

**Pyrenees Shire Council**

**ANNUAL FINANCIAL REPORT**

**For the year ended 30 June 2024**

## **Table of Contents**

<b>FINANCIAL REPORT</b>		<b>Page</b>
Certification of the Financial Statements		3
<b>Financial Statements</b>		
Comprehensive Income Statement		7
Balance Sheet		8
Statement of Changes in Equity		9
Statement of Cash Flows		10
Statement of Capital Works		11
<b>Notes to Financial Statements</b>		
Note 1	Overview	12
Note 2	2.1 Performance against budget	14
	2.1.1 Income / revenue and expenditure	14
	2.1.2 Capital works	16
	2.2.1 Analysis of Council results by program	18
	2.2.2 Summary of income/revenue, expenses, assets and capital expenses by Program	19
Note 3	Funding for the delivery of our services	
	3.1 Rates and charges	20
	3.2 Statutory fees and fines	20
	3.3 User fees	21
	3.4 Funding from other levels of government	21
	3.5 Contributions	25
	3.6 Net Gain/(loss) on disposal of property, infrastructure, plant and equipment	25
	3.7 Other income	25
Note 4	The cost of delivering services	
	4.1 Employee costs	26
	4.2 Materials and services	27
	4.3 Depreciation	27
	4.4 Amortisation – right of use assets	27
	4.5 Allowance for impaired losses	28
	4.6 Borrowing Costs	28
	4.7 Finance costs – leases	28

## **Table of Contents**

		<b>Page</b>
	4.8 Other expenses	28
Note 5	Investing in and financing our operations	
	5.1 Financial assets	29
	5.2 Non-financial assets	30
	5.3 Payables, trust funds, deposits and contract and other liabilities	31
	5.4 Provisions	33
	5.5 Interest bearing liabilities	35
	5.6 Financing arrangements	35
	5.7 Commitments	36
Note 6	Assets we manage	
	6.1 Property, infrastructure plant and equipment	40
	6.2 Investments in associates, joint arrangements, and subsidiaries	48
Note 7	People and relationships	
	7.1 Council and key management remuneration	49
	7.2 Related party disclosure	51
Note 8	Managing uncertainties	
	8.1 Contingent assets and liabilities	52
	8.2 Change in accounting standards	53
	8.3 Financial instruments	53
	8.4 Fair value measurement	57
	8.5 Events occurring after balance date	58
Note 9	Other matters	
	9.1 Reserves	59
	9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	61
	9.3 Superannuation	62
Note 10	Change in accounting policy	65

## **Certification of Financial Statement**

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.



*Glenn Kallio B.Bus CPA*  
**Principal Accounting Officer**  
**Date : 26 September 2024**  
Beaufort Shire Offices

In our opinion, the accompanying financial statements present fairly the financial transactions of the Pyrenees 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 that would render any particulars in the financial statements to be misleading or inaccurate.

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



*Cr Damian Ferrari*  
**Councillor**  
**Date 26 September 2024**  
Beaufort Shire Offices



*Cr Ron Eason*  
**Councillor**  
**Date 26 September 2024**  
Beaufort Shire Offices



*Jim Nolan*  
**Chief Executive Officer**  
**Date 26 September 2024**  
Beaufort Shire Offices

# Independent Auditor's Report

## To the Councillors of Pyrenees Shire Council

**Opinion** I have audited the financial report of Pyrenees 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.

**Other information** The Councillors are responsible for the Other Information, which comprises the information in the council's annual report for the period ended 30 June 2024, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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**Councillors' responsibilities for the financial report** The Councillors 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.

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**Auditor's  
responsibilities  
for the audit of  
the financial  
report  
(continued)**

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  
10 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	13,433	12,809
Statutory fees and fines	3.2	273	264
User fees	3.3	695	917
Grants - operating	3.4	2,608	10,901
Grants - capital	3.4	5,881	4,857
Contributions - monetary	3.5	205	158
Net gain on disposal of property, infrastructure, plant and equipment	3.6	47	6
Other income	3.7	784	724
<b>Total income / revenue</b>		<b>23,926</b>	<b>30,636</b>
<b>Expenses</b>			
Employee costs	4.1	9,741	9,713
Materials and services	4.2	10,853	9,438
Depreciation	4.3	6,551	6,016
Depreciation - right of use assets	4.4	10	13
Allowances for impairment losses	4.5	11	6
Borrowing costs	4.6	31	25
Finance costs - leases	4.7	3	1
Other expenses	4.8	297	263
<b>Total expenses</b>		<b>27,497</b>	<b>25,475</b>
<b>Surplus/(Deficit) for the year</b>		<b>(3,571)</b>	<b>5,161</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)	6.1	-	22,674
<b>Total other comprehensive income</b>		<b>-</b>	<b>22,674</b>
<b>Total comprehensive result</b>		<b>(3,571)</b>	<b>27,835</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 (a)	9,202	19,293
Trade and other receivables	5.1 (b)	2,421	1,838
Inventories	5.2 (a)	14	14
Prepayments	5.2 (b)	207	59
Other assets	5.2 (b)	43	100
<b>Total current assets</b>		<b>11,887</b>	<b>21,304</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1 (b)	8	14
Property, infrastructure, plant and equipment	6.1	286,833	282,391
Right-of-use assets		38	2
<b>Total non-current assets</b>		<b>286,879</b>	<b>282,407</b>
<b>Total assets</b>		<b>298,766</b>	<b>303,711</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3 (a)	2,436	2,783
Trust funds and deposits	5.3 (b)	319	259
Contract and other liabilities	5.3 (c)	852	2,814
Provisions	5.4	2,329	2,321
Interest-bearing liabilities	5.5	208	121
Lease liabilities		11	3
<b>Total current liabilities</b>		<b>6,155</b>	<b>8,301</b>
<b>Non-current liabilities</b>			
Provisions	5.4	123	173
Interest-bearing liabilities	5.5	1,235	443
Lease liabilities		30	-
<b>Total non-current liabilities</b>		<b>1,388</b>	<b>616</b>
<b>Total liabilities</b>		<b>7,543</b>	<b>8,917</b>
<b>Net assets</b>		<b>291,223</b>	<b>294,794</b>
<b>Equity</b>			
Accumulated surplus		99,946	103,517
Reserves	9.1	191,277	191,277
<b>Total Equity</b>		<b>291,223</b>	<b>294,794</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 Reserve \$'000	Other Reserves \$'000
<b>2024</b>					
Balance at beginning of the financial year		294,794	103,517	191,268	9
Surplus/(Deficit) for the year		(3,571)	(3,571)	-	-
Net asset revaluation gain/(loss)	9.1	-	-	-	-
Transfers from (to) other reserves	9.1	-	-	-	-
<b>Balance at end of the financial year</b>		<b>291,223</b>	<b>99,946</b>	<b>191,268</b>	<b>9</b>
<b>2023</b>					
		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		266,960	98,356	168,595	9
Surplus for the year		5,161	5,161	-	-
Net asset revaluation gain/(loss)	9.1	22,674	-	22,674	-
Transfers from (to) other reserves	9.1	(1)	-	(1)	-
<b>Balance at end of the financial year</b>		<b>294,794</b>	<b>103,517</b>	<b>191,268</b>	<b>9</b>

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

**Statement of Cash Flows  
For the Year Ended 30 June 2024**

	2024	2023
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Rates and charges	13,220	12,263
Statutory fees and fines	273	264
User fees	390	824
Grants - operating	1,694	11,158
Grants - capital	4,833	4,857
Contributions - monetary	205	158
Interest received	411	275
Other receipts	377	494
Net GST refund/(payment)	1,214	1,033
Employee costs	(9,783)	(9,719)
Materials and services	(12,620)	(9,875)
Net Trust funds and deposits received/(repaid)	60	71
Other payments	(327)	(289)
<b>Net cash provided by/(used in) operating activities</b>	<b>(53)</b>	<b>11,513</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	(10,950)	(8,544)
Proceeds from sale of property, infrastructure, plant and equipment	74	40
<b>Net cash provided by/(used in) investing activities</b>	<b>(10,876)</b>	<b>(8,504)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(31)	(25)
Proceeds from borrowings	1,000	650
Repayment of borrowings	(121)	(86)
Interest paid - lease liability	(3)	(1)
Repayment of lease liabilities	(7)	(15)
<b>Net cash provided by/(used in) financing activities</b>	<b>838</b>	<b>523</b>
Net increase (decrease) in cash and cash equivalents	(10,091)	3,532
Cash and cash equivalents at the beginning of the financial year	19,293	15,761
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,202</b>	<b>19,293</b>
Financing arrangements	5.6	

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**

	Note	2024 \$'000	2023 \$'000
<b>Property</b>			
Land		705	24
Land Improvemets		95	-
<b>Total land</b>		<b>800</b>	<b>24</b>
Buildings		502	543
<b>Total buildings</b>		<b>502</b>	<b>543</b>
<b>Total property</b>		<b>1,302</b>	<b>567</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		816	387
Fixtures, fittings and furniture		3	9
Computers and telecommunications		118	175
Library books		56	17
<b>Total plant and equipment</b>		<b>993</b>	<b>588</b>
<b>Infrastructure</b>			
Roads		5,603	2,657
Bridges		552	2,276
Footpaths and cycleways		533	515
Drainage		837	652
Other infrastructure		1,200	1,360
<b>Total infrastructure</b>		<b>8,725</b>	<b>7,460</b>
<b>Total capital works expenditure</b>		<b>11,020</b>	<b>8,615</b>
<b>Represented by:</b>			
New asset expenditure		4,242	1,633
Asset renewal expenditure		6,129	5,550
Asset expansion expenditure		179	-
Asset upgrade expenditure		470	1,432
<b>Total capital works expenditure</b>		<b>11,020</b>	<b>8,615</b>

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

## **Note 1 Overview**

### **Introduction**

The Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 5 Lawrence Street Beaufort.

### **Statement of Compliance**

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

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

### **Accounting policy information**

#### **1.1 Basis of accounting**

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

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and 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 6.1)
- the determination of depreciation for buildings, infrastructure, plant, and equipment (refer to Note 6.1)

## **Pyrenees Shire Council Financial Report**

- the determination of employee provisions (refer to Note 5.4)
- the determination of whether performance obligations are sufficiently specific to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements.

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

### **Goods and Service 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.

### **Rounding**

Amounts in the Financial Report have been rounded to the nearest thousand dollars unless otherwise stated. Some figures in the financial statement may not equate due to rounding.

## Note 2 Analysis of our results

### Note 2.1 Performance against budget

The performance against budget notes compares 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 that an explanation is warranted only when both a +/- 10 percent and \$250,000 movement has occurred. 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*.

#### Note 2.1.1 Income / Revenue and expenditure

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
<b>Income / Revenue</b>					
Rates and charges	13,662	13,433	(229)	-2%	
Statutory fees and fines	261	273	12	5%	
User fees	568	695	127	22%	
Grants - operating	6,901	2,608	(4,293)	-62%	1
Grants - capital	2,795	5,881	3,086	110%	2
Contributions - monetary	-	205	205	100%	
Net gain on disposal of property, infrastructure, plant and equipment	-	47	47	100%	
Other income	602	784	182	30%	
<b>Total income / revenue</b>	<b>24,789</b>	<b>23,926</b>	<b>(863)</b>	<b>-3%</b>	
<b>Expenses</b>					
Employee costs	9,445	9,741	(296)	-3%	
Materials and services	8,083	10,853	(2,770)	-34%	3
Depreciation	5,907	6,551	(644)	-11%	4
Depreciation - right of use assets	13	10	3	23%	
Allowances for impairment losses	20	11	9	45%	
Borrowing costs	32	31	1	3%	
Finance costs - leases	7	3	4	57%	
Other expenses	332	297	35	11%	
<b>Total expenses</b>	<b>23,839</b>	<b>27,497</b>	<b>(3,658)</b>	<b>-15%</b>	
<b>Surplus/(Deficit) for the year</b>	<b>950</b>	<b>(3,571)</b>	<b>(4,521)</b>	<b>-476%</b>	

**Pyrenees Shire Council  
Financial Report**

**(i) Explanation of material variations**

**1 Grants – operating**

The principal cause for this variation relates to the timing of receiving Council’s Financial Assistance Grants.

The change in the timing for the issuing of these grants effectively resulted in no funds being recorded during the 2023/24 financial year.

**2 Grants – capital**

The positive variation was due to the receipt of additional grants that were not budgeted for, these relate to:

- LRCIP projects
- October 2022 Flood grants.
- Lexton Community Hall
- Bridge 139 grants

**3 Materials and services**

The excess expenditure related to the following unbudgeted projects:

- October 2022 flood
- February 2024 Fire

**4 Depreciation**

Depreciation levels have increased due to the revaluation of assets in the 2022/23 financial year which occurred after the 2023/24 budget was formulated, thus there has been a delay in updating the budget figures.



**Pyrenees Shire Council  
Financial Report**

**Note 2.1.2 Capital Works**

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
<b>Property</b>					
Land	-	705	705	100%	<b>1</b>
Land Improvemets	-	95	95	100%	
<b>Total land</b>	<b>-</b>	<b>800</b>	<b>800</b>	<b>100%</b>	
Buildings	1,185	502	(683)	-58%	<b>2</b>
<b>Total buildings</b>	<b>1,185</b>	<b>502</b>	<b>(683)</b>	<b>-58%</b>	
<b>Total property</b>	<b>1,185</b>	<b>1,302</b>	<b>117</b>	<b>10%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	745	816	71	10%	
Fixtures, fittings and furniture	20	3	(17)	-85%	
Computers and telecommunications	305	118	(187)	-61%	
Library books	25	56	31	124%	
<b>Total plant and equipment</b>	<b>1,095</b>	<b>993</b>	<b>(102)</b>	<b>-9%</b>	
<b>Infrastructure</b>					
Roads	2,922	5,603	2,681	92%	<b>3</b>
Bridges	410	552	142	35%	
Footpaths and cycleways	29	533	504	1738%	<b>4</b>
Drainage	194	837	643	331%	<b>5</b>
Other infrastructure	2,030	1,200	(830)	-76%	<b>6</b>
<b>Total infrastructure</b>	<b>5,585</b>	<b>8,725</b>	<b>3,140</b>	<b>56%</b>	
<b>Total capital works expenditure</b>	<b>7,865</b>	<b>11,020</b>	<b>3,155</b>	<b>40%</b>	
<b>Represented by:</b>					
New asset expenditure	1,440	4,242	2,802	195%	
Asset renewal expenditure	4,030	6,129	2,099	52%	
Asset expansion expenditure	-	179	179	100%	
Asset upgrade expenditure	2,395	470	(1,925)	-80%	
<b>Total capital works expenditure</b>	<b>7,865</b>	<b>11,020</b>	<b>3,155</b>	<b>40%</b>	

**(i) Explanation of material variations**

A significant portion of the material variations within capital works is a result of funds carried forward from 2022-23 to the 2023-24 financial year to complete projects that had not been completed in the 2022-23 financial year

**1 Land**

During the 2023/24 financial year Council had the opportunity to purchase strategic parcels of land for the future benefit of the municipality.

**2 Buildings**

Council had budgeted to complete the redevelopment of buildings in the Beaufort Caravan Park, this project has been delayed until the 2024/25 financial year.

**3 Roads**

Unbudgeted expenditure on roads relating to rehabilitation works contributed to the October 2022 flood event has resulted in the variation recorded.

**4 Footpaths and cycleways**

Works carried over from 2022/23 and works relating to the LRCIP program account for the variation of expenditure to the adopted budget.

**5 Drainage**

Excess expenditure can be attributed to the October 2022 flood rehabilitation works.

**6 Other infrastructure**

The under expenditure is due to the delay in the commencement of the Beaufort Caravan Park redevelopment.

**Note 2.2 Analysis of Council results by program.**

Council delivers its functions and activities through the following programs:

**2.2.1 People and Organisation Development**

Prepare for emergencies and ensure community safety.

Support a vibrant community art, culture, and heritage environment.

Improve accessibility and inclusivity.

Promote health, wellbeing, engagement, and connection.

Improve social outcomes.

**Place**

Sustain and enhance unique character of our communities.

Support community sustainability.

Enhance liveability of our communities.

Promote responsible development.

**Environment**

Lead and promote environmental sustainability.

Foster a climate change resilient community.

Encourage community care of biodiversity and natural values.

Improve waste management to reduce landfill and reduce harm to the environment.

**Economy**

Support our local businesses and help to strengthen key industries.

Invest in road infrastructure to improve connectivity for commerce and community.

Advocate for and invest in assets and infrastructure to support industry sustainability.

**Pyrenees Shire Council  
Financial Report**

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

	Income / Revenue	Expenses	Surplus / (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2024</b>					
People and Organisation Development	544	1,367	(823)	535	-
Place	375	3,031	(2,656)	165	-
Environment	2,833	2,672	161	108	-
Economy	9,168	13,876	(4,708)	7,681	298,766
<b>Unattributed</b>					
Net Asset Sales	47	-	47	-	-
Rates Revenue	10,959	-	10,959	-	-
Depreciation	-	6,551	(6,551)	-	-
	<b>23,926</b>	<b>27,497</b>	<b>(3,571)</b>	<b>8,489</b>	<b>298,766</b>

	Income / Revenue	Expenses	Surplus / (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>					
People and Organisation Development	3,210	3,303	(93)	2,886	-
Place	627	2,767	(2,140)	341	-
Environment	2,523	2,396	127	152	-
Economy	13,593	10,993	2,600	12,379	303,711
<b>Unattributed</b>					
Net Asset Sales	6	-	6	-	-
Rates Revenue	10,677	-	10,677	-	-
Depreciation	-	6,016	(6,016)	-	-
	<b>30,636</b>	<b>25,475</b>	<b>5,161</b>	<b>15,758</b>	<b>303,711</b>

## Note 3 Funding for the delivery of services

### 3.1 Rates and Charges

	2024	2023
	\$'000	\$'000

Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value (land and buildings).

The valuation base used to calculate general rates for 2023/24 was \$5.357 million (2022/23 \$4,506 million).

General rates	9,632	9,363
Supplementary rates and rate adjustments	14	14
Waste management charge	2,473	2,132
Interest on rates and charges	26	95
Revenue in lieu of rates	1,288	1,205
<b>Total rates and charges</b>	<b>13,433</b>	<b>12,809</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be 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

Environmental health fees	38	31
Fines	73	54
Town planning fees	141	161
Land information certificates	21	18
<b>Total statutory fees and fines</b>	<b>273</b>	<b>264</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.

**Pyrenees Shire Council  
Financial Report**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.3 User fees</b>		
Caravan park charges	317	260
Home care charges	-	225
Building charges	47	51
Animal registration charges	135	139
Rental and function charges	39	35
Delivered meals charges	-	30
Goldfields Recreation Reserve venue hire charges	-	19
Waste disposal charges	6	2
Resource and information centre charges	48	43
Community transport charges	7	6
Environmental Health	26	29
Road opening permits	8	14
Other charges	62	64
<b>Total user fees</b>	<b>695</b>	<b>917</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised over time	174	174
User fees recognised at a point in time	521	743
<b>Total user fees</b>	<b>695</b>	<b>917</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.

**3.4 Funding from other levels of government**

Grants were received in respect of the following :

**Summary of grants**

Commonwealth funded grants	3,731	12,542
State Government funded grants	4,758	3,216
<b>Total grants received</b>	<b>8,489</b>	<b>15,758</b>

**(a) Operating Grants**

***Recurrent - Commonwealth Government***

Financial Assistance Grants	301	8,523
General home care	-	582

***Recurrent - State Government***

Aged Care Services	71	179
Libraries	-	123
Family & Childrens Services	399	287
Other	30	183
<b>Total recurrent operating grants</b>	<b>801</b>	<b>9,877</b>

**Pyrenees Shire Council  
Financial Report**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><i>Non-recurrent - State Government</i></b>		
Fire Event February 2024	1,000	-
Rural Roads	-	57
Elder Abuse Prevention Strategy	-	55
Rapid Antigen Test Program	-	90
Early years Workforce Development	-	30
Community Recovery Officer	179	36
Community Recovery Hub	275	-
Beaufort Linear Masterplan	85	-
Onsite Domestic Wastewater Management Plan	20	-
Digital Planning Statutory Administration Improvement	41	-
TAC - Pyrenees Shire Road Safety	30	-
Economy Household Education Fund	19	-
Jobs Victoria Fund	-	4
Youth Engagement Project	45	47
Emergency Planning Process	-	120
Business Concierge & Hospitality Program	-	41
Transition Plan Development	13	77
Roadside Weeds & Pest Management	62	61
Pyrenees SC Statutory Planning Assistance	19	-
Avoca Digital Hub	-	29
Community Activation & Social Isolation	-	56
Southern Wimmera and Northeast Pyrenees Water Supply Feasibility Study	-	300
Covid-19 Emergency Support	-	15
Digital Literacy for Seniors	13	-
Premier Reading Challenge	6	6
<b>Total non-recurrent operating grants</b>	<b>1,807</b>	<b>1,024</b>
<b>Total operating grants</b>	<b>2,608</b>	<b>10,901</b>

**Pyrenees Shire Council  
Financial Report**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Capital Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Roads to recovery	1,743	1,367
<b>Total recurrent capital grants</b>	<b>1,743</b>	<b>1,367</b>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
Local Roads and Community Infrastructure Program	992	1,829
Agrilinks - Bridge 110 on the Moonambel Warrenmang Road	74	-
BRP - Bridge 139 Raglan Elmhurst Rd	302	-
Bridge 32 - Carngham Streatham road	-	241
Lexton Community Facility Federal Grant	319	-
<b><i>Non-recurrent - State Government</i></b>		
Lexton Community Facility	50	30
Pyrenees Mobile Library Bus Project State Grant3	30	-
Light up Goldfields Recreation Reserve	225	-
Flood Event October 2022	2,076	1,298
Beaufort New Practice Nets & Storage Shed	70	-
COVID Outdoor Eating & Dining Project	-	92
<b>Total non-recurrent capital grants</b>	<b>4,138</b>	<b>3,490</b>
<b>Total capital grants</b>	<b>5,881</b>	<b>4,857</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 of Not-for-Profit Entities*.

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



**Pyrenees Shire Council  
Financial Report**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income recognised under AASB 1058 <i>Income for Not-for-Profit Entities</i></b>		
General Purpose	301	8,523
Specific purpose grants to acquire non-financial assets	5,881	4,857
Other specific purpose grants	1,527	270
<b>Revenue recognised under AASB 15 Revenue from Contracts with Customers</b>		
Specific purpose grants	780	2,108
	<b>8,489</b>	<b>15,758</b>

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

***Operating***

Balance at start of year	1,236	753
Received during the financial year and remained unspent at balance date	351	927
Received in prior years and spent during the financial year	(1,184)	(444)
Balance at year end	<b>403</b>	<b>1,236</b>

***Capital***

Balance at start of year	1,578	1,804
Received during the financial year and remained unspent at balance date	349	868
Received in prior years and spent during the financial year	(1,478)	(1,094)
Balance at year end	<b>449</b>	<b>1,578</b>

Unspent grants are determined and disclosed on a cash basis.

**Pyrenees Shire Council  
Financial Report**

<b>3.5 Contributions - monetary</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Monetary	205	158
<b>Total contributions</b>	<b>205</b>	<b>158</b>

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

**3.6 Net gain on disposal of property, infrastructure, plant and equipment**

Proceeds of sale	74	36
Written down value of assets disposed	(27)	(30)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>47</b>	<b>6</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	440	298
Reimbursement - Workcover wages	98	71
Reimbursement - State Revenue Office	47	57
Private Works	2	121
Insurance Recovery	-	159
Other	197	18
<b>Total other income</b>	<b>784</b>	<b>724</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.

## Note 4 The cost of delivering services

	2024 \$'000	2023 \$'000
<b>4.1 (a) Employee costs</b>		
Wages and salaries	8,588	8,669
WorkCover	180	144
Superannuation	966	899
Fringe benefits tax	7	1
<b>Total employee costs</b>	<b>9,741</b>	<b>9,713</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)	88	88
	<b>88</b>	<b>88</b>
Employer contributions payable at reporting date.	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	584	517
Employer contributions - other funds	294	294
	<b>878</b>	<b>811</b>
Employer contributions payable at reporting date.	33	18

Refer to note 9.3 for further information relating to Council's superannuation obligations.

**Pyrenees Shire Council  
Financial Report**

<b>4.2 Materials and services</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Contractors	5,398	4,074
Consumables	1,773	2,013
Contracted Service Delivery	1,445	1,239
Insurance	496	444
Electricity and water	205	174
Plant expenses	239	396
Information technology	389	339
Telecommunications	190	146
Subscriptions and memberships	150	112
Advertising	109	111
Legal fees	89	(12)
Stationery, postage, photocopying and printing	70	64
Conferences and training	141	130
Contributions and donations	126	138
Valuations	6	57
Fire services levy	27	13
<b>Total materials and services</b>	<b>10,853</b>	<b>9,438</b>

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

**4.3 Depreciation**

Property	1,092	1,008
Plant and equipment	896	813
Infrastructure	4,563	4,195
<b>Total depreciation</b>	<b>6,551</b>	<b>6,016</b>

*Refer to note 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.*

**4.4 Depreciation - Right of use assets**

Printers	10	13
<b>Total Depreciation - Right of use assets</b>	<b>10</b>	<b>13</b>

**Pyrenees Shire Council  
Financial Report**

<b>4.5 Allowance for impairment losses</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
General Debtors	11	6
<b>Total allowance for impairment losses</b>	<b>11</b>	<b>6</b>

**Movement in allowance for impairment losses in respect of debtors**

Balance at the beginning of the year	(22)	(22)
New allowances recognised during the year	(10)	-
Balance at end of year	<b>(32)</b>	<b>(22)</b>

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

**4.6 Borrowing costs**

Interest - Borrowings	31	25
<b>Total borrowing costs</b>	<b>31</b>	<b>25</b>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

**4.7 Finance Costs - Leases**

Interest - Lease Liabilities	3	1
<b>Total finance costs</b>	<b>3</b>	<b>1</b>

**4.8 Other expenses**

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	51	42
Auditors' remuneration - Internal Audit	57	46
Councillors' allowances	171	166
Internal audit committee	9	4
Short term leases	9	5
<b>Total other expenses</b>	<b>297</b>	<b>263</b>

## Note 5 Investing in and financing our operations

	2024 \$'000	2023 \$'000
<b>5.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Cash on hand	1	1
Cash at bank	9,201	19,292
Term deposits	-	-
<b>Total cash and cash equivalents</b>	<b>9,202</b>	<b>19,293</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.

### (b) Trade and other receivables

#### Current

##### *Statutory receivables*

Rates debtors	1,102	882
Special rate assessment	5	6
GST receivable	198	194

##### *Non statutory receivables*

Other debtors	1,148	778
Provision for doubtful debts - other debtors	(32)	(22)

Total current trade and other receivables

<b>2,421</b>	<b>1,838</b>
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#### Non-current

##### *Statutory receivables*

Special rate scheme	8	14
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Total non-current trade and other receivables

<b>8</b>	<b>14</b>
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**Total trade and other receivables**

<b>2,429</b>	<b>1,852</b>
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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.

**Pyrenees Shire Council  
Financial Report**

**(c) Ageing of Receivables**

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

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current (not yet due)	428	284
Past due by up to 30 days	10	15
Past due between 31 and 180 days	274	420
Past due between 181 and 365 days	12	1
Past due by more than 1 year	424	58
<b>Total trade and other receivables</b>	<b>1,148</b>	<b>778</b>

**5.2 Non-financial assets**

**(a) Inventories**

Inventories held for distribution	14	14
<b>Total inventories</b>	<b>14</b>	<b>14</b>

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

**(b) Other assets**

Prepayments	207	59
Contract assets	43	100
<b>Total other assets</b>	<b>250</b>	<b>159</b>

**Pyrenees Shire Council  
Financial Report**

<b>5.3 Payables, trust funds and deposits and contract and other liabilities</b>	<b>2024</b>	<b>2023</b>
<b>(a) Trade and other payables</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
<i>Non-statutory payables</i>		
Trade payables	2,151	2,258
Accrued expenses	285	525
<b>Total current trade and other payables</b>	<b>2,436</b>	<b>2,783</b>
<b>(b) Trust funds and deposits</b>		
<b>Current</b>		
Refundable deposits	109	140
Fire services levy	(1)	-
Retention amounts	211	119
<b>Total current trust funds and deposits</b>	<b>319</b>	<b>259</b>
<b>(c) Contract and other liabilities</b>		
<b>Contract liabilities</b>		
<b>Current</b>		
Grants received in advance - operating	403	1,236
<b>Total contract liabilities</b>	<b>403</b>	<b>1,236</b>
<b>Other liabilities</b>		
<b>Current</b>		
Deferred capital grants	449	1,578
<b>Total other liabilities</b>	<b>449</b>	<b>1,578</b>
<b>Total contract and other liabilities</b>	<b>852</b>	<b>2,814</b>



**Pyrenees Shire Council  
Financial Report**

*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.

*Contract liabilities*

Contract liabilities reflect consideration received in advance from customers in respect of the following:

	<b>2024 \$'000</b>
CHSP Services	2
Pyrenees Bushfire Resilience Project	150
Implementation of 3 yr old preschool	32
Community Recovery Officer	40
Kindergarten Infrastructure and Service Plan	42
Pyrenees SC Statutory Planning Assistance	27
Avoca Flood Mitigation Investigation	60
Pyrenees Muncipal Bushfire Hazard Assessment	50
	<u><b>403</b></u>

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

*Other liabilities*

The table below details the grant consideration received and the projects to be constructed.

<b>Funding Body</b>	<b>Details</b>	<b>\$'000</b>
Victorian Government Regional Infrastructure Fund	Beaufort Caravan Park	150
Department of Infrastructure, Transport, Regional Development, Commonwealth and the Arts	LRCIP Local Roads and Community Infrastructure Program Phase 4	299
		<u><b>449</b></u>

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. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

***Purpose and nature of items***

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

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

**Pyrenees Shire Council  
Financial Report**

<b>5.4 Provisions</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Balance at beginning of the financial year	2,494	2,500
Additional provisions	1,391	996
Amounts used	(1,183)	(956)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(250)	(46)
Balance at the end of the financial year	<u>2,452</u>	<u>2,494</u>
Provisions - current	<b>2,329</b>	<b>2,321</b>
Provisions - non-current	<b>123</b>	<b>173</b>
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	556	541
Long service leave	215	146
	<u>771</u>	<u>687</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	108	121
Long service leave	1,450	1,513
	<u>1,558</u>	<u>1,634</u>
Total current employee provisions	<u>2,329</u>	<u>2,321</u>
<b>Non-current</b>		
Long service leave	123	173
Total non-current employee provisions	<u>123</u>	<u>173</u>
Aggregate carrying amount of employee provisions:		
Current	2,329	2,321
Non-current	123	173
Total aggregate carrying amount of employee provisions	<u>2,452</u>	<u>2,494</u>

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

*Annual leave*

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

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

## Pyrenees Shire Council Financial Report

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:

- discount rate	4.450%	4.350%
- index rate	4.380%	4.063%

**Pyrenees Shire Council  
Financial Report**

<b>5.5 Interest-bearing liabilities</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Treasury Corporation of Victoria borrowings - secured	79	-
Other borrowings - secured	129	121
<b>Total current interest-bearing liabilities</b>	<b>208</b>	<b>121</b>
<b>Non-current</b>		
Treasury Corporation of Victoria borrowings - secured	921	-
Other borrowings - secured	314	443
<b>Total non-current interest-bearing liabilities</b>	<b>1,235</b>	<b>443</b>
<b>Total</b>	<b>1,443</b>	<b>564</b>

Borrowings are secured by all accounts and other rights, remedies and entitlements (whether arising under statute or otherwise) in respect of general rates and/or council rates (however described) which exist at any time (including the right to charge and collect any such rates)

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

Not later than one year	208	121
Later than one year and not later than five years	683	443
Later than five years	552	-
	<b>1,443</b>	<b>564</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.

<b>5.6 Financing arrangements</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
The Council has the following funding arrangements in place as at 30 June 2023		
Credit card facilities	75	75
Loans	1,443	564
<b>Total facilities</b>	<b>1,518</b>	<b>639</b>
Used facilities	1,455	564
Unused facilities	<b>63</b>	<b>75</b>

**Pyrenees Shire Council  
Financial Report**

**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**

2024	Not later than	Later than 1	Later than 2	Later than 5	Total
	1 year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Waste services	1,174	1,210	-	-	2,384
Transfer station management	516	534	1,126	-	2,176
Mobile Waste bins	27	27	57	-	111
Cleaning services	217	217	650	108	1,192
Internal audit	25	25	-	-	50
Lexton Flood Management Plan	106	-	-	-	106
<b>Total</b>	<b>2,065</b>	<b>2,013</b>	<b>1,833</b>	<b>108</b>	<b>6,019</b>

**Pyrenees Shire Council  
Financial Report**

<b>2024</b>	<b>Not later than</b>	<b>Later than 1</b>	<b>Later than 2</b>	<b>Later than 5</b>	<b>Total</b>
	<b>1 year</b>	<b>year and not</b>	<b>years and not</b>	<b>years</b>	
	<b>\$'000</b>	<b>later than 2</b>	<b>later than 5</b>	<b>Later than 5</b>	<b>\$'000</b>
		<b>years</b>	<b>years</b>	<b>years</b>	
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Capital</b>					
Roads	850	850	850	-	2,550
Avoca Dept Facility	335	-	-	-	335
<b>Total</b>	<b>1,185</b>	<b>850</b>	<b>850</b>	<b>-</b>	<b>2,885</b>

**Pyrenees Shire Council  
Financial Report**

<b>2023</b>	<b>Not later than 1 year \$'000</b>	<b>Later than 1 year and not later than 2 years \$'000</b>	<b>Later than 2 years and not later than 5 years \$'000</b>	<b>Later than 5 years \$'000</b>	<b>Total \$'000</b>
<b>Operating</b>					
Waste services	1,141	1,175	1,210	-	3,526
Beaufort Water Monitoring	10	-	-	-	10
Mobile Waste bins	26	27	84	-	137
Transfer station management	499	516	1,660	-	2,675
Cleaning services	96	-	-	-	96
Internal audit	33	25	25	-	83
Swimming Pools	352	-	-	-	352
Municipal building surveyor	98	-	-	-	98
Environmental health	199	-	-	-	199
Beaufort Linear Master Plan	77	-	-	-	77
<b>Total</b>	<b>2,531</b>	<b>1,743</b>	<b>2,979</b>	<b>-</b>	<b>7,253</b>
<b>Capital</b>					
Roads	850	850	1,700	-	3,400
Bridges	80	-	-	-	80
Concrete service Area	16	-	-	-	16
Beaufort Lake Shelter	126	-	-	-	126
<b>Total</b>	<b>1,072</b>	<b>850</b>	<b>1,700</b>	<b>-</b>	<b>3,622</b>

**Pyrenees Shire Council  
Financial Report**

**(b) Operating lease receivables**

***Operating lease receivables***

The Council has entered into commercial property leases on its property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of less than 1 year.

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

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	3	3
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>



## Note 6 Assets we manage

### 6.1 Property, infrastructure, plant and equipment

#### Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2023 \$'000	Additions \$'000	Revaluation \$'000	Impairment \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Carrying amount 30 June 2024 \$'000
Infrastructure	217,404	8,102	-	-	(4,563)	-	-	1,938	222,881
Plant and equipment	5,008	993	-	-	(896)	(27)	-	1	5,079
Property	56,691	1,161	-	-	(1,092)	-	-	345	57,105
Work in progress	3,288	764	-	-	-	-	-	(2,284)	1,768
	<b>282,391</b>	<b>11,020</b>	-	-	<b>(6,551)</b>	<b>(27)</b>	-	-	<b>286,833</b>

#### Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Infrastructure	2,919	623	-	(1,938)	1,604
Plant and equipment	1	-	-	(1)	-
Property	368	141	-	(345)	164
Total	<b>3,288</b>	<b>764</b>	-	<b>(2,284)</b>	<b>1,768</b>

**Pyrenees Shire Council  
Financial Report**

**(a) Property**

	Land - specialised	Land improvements	Total Land & Land Improvements	Buildings - specialised	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	12,683	3,588	<b>16,271</b>	40,420	368	<b>57,059</b>
Accumulated depreciation at 1 July 2023	-	-	-	-	-	-
	12,683	3,588	<b>16,271</b>	40,420	368	<b>57,059</b>
<b>Movements in fair value</b>						
Additions	705	-	<b>705</b>	456	141	<b>1,302</b>
Revaluation	-	-	-	-	-	-
Transfers	-	-	-	345	(345)	-
	705	-	<b>705</b>	801	(204)	<b>1,302</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	-	(209)	<b>(209)</b>	(883)	-	<b>(1,092)</b>
Revaluation increments/decrements	-	-	-	-	-	-
	-	(209)	<b>(209)</b>	(883)	-	<b>(1,092)</b>
At fair value 30 June 2024	13,388	3,588	<b>16,976</b>	41,221	164	<b>58,361</b>
Accumulated depreciation at 30 June 2024	-	(209)	<b>(209)</b>	(883)	-	<b>(1,092)</b>
Carrying amount	<b>13,388</b>	<b>3,379</b>	<b>16,767</b>	<b>40,338</b>	<b>164</b>	<b>57,269</b>

**Pyrenees Shire Council  
Financial Report**

**(b) Plant and Equipment**

	<b>Plant machinery and equipment \$'000</b>	<b>Fixtures fittings and furniture \$'000</b>	<b>Computers and telecomms \$'000</b>	<b>Library books \$'000</b>	<b>Work In Progress \$'000</b>	<b>Total plant and equipment \$'000</b>
At fair value 1 July 2023	7,753	595	874	518	1	<b>9,741</b>
Accumulated depreciation at 1 July 2023	(3,558)	(364)	(445)	(365)	-	<b>(4,732)</b>
	<b>4,195</b>	<b>231</b>	<b>429</b>	<b>153</b>	<b>1</b>	<b>5,009</b>
<b>Movements in fair value</b>						
Additions	816	3	118	56	-	<b>993</b>
Disposal	(193)	-	-	-	-	<b>(193)</b>
Transfers	-	1	-	-	(1)	-
	<b>623</b>	<b>4</b>	<b>118</b>	<b>56</b>	<b>(1)</b>	<b>800</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(664)	(34)	(170)	(28)	-	<b>(896)</b>
Accumulated depreciation of disposals	166	-	-	-	-	<b>166</b>
	<b>(498)</b>	<b>(34)</b>	<b>(170)</b>	<b>(28)</b>	<b>-</b>	<b>(730)</b>
At fair value 30 June 2024	8,376	599	992	574	-	<b>10,541</b>
Accumulated depreciation at 30 June 2024	(4,056)	(398)	(615)	(393)	-	<b>(5,462)</b>
Carrying amount	<b>4,320</b>	<b>201</b>	<b>377</b>	<b>181</b>	<b>-</b>	<b>5,079</b>

**Pyrenees Shire Council  
Financial Report**

**(c) Infrastructure**

	<b>Bridges</b>	<b>Drainage</b>	<b>Footpaths and Cycleways</b>	<b>Kerb and Channel</b>	<b>Roads</b>	<b>Other Infrastructure</b>	<b>Work In Progress Infrastructure</b>	<b>Total Infrastructure</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At fair value 1 July 2023	31,464	15,081	2,673	4,348	161,045	2,950	2,919	220,480
Accumulated depreciation at 1 July 2023	-	(5)	(9)	-	(77)	(66)	-	(157)
	<b>31,464</b>	<b>15,076</b>	<b>2,664</b>	<b>4,348</b>	<b>160,968</b>	<b>2,884</b>	<b>2,919</b>	<b>220,323</b>
<b>Movements in fair value</b>								
Additions	435	616	389	105	5,299	1,258	623	8,725
Revaluation	-	-	-	-	-	-	-	-
Transfers	814	56	10	-	15	1,043	(1,938)	-
Impairment losses recognised in asset revaluation reserve	-	-	-	-	-	-	-	-
	<b>1,249</b>	<b>672</b>	<b>399</b>	<b>105</b>	<b>5,314</b>	<b>2,301</b>	<b>(1,315)</b>	<b>8,725</b>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(413)	(152)	(84)	(95)	(3,476)	(343)	-	(4,563)
Revaluation increments/decrements	-	-	-	-	-	-	-	-
	<b>(413)</b>	<b>(152)</b>	<b>(84)</b>	<b>(95)</b>	<b>(3,476)</b>	<b>(343)</b>	<b>-</b>	<b>(4,563)</b>
At fair value 30 June 2024	32,713	15,753	3,072	4,453	166,359	5,251	1,604	229,205
Accumulated depreciation at 30 June 2024	(413)	(157)	(93)	(95)	(3,553)	(409)	-	(4,720)
Carrying amount	<b>32,300</b>	<b>15,596</b>	<b>2,979</b>	<b>4,358</b>	<b>162,806</b>	<b>4,842</b>	<b>1,604</b>	<b>224,485</b>

**Pyrenees Shire Council  
Financial Report**

*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.

	<b>Depreciation Period</b>	<b>Threshold Limit</b>
		<u><b>\$'000</b></u>
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	-
land improvements	15 - 60 years	10
Buildings		
buildings	20 - 150 years	10
Plant and Equipment		
plant, machinery and equipment	5 - 20 years	5
computers & Telecommunications	3 - 10 years	5
fixtures, fittings, and furniture	3 - 20 years	5
library Collection	10 years	5
Infrastructure		
Roads	20 - 110 years	10
footpaths and cycleways	53 years	5
kerb and channel	15 - 85 years	5
drainage	100 years	5
bridges	128 - 130 years	10
other structure	10 - 25 years	5

## **Pyrenees Shire Council Financial Report**

### *Land under roads*

Council has not recognised land under roads in 2023/24.

### *Depreciation and amortisation*

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

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

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

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

### *Repairs and maintenance*

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

## **Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer Mr Chris Barrett BSc, MBA, AAPI Certified Practising Valuer API Member No. 63083. 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 as at 1 January 2022. 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 will have a significant impact on the fair value of these assets.

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## Pyrenees Shire Council Financial Report

The date and type of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the 2022/23 year. The current years indexes were considered immaterial thus no adjustments were made for the current year.

The current valuations are based on:

- Specialised land The percentage increase of land valuation of the Council for non rateable land provided by the Council's valuer to the Valuer General.
- Specialised buildings Australian Bureau of Statistics, Producer Price Indexes, Australia June 2023 for building construction.

A full revaluation of these assets will be conducted in 2025/26.

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
	\$'000	\$'000	\$'000		
Specialised land	-	-	13,388	1/2023	Indexed
Land improvements	-	-	3,379	6/2023	Indexed
Specialised buildings	-	-	40,338	6/2023	Indexed
<b>Total</b>	-	-	<b>57,105</b>		

### Valuation of infrastructure

Valuation of bridge, footpath and cycleway, kerb and channel, road pavement, road formation and sealed surface assets has been determined in accordance with an independent valuation undertaken by Mr Peter Moloney, Dip. C.E., MIE Australia as at 31 December 2021.

An index based valuation was conducted in the 2022/23 financial year.

Valuation of major drainage assets has been determined in accordance with a valuation undertaken by Council's Manager of Assets as at December 2018.

A full revaluation of these assets will be conducted in 2024/25.

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

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

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

**Pyrenees Shire Council  
Financial Report**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Date of Valuation</b>	<b>Type of Valuation</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>		
Roads	-	-	162,806	6/2023	Indexed
Bridges	-	-	32,300	6/2023	Indexed
Footpaths and cycleways	-	-	2,979	6/2023	Indexed
Culverts; Pipes & Pits	-	-	15,596	6/2023	Indexed
Kerb & Channel	-	-	4,358	6/2023	Indexed
Other infrastructure	-	-	4,842	6/2023	Indexed
<b>Total</b>	-	-	<b>222,881</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 0% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$309 per square metre.

**Specialised buildings** are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$160 to \$5,203 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 28 years to 30 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 years to 128 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.

	<b>2024</b>	<b>2023</b>
<b>Reconciliation of specialised land</b>	<b>\$'000</b>	<b>\$'000</b>
Recreation	6,817	6,817
Industry	3,255	2,550
Tourism	322	322
Waste Management	974	974
Children's services	215	215
Roads	1,623	1,623
Administration	182	182
<b>Total specialised land</b>	<b>13,388</b>	<b>12,683</b>



**Pyrenees Shire Council  
Financial Report**

**6.2 Investments in associates, joint arrangements, and subsidiaries**

Council does not have any investments in associates, joint arrangements, or subsidiaries.

**Committees of management**

All entities controlled by Council that have material revenues, expenses, assets, or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

## **Note 7 People and relationships**

### **7.1 Council and key management remuneration**

#### **(a) Related Parties**

##### *Parent entity*

Pyrenees Shire Council is the parent entity.

##### *Subsidiaries and Associates*

As at 30 June 2024 Council does not have any interests in any subsidiaries and/or associates.

#### **(b) Key Management Personnel**

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

##### **Councillors**

Councillor Ron Eason (Mayor)

Councillor David Clark

Councillor Robert Vance

Councillor Tanya Kehoe

Councillor Damien Ferrari

Jim Nolan – Chief Executive Officer

Kathy Bramwell – Director – Corporate and Community Services

Douglas Gowans – Director – Assets and Development

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
<b>Total Number of Councillors</b>	5	5
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	3	3
<b>Total Number of Key Management Personnel</b>	<u>8</u>	<u>8</u>

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

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

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

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

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

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

**Pyrenees Shire Council  
Financial Report**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	763	751
Other long-term benefits	30	41
Post employment benefits	64	55
<b>Total</b>	<b>857</b>	<b>847</b>

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

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
\$10,000 - \$18,998	-	1
\$20,000 - \$29,999	3	3
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	1
\$180,000 - \$189,999	1	-
\$200,000 - \$209,999	-	1
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	-	1
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	1	-
	<b>8</b>	<b>8</b>

**Pyrenees Shire Council  
Financial Report**

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

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

Pyrenees Shire Council have no other senior staff as defined above.

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>7.2 Related party disclosure</b>		
<b>(a) Transactions with related parties</b>		
During the period Council entered into the following transactions with related parties.		
Employee remuneration under normal employment terms	<u>46</u>	<u>79</u>
	<b>46</b>	<b>79</b>

## **Note 8 Managing uncertainties**

### **8.1 Contingent assets and liabilities**

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

#### **(a) Contingent assets**

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

- This balance represents National Disaster Financial Assistance (NDFA) funding claims lodged but not yet approved as at 30 June 2024. It is anticipated that further NDFA funding claims will be lodged in respect to both the flood event of October 2022 and the 2024 fire event. Council has a contingent asset relating to the flood event of October 2022 of \$806,678, as at 30 June 2024.

#### **(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.

#### **Superannuation**

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

#### **Liability Mutual insurance**

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

### **MAV Workcare**

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

### **8.2 Change in accounting standards**

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

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

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

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

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

### **8.3 Financial instruments**

#### **(a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables), Bendigo Bank borrowings, and TCV borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements.

## **Pyrenees Shire Council Financial Report**

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 borrowings from the Bendigo Bank at a fixed rate which exposes council to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

**(c) Credit risk**

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

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

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

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

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

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



**(d) Liquidity risk**

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and 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 5.5.

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 + 2.0% and -2.0% in market interest rates (AUD) from year-end rates of 4.84%. 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.

## **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 3 to 5 years. The valuation is performed either by experienced council officers or independent experts.

<b>Asset class</b>	<b>Revaluation frequency</b>
Land	3 to 5 years
Land Improvements	3 to 5 years
Buildings	3 to 5 years
Roads	3 to 5 years
Bridges	3 to 5 years
Footpaths and cycleways	3 to 5 years
Drainage	3 to 5 years
Kerb and Channel	3 to 5 years
Other infrastructure	3 to 5 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.

#### *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.

#### **8.5 Events occurring after balance date**

No matters have occurred after balance date that requires disclosures in the financial report.

## Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period \$'000	Increase (decrease) \$'000	Balance at end of reporting period \$'000
<b>(a) Asset revaluation reserves</b>			
<b>2024</b>			
<b>Property</b>			
Land	11,761	-	11,761
Buildings	32,118	-	32,118
	<b>43,879</b>	-	<b>43,879</b>
<b>Infrastructure</b>			
Roads	111,883	-	111,883
Bridges	20,380	-	20,380
Footpaths and cycleways	1,115	-	1,115
Kerb and Channel	435	-	435
Culverts; Pipes & Pits	13,072	-	13,072
Other Infrastructure	504	-	504
	<b>147,389</b>	-	<b>147,389</b>
<b>Total asset revaluation reserves</b>	<b>191,268</b>	-	<b>191,268</b>
<b>2023</b>			
<b>Property</b>			
Land and land improvements	9,662	2,099	11,761
Buildings	27,730	4,388	32,118
	<b>37,392</b>	<b>6,487</b>	<b>43,879</b>
<b>Infrastructure</b>			
Roads	100,048	11,835	111,883
Bridges	17,902	2,478	20,380
Footpaths and cycleways	983	132	1,115
Kerb and Channel	-	435	435
Culverts; Pipes & Pits	11,929	1,143	13,072
Other Infrastructure	341	163	504
	<b>131,203</b>	<b>16,186</b>	<b>147,389</b>
<b>Total asset revaluation reserves</b>	<b>168,595</b>	<b>22,673</b>	<b>191,268</b>

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

**Pyrenees Shire Council  
Financial Report**

	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>				
Recreational Land	9	-	-	9
<b>Total Other reserves</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>9</b>
<b>2023</b>				
Recreational Land	9	-	-	9
<b>Total Other reserves</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>9</b>

**Pyrenees Shire Council  
Financial Report**

<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>	<b>2024</b>	<b>2023</b>
<b>Pyr3nees22</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Surplus/(Deficit) for the year</b>	(3,571)	5,161
<i>Non-cash adjustments</i>		
Depreciation	6,551	6,016
Depreciation - right of use assets	10	13
Net gain on disposal of property, infrastructure, plan and equipment	(47)	(6)
Finance costs - Borrowings	31	25
Finance Cost - Leases	3	1
<b><i>Change in assets and liabilities:</i></b>		
(Increase)/decrease in trade and other receivables	(577)	(800)
(Increase)/decrease in inventories	-	(4)
(Increase)/decrease in prepayments	(148)	(44)
Increase/(decrease) in contract assets	57	(10)
(Decrease)/increase in contract and other liabilities	(1,962)	257
Increase/(decrease) in trade and other payables	(418)	839
(Decrease)/increase in provisions	(42)	(6)
(Decrease)/increase in trust funds and deposits	60	71
<b>Net cash provided by/(used in) operating activities</b>	<b>(53)</b>	<b>11,513</b>

## **Pyrenees Shire Council Financial Report**

### **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***

Pyrenees Shire 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 Pyrenees Shire 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).

## Pyrenees Shire Council Financial Report

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

### (b) Funding calls

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

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

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

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

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

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

### ***The 2023 interim actuarial investigation surplus amounts***

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

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

	<b>(Interim)</b>	<b>(Interim)</b>
	<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	11.9

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.



## Pyrenees Shire Council Financial Report

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.

### The 2020 triennial investigation

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

	<b>2020 Triennial investigation</b>	<b>2023 Triennial investigation</b>
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.50% pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.8% pa

**Pyrenees Shire Council  
Financial Report**

**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:

<b>Scheme</b>	<b>Type of Scheme</b>	<b>Rate</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Vision Super	Defined benefits	11.0% (2023: 10.5%)	58	88
Vision Super	Accumulation	11.0% (2023: 10.5%)	584	517
Other Schemes	Accumulation	11.0% (2023: 10.5%)	294	284

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling (Nil) during the 2023/24 year, (2022/23 Nil).

There were \$33,000 contributions outstanding and nil 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 \$101,000.

**Note 10 Change in accounting policy**

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