The Council has the following funding arrangements in place as at 30 June 2024.		
Credit card facilities	400	400
Interest bearing borrowings	640	3,112
<b>Total Facilities</b>	<b>1,040</b>	<b>3,512</b>
Used facilities	699	3,155
<b>Used facilities</b>	<b>699</b>	<b>3,155</b>
<b>Unused facilities</b>	<b>341</b>	<b>357</b>

Credit Card facilities are held with the Westpac Banking Corporation with security mortgage over rates revenue.

Interest bearing liabilities are held with National Australia Bank with Council rates and CEO certificate given by Yarra Ranges Shire Council as security.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

## 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 \$ '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
<b>2024</b>					
<b>Operating</b>					
Buildings maintenance	16,073	16,046	8,067	–	40,186
Waste Management	71,819	29,132	94,240	76,021	271,212
Other	22,105	8,899	14,859	13	45,876
Consultancies	13,676	7,397	695	–	21,768
Open space management	15,677	10,756	904	–	27,337
<b>Total</b>	<b>139,350</b>	<b>72,230</b>	<b>118,765</b>	<b>76,034</b>	<b>406,379</b>
<b>Capital</b>					
Buildings	9,234	1,564	–	–	10,798
Roads	17,094	9,770	9,457	–	36,321
Other	11,504	3,342	3,520	326	18,692
<b>Total</b>	<b>37,832</b>	<b>14,676</b>	<b>12,977</b>	<b>326</b>	<b>65,811</b>
<b>Total Commitments</b>	<b>177,182</b>	<b>86,906</b>	<b>131,742</b>	<b>76,360</b>	<b>472,190</b>
<b>2023</b>					
<b>Operating</b>					
Buildings maintenance	14,017	14,017	21,111	–	49,145
Waste Management	7,997	8,077	24,987	26,540	67,601
Other	5,077	4,419	10,473	2,096	22,065
Consultancies	1,379	581	308	42	2,310
Open space management	482	13	–	–	495
<b>Total</b>	<b>28,952</b>	<b>27,107</b>	<b>56,879</b>	<b>28,678</b>	<b>141,616</b>
<b>Capital</b>					
Buildings	11,105	–	–	–	11,105
Roads	11,144	8,192	17,592	329	37,257
Other	8,534	2,308	2,449	471	13,762
<b>Total</b>	<b>30,783</b>	<b>10,500</b>	<b>20,041</b>	<b>800</b>	<b>62,124</b>
<b>Total Commitments</b>	<b>59,735</b>	<b>37,607</b>	<b>76,920</b>	<b>29,478</b>	<b>203,740</b>



## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 5. Investing in and financing our operations (continued)

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#### 5.8 Leases

At inception of a contract, 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. 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 customer has the right to direct the use of the asset.

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

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

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

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

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Investing in and financing our operations (continued)

## (a) Right-of-Use Assets

	Property \$ '000	Vehicles \$ '000	Other \$ '000	Total \$ '000
<b>2024</b>				
Balance at 1 July 2023	730	1,034	129	1,893
Additions	35	17,926	–	17,961
Depreciation charge	(156)	(2,211)	(79)	(2,446)
Other	40	–	–	40
<b>Balance at 30 June 2024</b>	<b>649</b>	<b>16,749</b>	<b>50</b>	<b>17,448</b>
<b>2023</b>				
Balance at 1 July 2022	999	2,308	42	3,349
Additions	–	139	–	139
Depreciation charge	(168)	(1,499)	(82)	(1,749)
Other	(101)	86	169	154
<b>Balance at 30 June 2023</b>	<b>730</b>	<b>1,034</b>	<b>129</b>	<b>1,893</b>

	2024 \$ '000	2023 \$ '000
<b>(b) Lease Liabilities</b>		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	3,065	1,068
One to five years	9,369	797
More than five years	10,223	975
<b>Total undiscounted lease liabilities as at 30 June:</b>	<b>22,657</b>	<b>2,840</b>
<b>Lease liabilities included in the Balance Sheet at 30 June:</b>		
Current	2,211	991
Non-current	15,634	1,137
<b>Total lease liabilities</b>	<b>17,845</b>	<b>2,128</b>

**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:**

Short-term leases	14	–
Leases of low value assets	–	200
<b>Total</b>	<b>14</b>	<b>200</b>

**Variable lease payments (not included in measurement of lease liabilities)**

Variable lease payments	1,116	–
<b>Total</b>	<b>1,116</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 6. Assets we manage

	2024	2023
	\$ '000	\$ '000
<b>6.1 Non-current assets classified as "held for sale"</b>		
<b>Current</b>		
Land	3,263	3,205
<b>Total non current assets classified as held for sale</b>	<b>3,263</b>	<b>3,205</b>

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.

Council has the following non-current assets classified as held for sale as at 30 June 2024 \$3,263,015 (2023: \$3,205,000).

The property held for sale (as per the criteria below) are:

1. 182-184 Cambridge Rd, Kilsyth
2. 16 Ellis Court, Mooroolbark
3. 9a Wannan Court, Kilsyth
4. 9a Tinarra Court, Kilsyth

The Council has engaged an agent to sell the listed lands and intends to complete the sale within the next financial year. These lands are classified as 'assets held for sale' in accordance with AASB 5, as the sale is expected to be completed within 12 months and the assets are available for immediate sale.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 6. Assets we manage (continued)

## 6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount 30 June 2023 \$ '000	Additions \$ '000	Contributions \$ '000	Revaluation \$ '000	Disposal \$ '000	Depreciation \$ '000	Write-off \$ '000	Transfers \$ '000	Reclassified \$ '000	Carrying amount 30 June 2024 \$ '000
Property	631,004	–	–	223,742	(3,364)	(9,585)	–	22,956	(58)	864,695
Plant and equipment	15,457	–	692	436	(408)	(2,753)	–	5,581	–	19,005
Infrastructure	598,825	–	1,718	5,653	(3,871)	(22,854)	–	31,761	–	611,232
Work in progress	106,667	70,410	–	–	–	–	(1,123)	(60,298)	873	116,529
<b>Total</b>	<b>1,351,953</b>	<b>70,410</b>	<b>2,410</b>	<b>229,831</b>	<b>(7,643)</b>	<b>(35,192)</b>	<b>(1,123)</b>	<b>–</b>	<b>815</b>	<b>1,611,461</b>

Summary of Work in Progress	Opening WIP \$ '000	Additions \$ '000	Transfers \$ '000	Write-off \$ '000	WIP Reclassifications \$ '000	Closing WIP \$ '000
Property	43,162	16,202	(22,956)	(23)	–	36,385
Plant and equipment	2,310	3,946	(5,581)	(312)	1,381	1,744
Infrastructure	61,195	50,262	(31,761)	(788)	(508)	78,400
<b>Total</b>	<b>106,667</b>	<b>70,410</b>	<b>(60,298)</b>	<b>(1,123)</b>	<b>873</b>	<b>116,529</b>

Notes to the Financial Statements  
for the year ended 30 June 2024

Note 6. Assets we manage (continued)

	Land specialised \$ '000	Land non specialised \$ '000	Land improve-ments \$ '000	Total land and land improve-ments \$ '000	Heritage buildings \$ '000	Buildings specialised \$ '000	Buildings non specialised \$ '000	Building improvements \$ '000	Leasehold improve-ments \$ '000	Total buildings \$ '000	Work in progress \$ '000	Total property \$ '000
<b>Property</b>												
At fair value 1 July 2023	217,295	194,144	9,936	421,375	5,181	204,007	789	6,024	1,819	217,820	43,162	682,357
Accumulated depreciation at 1 July 2023	-	-	(4,722)	(4,722)	-	(110)	-	(2,573)	(788)	(3,471)	-	(8,193)
	<u>217,295</u>	<u>194,144</u>	<u>5,214</u>	<u>416,653</u>	<u>5,181</u>	<u>203,897</u>	<u>789</u>	<u>3,451</u>	<u>1,031</u>	<u>214,349</u>	<u>43,162</u>	<u>674,164</u>
<b>Movements in fair value</b>												
Additions	-	-	-	-	-	-	-	-	-	-	16,202	16,202
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	177,741	24,344	-	202,085	204	11,406	63	-	-	11,673	-	213,758
Disposal	-	-	-	-	-	(3,095)	-	(824)	-	(3,919)	-	(3,919)
Write-off	-	-	-	-	-	-	-	-	-	-	(23)	(23)
Transfers	-	677	1,058	1,735	-	21,221	-	-	-	21,221	(22,956)	-
Transfers-Building Improvements	-	-	-	-	115	2,772	-	(5,200)	-	(2,313)	-	(2,313)
Impairment losses recognised in Asset Revaluations	-	-	(1,281)	(1,281)	-	2,355	-	-	-	2,355	-	1,074
Reclassified revaluation gain of non-current assets held for sale	-	(58)	-	(58)	-	-	-	-	-	-	-	(58)
	<u>177,741</u>	<u>24,963</u>	<u>(223)</u>	<u>202,481</u>	<u>319</u>	<u>34,659</u>	<u>63</u>	<u>(6,024)</u>	<u>-</u>	<u>29,017</u>	<u>(6,777)</u>	<u>224,721</u>
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	-	-	(397)	(397)	(137)	(8,675)	(121)	(194)	(61)	(9,188)	-	(9,585)
Accumulated depreciation of disposals	-	-	-	-	-	103	-	455	-	558	-	558
Accumulated depreciation on Transfers	-	-	-	-	-	-	-	2,312	-	2,312	-	2,312
Accumulated depreciation on revaluation	-	-	-	-	137	8,650	121	-	-	8,908	-	8,908
	<u>-</u>	<u>-</u>	<u>(397)</u>	<u>(397)</u>	<u>-</u>	<u>78</u>	<u>-</u>	<u>2,573</u>	<u>(61)</u>	<u>2,590</u>	<u>-</u>	<u>2,193</u>
At fair value 30 June 2024	395,036	219,107	9,713	623,856	5,500	238,666	852	-	1,819	246,837	36,385	907,078
Accumulated depreciation at 30 June 2024	-	-	(5,119)	(5,119)	-	(32)	-	-	(849)	(881)	-	(6,000)
<b>Carrying amount</b>	<u>395,036</u>	<u>219,107</u>	<u>4,594</u>	<u>618,737</u>	<u>5,500</u>	<u>238,634</u>	<u>852</u>	<u>-</u>	<u>970</u>	<u>245,956</u>	<u>36,385</u>	<u>901,078</u>

The total carrying value of the property is \$902,135,000 consisting of \$618,737,000 for land , \$245,956,000 for buildings and \$37,442,000 for work in progress as outlined in the table below.

	Total land \$ '000	Total buildings \$ '000	Total land and buildings \$ '000	Work In Progress \$ '000	Total Property \$ '000
Carrying amount	618,737	245,956	864,695	36,385	901,078

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 6. Assets we manage (continued)

	Plant machinery and equipment \$ '000	Fixtures fittings and furniture \$ '000	Computers and telecomms \$ '000	Artwork \$ '000	Total \$ '000	Work in progress \$ '000	Total plant and equipment \$ '000
<b>Plant and Equipment</b>							
At fair value 1 July 2023	19,056	4,794	4,652	3,896	32,398	2,312	34,710
Accumulated depreciation at 1 July 2023	(10,743)	(2,568)	(3,630)	–	(16,941)	–	(16,941)
	<b>8,313</b>	<b>2,226</b>	<b>1,022</b>	<b>3,896</b>	<b>15,457</b>	<b>2,312</b>	<b>17,769</b>
<b>Movements in fair value</b>							
Additions	–	–	–	–	–	3,946	3,946
Contributions	–	–	–	692	692	–	692
Revaluation	–	–	–	436	436	–	436
Disposal	(2,145)	–	–	–	(2,145)	–	(2,145)
Write-off	–	–	–	–	–	(312)	(312)
Transfers	4,409	508	664	–	5,581	(5,581)	–
WIP Reclassification	–	–	–	–	–	1,381	1,381
	<b>2,264</b>	<b>508</b>	<b>664</b>	<b>1,128</b>	<b>4,564</b>	<b>(566)</b>	<b>3,998</b>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	(1,820)	(426)	(507)	–	(2,753)	–	(2,753)
Accumulated depreciation of disposals	1,785	(48)	–	–	1,737	–	1,737
	<b>(35)</b>	<b>(474)</b>	<b>(507)</b>	<b>–</b>	<b>(1,016)</b>	<b>–</b>	<b>(1,016)</b>
At fair value 30 June 2024	21,320	5,302	5,316	5,024	36,962	1,746	38,708
Accumulated depreciation at 30 June 2024	(10,778)	(3,042)	(4,137)	–	(17,957)	–	(17,957)
<b>Carrying amount</b>	<b>10,542</b>	<b>2,260</b>	<b>1,179</b>	<b>5,024</b>	<b>19,005</b>	<b>1,746</b>	<b>20,751</b>

Notes to the Financial Statements  
for the year ended 30 June 2024

Note 6. Assets we manage (continued)

	Roads \$ '000	Bridges \$ '000	Footpaths and cycleways \$ '000	Drainage \$ '000	Recrea- tional, leisure and community \$ '000	Parks open spaces and streets- capes \$ '000	Off street car parks \$ '000	Other infra- structure \$ '000	Total \$ '000	Work in progress \$ '000	Total infra- structure \$ '000
<b>Infrastructure</b>											
At fair value 1 July 2023	245,002	68,105	50,803	323,743	103,807	18,862	26,246	13,258	849,826	61,195	911,021
Accumulated depreciation at 1 July 2023	(1,603)	(36,490)	(466)	(130,766)	(54,389)	(10,712)	(8,310)	(8,265)	(251,001)	–	(251,001)
	<u>243,399</u>	<u>31,615</u>	<u>50,337</u>	<u>192,977</u>	<u>49,418</u>	<u>8,150</u>	<u>17,936</u>	<u>4,993</u>	<u>598,825</u>	<u>61,195</u>	<u>660,020</u>
<b>Movements in fair value</b>											
Additions	–	–	–	–	–	–	–	–	–	50,262	50,262
Contributions	469	276	188	775	–	–	10	–	1,718	–	1,718
Revaluation	–	–	–	(115,527)	–	–	–	800	(114,727)	–	(114,727)
Impairment losses recognised in Asset Revaluations	–	–	–	–	(10,311)	(3,441)	–	–	(13,752)	–	(13,752)
Disposal	(2,804)	(73)	(447)	(365)	(815)	–	–	(1,826)	(6,330)	–	(6,330)
Transfers	18,552	204	4,364	4,506	3,312	–	823	–	31,761	(31,761)	–
Transfers-Other Infrastructure	–	–	–	26	–	–	22	(8,726)	(8,678)	–	(8,678)
Write-off	–	–	–	–	–	–	–	–	–	(788)	(788)
WIP Reclassification	–	–	–	–	–	–	–	–	–	(508)	(508)
	<u>16,217</u>	<u>407</u>	<u>4,105</u>	<u>(110,585)</u>	<u>(7,814)</u>	<u>(3,441)</u>	<u>855</u>	<u>(9,752)</u>	<u>(110,008)</u>	<u>17,205</u>	<u>(92,803)</u>
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation	(10,825)	(818)	(2,490)	(3,567)	(3,408)	(844)	(489)	(413)	(22,854)	–	(22,854)
Accumulated depreciation of disposals	1,203	59	284	176	737	–	–	–	2,459	–	2,459
Accumulated depreciation on revaluation	–	–	–	134,133	–	–	–	–	134,133	–	134,133
Transfers	–	–	–	–	–	–	–	8,678	8,678	–	8,678
	<u>(9,622)</u>	<u>(759)</u>	<u>(2,206)</u>	<u>130,742</u>	<u>(2,671)</u>	<u>(844)</u>	<u>(489)</u>	<u>8,265</u>	<u>122,416</u>	<u>–</u>	<u>122,416</u>

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 6. Assets we manage (continued)

	Roads \$ '000	Bridges \$ '000	Footpaths and cycleways \$ '000	Drainage \$ '000	Recrea- tional, leisure and community \$ '000	Parks open spaces and streets- capes \$ '000	Off street car parks \$ '000	Other infra- structure \$ '000	Total \$ '000	Work in progress \$ '000	Total infra- structure \$ '000
At fair value 30 June 2024	261,219	68,512	54,908	213,158	95,993	15,421	27,101	3,506	739,818	78,400	818,218
Accumulated depreciation at 30 June 2024	(11,225)	(37,249)	(2,672)	(24)	(57,060)	(11,556)	(8,799)	–	(128,585)	–	(128,585)
<b>Carrying amount</b>	<b>249,994</b>	<b>31,263</b>	<b>52,236</b>	<b>213,134</b>	<b>38,933</b>	<b>3,865</b>	<b>18,302</b>	<b>3,506</b>	<b>611,233</b>	<b>78,400</b>	<b>689,633</b>



## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 6. Assets we manage (continued)

*Acquisition*

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

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

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

Major depreciation periods and threshold limits are listed below and are consistent with the prior year unless otherwise stated:

**Asset recognition thresholds and depreciation periods**

	Useful lives	Asset Threshold Limit (\$)
<b>Land and land improvements</b>		
land	-	5,000
land improvements	10-50	1,000
<b>Buildings</b>		
buildings	50	5,000
building and leasehold improvements	5-30	5,000
<b>Plant and Equipment</b>		
Light plant and equipment	6-10	1,500
Heavy plant and equipment	12	1,500
Motor vehicles	6-8	1,500
Fixtures, fittings and furniture	5-10	1,000
Computers and telecommunication	3-5	1,000
<b>Infrastructure</b>		
Road sub base	100-125	5,000
Road base	100-135	5,000
Road surface	12-60	5,000
Road treatments	12-30	5,000
Road kerb and channel	50	1,000
Road inventory	30	1,000
Footpaths and cycleways	25-50	1,000
Drainage	80-100	1,000
Bridges	30-120	5,000
Recreational, leisure and community facilities	5-50	1,000
Parks, open space and streetscape	10-50	500
Off street car parks	15-120	1,000
Other infrastructure	25-50	1,000
<b>Intangible assets</b>		
Software	5	10,000
<b>Other</b>		
Art work	Indefinite	5,000

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 6. Assets we manage (continued)

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#### *Land under roads*

Council recognises land under roads it controls at fair value.

#### **Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles**

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

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

Land and 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.

#### *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.

#### **Leasehold improvements**

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 30 year period.

#### **Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer from Herron Todd White Pty Ltd, William Robbins, Certified Practising Valuer/Associate Director API Membership No. 101237. 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.

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 was conducted in 2023/24 with movements booked to the Asset Revaluation Reserve.

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

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 6. Assets we manage (continued)

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Land	219,107	–	–	Jun-24	External Herron Todd White
Specialised land	–	–	395,036	Jun-24	External Herron Todd White
Heritage buildings	–	–	5,500	Jun-24	External Herron Todd White
Buildings	–	–	852	Jun-24	External Herron Todd White
Specialised buildings	–	–	238,634	Jun-24	External Herron Todd White
Land improvements	–	–	5,875	N/A	
Leasehold improvements	–	–	972	N/A	
<b>Total</b>	<b>219,107</b>	<b>–</b>	<b>646,869</b>		

**Valuation of Infrastructure**

Council's Drainage and Other Infrastructure assets were valued at June 2024. Council's Roads assets and Footpaths and Cycleways were valued at June 2023. Council's offstreet carparks and bridges assets were valued at 30 June 2022. A valuation of Council's remaining infrastructure assets was conducted by qualified Council engineering staff as set out below at fair value based on replacement cost (Greenfields approach) less accumulated depreciation as at the date of valuation. This process of internal valuation is managed by the Strategic Asset Management Team (SAM).

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

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Roads	–	–	249,996	Jun-23	Internal SAM Team
Footpaths and cycleways	–	–	52,236	Jun-23	Internal SAM Team
Drainage	–	–	213,134	Jun-24	Internal SAM Team
Bridges	–	–	31,263	Jun-22	Internal SAM Team
Recreational, leisure and community	–	–	49,244	Jun-18	Internal SAM Team
Parks, open space & streetscapes	–	–	7,305	Jun-23	Internal SAM Team
Off street car parks	–	–	18,302	Jun-22	Internal SAM Team
Other Infrastructure	–	–	3,508	Jun-24	Internal SAM Team
<b>Total</b>	<b>–</b>	<b>–</b>	<b>624,988</b>		

**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 \$1 and \$1,584 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 cost is calculated on a square metre basis and ranges from \$190 to \$19,635 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 50 years. Replacement cost is sensitive to changes in market

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 6. Assets we manage (continued)

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 depreciated 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 135 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.

## Reconciliation of specialised land

	2024 \$ '000	2023 \$ '000
Land under roads	153,403	355
Parks and reserves	241,633	217,294
<b>Total specialised land</b>	<b>395,036</b>	<b>217,649</b>

## Valuation of Art Work

Council's Art Work assets, have been valued as at 30 June 2024. The valuation was conducted by the Strategic Asset Management Team (SAM).

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 6. Assets we manage (continued)

Note	2024 \$ '000	2023 \$ '000
<b>6.3 Investments in associates</b>		
Investments in associates accounted for by the equity method are:		
Your Library Ltd	2,924	2,613
<b>Total investments in associates</b>	<b>2,924</b>	<b>2,613</b>
Associates and joint arrangements - in profit		
Your Library Ltd	311	63
<b>Total surplus for year in associates</b>	<b>311</b>	<b>63</b>
<b>Your Library Ltd</b>		
In July 2023, Eastern Regional Libraries (ERL) transitioned to a beneficial enterprise, Your Library Ltd (YLL), in line with the Local Government Act 2020. Yarra Ranges Council recognises its interest in the net assets of the YLL as an investment in accordance with AASB 128 'Investments in Associates'. In 2024 Council's interest was 38.72% of net assets (2023 38.72%). This is based on the audited statements of the YLL.		
The equity holders in Your Library Ltd are Maroondah City Council 24.89%, Knox City Council 36.39% and Yarra Ranges Council 38.72%.		
The motion to wind up ERL by 30 June 2023, in accordance with section 330(4) of the Local Government Act 2020 (LGA), was adopted by Council on 13 June 2023. A beneficial enterprise, Your Library Ltd (a public company limited by guarantee) has been established in accordance with section 110 of the LGA to deliver library services from 1 July 2023 on behalf of the Maroondah, Knox and Yarra Ranges Councils. Council share in equity will remain the same under Your Library Ltd.		
<b>Fair value of Council's investment in Your Library Ltd</b>	<b>2,924</b>	<b>2,613</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus(deficit) at start of year	2,613	3,561
Distribution of accumulated surplus	-	(1,011)
Reported surplus(deficit) for year	311	63
<b>Council's share of accumulated surplus(deficit) at end of year</b>	<b>2,924</b>	<b>2,613</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	2,613	3,561
Distribution of accumulated surplus	-	(1,011)
Share of surplus(deficit) for year	311	63
<b>Carrying value of investment at end of year</b>	<b>2,924</b>	<b>2,613</b>
<b>Council's Share of Expenditure Commitments</b>		
Lease commitments	218	274
<b>Council's Share of Expenditure Commitments</b>	<b>218</b>	<b>274</b>

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 6. Assets we manage (continued)

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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.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 7. People and relationships

## 7.1 Council and key management remuneration

**(a) Related Parties***Parent entity*

Council is the parent entity

*Associates*

Interests in 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 Yarra Ranges Council. The Councillors, Chief Executive Officer and Executive Directors are deemed KMP.

Details of KMP at any time during the year are:

**Councillors**

Jim Child (Mayor 01 July 2023 to 13 November 2023; Councillor 14 November 2023 to 30 June 2024)  
 Johanna Skelton  
 Andrew Fullagar  
 David Eastham (Councillor 01 July 2023 to 13 November 2023; Deputy Mayor 14 November 2023 to 30 June 2024)  
 Fiona McAllister  
 Len Cox  
 Richard Higgins  
 Sophie Todorov (Deputy Mayor 01 July 2023 to 13 November 2023; Mayor 14 November 2023 to 30 June 2024)  
 Timothy Heenan

**Chief Executive Officer and other key management personnel**

Chief Executive Officer - Tamara Rose  
 Director Planning and Sustainable Futures - Kathleen McClusky  
 Director Communities - Leanne Hurst  
 Director Corporate Services - Andrew Hilson  
 Director Built Environment and Infrastructure - Hjalmar Philipp

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
<b>Total Number of Councillors</b>	9	9
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	5	6
<b>Total Number of Key Management Personnel</b>	14	15

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 7. People and relationships (continued)

**(c) Remuneration of Key Management Personnel**

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

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

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

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

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

	2024 \$ '000	2023 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,789	1,874
Other long-term employee benefits	(10)	38
Post-employment benefits	123	144
<b>Total</b>	<b>1,902</b>	<b>2,056</b>

	2024 No.	2023 No.
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$30,000 - \$39,999	7	6
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$120,000 - \$129,999	-	1
\$140,000 - \$149,999	1	-
\$220,000 - \$229,999	-	1
\$240,000 - \$249,999	1	-
\$270,000 - \$279,999	1	1
\$280,000 - \$289,999	1	1
\$290,000 - \$299,999	-	1
\$300,000 - \$309,999	1	-
\$310,000 - \$319,999	1	-
\$330,000 - \$339,999	-	1
\$400,000 - \$409,999	-	1
	<b>14</b>	<b>15</b>



## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 7. People and relationships (continued)

**(d) Remuneration of other senior staff**

## Preamble

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

Total remuneration of other senior staff was as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Short-term employee benefits	3,109	3,221
Other long-term employee benefits	120	40
Post-employment benefits	320	288
<b>Total</b>	<b>3,549</b>	<b>3,549</b>

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

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Income Range:		
\$160,000 - \$169,999	–	1
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	1	2
\$190,000 - \$199,999	1	7
\$200,000 - \$209,999	7	4
\$210,000 - \$219,999	3	3
\$220,000 - \$229,999	2	–
\$230,000 - \$239,999	1	–
\$240,000 - \$249,999	1	–
	<b>17</b>	<b>18</b>

	<b>2024</b>	<b>2023</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Total remuneration for the reporting year for other senior staff included above, amounted to:	3,549	3,549

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 7. People and relationships (continued)

	2024	2023
	\$ '000	\$ '000

## 7.2 Related party disclosure

**(a) Transactions with related parties**

During the period Council entered into the following transactions with related parties:

Contributions to Your Library Ltd	4,245	3,900
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There were four transactions that occurred during the current period with one related party as contributions to Your Library Ltd. The total of these transactions was \$4,245,000.00.

**(b) Outstanding balances with related parties**

There were no outstanding balances with related parties.

**(c) Loans to/from related parties**

No loan transactions were entered by Council with related parties.

**(d) Commitments to/from related parties**

There were no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party other than those related to the employment contracts of Key Management Personnel.

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 8. Managing uncertainties

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#### 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

###### Subdivisions

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.

There is only major subdivisions and other developments underway (Kinley Estate) as at 30 June 2024 and 3 level crossing programs including the Cavehill Road pedestrian underpass, from which Council will receive certain assets. The maintenance of these assets will become Council's responsibility once control has passed to Council.

##### (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.

###### Defined benefits superannuation fund

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

###### Insurance

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are 8 outstanding claims as at 30 June 2024 against Council in this regard currently lodged with our liability insurer. Council carries \$600 million of public liability insurance and had a deductible of \$20,000 - \$50,000 in 2023-24. The accumulated deductible liabilities are \$370,000 as the maximum liability of outstanding (unpaid) deductibles for all current claims. The primary insurer is MAV Insurance. There are no claims of which Council is aware which would fall outside the terms of Council's policy.

#### Extreme Weather Event - June 2021 and other Storm Events

Yarra Ranges community experienced a Severe Weather Event Wednesday 9 June 2021. Costs incurred in the 2024 Financial Year have been recognised in the 2024 Financial Statements. Claims and applications have been made for funding from various sources, primarily Disaster Recovery Funding Arrangements (DRFA) through Emergency Management Victoria for costs incurred and recorded in 2024 Financial Statements. DRFA funding is assessed and paid based on compliant claims. The revenue from these claims was estimated and recorded in the 2024 Financial Statements. Revenue has been included in the 2024 Financial Statements to the extent that the estimated revenue was less than the actual revenue received.

Other funding sources have included

- Council Support Fund (CSF) through Bushfire Recovery Victoria (BRV) which has allowed us to create the staff structure required to support storm recovery;
- BRV funding under a separate funding agreement for a Storm Branch Collection;
- Department of Environment, Land, Water and Planning (DELWP) funding for planning support for residents who are rebuilding following the storm;

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 8. Managing uncertainties (continued)

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- Several smaller programs funded through Department of Families, Fairness, and Housing (DFFH).

Additional Severe Weather Events were experienced in October 2023, December 2023 / January 2024, February 2024 and April 2024. Costs incurred have been recognised in the 2024 Financial Statements. An estimate has been made of the DRFA funding of these costs, and that estimate has been recorded as revenue in the 2024 Financial Statements.

#### 8.2 Change in accounting standards

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

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 8. Managing uncertainties (continued)

#### 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 borrowings. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

##### (b) Market risk

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

##### **Interest rate risk**

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

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

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

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

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

##### (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 has exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 8. Managing uncertainties (continued)

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

#### (d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(b), 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 - 2 % in market interest rates (AUD) from year-end rates of 4.1% as published by the Reserve Bank of Australia.

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.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 8. Managing uncertainties (continued)

## 8.4 Fair value measurement

*Fair Value Hierarchy*

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

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

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

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

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

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

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

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

*Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 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	1 to 3 years
Buildings	1 to 3 years
Roads	2 to 5 years
Bridges	2 to 5 years
Footpaths and cycleways	2 to 5 years
Drainage	2 to 5 years
Recreational, leisure and community facilities	5 to 8 years
Waste management	n/a
Parks, open space and streetscapes	5 to 8 years
Aerodromes	n/a
Other infrastructure	5 to 8 years

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

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 8. Managing uncertainties (continued)

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#### *Impairment of assets*

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.



## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 8. Managing uncertainties (continued)

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#### 8.5 Events occurring after balance date

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

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increase (decrease) \$ '000	Balance at end of reporting period \$ '000
<b>9.1 Reserves</b>			
<b>(a) Asset revaluation reserves</b>			
<b>2024</b>			
<b>Property</b>			
Land	307,320	202,085	509,405
Land improvements	1,716	(1,281)	435
Buildings	90,044	22,938	112,982
	<u>399,080</u>	<u>223,742</u>	<u>622,822</u>
Other - P&E	1,951	436	2,387
	<u>1,951</u>	<u>436</u>	<u>2,387</u>
<b>Infrastructure</b>			
Roads	139,077	–	139,077
Bridges	23,108	–	23,108
Footpaths and cycleways	16,323	–	16,323
Drainage	116,603	18,605	135,208
Recreational, leisure and community facilities	18,609	(10,311)	8,298
Parks, open space and streetscapes	4,469	(3,441)	1,028
Offstreet car parks	12,051	–	12,051
Other infrastructure	1,985	800	2,785
	<u>332,225</u>	<u>5,653</u>	<u>337,878</u>
<b>Total asset revaluation reserves</b>	<u>733,256</u>	<u>229,831</u>	<u>963,087</u>
<b>2023</b>			
<b>Property</b>			
Land	324,959	(17,639)	307,320
Land improvements	1,716	–	1,716
Buildings	58,488	31,556	90,044
	<u>385,163</u>	<u>13,917</u>	<u>399,080</u>
Other - P&E	1,951	–	1,951
	<u>1,951</u>	<u>–</u>	<u>1,951</u>
<b>Infrastructure</b>			
Roads	114,364	24,713	139,077
Bridges	23,108	–	23,108
Footpaths and cycleways	13,954	2,369	16,323
Drainage	116,603	–	116,603
Recreational, leisure and community facilities	18,609	–	18,609
Parks, open space and streetscapes	2,110	2,359	4,469
Offstreet car parks	12,051	–	12,051
Other infrastructure	1,985	–	1,985
	<u>302,784</u>	<u>29,441</u>	<u>332,225</u>
<b>Total asset revaluation reserves</b>	<u>689,898</u>	<u>43,358</u>	<u>733,256</u>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 9. Other matters (continued)

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

	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>(b) Other reserves</b>				
<b>2024</b>				
Public open space / development of recreational land	10,894	771	–	11,665
Reserve - Emergency and Disaster Response	1,100	–	–	1,100
Reserve - Digital Transformation	300	–	–	300
Reserve - Waste	102	96	–	198
Reserve - Biodiversity Offset Program	605	(1)	–	604
<b>Total Other reserves</b>	<b>13,001</b>	<b>866</b>	<b>–</b>	<b>13,867</b>
<b>2023</b>				
Public open space / development of recreational land	12,909	–	(2,015)	10,894
Reserve - Emergency and Disaster Response	–	300	–	300
Reserve - Digital Transformation	–	300	–	300
Reserve - Waste	–	102	–	102
Reserve - Biodiversity Offset Program	–	605	–	605
Reserve - Pandemic Recovery Reserve	–	800	–	800
<b>Total Other reserves</b>	<b>12,909</b>	<b>2,107</b>	<b>(2,015)</b>	<b>13,001</b>

The Public Open Space Reserve was established to control contributions received from developers that will, upon completion of developments, be utilised to develop recreation and other facilities for residents in the respective development areas.

The Disaster Response Reserve was established following natural disaster and storm events that occurred in the current and prior years. This reserve sets aside funding to support and fund future recovery related activities.

The Digital Transformation Reserve was created to assist in covering the budgeted shortfall for the YRConnect and other digital transformation projects.

The Waste Reserve has been established to ensure the ongoing and sustainable operation of the Council's waste service. The Biodiversity Offset Program Reserve has been established to compensate for losses as a result of the removal of native vegetation. The program has been established to manage and protect native vegetation to counteract native vegetation removal.

The Pandemic Recovery Reserve was established following the COVID 19 pandemic. The reserve provides council with funds to support the community and businesses in their ongoing recovery from the impact of the pandemic and any possible future events.

	2024 \$ '000	2023 \$ '000
<b>Summary of reserves</b>		
Asset Revaluation Reserve	963,087	733,256
Other Reserves	13,867	13,001
<b>Total Reserves</b>	<b>976,954</b>	<b>746,257</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 9. Other matters (continued)

	2024 \$ '000	2023 \$ '000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	7,953	35,582
Non-cash adjustments:		
<b>Non-cash adjustments:</b>		
Depreciation	38,526	32,989
Profit/(loss) on disposal of property, infrastructure, plant and equipment	7,701	7,835
Contributions - Non-monetary assets	(2,409)	(6,882)
Share of net profits of associates and joint ventures	(311)	(63)
Finance cost	843	384
Other	-	-
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(858)	(11,030)
(Increase)/decrease in prepayments	(601)	147
(Increase)/decrease in accrued income	(4,612)	5,792
Increase/(decrease) in trade and other payables	(7,978)	1,752
Increase/(decrease) in contract and other liabilities	(28,011)	18,575
Increase/(decrease) in provisions	(655)	457
Increase/(decrease) in trust funds	(4,979)	(2,468)
<b>Net cash provided by/(used in) operating activities</b>	<b>4,609</b>	<b>83,070</b>

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 9. Other matters (continued)

#### 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 the Comprehensive Income Statement when they are made or due.

##### Accumulation

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

##### Defined Benefit

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

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

##### Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023.

The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa

Salary information 3.5% pa

Price inflation (CPI) 2.8% pa.

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

##### Employer contributions

###### (a) Regular contributions

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

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

###### (b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 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.

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 9. Other matters (continued)

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.

**The 2023 triennial actuarial investigation surplus amounts**

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

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

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

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

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

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

**The 2024 interim actuarial investigation**

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

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 9. Other matters (continued)

**The 2020 triennial investigation**

The last triennial actuarial investigation conducted prior to 30 June 2024 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

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

**Superannuation contributions**

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

Scheme	Type of scheme	Rate	2024 \$ '000	2023 \$ '000
Vision Super	Defined benefit	11% (2023:10.5%)	204	236
Vision Super	Accumulation	11% (2023:10.5%)	3,273	2,984
Other funds	Accumulation	11% (2023:10.5%)	4,551	3,259

Council has not paid any unfunded liability payments to Vision Super in 2023/24 year.

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is \$200,000.

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 10. Changes in accounting policies

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



## Notes to the Financial Statements

for the year ended 30 June 2024

## Note 11. Natural disasters

Since 2021-2022 Yarra Ranges has been affected by storms and floods which have resulted in an increase in expenditure, particularly contractors and materials and services.

	2024 \$ '000	2023 \$ '000
Expenditure incurred is as follows:		
Contractors	8,641	6,816
Employee costs	1,399	2,485
General materials and services	849	1,688
<b>Total natural disaster events</b>	<b>10,889</b>	<b>10,989</b>
Non recurrent State Grant Funding received for natural disaster events	6,847	9,766

Yarra Ranges community has experienced Severe Weather Events on 9 June 2021, 26 January 2022, 13 October 2022 and 23 March 2023. Additional Severe Weather Events were experienced in October 2023, December 2023 / January 2024, February 2024 and April 2024. Costs incurred have been recognised in the 2024 Financial Statements. An estimate has been made of the DRFA funding of these costs, and that estimate has been recorded as revenue in the 2024 Financial Statements.

The financial and non financial implications on the region have been significant and continue into the current financial year and are expected to continue into the next financial year. Claims and applications have been made for funding from various sources, primarily Disaster Recovery Funding Arrangements (DRFA) through Emergency Management Victoria. DRFA funding is assessed and paid based on compliant claims. The recovery from these natural disasters continues.