

Pyrenees Shire Council
ANNUAL FINANCIAL REPORT
For the year ended 30 June 2022

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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 : 27 September 2022
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 2022 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 27 September 2022
Beaufort Shire Offices

Cr Robert Vance
Councillor

Date 27 September 2022
Beaufort Shire Offices

Jim Nolan
Chief Executive Officer
Date
Beaufort Shire Offices

**Pyrenees Shire Council
Financial Report**

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Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	12,429	11,393
Statutory fees and fines	3.2	192	212
User fees	3.3	884	809
Grants - operating	3.4	9,610	9,568
Grants - capital	3.4	4,215	4,967
Contributions - monetary	3.5	17	-
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	117	110
Other income	3.7	230	282
Total income		27,694	27,341
Expenses			
Employee costs	4.1	9,091	8,798
Materials and services	4.2	8,424	8,350
Depreciation	4.3	5,699	6,646
Amortisation - right of use assets	4.4	13	13
Bad and doubtful debts	4.5	13	43
Finance costs - leases	4.6	1	2
Other expenses	4.7	298	258
Total expenses		23,539	24,110
Surplus/(deficit) for the year		4,155	3,231
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	12,965	-
Total other comprehensive income		12,965	-
Total comprehensive result		17,120	3,231

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

Balance Sheet
As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	7,730	5,933
Trade and other receivables	5.1	1,106	994
Other financial assets	5.1	8,031	7,020
Inventories	5.2	10	4
Other assets	5.2	105	166
Total current assets		16,982	14,117
Non-current assets			
Trade and other receivables	5.1	21	33
Property, infrastructure, plant and equipment	6.1	257,149	243,672
Right-of-use assets	5.8	15	29
Total non-current assets		257,185	243,734
Total assets		274,167	257,851
Liabilities			
Current liabilities			
Trade and other payables	5.3	1,944	2,427
Trust funds and deposits	5.3	188	374
Unearned income/revenue	5.3	2,557	2,590
Provisions	5.4	2,382	2,457
Lease liabilities	5.7	15	14
Total current liabilities		7,086	7,862
Non-current liabilities			
Provisions	5.4	118	132
Lease liabilities	5.7	3	17
Total non-current liabilities		121	149
Total liabilities		7,207	8,011
Net assets		266,960	249,840
Equity			
Accumulated surplus		98,356	94,201
Reserves	9.1	168,604	155,639
Total Equity		266,960	249,840

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

Statement of Changes in Equity
For the Year Ended 30 June 2022

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022					
Balance at beginning of the financial year		249,840	94,201	155,630	9
Surplus/(deficit) for the year		4,155	4,155	-	-
Net asset revaluation increment/(decrement)	6.1	12,965	-	12,965	-
Transfers from (to) other reserves	9.1	-	-	-	-
		<hr/> 266,960	<hr/> 98,356	<hr/> 168,595	<hr/> 9
Balance at end of the financial year		<hr/> 266,960	<hr/> 98,356	<hr/> 168,595	<hr/> 9

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2021					
Balance at beginning of the financial year		246,609	90,970	155,630	9
Surplus/(deficit) for the year		3,231	3,231	-	-
Net asset revaluation increment/(decrement)	6.1	-	-	-	-
Transfers from (to) other reserves	9.1	-	-	-	-
		<hr/> 249,840	<hr/> 94,201	<hr/> 155,630	<hr/> 9
Balance at end of the financial year		<hr/> 249,840	<hr/> 94,201	<hr/> 155,630	<hr/> 9

**Statement of Cash Flows
For the Year Ended 30 June 2022**

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		12,317	11,382
Statutory fees and fines		192	212
User fees		983	1,266
Grants - operating		9,577	9,568
Grants - capital		4,215	4,635
Contributions - monetary		17	-
Interest received		25	282
Other receipts		205	-
Net GST refund/payment		(100)	(11)
Employee costs		(9,181)	(8,564)
Materials and services		(8,852)	(7,749)
Trust funds and deposits repaid to Net Trust funds and deposits received/(repaid)		(186)	226
Other payments		(298)	(258)
Net cash provided by/(used in) operating activities	9.2	8,914	10,989
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(9,303)	(12,723)
Proceeds from sale of property, infrastructure, plant and equipment		3,211	328
Payments for investments		(1,011)	(7,000)
Net cash provided by/(used in) investing activities		(7,103)	(19,395)
Cash flows from financing activities			
Interest paid - lease liability		(1)	(2)
Repayment of lease liabilities		(13)	(13)
Net cash provided by/(used in) financing activities		(14)	(15)
Net increase (decrease) in cash and cash equivalents		1,797	(8,421)
Cash and cash equivalents at the beginning of the financial year		5,933	14,354
Cash and cash equivalents at the end of the financial year		7,730	5,933
Financing arrangements	5.5		
Restrictions on cash assets	5.1		

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 2022**

	Note	2022 \$'000	2021 \$'000
Property			
Land		654	1,504
Total land		654	1,504
Buildings		1,797	2,289
Building improvements		89	131
Total buildings		1,886	2,420
Total property		2,540	3,924
Plant and equipment			
Plant, machinery and equipment		911	1,300
Fixtures, fittings and furniture		140	239
Computers and telecommunications		173	210
Library books		41	28
Total plant and equipment		1,265	1,777
Infrastructure			
Roads		3,396	4,365
Bridges		769	668
Footpaths and cycleways		534	613
Drainage		292	105
Recreational, leisure and community facilities		392	983
Other infrastructure		115	288
Total infrastructure		5,498	7,022
Total capital works expenditure		9,303	12,723
Represented by:			
New asset expenditure		2,862	5,418
Asset renewal expenditure		5,875	5,921
Asset expansion expenditure		139	-
Asset upgrade expenditure		427	1,385
Total capital works expenditure		9,303	12,724

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.

Significant accounting policies

a) Basis of accounting

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and 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)
- the determination of employee provisions (refer to Note 5.5)
- 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)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable
- other areas requiring judgements

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

b) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

c) 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.

d) Impact of Covid-19

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

- i. Additional costs: Council incurred in additional expenditure as part of its COVID Emergency Response.
This included
 - i. additional cleaning costs and costs associated with enabling better social distancing within council offices and to
 - ii. facilitate staff working from home.
- Reduction in revenue from
 - i. Deferral or waiver of registration fees for businesses
 - ii. Full or partial waiver of the rates and charges for some Community groups
 - iii. Decline in user fees and charges.

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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 materiality threshold of the lower of +/- 10 percent or \$250,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	12,357	12,429	72	1%	
Statutory fees and fines	225	192	(33)	-15%	1
User fees	824	884	60	7%	
Grants - operating	7,094	9,610	2,516	35%	2
Grants - capital	4,723	4,215	(508)	-11%	3
Contributions - monetary	-	17	17	0%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(40)	117	157	-393%	4
Other income	189	230	41	22%	5
Total income	25,372	27,694	2,322	9%	
Expenses					
Employee costs	8,930	9,091	(161)	-2%	
Materials and services	7,716	8,424	(708)	-9%	6
Depreciation	6,471	5,699	772	12%	7
Amortisation - right of use assets	13	13	-	0%	
Bad and doubtful debts	30	13	17	57%	8
Finance costs - leases	6	1	5	0%	
Other expenses	265	298	(33)	-12%	
Total expenses	23,431	23,539	(113)	0%	
Surplus/(deficit) for the year	1,941	4,155	2,435	125%	

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(i) Explanation of material variations

1. Statutory Fees and Fines
The variance is primarily due to fees waived by Council due to the impacts of COVID-19. The major variance related to Environmental Health Fees.
2. Grants – Operating
The variance being due to 2 factors:
 - i. Council received early part payment of the 2022/23 Federal Assistance Grants.
 - ii. Funding grants were carried over from the 2020/21 financial year
3. Grants – Capital
Changes to the Australian Accounting Standards (AASB 15 & AASB 1058) have had an impact on the timing when recognising Grant income. Grant income is now recognised with regard to the delivery of specific obligations connected to the funding. Capital projects relating to Roads to Recovery and LRCIP projects were not completed in 2021/22. This funding will be carried over to the 22/23 financial year where those projects will be completed, and the funding claimed.
4. Council sold land parcels which had been developed for residential development. These sales had not been budgeted for at the time of adopting the budget.
5. Other Income
Council had completed additional private works throughout the financial year which had not been budgeted for.
6. Material and Services
Due to the impact of COVID-19 and the economic climate during 21/22, the cost of delivery of services such as waste collection had increased greater than budgeted for.
7. Depreciation
Council had carried out a revaluation on the majority of Council assets which had resulted in lower levels of depreciation than budgeted for.
8. Bad and Doubtful Debts
At the time of adopting the 21/22 budget, taking into account the impact of COVID-19, an allowance for the write off debts at a higher level was included. During 21/22 write offs had not met this level.

2.1.2 Capital works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	100	654	554	554%	1
Total land	100	654	554	554%	
Buildings	232	1,797	1,565	675%	2
Building improvements	-	89	89	0%	
Total buildings	232	1,886	1,654	713%	
Total property	332	2,540	2,208	665%	
Plant and equipment					
Plant, machinery and equipment	797	911	114	14%	3
Fixtures, fittings and furniture	38	140	102	268%	4
Computers and telecommunications	152	173	21	14%	5
Library books	24	41	17	71%	6
Total plant and equipment	1,011	1,265	254	25%	
Infrastructure					
Roads	3,756	3,396	(360)	-10%	7
Bridges	2,950	769	(2,181)	-74%	8
Footpaths and cycleways	128	534	406	317%	9
Drainage	594	292	(302)	-51%	10
Recreational, leisure and community facilities	310	392	82	26%	11
Waste management	60	-	(60)	-100%	12
Other infrastructure	-	115	115	0%	
Total infrastructure	7,798	5,498	(2,300)	-29%	
Total capital works expenditure	9,141	9,303	162	2%	
Represented by:					
New asset expenditure	106	2,862	2,756	2600%	
Asset renewal expenditure	8,670	5,875	(2,795)	-32%	
Asset expansion expenditure	-	139	139	0%	
Asset upgrade expenditure	365	427	62	17%	
Total capital works expenditure	9,141	9,303	162	2%	

(i) Explanation of material variations

1. Land
Council resolved in March 2022 to purchase a strategic parcel of land that had come onto the market.
2. Buildings
A number of unfinished projects were carried forward from the 20/21 financial year, the principal project was the Lexton Community Hub.
3. Plant
Additional items of plant were purchased which were offset by the trade in value.

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4. Fixtures, fittings, and furniture
Grant funding was received for COVID Safe Outdoor Activities which was not budgeted.
5. Computers and Telecommunications
Avoca Digital Hub project was carried over from 2020/21 financial year thus was not include in the adopted budget.
6. Library Books
Additional library books were added to the collection.
7. Roads
A number of unfinished projects from the 2020/21 financial year were carried over after the adoption of the budget and additional projects were approved funded from Roads to Recovery and LRCIP funding.
8. Bridges
The program for work on Council bridges were delayed due to difficulties in obtaining contractors to complete the works. These projects will be carried forward to the 2022/23 financial year for completion.
9. Footpaths and Cycleways
Additional projects were carried out as part of the LRCIP funding which was received after the budget was adopted. In addition, the Activate Avoca Streetscape projects was carried forward from the 2020/21 financial year.
10. Drainage
Drainage projects were delayed due to difficulties in obtaining contractors, these projects will be carried forward to the 2022/23 financial year.
11. Recreational, Leisure and community facilities
Beaufort Lake Foreshore project funded from external grants was received after the budget was adopted.
12. Waste Management
Transfer upgrades were delayed and will be carried forward to the 2022/23 financial year.

Note 2.2 Analysis of Council results by program

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

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

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
People and Organisation Development	1,958	2,858	(900)	1,339	-
Place	726	2,830	(2,104)	508	-
Environment	2,300	2,902	(602)	112	-
Economy	12,181	9,225	2,956	11,866	274,167
Unattributed					
Net Asset Sales	117	-	117	-	-
Rates Revenue	10,412	-	10,412	-	-
Depreciation	-	5,699	(5,699)	-	-
	27,694	23,514	4,180	13,825	274,167

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
People and Organisation Development	1,761	2,858	(1,097)	1,417	-
Place	1,949	2,830	(881)	1,739	-
Environment	1,918	2,902	(984)	76	-
Economy	11,872	8,874	2,998	11,303	257,851
Unattributed					
Net Asset Sales	110	-	110	-	-
Rates Revenue	9,731	-	9,731	-	-
Depreciation	-	6,646	(6,646)	-	-
	27,341	24,110	3,231	14,535	257,851

Note 3 Funding for the delivery of services

2022 **2021**
\$'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 2021/22 was \$4,506 million (2020/21 \$2,759 million).

General rates	9,131	8,770
Supplementary rates and rate adjustments	33	145
Waste management charge	2,014	1,662
Interest on rates and charges	97	38
Revenue in lieu of rates	1,154	778
Total rates and charges	12,429	11,393

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation will be first applied in the rating year commencing 1 July 2021.

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

3.2 Statutory fees and fines

Environmental health fees	3	5
Fines	24	22
Town planning fees	145	165
Land information certificates	20	20
Total statutory fees and fines	192	212

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

	2022 \$'000	2021 \$'000
3.3 User fees		
Caravan park charges	235	223
Home care charges	260	253
Building charges	56	50
Animal registration charges	133	129
Rental and function charges	36	29
Delivered meals charges	32	28
Goldfields Recreation Reserve venue hire charges	25	11
Waste disposal charges	3	10
Resource and information centre charges	20	35
Community transport charges	5	2
Environmental Health	17	18
Road opening permits	13	6
Other charges	49	15
Total user fees	884	809
User fees by timing of revenue recognition		
User fees recognised over time	169	158
User fees recognised at a point in time	715	651
Total user fees	884	809

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	12,442	11,984
State Government funded grants	1,383	2,551
Total grants received	13,825	14,535

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants	7,322	5,828
General home care	661	599

Recurrent - State Government

Aged Care Services	249	152
Libraries	126	122
Family & Childrens Services	312	290
Other	34	22

Total recurrent operating grants	8,704	7,013
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	2022	2021
	\$'000	\$'000
<i>Non-recurrent - Commonwealth Government</i>		
Lexton Fire - 20th December 2019 Reimbursement	(95)	72
Drought Relief Funding	304	1,355
Federal Assistance Grant - Natural Disasters	-	105
Bushfire Support Inc (Commonwealth)	217	91
Regional Tourism Bushfire Recovery Grant	-	30
Kick Starting Events in Pyrenees Grant	30	-
<i>Non-recurrent - State Government</i>		
Working for Victoria	-	274
Avoca War Memorial	22	-
Stockyard Hill & Lake Goldsmith avenue of honour maintenance	11	-
Avoca Oval Playing Surface	4	15
Carngham Recreation Reserve - Female Friendly Toilets	-	155
Jobs Victoria Fund	18	-
Evaluating Transport Connections in the Pyrenees Project	12	-
Youth Engagement Project	23	-
Emergency Planning Process Inc	13	133
Skipton Hospital Straw Heating Project	59	155
Intergrated Water Management - Beaufort Closed Loop	-	29
Business Concierge & Hospitality Program	78	-
Transition Plan Development	30	10
Roadside Weeds & Pest Management	61	56
Pyrenees Planning Scheme Amendment flood studies	-	30
Avoca Digital Hub	61	-
Beaufort New Practice Nets & Storage Shed	16	13
Miscellaneous	42	32
Total non-recurrent operating grants	906	2,555
Total operating grants	9,610	9,568

	2022 \$'000	2021 \$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,076	2,092
Total recurrent capital grants	1,076	2,092
<i>Non-recurrent - Commonwealth Government</i>		
Local Roads and Community Infrastructure Program	1,576	1,217
AgriLinks - Bridge 110 on the Moonambel Warrenmang Road	311	-
BRP - Bridge 139 Raglan Elmhurst Rd	198	-
Bridge 32 - Carngham Streatham road	161	-
Lexton Community Facility Federal Grant	681	595
<i>Non-recurrent - State Government</i>		
Rural Councils ICT Infrastructure Support Program	-	99
Pyrenees Mobile Library Bus Project State Grant3	11	31
Bridge 110 Moonabell-WarrenmangRoad (Agribus)	-	1
Avoca Pool SV Pools Grant	12	-
Snake Valley Linear Park Skate Component	-	208
Activate Avoca	-	239
Avoca Inclusive Playspace	-	193
Upper Avoca River Flood Study	-	32
Raglan Flood Study	-	21
Beaufort Lake Boating and Fishing Platforms	70	-
COVID Outdoor Eating & Dining Project	11	239
COVID Safe Outdoor Activation Project 2021	108	-
Total non-recurrent capital grants	3,139	2,875
Total capital grants	4,215	4,967

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	2022	2021
	\$'000	\$'000
(c) Unspent grants received on condition that they be spent in a specific manner		
<i>Operating</i>		
Balance at start of year	1,077	4,063
Received during the financial year and remained unspent at balance date	135	859
Received in prior years and spent during the financial year	(459)	(3,845)
Balance at year end	<u>753</u>	<u>1,077</u>
<i>Capital</i>		
Balance at start of year	1,513	1,206
Received during the financial year and remained unspent at balance date	1,571	1,472
Received in prior years and spent during the financial year	(1,280)	(1,165)
Balance at year end	<u>1,804</u>	<u>1,513</u>

(d) Recognition of grant income

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

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income for Not-for-Profit Entities.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income for Not-for-Profit Entities.

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

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	2022	2021
	\$'000	\$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	7,448	5,950
Specific purpose grants to acquire non-financial assets	-	-
Other specific purpose grants	2,162	3,618
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	4,215	4,967
	<u>13,825</u>	<u>14,535</u>

	2022	2021
	\$'000	\$'000
3.5 Contributions - monetary		
Monetary	17	-
Total contributions	<u>17</u>	<u>-</u>

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

	2022	2021
	\$'000	\$'000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	3,211	328
Written down value of assets disposed	(3,094)	(218)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>117</u>	<u>110</u>

3.7 Other income	2022	2021
	\$'000	\$'000
Interest	26	39
Reimbursement - Workcover wages	6	26
Reimbursement - State Revenue Office	45	44
Private Works	151	106
Other	2	67
Total other income	230	282

Note 4 The cost of delivering services

	2022	2021
	\$'000	\$'000
4.1 (a) Employee costs		
Wages and salaries	7,850	7,883
WorkCover	381	143
Superannuation	836	736
Fringe benefits tax	24	36
Total employee costs	9,091	8,798

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	107	69
Employer contributions - other funds	-	-
	107	69
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	729	667
Employer contributions - other funds	-	-
	729	667
Employer contributions payable at reporting date.	-	-

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

	2022	2021
	\$'000	\$'000
4.2 Materials and services		
Contractors	4,053	3,643
Consumables	1,764	1,720
Contracted Service Delivery	582	1,342
Insurance	420	402
Electricity and water	182	183
Plant expenses	170	63
Information technology	375	298
Telecommunications	213	221
Subscriptions and memberships	97	95
Advertising	130	88
Legal fees	127	69
Stationery, postage, photocopying and printing	46	56
Conferences and training	86	58
Contributions and donations	143	87
Valuations	18	12
Fire services levy	18	13
Total materials and services	8,424	8,350

4.3 Depreciation

Property	971	1,242
Plant and equipment	796	765
Infrastructure	3,932	4,639
Total depreciation	5,699	6,646

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

4.4 Amortisation - Right of use assets

Printers	13	13
Total Amortisation - Right of use assets	13	13

4.5 Bad and doubtful debts

	2022	2021
	\$'000	\$'000
General Debtors	13	43
Total bad and doubtful debts	13	43

Movement in provisions for doubtful debts

Balance at the beginning of the year	(22)	(37)
New provisions recognised during the year	-	(6)
Amounts provided for but recovered during the year	-	21
Balance at end of year	(22)	(22)

Provision for doubtful debt 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 Finance Costs - Leases

Interest - Lease Liabilities	1	2
Total finance costs	1	2

4.7 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	40	41
Auditors' remuneration - Internal Audit	43	35
Councillors' allowances	202	164
Internal audit committee	5	7
Operating lease rentals	8	11
Total other expenses	298	258

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Note 5 Our financial position

	2022	2021
	\$'000	\$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	7,729	5,932
Total cash and cash equivalents	7,730	5,933
(b) Other financial assets		
Term deposits - current	8,031	7,020
Total other financial assets	8,031	7,020
Total financial assets	15,761	12,953

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

- Trust funds and deposits (Note 5.3)	188	374
- Recreational land (Note 9(b) Other reserves)	9	9
Total restricted funds	197	383
Total unrestricted cash and cash equivalents	7,533	5,550

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by

- cash held to fund carried forward capital works	4,839	5,833
- Victorian Grants Commission funding received in advance	4,436	3,076
- Other grant funding received in advance	79	2,590
Total funds subject to intended allocations	9,354	11,499

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

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

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

	2022	2021
	\$'000	\$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	337	316
Special rate assessment	8	10
Net GST receivable	120	220
<i>Non statutory receivables</i>		
Other debtors	663	470
Provision for doubtful debts - other debtors	(22)	(22)
Total current trade and other receivables	<u>1,106</u>	<u>994</u>
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	21	33
Total non-current trade and other receivables	<u>21</u>	<u>33</u>
Total trade and other receivables	<u>1,127</u>	<u>1,027</u>

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

(d) Ageing of Receivables

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

Current (not yet due)	263	57
Past due by up to 30 days	5	375
Past due between 31 and 180 days	24	26
Past due between 181 and 365 days	361	4
Past due by more than 1 year	10	8
Total trade and other receivables	<u>663</u>	<u>470</u>

5.2 Non-financial assets	2022	2021
(a) Inventories	\$'000	\$'000
Inventories held for distribution	10	4
Total inventories	10	4

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	15	70
Accrued income	90	96
Total other assets	105	166

5.3 Payables, trust funds and deposits and unearned income/revenue

(a) Trade and other payables

Non-statutory payables

Trade payables	932	1,161
Accrued expenses	1,012	1,266

Statutory payables

Net GST payable	-	-
Total trade and other payables	1,944	2,427

(b) Trust funds and deposits

Refundable deposits	84	61
Fire services levy	5	219
Retention amounts	99	94
Total trust funds and deposits	188	374

(c) Unearned income/revenue

Grants received in advance - operating	845	1,077
Grants received in advance - capital	1,712	1,513
Total unearned income/revenue	2,557	2,590

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of the delivery of specific services and/or the delivery of specific capital works. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit. Refer to Note 3.

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.

5.4 Provisions

	2022	2021
	\$'000	\$'000
2022		
Balance at beginning of the financial year	2,589	2,355
Additional provisions	1,238	1,162
Amounts used	(1,033)	(712)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(294)	(216)
Balance at the end of the financial year	<u>2,500</u>	<u>2,589</u>

	2022	2021
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	464	505
Long service leave	300	421
	764	926
Current provisions expected to be wholly settled after 12 months		
Annual leave	199	219
Long service leave	1,419	1,312
	1,618	1,531
Total current employee provisions	2,382	2,457
Non-current		
Long service leave	118	132
Annual leave	-	-
Total non-current employee provisions	118	132
Aggregate carrying amount of employee provisions:		
Current	2,382	2,457
Non-current	118	132
Total aggregate carrying amount of employee provisions	2,500	2,589

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.

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	3.850%	2.950%
- index rate	3.696%	1.491%

	2022	2021
5.5 Financing arrangements	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2022		
Credit card facilities	75	8
Other facilities	-	126
Total facilities	<u>75</u>	<u>134</u>
Used facilities	<u>75</u>	<u>67</u>
Unused facilities	<u>-</u>	<u>67</u>

5.6 Commitments

The Council has entered 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

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste services	495	505	1,577	-	2,578
Mobilewaste bins	133	-	-	-	133
Transfer station management	479	-	-	-	479
Cleaning services	146	150	-	-	296
Internal audit	18	-	-	-	18
Telecommunications	145	36	-	-	181
Municipal building surveyor	71	73	75	-	218
Environmental health	193	197	100	-	490
Total	1,681	961	1,752	-	4,394
Capital					
Roads	369	-	-	-	369
Footpath	155	-	-	-	155
Total	524	-	-	-	524

2021	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
Operating					
Waste services	545	556	1,735	-	2,836
Mobilewaste bins	200	-	-	-	200
Transfer station management cleaning services	527	-	-	-	527
Internal audit	146	150	-	-	296
Telecommunications	19	-	-	-	19
Municipal building surveyor	145	36	-	-	181
Environmental health	78	80	82	-	240
Total	213	217	109	-	539
	1,873	1,039	1,926	-	4,838
Capital					
Buildings	1,419	-	-	-	1,419
Roads	576	-	-	-	576
Total	1,995	-	-	-	1,995

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(b) Operating lease receivables

Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of less than 1 year. All leases include a CPI based revision of the rental charge annually.

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

	2022	2021
	\$'000	\$'000
Not later than one year	25	26.00
Later than one year and not later than five years	-	-
Later than five years	-	-
	<hr/>	<hr/>
	25.00	26.00
	<hr/>	<hr/>

5.7 Leases

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

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

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

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

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

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

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

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

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

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

Right-of-Use Assets

	Printers \$'000	Total \$'000
Balance at 1 July 2021	29	29
Additions	-	-
Amortisation charge	(14)	(14)
Balance at 30 June 2022	15	15

Lease Liabilities

	2022 \$'000	2021 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	15	15
One to five years	3	18
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	18	33

Lease liabilities included in the Balance Sheet at 30 June:

Current	15	14
Non-current	3	17
Total lease liabilities	18	31

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2021 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Carrying amount 30 June 2022 \$'000
Property	32,989	631	14,237	(971)	(2,967)	-	3,233	47,152
Plant and equipment	5,099	1,002	-	(795)	(127)	-	-	5,179
Infrastructure	199,837	4,980	(1,272)	(3,933)	-	(2)	189	199,799
Work in progress	5,747	2,690	-	-	-	4	(3,422)	5,019
	243,672	9,303	12,965	(5,699)	(3,094)	2	-	257,149

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Infrastructure	383	896	-	(189)	1,090
Plant and equipment	-	76	-	-	76
Property	5,364	1,718	4	(3,233)	3,853
Total	5,747	2,690	4	(3,422)	5,019

(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 2021	4,225	6,727	10,952	51,675	5,364	67,991
Accumulated depreciation at 1 July 2021	-	(4,147)	(4,147)	(25,491)	-	(29,638)
	4,225	2,580	6,805	26,184	5,364	38,353
Movements in fair value						
Additions	221	-	221	410	1,718	2,349
Contributions	-	-	-	-	-	-
Revaluation	6,210	(3,231)	2,979	(18,971)	-	(15,992)
Disposal	(2,967)	-	(2,967)	-	-	(2,967)
Write-off	-	-	-	-	4	4
Transfers	3,233	-	3,233	-	(3,233)	-
Impairment losses recognised in operating result	-	-	-	-	-	-
	6,697	(3,231)	3,466	(18,561)	(1,511)	(16,606)
Movements in accumulated depreciation						
Depreciation and amortisation	-	(126)	(126)	(845)	-	(971)
Accumulated depreciation of disposals	-	-	-	-	-	-
Revaluation increments/decrements	-	4,227	4,227	26,002	-	30,229
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	-	4,101	4,101	25,157	-	29,258
At fair value 30 June 2022	10,922	3,496	14,418	33,114	3,853	51,385
Accumulated depreciation at 30 June 2022	-	(46)	(46)	(334)	-	(380)
Carrying amount	10,922	3,450	14,372	32,780	3,853	51,005

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	7,222	563	534	460	-	8,779
Accumulated depreciation at 1 July 2021	(2,838)	(302)	(224)	(316)	-	(3,680)
	4,384	261	310	144	-	5,099
Movements in fair value						
Additions	849	-	112	41	76	1,078
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	(655)	-	-	-	-	(655)
Write-off	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-
	194	-	112	41	76	423
Movements in accumulated depreciation						
Depreciation and amortisation	(632)	(34)	(107)	(22)	-	(795)
Accumulated depreciation of disposals	528	-	-	-	-	528
Revaluation increments/decrements	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	(104)	(34)	(107)	(22)	-	(267)
At fair value 30 June 2022	7,416	563	646	501	76	9,202
Accumulated depreciation at 30 June 2022	(2,942)	(336)	(331)	(338)	-	(3,947)
Carrying amount	4,474	227	315	163	76	5,255

(c) Infrastructure

	Bridges	Culverts; Pipes & Pits	Footpaths	Kerb and Channel	Roads	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	48,450	20,995	2,960	6,322	237,702	2,203	383	319,015
Accumulated depreciation at 1 July 2021	(19,880)	(7,710)	(1,112)	(2,736)	(86,734)	(623)	-	(118,795)
	28,570	13,285	1,848	3,586	150,968	1,580	383	200,220
Movements in fair value								
Additions	446	445	413	-	3,014	662	896	5,876
Contributions	-	-	-	-	-	-	-	-
Revaluation	(20,375)	-	(1,277)	(2,302)	(89,950)	-	-	(113,904)
Disposal	-	-	-	-	-	-	-	-
Write-off	-	-	-	(1)	(1)	-	-	(2)
Transfers	-	11	168	-	-	10	(189)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
	(19,929)	456	(696)	(2,303)	(86,937)	672	707	(108,030)
Movements in accumulated depreciation								
Depreciation and amortisation	(284)	(210)	(49)	(65)	(3,168)	(157)	-	(3,933)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Revaluation increments/decrements	20,039	-	1,149	2,773	88,671	-	-	112,632
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	19,755	(210)	1,100	2,708	85,503	(157)	-	108,699
At fair value 30 June 2022	28,521	21,451	2,264	4,019	150,765	2,875	1,090	210,985
Accumulated depreciation at 30 June 2022	(125)	(7,920)	(12)	(28)	(1,231)	(780)	-	(10,096)
Carrying amount	28,396	13,531	2,252	3,991	149,534	2,095	1,090	200,889

Acquisition

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

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

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

	Depreciation Period	Threshold Limit \$'000
<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	3 - 10 years	
Infrastructure		
sealed roads formation	100 years	10
unsealed roads formation	100 years	10
sealed roads pavement	20 - 110 years	10
unsealed roads pavement	30 years	10
footpaths	53 years	5
kerb and channel	15 - 85 years	5
major culverts, pipes, and pits	100 years	5
bridges	128 - 130 years	10
other structure	10 - 25 years	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 1 to 5 year period.

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. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Specialised land	-	-	10,922	1/2022
Land improvements	-	-	3,495	1/2022
Specialised buildings	-	-	33,114	1/2022
Total	-	-	47,531	

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.

Valuation of major culvert, pit and pipe assets has been determined in accordance with a valuation undertaken by Council's Manager of Assets.

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 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	150,955	12/2021
Bridges	-	-	28,521	12/2021
Footpaths and cycleways	-	-	2,095	3/2022
Culverts; Pipes & Pits	-	-	21,440	12/2018
Kerb & Channel	-	-	4,019	12/2021
Other infrastructure	-	-	2,865	06/2016
Total	-	-	209,895	

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 \$266 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 \$141 to \$4575 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.

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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.

	2022	2021
Reconciliation of specialised land	\$'000	\$'000
Recreation	5,876	2,102
Industry	2,187	439
Tourism	278	638
Waste Management	840	340
Children's services	185	68
Roads	1,399	571
Administration	157	67
Total specialised land	10,922	4,225

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

Subsidiaries and Associates

As at 30 June 2022 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

	2022	2021
	No.	No.
Total Number of Councillors	5	5
Total of Chief Executive Officer and other Key Management Personnel	3	3
Total Number of Key Management Personnel	8	8

(c) Remuneration of Key Management Personnel

	2022	2021
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	755	701
Long-term benefits	37	16
Post employment benefits	53	53
Termination benefits	-	-
Total	845	770

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

	2022 No.	2021 No.
\$20,000 - \$29,999	-	3
\$30,000 - \$39,999	2	-
\$40,000 - \$49,999	2	1
\$50,000 - \$59,999	1	1
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	-	1
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999		1
\$230,000 - \$239,999	1	-
\$220,000 - \$229,999	<u>1</u>	<u>-</u>
	<u>8</u>	<u>8</u>

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- has management responsibilities and reports directly to the Chief Executive; or
- whose total annual remuneration exceeds \$151,000

During the year, Council did not have any staff that were deemed to be Senior Officers under the above definition (nil in 2021/22).

	2022 \$'000	2021 \$'000
7.2 Related party disclosure		
(a) Transactions with related parties		
During the period Council entered into the following transactions with related parties.		
Purchase of goods and services under normal trading terms	-	12
Employee remuneration under normal employment terms	-	72
	<u>-</u>	<u>84</u>

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.

At balance date the Council are not aware of any contingent assets.

(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 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

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

Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls, and risk minimisation.

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on 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 provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 2.0% and -1.0% in market interest rates (AUD) from year-end rates of 0.85% as at 7 June 2022.

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

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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.

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

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Impairment of assets

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

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

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2022			
Property			
Land and land improvements	2,455	7,207	9,662
Buildings	20,700	7,030	27,730
	23,155	14,237	37,392
Infrastructure			
Roads	101,327	(1,279)	100,048
Bridges	18,238	(336)	17,902
Footpaths and cycleways	1,111	(128)	983
Drainage	11,458	471	11,929
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
	132,475	(1,272)	131,203
Total asset revaluation reserves	155,630	12,965	168,595
2021			
Property			
Land and land improvements	2,455	-	2,455
Buildings	20,700	-	20,700
	23,155	-	23,155
Infrastructure			
Roads	101,327	-	101,327
Bridges	18,238	-	18,238
Footpaths and cycleways	1,111	-	1,111
Drainage	11,458	-	11,458
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
	132,475	-	132,475
Total asset revaluation reserves	155,630	-	155,630

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

	2022	2021
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	4,155	3,231
Depreciation	5,699	6,646
Amortisation - Right of use assets	13	13
Net gain on disposal of prepertry, infrastructure, plan and equipment	(117)	(110)
Finance Cost - Leases	1	2
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(584)	49
(Increase)/decrease in inventories	(6)	(2)
(Increase)/decrease in prepayments	55	177
Increase/(decrease) in accrued income	6	418
(Decrease)/increase in unearned income /revenue	(33)	(332)
Increase/(decrease) in trade and other payables	-	426
(Decrease)/increase in provisions	(89)	234
(Decrease)/increase in trust funds and deposits	(186)	226
Net GST on Operating activities	-	11
Net cash provided by/(used in) operating activities	8,914	10,989

9.3 Superannuation

Council makes [all/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 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets, or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of [Employer name] 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.

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.7%. The financial assumptions used to calculate the VBI were:

- Net investment returns 4.75% pa
- Salary information 2.75% pa
- Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2% Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

- Net investment returns 5.5% pa
- Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter.
- Price inflation (CPI) 3.0% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years

Employer contributions

(a) Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Pyrenees Shire 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 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). 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 2020 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 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Pyrenees Shire Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

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

	2021 (Interim) \$m	2020 (Triennial) \$m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

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 2021.

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 2021.

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 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

Scheme	Type of Scheme	Rate	2022 \$'000	2021 \$'000
Vision super	Defined benefits	10.0% (2021:9.5%)	107	69
Vision super	Accumulation	10.0% (2021:9.5%)	899	667

[In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling (\$0, 2020/21 \$0).

There were \$0 contributions outstanding and \$0 loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$112,000.

Note 10 Change in accounting policy

There have been no changes to accounting policies in the 2021-22 year.

There are no pending accounting standards that are likely to have a material impact on council