Yarra Ranges Shire Council

ANNUAL FINANCIAL REPORT

for the year ended 30 June 2026

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

Yarra Ranges Shire Council

Annual Financial Report

for the year ended 30 June 2026

Contents

Page

Certification of the Financial Statements 3

Victorian Auditor-General's Office Report 4

Financial Statements:

Comprehensive Income Statement 6
Balance Sheet 7
Statement of Changes in Equity 8
Statement of Cash Flows 9
Statement of Capital Works 10

Notes to the Financial Statements

Note 1 Overview **11**
Note 2 Analysis of our results **13**
2.1 Performance against budget 13
2.2 Analysis of Council results by program 17
Note 3 Funding for the delivery of our services **19**
3.1 Rates and charges 19
3.2 Statutory fees and fines 19
3.3 User fees 20
3.4 Funding from other levels of government 21
3.5 Contributions 24
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 **26**
4.1 Employee costs 26
4.2 Materials and services 27
4.3 Depreciation 28
4.4 Other expenses 28
4.5 Work in progress not capitalised 28
Note 5 Investing in and financing our operations **29**
5.1 Financial assets 29
5.2 Non-financial assets 31
5.3 Payables, trust funds and deposits and contract and other liabilities 32
5.4 Interest-bearing liabilities 34
5.5 Provisions 35
5.6 Financing arrangements 38
5.7 Commitments 39
5.8 Leases 40

Yarra Ranges Shire Council

Annual Financial Report

for the year ended 30 June 2026

Contents

Page

Note 6	**Assets we manage**	**42**
	6.1 Non-current assets classified as "held for sale"	42
	6.2 Property, infrastructure, plant and equipment	43
	6.3 Investments in associates	51
Note 7	**People and relationships**	**52**
	7.1 Council and key management remuneration	52
	7.2 Related party disclosure	55
Note 8	**Managing uncertainties**	**56**
	8.1 Contingent assets and liabilities	56
	8.2 Australian Accounting Standards issued but not yet effective	56
	8.3 Financial instruments	57
	8.4 Fair value measurement	59
	8.5 Events occurring after balance date	61
Note 9	**Other matters**	**62**
	9.1 Reserves	62
	9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	64
Note 10	**Changes in accounting policies**	**65**
Note 11	**Natural disasters**	**66**

Content Overview

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

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

These financial statements were authorised for issue by the Council on dd MMMM yyyy
Council has the power to amend and reissue these financial statements.

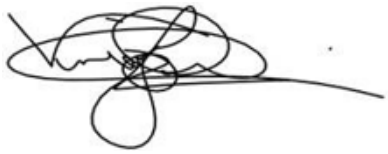
Yarra Ranges Shire Council

Annual Financial Report

for the year ended 30 June 2026

Certification of the Financial Statements

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



Vincenzo Lombardi, CA

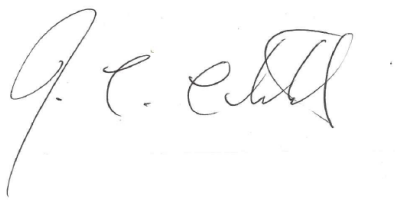
Director Corporate Services

Dated: 27 October 2026

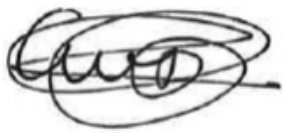
In our opinion, the accompanying financial statements present fairly the financial transactions of the Yarra Ranges Shire Council for the year ended 30 June 2026 and the financial position of the Council as at that date.

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

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



Jim Child
Councillor
Dated: 27 October 2026



Gareth Ward
Councillor
Dated: 27 October 2026



Tammi Rose
Chief Executive Officer
Dated: 27 October 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Councillors of Yarra Ranges Shire Council

Opinion	I have audited the financial report of Yarra Ranges Shire Council (the council) which comprises the: • balance sheet as at 30 June 2026 • 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 2026 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 (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the financial report	The Councillors 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.

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Travis Derricott
as delegate for the Auditor-General of Victoria

MELBOURNE
29 October 2026

Yarra Ranges Shire Council

Comprehensive Income Statement

for the year ended 30 June 2026

	Note	2026 $ '000	2025 $ '000
Income / Revenue			
Rates and charges	3.1	191,153	184,425
Statutory fees and fines	3.2	2,691	2,825
User fees	3.3	7,083	5,202
Grants - operating	3.4	35,512	44,048
Grants - capital	3.4	15,650	18,103
Contributions - monetary	3.5	2,502	2,171
Contributions - non monetary	3.5	1,809	4,659
Share of net profits of associates	6.3	98	255
Other income	3.7	5,250	4,073
Total income / revenue		261,748	265,761
Expenses			
Employee costs	4.1	86,761	82,591
Materials and services	4.2	107,613	115,263
Depreciation	4.3	41,396	36,443
Amortisation - Intangible assets	5.2	1,811	1,357
Depreciation - Right of use assets		2,357	2,382
Allowance for impairment losses		1,932	(17)
Borrowing costs		1,811	831
Finance Costs - Leases		753	856
Net loss on disposal of property, infrastructure, plant and equipment	3.6	204	1,080
Other expenses	4.4	9,330	8,772
Work in progress not capitalised	4.5	16,918	–
Total expenses		270,886	249,558
Surplus/(deficit) for the year		(9,138)	16,203
Other comprehensive income:			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	9.1	435,195	213,596
Total items which will not be reclassified subsequently to the operating result		435,195	213,596
Total other comprehensive income		435,195	213,596
Total comprehensive result		426,057	229,799

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

Yarra Ranges Shire Council

Balance Sheet

as at 30 June 2026

	Note	2026 $ '000	2025 $ '000
Assets			
Current assets			
Cash and cash equivalents	5.1	50,944	39,429
Trade and other receivables	5.1	46,746	50,338
Prepayments	5.2	2,602	2,126
Non-current assets classified as "held for sale"	6.1	–	1,450
Contract assets	5.1	2,494	5,735
Total current assets		102,786	99,078
Non-current assets			
Trade and other receivables	5.1	5,431	6,429
Investments in associates, joint arrangements and subsidiaries	6.3	3,276	3,179
Property, infrastructure, plant and equipment	6.2	2,278,307	1,850,328
Right-of-use assets	5.8	12,978	15,331
Intangible assets	5.2	6,086	7,643
Total non-current assets		2,306,078	1,882,910
Total assets		2,408,864	1,981,988
Liabilities			
Current liabilities			
Trade and other payables	5.3	25,254	25,431
Trust funds and deposits	5.3	3,748	4,891
Contract and other liabilities	5.3	18,728	19,490
Provisions	5.5	18,225	16,650
Interest-bearing liabilities	5.4	6,090	5,244
Lease liabilities	5.8	1,687	1,835
Total current liabilities		73,732	73,541
Non-current liabilities			
Provisions	5.5	10,595	9,903
Interest-bearing liabilities	5.4	33,887	32,267
Lease liabilities	5.8	12,212	13,896
Total non-current liabilities		56,694	56,066
Total liabilities		130,426	129,607
Net assets		2,278,438	1,852,381
Equity			
Accumulated surplus		643,348	656,451
Reserves	9.1	1,635,090	1,195,930
Total Equity		2,278,438	1,852,381

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

Yarra Ranges Shire Council

Statement of Changes in Equity

for the year ended 30 June 2026

	Note	Total $ '000	Accumulated Surplus $ '000	Revaluation Reserves $ '000	Other Reserves $ '000
2026					
Balance at beginning of the financial year		1,852,381	656,451	1,176,683	19,247
Deficit for the year		(9,138)	(9,138)	–	–
Other comprehensive income					
Net asset revaluation gain		435,195	–	435,195	–
Other comprehensive income		435,195	–	435,195	–
Total comprehensive income		426,057	(9,138)	435,195	–
Transfers to other reserves	9.1	–	(6,683)	–	6,683
Transfers from other reserves	9.1	–	2,718	–	(2,718)
Balance at end of the financial year		2,278,438	643,348	1,611,878	23,212
2025					
Balance at beginning of the financial year		1,622,582	645,628	963,087	13,867
Surplus for the year		16,203	16,203	–	–
Other comprehensive income					
Net asset revaluation gain		213,596	–	213,596	–
Other comprehensive income		213,596	–	213,596	–
Total comprehensive income		229,799	16,203	213,596	–
Transfers to other reserves	9.1	–	(5,400)	–	5,400
Transfers from other reserves	9.1	–	20	–	(20)
Balance at end of the financial year		1,852,381	656,451	1,176,683	19,247

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

Yarra Ranges Shire Council

Statement of Cash Flows

for the year ended 30 June 2026

	Note	2026 Inflows/ (Outflows) $ '000	2025 Inflows/ (Outflows) $ '000
Cash flows from operating activities			
Rates and charges		195,374	180,257
Statutory fees and fines		3,300	2,790
User fees		7,291	5,387
Grants - operating		35,769	46,267
Grants - capital		14,755	10,180
Contributions - monetary		2,517	2,171
Interest received		1,698	1,362
Trust funds and deposits repaid		(1,107)	(3,698)
Other receipts		5,332	1,209
Net GST refund		15,197	17,002
Employee costs		(85,395)	(81,821)
Materials and services		(120,453)	(126,041)
Other payments		(12,802)	(13,938)
Net cash provided by/(used in) operating activities	9.2	61,476	41,127
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(50,401)	(58,032)
Payments for intangibles		(254)	(3,375)
Proceeds from sale of property, infrastructure, plant and equipment		2,409	1,732
Proceeds from sale of investments		–	7,500
Net cash provided by/(used in) investing activities		(48,246)	(52,175)
Cash flows from financing activities			
Finance costs		(1,592)	(401)
Proceeds from borrowings		8,000	39,360
Repayment of borrowings		(5,534)	(2,489)
Interest paid - lease liability		(753)	(856)
Repayment of lease liabilities		(1,836)	(2,379)
Net cash flow provided by/(used in) financing activities		(1,715)	33,235
Net increase in cash and cash equivalents		11,515	22,187
Cash and cash equivalents at the beginning of the financial year		39,429	17,242
Cash and cash equivalents at the end of the financial year		50,944	39,429
Financing arrangements	5.6	40,433	37,910

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

Yarra Ranges Shire Council

Statement of Capital Works

for the year ended 30 June 2026

	2026 $ '000	2025 $ '000
Property		
Land	–	112
Total land	–	112
Buildings	2,305	6,473
Building improvements	4,667	6,947
Total buildings	6,972	13,420
Total property	6,972	13,532
Plant and equipment		
Plant, machinery and equipment	2,282	2,105
Fixtures, fittings and furniture	11	18
Computers and telecommunications	1,292	3,664
Total plant and equipment	3,585	5,787
Infrastructure		
Roads	11,670	20,465
Bridges	305	752
Footpaths and cycleways	2,798	1,420
Drainage	1,357	2,531
Recreational, leisure and community facilities	3,449	4,107
Parks, open space and streetscapes	15,260	12,332
Off street car parks	381	385
Other infrastructure	4,875	93
Total infrastructure	40,095	42,085
Total capital works expenditure	50,652	61,404
Represented by:		
New asset expenditure	17,639	16,024
Asset renewal expenditure	24,716	25,853
Asset expansion expenditure	1,397	676
Asset upgrade expenditure	6,900	18,851
Total capital works expenditure	50,652	61,404

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

Notes to the Financial Statements

for the year ended 30 June 2026

Note 1. Overview

Introduction

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

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

Statement of compliance

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

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

Accounting policy information

1.1 Basis of accounting

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not AASB 1059 *Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgements

Note 1. Overview (continued)

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

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

1.2 Impact of emergencies and natural disasters

During 2025-26, two eligible natural disaster events impacted Council's operations, with $1.48m in event response and disaster preparation costs. These costs are partially offset by $0.1m of DRFA grant funding received for current year events, with claims to be submitted for AGRN 1270 & 1242 in 2026-27 estimated to total $0.6m.

1.3 Impacts of other external events

Council has considered ongoing external events that have contributed to volatility in international markets, disrupted global supply chains and increased inflationary pressure, including the risk that they may cause significant changes in the carrying values of assets and liabilities in the next financial year, and has concluded that there is no material impact on the 2025-26 financial report that requires additional disclosure.

Fuel price volatility remains a financial risk across a range of Council operations. Recent increases are expected to be temporary and manageable within existing budget provisions, with no material impact anticipated on Council's underlying financial position.

Yarra Ranges Shire Council

Notes to the Financial Statements

for the year ended 30 June 2026

Note 2. Analysis of our results

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government* (*Planning and Reporting*) *Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of ten percent and $500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

2.1.1 Income / Revenue and expenditure

	Budget 2026 $ '000	Actual 2026 $ '000	Variance $ '000	Variance %	Ref
Income / Revenue					
Rates and charges	190,728	191,153	425	0.22%	
Statutory fees and fines	5,232	2,691	(2,541)	(48.57)%	1
User fees	7,669	7,083	(586)	(7.64)%	
Grants - operating	28,704	35,512	6,808	23.72%	2
Grants - capital	17,716	15,650	(2,066)	(11.66)%	3
Contributions - monetary	2,377	2,502	125	5.26%	
Contributions - non monetary	2,500	1,809	(691)	(27.64)%	4
Share of net profits of associates and joint ventures	–	98	98	100%	
Other income	3,074	5,250	2,176	70.79%	5
Total income / revenue	258,000	261,748	3,748	1.45%	
Expenses					
Employee costs	82,761	86,761	(4,000)	(4.83)%	6
Materials and services	107,021	107,613	(592)	(0.55)%	
Depreciation	36,166	41,396	(5,230)	(14.46)%	7
Amortisation - intangible assets	1,313	1,811	(498)	(37.93)%	
Depreciation - right of use assets	2,650	2,357	293	11.06%	
Allowance for impairment losses	64	1,932	(1,868)	(2,918.75)%	8
Borrowing costs	1,922	1,811	111	5.78%	
Finance costs - leases	846	753	93	10.99%	
Net loss on disposal of property, infrastructure, plant and equipment	–	204	(204)	(100)%	
Other expenses	10,032	9,330	702	7.00%	
Work in progress not capitalised	–	16,918	(16,918)	(100)%	9
Total expenses	242,775	270,886	(28,111)	(11.58)%	
Surplus/(deficit) for the year	15,225	(9,138)	(24,363)	(160.02)%	

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Explanation
1.	Statutory fees and fines were $2.5m below budget. This was largely driven by the deferred implementation of the parking infringement program and the resolution of historical fines requiring refunds following a review of unit charge rates.
2.	Operating Grants were favourable by $6.8m due to 80% of the Financial Assistance Grant being received in June 2026 (budgeted to be 50%).
3.	Capital grants were lower than budget mainly due to timing differences, project delays and grant variations. The key projects driving this variance were Seville Pavilion (-$2.3m), Safer Local Roads Program (-$2.1m), WP Road Sealing Program (-$1.6m) and Federal Grant Programs RFCI (-$1.0m). This was partially offset by an additional $3.0 million grant received for the Warburton Mountain Bike project.
4.	Non-monetary contributions comprise gifted and found assets. Lower levels of development activity during the year, together with the inherently variable nature of gifted and found asset contributions has driven this result.
5.	Other income exceeded budget by $2.1 million, primarily driven by stronger interest earnings resulting from higher cash balances associated with the timing of capital and operational expenditure. Additional contributions arose from increased interest on rates due to higher outstanding receivable balances and credits received through the Container Deposit Scheme administered by Visy.
6.	Employee benefits were impacted by higher year-end provisions than anticipated, including annual leave and long service leave obligations of $2.9 million, together with transitional aged-care related redundancy costs of $1.0 million.
7.	Depreciation expense was higher than budget, reflecting the impact of significant asset revaluation increases recognised during the 2024-25 financial year.
8.	Allowance for impairment losses increased by $1.9 million compared with budget, largely reflecting the implementation of the Property and Rating System, which enhanced the ability of operational teams to review, assess and process historical write-offs.
9.	Work in progress not capitalised of $16.9 million reflects critical review and assessment work undertaken during the 2025-2026 financial year, identifying expenditure that could not be capitalised due to nature and classification, or to projects not progressing beyond initial phases.

Notes to the Financial Statements

for the year ended 30 June 2026

Note 2.1 Performance against budget (continued)

2.1.2 Capital works

	Budget 2026 $ '000	Actual 2026 $ '000	Variance $ '000	Variance %	Ref
Property					
Land	–	–	–	100%	
Total land	–	–	–	100%	
Buildings	8,833	2,305	(6,528)	(73.90)%	1
Building improvements	–	4,667	4,667	100%	1
Total buildings	8,833	6,972	(1,861)	(21.07)%	
Total property	8,833	6,972	(1,861)	(21.07)%	
Plant and equipment					
Plant, machinery and equipment	2,600	2,282	(318)	(12.23)%	
Fixtures, fittings and furniture	–	11	11	100%	
Computers and telecommunications	700	1,292	592	84.57%	2
Total plant and equipment	3,300	3,585	285	8.64%	
Infrastructure					
Roads	17,857	11,670	(6,187)	(34.65)%	3
Bridges	262	305	43	16.41%	
Footpaths and cycleways	2,856	2,798	(58)	(2.03)%	
Drainage	3,920	1,357	(2,563)	(65.38)%	4
Recreational, leisure and community facilities	1,582	3,449	1,867	118.02%	5
Parks, open space and streetscapes	14,301	15,260	959	6.71%	6
Off street car parks	200	381	181	90.50%	
Other infrastructure	5,187	4,875	(312)	(6.02)%	
Total infrastructure	46,165	40,095	(6,070)	(13.15)%	
Total capital works expenditure	58,298	50,652	(7,646)	(13.12)%	
Represented by:					
New asset expenditure	16,773	17,639	866	5.16%	
Asset renewal expenditure	26,344	24,716	(1,628)	(6.18)%	
Asset expansion expenditure	5,040	1,397	(3,643)	(72.28)%	
Asset upgrade expenditure	10,141	6,900	(3,241)	(31.96)%	
Total capital works expenditure	58,298	50,652	(7,646)	(13.12)%	

Notes to the Financial Statements

for the year ended 30 June 2026

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Explanation
1.	Buildings capital expenditure was lower than anticipated, reflecting the progression of several major projects through design, procurement and construction phases, with the balance of planned expenditure now scheduled across future years. Key projects include the Aquatic Facility Minor Works Program ($0.7m) and Seville Recreation Reserve Community Pavilion ($2.3m). This was partially offset by expenditure on projects funded through prior year carry forwards, including Sassafras Public Toilet Renewal ($0.5m), Powelltown Neighbourhood Battery ($0.3m) and Pinks Reserve Stadium Improvements ($0.2m).
2.	The variance primarily reflects the ongoing delivery of the YRConnect project ($569k) during 2025/26.
3.	Roads capital expenditure reflects the timing of major projects including the Reseal & Resurfacing Local Roads Program ($4.5m) and Road Sealing Program ($3.2m), where statutory processes and community consultation have resulted in delivery being scheduled across future years. Expenditure on Cambridge Road, Mooroolbark ($1.1m) has also shifted into 2026/27 as detailed design progresses. These timing differences were partially offset by expenditure on projects funded through prior year carry forwards, including Various Roads Rehabilitation & Renewal ($0.6m), Victoria Road, Coldstream Stage 5 ($0.4m), Mt Riddell Road, Healesville ($0.4m), Macclesfield Road and Yellingbo Blackspot ($0.4m), Maddens Lane, Gruyere ($0.1m), Arthurs Road, Chum Creek ($0.2m), Manchester Road/East Ridge Road Intersection Signalisation ($0.1m), Grandvalley Drive ($0.2m), Birmingham Road Upgrade ($0.2m).
4.	Drainage projects delayed in the design, approval or procurement phases were deferred to future years; Main Street, Upwey Stage 1: ($0.3m), Hazford Street, Healesville: ($0.3m), Arbor Avenue, Belgrave: ($0.3m), Morrison Reserve, Mount Evelyn: ($0.3m), Stuart Reserve, Lilydale: ($0.3m), Dalkeith Crescent, Belgrave: ($0.2m) and Chapel Street, Lilydale: ($0.2m). Cobden Crescent, Lilydale ($0.4m) was delivered under budget, while and Hillcrest Drive, McMahons Creek: ($0.3m) project were cancelled or did not proceed in 2025-2026 and funds have been redirected into the ongoing work program.
5.	Capital expenditure for recreational, leisure and community facilities exceeded budget, reflecting the delivery of projects carried forward from previous years, including the Don Road Reserve Sports Lighting Upgrade ($0.4m), Don Road Netball Court Reconstruction ($0.3m), Kilsyth Recreation Reserve Playspace Stage 2 ($0.3m) and Wandin Cricket Nets Renewal ($0.1m). Mount Evelyn Playspace ($0.8m) was budgeted under Parks, Open Space and streetscapes however actuals recorded under Recreational, leisure and community facilities.
6.	Parks, open spaces and streetscapes expenditure exceeded budget, reflecting both carried forward funding and grant funding secured following budget adoption. Major projects included the Warburton Mountain Bike Park ($3.4m) and Morrison Recreation Reserve Youth Activation and Bike Park ($1.4m). This was partially offset by revised delivery schedules for multi-year projects including Yarra Valley Trail Stage 2A ($1.8m), Lillydale Lake Community Improvements ($0.6m) and the Coronation Park Dog Off-Leash Upgrade ($0.5m), with expenditure aligned to project readiness and funding availability. Mount Evelyn Playspace was budgeted here but actual spend reallocated to Recreational, Leisure and Community Facilities ($0.8m).

Notes to the Financial Statements
for the year ended 30 June 2026

Note 2.2 Analysis of Council results by program

2.2.1 Analysis of Council results by program

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

Corporate Services and Office of the CEO
Corporate Services provides customer focused services and communications and a broad range of support, integral for our internal operations.
- Strategy & Transformation (Transformation, Advocacy)
- Customer, Communications & Engagement (Customer Experience, Community Engagement, Communications)
- Financial Services (Finance, Property Rating Services, Strategic Procurement)
- People & Culture (People & Culture Operations, Organisational Development, Fleet Operations, Health Safety & Wellbeing)
- Information Services (Information Technology, Enterprise Systems, Information Management, Digital & Data)
- Organisational Performance & Integrity (Corporate Performance & Reporting, Governance, Risk & Compliance, Organisational Strategy, Governance & Integrity)
- Natural Disaster and Recovery

The Office of the CEO includes the CEO and Strategy & Transformation (Transformation, Advocacy).

The Organisational Finance area comprises items of revenue and expenditure that are attributable to Council as a whole, rather than individual groups. The major components are income from rates and charges, general purpose grants, financing costs, depreciation and amortisation.

Built, Environment and Infrastructure
Our Built Environment & Infrastructure team look after a range of areas from building to maintaining community infrastructure.
- Infrastructure Operations (Infrastructure Maintenance, Stormwater, Traffic & Transport, Stormwater Strategy)
- Recreation, Parks & Facilities (Recreation & Sport, Parks, Trees & Trails, Property & Facilities Management)
- Asset Planning & Investment (Strategic Asset Management, Capital Investment Planning, Project Management)
- Design & Delivery (Infrastructure Delivery, Major Projects, Roads for the Community)

Communities
Our Communities team delivers a range of dedicated services to our community members from birth to the elderly along with community engagement and planning.
- Community Support (Age Friendly Communities, Family, Children & Youth Services, Partnerships & Community Wellbeing)
- Economy, Tourism & Culture (Creative Communities, Business Investment & Support, Business & Tourism Destination)
- Community Wellbeing (Safer Communities, Emergency Management, Indigenous Development and Community Health & Wellbeing)
- Social Infrastructure Planning

Planning and Sustainable Futures
Our Planning & Sustainable Futures team are responsible for the sustainable design and development of Yarra Ranges.
- Planning and Building (Planning Services, Development Compliance & Prosecutions, Building Surveyor)
- Design and Place (Strategic Planning, Urban Design, Landscape Architecture)
- Strategic Projects (Urban Development)
- Resilient Environment (Climate, Nature, Resource Recovery)

Notes to the Financial Statements

for the year ended 30 June 2026

Note 2.2 Analysis of Council results by program (continued)

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

Functions/activities	Income / Revenue $ '000	Expenses $ '000	Surplus / (Deficit) $ '000	Grants included in income / revenue $ '000	Total assets $ '000
2026					
Corporate Services, Office of the CEO and Organisational Finance and Natural Disasters	223,489	111,936	111,553	25,190	142,418
Built, Environment and Infrastructure	18,185	63,717	(45,532)	15,702	2,093,636
Communities	13,459	37,954	(24,495)	7,960	165,370
Planning and Sustainable Futures	6,615	57,279	(50,664)	2,310	7,441
Total functions and activities	261,748	270,886	(9,138)	51,162	2,408,864
2025					
Corporate Services, Office of the CEO and Organisational Finance	221,057	86,746	134,311	27,627	144,846
Built, Environment and Infrastructure	22,091	61,985	(39,894)	18,102	1,703,019
Communities	11,150	35,681	(24,531)	8,388	130,862
Planning and Sustainable Futures	5,075	52,463	(47,388)	1,621	7,017
Natural Disaster	6,388	12,683	(6,295)	6,413	–
Unattributed	–	–	–	–	(3,756)
Total functions and activities	265,761	249,558	16,203	62,151	1,981,988

Notes to the Financial Statements

for the year ended 30 June 2026

Note 3. Funding for the delivery of our services

	2026 $ '000	2025 $ '000

3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the total market value of the site value (land's market value) and the total value of the building and other improvements.

The valuation base used to calculate general rates for 2025/26 was $59.2 billion (2024/25: $58.2 billion).

General rates	151,979	146,075
Special rates and charges	120	1,734
Waste management charge	37,148	34,149
Supplementary rates and rate adjustments	407	1,237
Interest on rates	1,499	1,230
Total rates and charges	191,153	184,425

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2025 and the valuation was first applied in the rating year commencing 1 July 2025.

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

3.2 Statutory fees and fines

Infringements and costs	853	1,161
Town planning fees	1,404	1,224
Court recoveries	273	393
Other	161	47
Total statutory fees and fines	2,691	2,825

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

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
3.3 User fees		
Registration and other permits	2,141	1,782
Child care/children's programs	1,515	1,096
Animal control	1,487	609
Aged and health services	–	2
Leisure centre and recreation	912	828
Other fees and charges	484	344
Building services	544	541
Total user fees	7,083	5,202
User fees by timing of revenue recognition		
User fees recognised at a point in time	7,083	5,202
Total user fees	7,083	5,202

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

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	35,365	42,880
State funded grants	15,797	19,271
Total grants received	51,162	62,151
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	24,792	27,227
Aged care	260	386
Family and children	2,358	2,336
Recurrent - State Government		
Maternal and child health	2,298	2,288
School crossing supervisors	783	784
Family and children	1,106	1,158
Community safety	527	266
Environmental planning	316	677
Community health	–	91
Recreation	84	84
Total recurrent operating grants	32,524	35,297
Non-recurrent - Commonwealth Government		
Family and children	11	2
Non-recurrent - State Government		
Environmental planning	2,093	992
Community safety	–	13
Family and children	415	748
Natural disaster events	83	5,504
Community health	–	1,054
Recreation	27	57
Other	359	381
Total non-recurrent operating grants	2,988	8,751
Total operating grants	35,512	44,048

Notes to the Financial Statements

for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	4,032	3,132
Total recurrent capital grants	4,032	3,132
Non-recurrent - Commonwealth Government		
Buildings	1,000	1,424
Recreation, leisure and community	272	12
Roads	1,472	7,205
Parks, open space and streetscape	1,168	1,156
Non-recurrent - State Government		
Buildings	1,674	898
Roads	236	–
Recreation, leisure and community	333	1,622
Parks, open space and streetscape	5,403	2,371
Bridges	54	225
Footpaths and cycleways	–	2
Other	6	56
Total non-recurrent capital grants	11,618	14,971
Total capital grants	15,650	18,103

(c) Recognition of grant income

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
(d) Unspent grants received on condition that they be spent in a specific manner:		
Operating		
Balance at start of year	4,052	6,750
Received during the financial year and remained unspent at balance date	2,775	2,093
Received in prior years and spent during the financial year	(2,588)	(4,791)
Balance at year end	4,239	4,052
Capital		
Balance at start of year	15,439	25,029
Received during the financial year and remained unspent at balance date	5,941	3,876
Received in prior years and spent during the financial year	(6,890)	(13,466)
Balance at year end	14,490	15,439

Unspent grants are determined and disclosed on a cash basis.

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
3.5 Contributions		
Monetary contributions		
Contributions monetary - resort and recreation fees	2,002	1,637
Contributions monetary - operating	234	151
Contributions monetary - capital	266	383
Total monetary contributions	2,502	2,171
Non-monetary contributions		
Drains	1,634	3,337
Roads	48	274
Footpaths	–	88
Buildings	–	274
Other infrastructure	33	–
Off street car parks	94	686
Total non-monetary contributions	1,809	4,659
Total contributions	4,311	6,830

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

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Property, infrastructure, plant and equipment		
Proceeds of sale	2,409	1,732
Written down value of assets disposed	(2,613)	(2,812)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(204)	(1,080)

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	1,698	1,362
Rent	1,004	1,070
Cost recovery and reimbursements	2,546	1,641
Other	2	–
Total other income	5,250	4,073

Interest is recognised as it is earned.

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

Notes to the Financial Statements

for the year ended 30 June 2026

Note 4. The cost of delivering services

	2026 $ '000	2025 $ '000

4.1 Employee costs

(a) Employee costs

Wages and salaries	74,541	71,306
Superannuation	9,112	8,506
Other employee costs	1,661	1,620
WorkCover	1,343	1,033
Fringe benefits tax	104	126
Total employee costs	86,761	82,591

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	148	163
	148	163

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,451	3,249
Employer contributions - other funds	5,513	5,228
	8,964	8,477

Employer contributions payable at reporting date	383	1,081

Contributions made exclude amounts accrued at balance date.

Most employees in the group are members of various accumulation funds including Vision Super, and other industry and retail funds. As of 30 June 2026, there were eight employees in the defined benefit funds.

For 30 June 2026, the Vested Benefits Index (VBI) for the defined benefits fund is 116.9% and in a good financial position, therefore it is expected that there will be no change to the Defined Benefit category's funding arrangements from prior years.

In the unlikely event that the Fund Actuary determines there is a shortfall, the Fund's participating employers would be required to make an employer contribution to cover the shortfall. It is anticipated any shortfall in subsequent years would be immaterial to the Council.

Notes to the Financial Statements

for the year ended 30 June 2026

Note 4. The cost of delivering services (continued)

	2026 $ '000	2025 $ '000
4.2 Materials and services		
Major contract payments*	52,039	50,360
Other contract payments	17,824	17,232
Storms Recovery	1,047	9,530
Office administration	7,409	8,066
Consultants	6,000	6,233
Utilities	3,344	2,995
Building maintenance	6,774	6,575
Information technology	6,638	6,273
Community seminars and programs	2,178	2,674
General maintenance	3,133	4,204
Other materials and services	1,227	1,121
Total materials and services	107,613	115,263
***Major contract payments**		
Garbage collection and disposal	8,948	7,578
Contracted services for programmed maintenance	7,655	7,469
General recycling service	5,023	4,784
Green waste collection and disposal	12,477	11,668
Hard waste service	5,547	5,640
Trees reactive maintenance	5,767	6,987
Aquatic facility management	1,061	1,001
Insurance	2,912	2,829
Building Maintenance – minor works	2,649	2,404
Total major contract payments	52,039	50,360

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

Notes to the Financial Statements
for the year ended 30 June 2026

Note 4. The cost of delivering services (continued)

	2026 $ '000	2025 $ '000
4.3 Depreciation		
Property	15,060	10,591
Plant and equipment	2,821	2,629
Infrastructure	23,515	23,223
Total depreciation	41,396	36,443

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

4.4 Other expenses		
Council contributions and grants	8,392	7,681
Operating lease rentals	222	423
Councillors' allowances	510	469
Councillors other expenses and reimbursements	41	35
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	80	71
Auditors' remuneration - Internal Audit	85	93
Total other expenses	9,330	8,772

4.5 Work in progress not capitalised		
Work in progress not capitalised	16,918	–
Total Work in progress not capitalised	16,918	–

Explanation
Work in progress not capitalised of $16.9 million reflects critical review and assessment work undertaken during the 2025-2026 financial year, identifying expenditure that could not be capitalised due to projects not progressing beyond initial phases, or because of the nature and classification of expenditure. The expenditure was incurred across prior reporting periods and, while initially expected to meet the recognition criteria for capitalisation, was subsequently determined to be ineligible due to changes in project scope, delivery outcomes, funding availability and priorities, strategic direction, or due to the nature of the expenditure.

Notes to the Financial Statements
for the year ended 30 June 2026

Note 5. Investing in and financing our operations

	Note	2026 $ '000	2025 $ '000
5.1 Financial assets			
(a) Cash and cash equivalents			
Current			
Cash on hand		4	4
Cash at bank		50,940	39,425
Total current cash and cash equivalents		50,944	39,429
External restrictions			
Trust funds and deposits	5.3	2,635	3,198
Reserves		11,488	14,187
Total restricted funds		14,123	17,385

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents have increased due to the Financial Assistance grant received in advance and the drawdown of budgeted borrowings as per the Statement of Cash Flows.

(b) Trade & Other Receivables

Current		
Statutory receivables		
Rates debtors	37,323	39,288
Allowance for expected credit loss - rates debtors	(713)	(113)
Special rate and charges	907	904
Net GST receivables	1,873	1,860
Infringement debtors	1,874	1,658
Allowance for expected credit loss - infringements	(917)	(92)
Non-statutory receivables		
Other debtors	6,505	6,869
Allowance for expected credit loss - other debtors	(106)	(36)
Total current trade and other receivables	46,746	50,338
Non-Current		
Statutory receivables		
Special rates and charges	5,431	6,429
Total non-current trade and other receivables	5,431	6,429
Total trade and other receivables	52,177	56,767

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.

Notes to the Financial Statements
for the year ended 30 June 2026

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

(c) Ageing of other debtors

The ageing of Council's other debtors was:

Current (not yet due)	2,351	3,689
Past due by up to 30 days	195	38
Past due between 31 and 180 days	737	179
Past due between 181 and 365 days	533	177
Past due by more than 1 year	2,689	2,785
Total trade and other receivables	6,505	6,868

(d) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of $106,000 (2025: $36,000) were impaired. The amount of the allowance raised against these debtors was $106,000 (2025: $36,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due between 31 and 180 days	34	12
Past due between 181 and 365 days	29	16
Past due by more than 1 year	43	8
Total impairment of trade and other receivables	106	36

(e) Contract assets

Current

Contract Assets	2,494	5,735
Total Contract Assets	2,494	5,735

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

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

	2026 $ '000	2025 $ '000
5.2 Non-financial assets		
(a) Other assets		
Prepayments	2,602	2,126
Total current Prepayments	2,602	2,126
(b) Intangible assets		
Software	5,687	6,039
Work in progress (WIP) - intangibles	399	1,604
Total intangible assets	6,086	7,643

	Software $ '000	Work in Progress - Intangibles $ '000	Total $ '000
Movement in gross carrying amount			
Gross Carrying Amount			
Balance at 1 July 2025	13,222	1,604	14,826
Additions from internal developments	–	1,376	1,376
Disposal	–	–	–
Transfer from WIP	1,459	(1,459)	–
WIP Reclassification	–	(1,122)	(1,122)
Balance at 30 June 2026	14,681	399	**15,080**
Accumulated amortisation and impairment			
Balance at 1 July 2025	7,183	–	7,183
Amortisation expense	1,811	–	1,811
Amortisation on disposal	–	–	–
Balance at 30 June 2026	8,994	–	**8,994**
Net book value at 30 June 2025	6,039	1,604	7,643
Net book value at 30 June 2026	5,687	399	6,086

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

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

	2026 $ '000	2025 $ '000

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

(a) Trade and other payables

Current		
Non-statutory payables		
Trade payables	15,466	17,017
Accrued expenses	3,948	4,317
Prepaid income	5,192	3,668
Loan interest accrued	648	429
Total current trade and other payables	25,254	25,431

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

(b) Trust funds and deposits

Current		
Refundable deposits	2,635	3,198
Emergency Services and Volunteers Fund	1,033	1,563
Retention amounts	54	55
Environmental upgrade agreement payables	26	75
Total current trust funds and deposits	3,748	4,891

Trust funds and deposits

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

Purpose and nature of items

Emergency Services and Volunteers Fund - Council is the collection agent for the Emergency Services and Volunteers Fund 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.

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

	2026 $ '000	2025 $ '000
(c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance:		
Grants received in advance - operating	4,239	4,052
Grants received in advance - capital	14,489	15,438
Total contract liabilities	18,728	19,490
Total contract and other liabilities	18,728	19,490

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

Other liabilities
Grant consideration was received from State and Federal Governments to support the construction of approximately 30 projects. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of the projects. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
5.4 Interest-bearing liabilities		
Current		
Borrowings - secured	6,090	5,244
Total current interest-bearing liabilities	6,090	5,244
Non-current		
Borrowings - secured	33,887	32,267
Total non-current interest-bearing liabilities	33,887	32,267
Total	39,977	37,511

Loans and borrowings are secured over the general rates of Yarra Ranges Shire Council.

a) The maturity profile for Council's borrowings is:		
Not later than one year	6,090	5,244
Later than one year and not later than five years	20,265	21,188
Later than five years	13,622	11,079
Total	39,977	37,511

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 or 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.

In classifying borrowings as current or non-current Council considers whether at balance date it has the right to defer settlement of the liability for at least twelve months after the reporting period. Council's loan arrangements include covenants based on Council's financial performance and position at the end of the reporting period. These covenants are assessed for compliance after the reporting period based on specified financial ratios.

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

	Employee provisions $ '000	Landfill restoration $ '000	Special rates and charges $ '000	Total $ '000
5.5 Provisions				
2026				
Balance at the beginning of the financial year	17,532	7,848	1,173	26,553
Additional/(reduction) provisions	5,696	1,483	2	7,181
Amounts used	(4,291)	(826)	(152)	(5,269)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	96	259	–	355
Balance at the end of the financial year	19,033	8,764	1,023	28,820
Provisions				
Provisions - current	16,768	1,306	151	18,225
Provisions - non-current	2,265	7,458	872	10,595
Total Provisions	19,033	8,764	1,023	28,820
2025				
Balance at the beginning of the financial year	16,623	7,652	1,132	25,407
Additional/(reduction) provisions	4,800	2,555	310	7,665
Amounts used	(3,911)	(2,395)	(269)	(6,575)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	20	36	–	56
Balance at the end of the financial year	17,532	7,848	1,173	26,553
Provisions				
Provisions - current	15,657	844	149	16,650
Provisions - non-current	1,875	7,004	1,024	9,903
Total Provisions	17,532	7,848	1,173	26,553

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	5,042	5,612
Long service leave	1,095	966
Other entitlements	377	30
	6,514	6,608
Current provisions expected to be wholly settled after 12 months		
Annual leave	402	354
Long service leave	9,852	8,695
	10,254	9,049
Total current employee provisions	16,768	15,657
Non-Current		
Long service leave	2,265	1,875
Total Non-Current Employee Provisions	2,265	1,875
Aggregate Carrying Amount of Employee Provisions:		
Current	16,768	15,657
Non-current	2,265	1,875
Total Aggregate Carrying Amount of Employee Provisions	19,033	17,532

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

Annual leave
A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:
- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

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

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

Key assumptions:		
Weighted average increase in employee costs	2.75%	3.00%
Weighted average discount rates	4.74%	4.20%

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

	2026 $ '000	2025 $ '000

(b) Landfill restoration

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

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

The costs are expected to be in the order of $7.58m, however this will be dependent on any further recommendations from the audit and requirements from the EPA, including the ongoing management and treatment of the landfill gas and leachate at the sites.

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

Current		
Current	1,306	844
Total current	1,306	844
Non-current		
Non-current	7,458	7,004
Total non-current	7,458	7,004
Total	8,764	7,848

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

Key assumptions:		
Weighted average increase in costs	4.00%	2.10%
Weighted average discount rates	4.74%	4.20%

(c) Other provisions

Current		
Special rates and charges	151	149
	151	149
Non-Current		
Special rates and charges	872	1,024
	872	1,024
Total	1,023	1,173

Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 $ '000	2025 $ '000

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2026.

Credit card facilities	457	400
Interest bearing borrowings	39,976	37,510
Total Facilities	40,433	37,910
Used facilities	40,041	37,547
Used facilities	40,041	37,547
Unused facilities	392	363

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

Council's interest-bearing liabilities are held with the Treasury Corporation of Victoria (TCV), under the Victorian Local Government Lending Framework. These borrowings are secured by Yarra Ranges Shire Council's general rates revenue, confirmed through a CEO certificate in accordance with the requirements of the Local Government Act 2020 and the Treasury Corporation of Victoria loan agreement.

Notes to the Financial Statements

for the year ended 30 June 2026

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

5.7 Commitments

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

(a) Commitments for expenditure

	Not later than 1 year $ '000	Later than 1 year and not later than 2 years $ '000	Later than 2 years and not later than 5 years $ '000	Later than 5 years $ '000	Total $ '000
2026					
Operating					
Buildings maintenance	14,836	14,836	9,317	–	38,989
Waste management	68,513	35,603	29,615	95,407	229,138
Other	9,514	3,984	1,822	131	15,451
Consultancies	2,267	1,452	72	–	3,791
Open space management	10,624	5,646	609	–	16,879
Total	105,754	61,521	41,435	95,538	304,248
Capital					
Buildings	9,629	215	127	–	9,971
Roads	13,488	3,252	1,776	–	18,516
Other	14,624	2,256	5,412	–	22,292
Total	37,741	5,723	7,315	–	50,779
Total Commitments	**143,495**	**67,244**	**48,750**	**95,538**	**355,027**
2025					
Operating					
Buildings maintenance	14,375	7,361	857	1,271	23,864
Waste management	40,842	37,271	69,472	63,843	211,428
Other	11,830	2,720	3,145	73	17,768
Consultancies	3,736	503	382	–	4,621
Open space management	6,933	3,328	1,652	–	11,913
Total	77,716	51,183	75,508	65,187	269,594
Capital					
Buildings	3,356	–	–	–	3,356
Roads	8,451	6,630	1,211	–	16,292
Other	12,710	2,800	2,084	354	17,948
Total	24,517	9,430	3,295	354	37,596
Total Commitments	**102,233**	**60,613**	**78,803**	**65,541**	**307,190**

Notes to the Financial Statements
for the year ended 30 June 2026

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

5.8 Leases

At inception of a contract, under AASB 16 Leases, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below market terms. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

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

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

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:
- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2026

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

(a) Right-of-Use Assets

	Property $ '000	Vehicles $ '000	Other $ '000	Total $ '000
2026				
Balance at 1 July 2025	593	14,738	–	15,331
Additions	–	–	–	–
Depreciation charge	(105)	(2,252)	–	(2,357)
Other	4	–	–	4
Balance at 30 June 2026	492	12,486	–	12,978
2025				
Balance at 1 July 2024	649	16,749	50	17,448
Additions	–	–	–	–
Depreciation charge	(129)	(2,203)	(50)	(2,382)
Other	73	192	–	265
Balance at 30 June 2025	593	14,738	–	15,331

(b) Lease Liabilities

	2026 $ '000	2025 $ '000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,355	2,590
One to five years	8,929	9,081
More than five years	5,825	8,024
Total undiscounted lease liabilities as at 30 June:	17,109	19,695
Lease liabilities included in the Balance Sheet at 30 June:		
Current	1,687	1,835
Non-current	12,212	13,896
Total lease liabilities	13,899	15,731

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

Expenses relating to:		
Short-term leases	47	108
Total	47	108
Variable lease payments (not included in measurement of lease liabilities)		
Variable lease payments	283	315
Total	283	315

Notes to the Financial Statements

for the year ended 30 June 2026

Note 6. Assets we manage

	2026 $ '000	2025 $ '000

6.1 Non-current assets classified as "held for sale"

Current		
Land	–	1,450
Total non current assets classified as held for sale	–	1,450

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

Council has no non-current assets classified as held for sale as at 30 June 2026 (2025: $1,450,000).

During the financial year, the property at 9A Wannan Court, Kilsyth was sold. The property at 16 Ellis Court, Mooroolbark, previously classified as held for sale, no longer met the criteria for classification as held for sale under AASB 5 and has been reclassified to non-current assets.

Notes to the Financial Statements

for the year ended 30 June 2026

Note 6. Assets we manage (continued)

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount 30 June 2025 $ '000	Additions $ '000	Contributions $ '000	Revaluation $ '000	Disposal $ '000	Depreciation $ '000	Write-off $ '000	Transfers $ '000	Reclassified $ '000	Carrying amount 30 June 2026 $ '000
Property	1,066,864	–	–	311,795	(1,502)	(15,060)	–	7,581	705	1,370,383
Plant and equipment	20,843	–	–	–	(64)	(2,821)	–	5,251	–	23,209
Infrastructure	670,676	–	1,809	123,400	(248)	(23,515)	–	21,218	–	793,340
Work in progress	91,945	49,276	–	–	–	–	(16,918)	(34,050)	1,122	91,375
Total	1,850,328	49,276	1,809	435,195	(1,814)	(41,396)	(16,918)	–	1,827	2,278,307

Summary of Work in Progress	Opening WIP $ '000	Additions $ '000	Transfers $ '000	Write-off $ '000	WIP Reclassifications $ '000	Closing WIP $ '000
Property	12,912	781	(7,581)	(1,776)	5,645	9,981
Plant and equipment	443	2,330	(5,251)	–	2,758	280
Infrastructure	78,590	46,165	(21,218)	(15,142)	(7,281)	81,114
Total	91,945	49,276	(34,050)	(16,918)	1,122	91,375

Notes to the Financial Statements

for the year ended 30 June 2026

Note 6. Assets we manage (continued)

	Land specialised $ '000	Land non specialised $ '000	Land improve-ments $ '000	Total land and land improve-ments $ '000	Heritage buildings $ '000	Buildings specialised $ '000	Buildings non specialised $ '000	Leasehold improve-ments $ '000	Total buildings $ '000	Work in progress $ '000	Total property $ '000
Property											
At fair value 1 July 2025	420,940	253,394	43,401	717,735	5,593	340,919	1,831	1,819	350,162	12,912	1,080,809
Accumulated depreciation at 1 July 2025	–	–	(125)	(125)	–	–	–	(910)	(910)	–	(1,035)
	420,940	253,394	43,276	**717,610**	5,593	340,919	1,831	909	**349,252**	12,912	**1,079,774**
Movements in fair value											
Additions	–	–	–	–	–	–	–	–	–	781	781
Contributions	–	–	–	–	–	–	–	–	–	–	–
Revaluation	(36,430)	182,325	(191)	145,704	3,124	144,590	3,307	–	151,021	–	296,725
Disposal	–	(1,028)	(329)	(1,357)	–	(179)	–	–	(179)	–	(1,536)
Write-off	–	–	–	–	–	–	–	–	–	(1,775)	(1,775)
Transfers	–	–	4,607	4,607	–	2,974	–	–	2,974	(7,581)	–
Reclassified from non-current assets held for sale	–	705	–	705	–	–	–	–	–	–	705
WIP reclassification	–	–	–	–	–	–	–	–	–	5,645	5,645
	(36,430)	182,002	4,087	**149,659**	3,124	147,385	3,307	–	**153,816**	(2,930)	**300,545**
Movements in accumulated depreciation											
Depreciation and amortisation	–	–	(1,542)	(1,542)	(155)	(13,100)	(202)	(61)	(13,518)	–	(15,060)
Accumulated depreciation of disposals	–	–	8	8	–	23	–	–	23	–	31
Accumulated depreciation on revaluation	–	–	1,636	1,636	155	13,077	202	–	13,434	–	15,070
	–	–	102	**102**	–	–	–	(61)	**(61)**	–	**41**
At fair value 30 June 2026	384,510	435,396	47,488	867,394	8,717	488,304	5,138	1,820	503,979	9,981	1,381,354
Accumulated depreciation at 30 June 2026	–	–	(23)	(23)	–	–	–	(970)	(970)	–	(993)
Carrying amount	384,510	435,396	47,465	**867,371**	8,717	488,304	5,138	850	**503,009**	9,981	**1,380,361**

The total carrying value of the property is $1,380,359,000 consisting of $867,370,000 for land, $503,008,000 for buildings and $9,981,000 for work in progress as outlined in the table below.

	Total land $ '000	Total buildings $ '000	Total land and buildings $ '000	Work In Progress $'000	Total Property $ '000
Carrying amount	867,370	503,008	1,370,378	9,981	1,380,359

Notes to the Financial Statements

for the year ended 30 June 2026

Note 6. Assets we manage (continued)

	Plant machinery and equipment $ '000	Fixtures fittings and furniture $ '000	Computers and telecomms $ '000	Artwork* $ '000	Total $ '000	Work in progress $ '000	Total plant and equipment $ '000
Plant and Equipment							
At cost 1 July 2025	22,862	5,766	5,604	6,486	40,718	444	41,162
Accumulated depreciation at 1 July 2025	(11,783)	(3,470)	(4,622)	–	(19,875)	–	(19,875)
	11,079	2,296	982	6,486	**20,843**	444	**21,287**
Movements in carrying value							
Additions	–	–	–	–	–	2,330	2,330
Contributions	–	–	–	–	–	–	–
Revaluation	–	–	–	–	–	–	–
Disposal	(1,153)	–	–	–	(1,153)	–	(1,153)
Write-off	–	–	–	–	–	–	–
Transfers	2,267	227	1,122	1,635	5,251	(5,251)	–
WIP Reclassification	–	–	–	–	–	2,758	2,758
	1,114	227	1,122	1,635	**4,098**	(163)	**3,935**
Movements in accumulated depreciation							
Depreciation and amortisation	(1,816)	(452)	(553)	–	(2,821)	–	(2,821)
Accumulated depreciation of disposals	1,091	–	–	–	1,091	–	1,091
	(725)	(452)	(553)	–	**(1,730)**	–	**(1,730)**
At cost 30 June 2026	23,975	5,994	6,725	8,121	44,815	281	45,096
Accumulated depreciation at 30 June 2026	(12,507)	(3,924)	(5,175)	–	(21,606)	–	(21,606)
Carrying amount	11,468	2,070	1,550	8,121	**23,209**	281	**23,490**

*Artwork is recognised at fair value based on periodic revaluations. – –

Plant and equipment are carried at historical cost.

Notes to the Financial Statements

for the year ended 30 June 2026

Note 6. Assets we manage (continued)

	Roads $ '000	Bridges $ '000	Footpaths and cycleways $ '000	Drainage $ '000	Recrea-tional, leisure and community $ '000	Parks open spaces and streets-capes $ '000	Off street car parks $ '000	Other infra-structure $ '000	Total $ '000	Work in progress $ '000	Total infra-structure $ '000
Infrastructure											
At fair value 1 July 2025	275,806	72,348	60,868	222,540	83,416	21,184	27,897	6,968	771,027	78,590	849,617
Accumulated depreciation at 1 July 2025	(21,829)	(38,062)	(5,203)	(4,038)	(21,532)	(113)	(9,272)	(301)	(100,350)	–	(100,350)
	253,977	34,286	55,665	218,502	61,884	21,071	18,625	6,667	**670,677**	78,590	**749,267**
Movements in fair value											
Additions	–	–	–	–	–	–	–	–	–	46,165	46,165
Contributions	48	–	–	1,634	–	–	93	34	1,809	–	1,809
Revaluation	(7,735)	(4,541)	(1,643)	(671)	(9,101)	(805)	28,132	(24)	3,612	–	3,612
Disposal	(1)	–	(1)	(6)	(162)	(89)	–	(5)	(264)	–	(264)
Write-off	–	–	–	–	–	–	–	–	–	(15,142)	(15,142)
Transfers	11,652	534	4,525	1,431	1,484	1,120	399	73	21,218	(21,218)	–
WIP Reclassification	–	–	–	–	–	–	–	–	–	(7,280)	(7,280)
	3,964	(4,007)	2,881	2,388	(7,779)	226	28,624	78	**26,375**	2,525	**28,900**
Movements in accumulated depreciation											
Depreciation and amortisation	(9,745)	(866)	(2,453)	(4,074)	(4,185)	(1,411)	(470)	(311)	(23,515)	–	(23,515)
Accumulated depreciation of disposals	–	–	1	–	8	6	–	–	15	–	15
Accumulated depreciation of revaluation	29,158	38,928	6,373	8,088	25,439	1,470	9,742	590	119,788	–	119,788
	19,413	38,062	3,921	4,014	21,262	65	9,272	279	**96,288**	–	**96,288**
At fair value 30 June 2026	279,770	68,341	63,749	224,929	75,638	21,409	56,521	7,046	797,403	81,115	878,518
Accumulated depreciation at 30 June 2026	(2,416)	–	(1,283)	(24)	(270)	(48)	–	(21)	(4,062)	–	(4,062)
Carrying amount	277,354	68,341	62,466	224,905	75,368	21,361	56,521	7,025	**793,341**	81,115	**874,456**

Notes to the Financial Statements
for the year ended 30 June 2026

Note 6. Assets we manage (continued)

Acquisition
Initial measurement
Council initially measures its property, infrastructure, plant and equipment assets at cost. The cost of an acquired asset is the fair value of the consideration that Council has provided 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 to Note 8.4 for more information on how Council measures fair value.

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

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

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

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

Note 6. Assets we manage (continued)

Land under roads
Council recognises land under roads it controls at fair value.

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

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

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

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

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

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

Valuation of land and buildings
Valuation of land and buildings was undertaken by a qualified independent valuer from Herron Todd White Pty Ltd, William Robbins, Certified Practising Valuer/Associate Director API Membership No. 101237. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

The date and type of the current valuation is detailed in the following table. A full revaluation of these assets was conducted in 2025/26 with movements booked to the Asset Revaluation Reserve.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2026 are as follows:

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Land	–	435,395	–	Jun-26	Independent
Specialised land	–	–	384,510	Jun-26	Independent
Heritage buildings	–	–	8,717	Jun-26	Independent
Buildings	–	–	5,137	Jun-26	Independent
Specialised buildings	–	–	488,304	Jun-26	Independent
Land improvements	–	–	47,465	Jun-26	Index
Leasehold improvements	–	–	850	N/A	
Total	–	435,395	934,983		

Note 6. Assets we manage (continued)

Valuation of Infrastructure
Council's Recreational, Leisure and Community, Bridges, and Off-Street Car Parks asset classes were subject to a full valuation as at 30 June 2026. Council's Roads, Footpaths and Cycleways, Drainage, Parks, Open Space and Streetscapes, and Other Infrastructure asset classes were indexed as at 30 June 2026 based on the relevant construction cost indices. The valuation of Council's infrastructure assets was conducted by the Strategic Asset Management (SAM) team under the supervision of Mr Declan Jamieson, B.Eng (Civil) and B.Com (Accounting), EO Strategic Asset Management, Yarra Ranges Council. Council's engineering team applied the fair value approach considering replacement costs, modern equivalent assets, condition and age. This process of internal valuation is managed by the Strategic Asset Management Team (SAM).

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 2026 are as follows:

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Roads	–	–	277,353	Jun-26	Index
Footpaths and cycleways	–	–	62,466	Jun-26	Index
Drainage	–	–	224,905	Jun-26	Index
Bridges	–	–	68,341	Jun-26	Full
Recreational, leisure and community	–	–	75,368	Jun-26	Full
Parks, open space & streetscapes	–	–	21,361	Jun-26	Index
Off street car parks	–	–	56,521	Jun-26	Full
Other Infrastructure	–	–	7,025	Jun-26	Index
Total	–	–	793,340		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads are valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5 percent and 95 percent. 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 $834 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and ranges from $301 to $8,124 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 50 years. Replacement cost is sensitive to changes in market 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. Swimming pools and BBQ facilities are included within the specialised buildings category and are assessed on an overall asset basis rather than a per-square-metre basis. Accordingly, each asset is considered as one unit.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 135 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2026 $ '000	2025 $ '000
Reconciliation of specialised land		
Land under roads	158,787	157,961
Parks and reserves	225,723	262,978

Notes to the Financial Statements
for the year ended 30 June 2026

Note 6. Assets we manage (continued)

	2026 $ '000	2025 $ '000
Total specialised land	384,510	420,939

Valuation of Art Work
Council's artwork assets were independently valued as at 30 June 2025. The valuation was undertaken by Simon Storey Valuers in accordance with Council's valuation policy, which requires artwork assets to be revalued every five years.

Notes to the Financial Statements

for the year ended 30 June 2026

Note 6. Assets we manage (continued)

	Note	2026 $ '000	2025 $ '000
6.3 Investments in associates			
Investments in associates accounted for by the equity method are:			
Your Library Ltd		3,276	3,179
Total investments in associates		3,276	3,179
Associates and joint arrangements - in profit			
Your Library Ltd		98	255
Total surplus for year in associates		98	255

Your Library Ltd

In July 2023, Eastern Regional Libraries (ERL) transitioned to a beneficial enterprise, Your Library Ltd (YLL), in line with the Local Government Act 2020. Yarra Ranges Council recognises its interest in the net assets of the YLL as an investment in accordance with AASB 128 'Investments in Associates'. In 2026 Council's interest was 38.72% of net assets (2025; 38.72%). This is based on the audited statements of the YLL. The equity holders in Your Library Ltd are Maroondah City Council 24.89%, Knox City Council 36.39% and Yarra Ranges Council 38.72%.

The motion to wind up ERL by 30 June 2023, in accordance with section 330(4) of the Local Government Act 2020 (LGA), was adopted by Council on 13 June 2023. A beneficial enterprise, Your Library Ltd (a public company limited by guarantee) has been established in accordance with section 110 of the LGA to deliver library services from 1 July 2023 on behalf of the Maroondah, Knox and Yarra Ranges Councils. Council's share of equity will remain the same under Your Library Ltd.

Fair value of Council's investment in Your Library Ltd		3,276	3,179
Council's share of accumulated surplus/(deficit)			
Council's share of accumulated surplus(deficit) at start of year		3,179	2,924
Reported surplus(deficit) for year		97	255
Council's share of accumulated surplus(deficit) at end of year		3,276	3,179
Movement in carrying value of specific investment			
Carrying value of investment at start of year		3,179	2,924
Share of surplus(deficit) for year		97	255
Carrying value of investment at end of year		3,276	3,179
Council's Share of Expenditure Commitments			
Lease commitments		103	162
Council's Share of Expenditure Commitments		103	162

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2026

Note 7. People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity
Council is the parent entity

Associates
Interests in associates are detailed in Note 6.3.

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

Councillors

Jim Child (Mayor 01 July 2025 to 10 November 2025, Councillor 11 November 2025 to 30 June 2026)
Richard Higgins (Deputy Mayor 01 July 2025 to 10 November 2025, Mayor 11 November 2025 to 30 June 2026)
Gareth Ward (Councillor 01 July 2025 to 10 November 2025, Deputy Mayor 11 November 2025 to 30 June 2026)
Timothy John Heenan (Councillor 01 July 2025 to 30 June 2026)
Fiona McAllister (Councillor 01 July 2025 to 30 June 2026)
Len Cox (Councillor 01 July 2025 to 30 June 2026)
Jeff Marriott (Councillor 01 July 2025 to 30 June 2026)
Mitch Mazzarella (Councillor 01 July 2025 to 30 June 2026)
Peter Mcilwain (Councillor 01 July 2025 to 30 June 2026)

Chief Executive Officer and other key management personnel

Chief Executive Officer - Tamara Rose
Director Planning and Sustainable Futures - Kathleen McClusky
Director Communities - Leanne Hurst
Director Corporate Services - Vincenzo Lombardi
Director Built Environment and Infrastructure - Hjalmar Philipp (01 July 2025 to 06 February 2026)
Director Built Environment and Infrastructure - Anita Curnow (18 May 2026 to 30 June 2026)
Executive Strategic Advisor - Amee Cooper

	2026 No.	2025 No.
Total Number of Councillors	9	13
Total of Chief Executive Officer and other Key Management Personnel	7	8
Total Number of Key Management Personnel	16	21

Note 7. People and relationships (continued)

(c) Remuneration of Key Management Personnel

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

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

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

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

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

	2026 $ '000	2025 $ '000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	2,329	2,156
Other long-term employee benefits	128	126
Post-employment benefits	191	176
Total	2,648	2,458

	2026 No.	2025 No.
The number of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
$10,000 - $19,999	–	2
$20,000 - $29,999	–	5
$30,000 - $39,999	–	3
$40,000 - $49,999	6	1
$50,000 - $59,999	–	1
$60,000 - $69,999	1	1
$70,000 - $79,999	1	–
$80,000 - $89,999	–	1
$90,000 - $99,999	–	1
$110,000 - $119,999	1	–
$200,000 - $209,999	–	1
$210,000 - $219,999	–	1
$250,000 - $259,999	1	–
$310,000 - $319,999	–	1
$320,000 - $329,999	–	2
$330,000 - $339,999	2	–
$350,000 - $359,999	2	–
$360,000 - $369,999	1	–
$440,000 - $449,999	–	1
$490,000 - $499,999	1	–
Total	16	21

Note 7. People and relationships (continued)

(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.

	2026 $ '000	2025 $ '000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	3,493	2,915
Other long-term employee benefits	137	88
Post-employment benefits	394	336
Total	4,024	3,339

	2026 No.	2025 No.
The number of other senior staff is shown below in their relevant income bands:		
Income Range:		
$170,000 - $179,999	–	1
$180,000 - $189,999	–	2
$190,000 - $199,999	1	2
$200,000 - $209,999	4	1
$210,000 - $219,999	2	7
$220,000 - $229,999	5	2
$230,000 - $239,999	2	–
$240,000 - $249,999	3	1
$250,000 - $259,999	1	–
Total	18	16

	2026 $ '000	2025 $ '000
Total remuneration for the reporting year for other senior staff included above, amounted to:	4,024	3,339

Notes to the Financial Statements
for the year ended 30 June 2026

Note 7. People and relationships (continued)

	2026 $ '000	2025 $ '000

7.2 Related party disclosure

(a) Transactions with related parties

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

Contributions to Your Library Ltd	4,493	4,362

Council directly provides a number of additional resources free of charge to Your Library Limited in relation to library branches in the Yarra Ranges municipality. The annual operating cost to Council for providing these facilities is as follows:

Yarra Junction, Mt Evelyn, Belgrave, Mooroolbark and Montrose Library branches:	774	839

(b) Outstanding balances with related parties

There were no outstanding balances with related parties.

(c) Loans to/from related parties

No loan transactions were entered into by Council with related parties.

(d) Commitments to/from related parties

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

Notes to the Financial Statements

for the year ended 30 June 2026

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

Subdivisions

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

There are a number of subdivisions and other staged developments underway (East Ridge Drive Chirnside Park and several unit developments with outfall drainage) as at 30 June 2026. The maintenance of these assets will become Council's responsibility once control has passed to Council.

(b) Contingent liabilities

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

The following are potential contingencies to be considered by Council.

Defined benefits superannuation fund
Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, 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.

Insurance
As a local authority with ownership of numerous parks, reserves, roads and other land holdings, Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are 9 outstanding claims as at 30 June 2026 against Council in this regard currently lodged with our liability insurer. Council carries $600 million of public liability insurance and had a deductible of $100,000 in 2025-26. The accumulated deductible liabilities are $600,000 as the maximum liability of outstanding (unpaid) deductibles for all current claims. The primary insurer is MAV Insurance. There are no claims of which Council is aware which would fall outside the terms of Council's policy.

8.2 Australian Accounting Standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period. Council assesses the impact of these new standards.

The Australian Accounting Standards Board (AASB) has issued *AASB 18 Presentation and Disclosure in Financial Statements.* When applicable AASB 18 supersedes AASB 101 *Presentation of Financial Statements.* AASB 18 aims to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. It is expected to result in presentation and disclosure changes, primarily to Council's Comprehensive Income Statement. AASB 18 is expected to first apply to Council for the 2028-29 financial year.

Note 8. Managing uncertainties (continued)

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes Council to fair value interest rate risk.

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

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

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

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

(c) Credit risk

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

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

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

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

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

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

Note 8. Managing uncertainties (continued)

(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 5.4.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1 % and - 2 % in market interest rates (AUD) from year-end rates of 4.35% as published by the Reserve Bank of Australia.

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

Note 8. Managing uncertainties (continued)

8.4 Fair value measurement

Fair Value Hierarchy
Council's financial assets and liabilities are not valued using the the fair value hierarchy. They 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. For assets where Council adopts a current replacement cost approach to determine fair value, Council considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

Asset Class	***Revaluation frequency***
Land	1 to 3 years
Buildings	1 to 3 years
Roads	1 to 3 years
Bridges	1 to 3 years
Footpaths and cycleways	1 to 3 years
Drainage	1 to 3 years
Recreational, leisure and community facilities	1 to 3 years
Parks, open space and streetscapes	1 to 3 years
Off street car parks	1 to 3 years
Other infrastructure	1 to 3 years
ArtWorks	every 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

Note 8. Managing uncertainties (continued)

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. The impairment policy above does not apply to Council's property, infrastructure, specialised buildings and other non-current physical assets subsequently measured at fair value. These are primarily non-cash generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity. Their recoverable amount is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement,* with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

Note 8. Managing uncertainties (continued)

8.5 Events occurring after balance date

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

Notes to the Financial Statements

for the year ended 30 June 2026

Note 9. Other matters

	Balance at beginning of reporting period $ '000	Increase (decrease) $ '000	Balance at end of reporting period $ '000
9.1 Reserves			
(a) Asset revaluation reserves			
2026			
Property			
Land	568,525	145,896	714,421
Land improvements	32,590	1,445	34,035
Buildings	195,326	164,454	359,780
	796,441	311,795	1,108,236
Other - Plant & Equipment	3,601	–	3,601
	3,601	–	3,601
Infrastructure			
Roads	139,077	21,423	160,500
Bridges	23,108	34,387	57,495
Footpaths and cycleways	16,323	4,730	21,053
Drainage	135,208	7,417	142,625
Recreational, leisure and community facilities	28,986	16,338	45,324
Parks, open space and streetscapes	19,103	665	19,768
Offstreet car parks	12,051	37,874	49,925
Other infrastructure	2,785	566	3,351
	376,641	123,400	500,041
Total asset revaluation reserves	1,176,683	435,195	1,611,878
2025			
Property			
Land	509,405	59,120	568,525
Land improvements	435	32,155	32,590
Buildings	112,982	82,344	195,326
	622,822	173,619	796,441
Other - Plant & Equipment	2,387	1,214	3,601
	2,387	1,214	3,601
Infrastructure			
Roads	139,077	–	139,077
Bridges	23,108	–	23,108
Footpaths and cycleways	16,323	–	16,323
Drainage	135,208	–	135,208
Recreational, leisure and community facilities	8,298	20,688	28,986
Parks, open space and streetscapes	1,028	18,075	19,103
Offstreet car parks	12,051	–	12,051
Other infrastructure	2,785	–	2,785
	337,878	38,763	376,641
Total asset revaluation reserves	963,087	213,596	1,176,683

Notes to the Financial Statements

for the year ended 30 June 2026

Note 9. Other matters (continued)

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

	Balance at beginning of reporting period $ '000	Transfer from Accumulated Surplus $ '000	Transfer to Accumulated Surplus $ '000	Balance at end of reporting period $ '000
(b) Other reserves				
2026				
Public open space / development of recreational land	14,187	–	(2,698)	11,489
Reserve - Emergency and Disaster Response	1,100	–	–	1,100
Reserve - Digital Transformation	300	–	–	300
Reserve - Waste	3,076	3,953	–	7,029
Reserve - Biodiversity Offset Program	584	–	(20)	564
Other Infrastructure funds & contributions	–	2,730	–	2,730
Total Other reserves	19,247	6,683	(2,718)	23,212
2025				
Public open space / development of recreational land	11,665	2,522	–	14,187
Reserve - Emergency and Disaster Response	1,100	–	–	1,100
Reserve - Digital Transformation	300	–	–	300
Reserve - Waste	198	2,878	–	3,076
Reserve - Biodiversity Offset Program	604	–	(20)	584
Total Other reserves	13,867	5,400	(20)	19,247

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

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

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

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

	2026 $ '000	2025 $ '000
Summary of reserves		
Asset revaluation reserves	1,611,878	1,176,683
Other reserves	23,212	19,247
Total reserves	1,635,090	1,195,930

Notes to the Financial Statements

for the year ended 30 June 2026

Note 9. Other matters (continued)

	2026 $ '000	2025 $ '000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(9,138)	16,203
Non-cash adjustments:		
Depreciation	45,564	40,182
(Profit)/loss on disposal of property, infrastructure, plant and equipment	204	1,080
Contributions - Non-monetary assets	(1,809)	(4,659)
Share of net profits of associates and joint ventures	(98)	(255)
Finance cost	2,564	1,257
Work in progress not capitalised	16,649	(21)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	4,590	(7,011)
(Increase)/decrease in prepayments	(476)	(108)
(Increase)/decrease in accrued income	3,241	6,864
Increase/(decrease) in trade and other payables	(177)	2,436
Increase/(decrease) in contract and other liabilities	(762)	(12,289)
Increase/(decrease) in provisions	2,267	1,146
Increase/(decrease) in trust funds	(1,143)	(3,698)
Net cash provided by/(used in) operating activities	61,476	41,127

Notes to the Financial Statements

for the year ended 30 June 2026

Note 10. Changes in accounting policies

During the 2025-26 financial year, Council reviewed and updated its Fixed Asset Accounting Policy. As part of this review, the revaluation frequencies for Infrastructure asset classes were revised from those applied in prior years. Capitalisation thresholds were also updated for Plant and Equipment, Land Improvements, Kerb and Channel, Roads, Footpaths and Cycleways, Drainage, Recreation, Leisure and Community Facilities, Parks, Open Space and Streetscapes, Iff-Street Car Parks, Other Infrastructure and Artwork were amended.

Notes to the Financial Statements
for the year ended 30 June 2026

Note 11. Natural disasters

Yarra Ranges has been affected by two small storm events that have resulted in a decrease in contractor expenditure compared to prior year impacted by three severe weather events.

	2026 $ '000	2025 $ '000
Expenditure incurred is as follows:		
Contractors	1,044	7,903
Employee costs	318	317
General materials and services	119	64
Total natural disaster events	1,481	8,284
Non recurrent State Grant Funding received for natural disaster events	83	2,245

Yarra Ranges community experienced two small weather events in the 2025-26 financial years. 6th-9th January (AGRN 1242) and 24th February (AGRN 1270). Costs incurred have been recognised in the 2025-26 financial statements. Claims and applications have been made for funding through Disaster Recovery Funding Arrangements totalling $0.07m, with an additional $0.67m in claims to be submitted in financial year 2026-27. All costs incurred have been recorded in 2025-26 Financial Statements. DRFA funding is assessed and paid based on compliant claims. Of the claims submitted to 30 June 2026, only a small number have been assessed and approved by the Department of Transport and Planning, and this has been recognised as income in the 2025-26 Financial Statements. The remainder of outstanding claims' income is expected to be settled in financial year 2026-27.

Other funding sources have included:
Council Support Fund (CSF) co-funded by the Commonwealth and Victorian Governments and administered through Local Government Victoria (LGV) which has allowed us to create the staff structure required to support storm recovery as well as provide additional support to the community and put in place preventative measures for future events.

Yarra Ranges Shire Council

Performance Statement

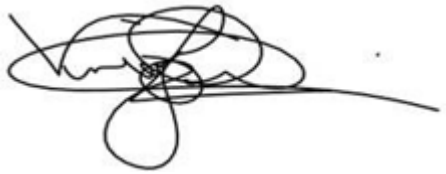
For the year ended 30 June 2026

Contents

Certification of the Performance Statement 2
Victorian Auditor-General's Office audit report 3
Description of municipality - About Yarra Ranges Council 4
Sustainable Capacity Indicators 5
Service Performance Indicators 7
Financial Performance Indicators 11
Other Information 14

Certification of the Performance Statement

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



Vincenzo Lombardi
Director Corporate Services
27 October 2026

In our opinion, the accompanying performance statement of the Yarra Ranges Shire Council for the year ended 30 June 2026 presents fairly the results of council's performance in accordance with the *Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020*.

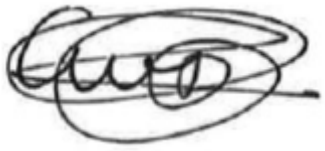
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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

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



Cr Jim Child
Councillor
27 October 2026



Cr Gareth Ward
Councillor
27 October 2026



Tammi Rose
Chief Executive Officer
27 October 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Councillors of Yarra Ranges Shire Council

Opinion	I have audited the accompanying performance statement of Yarra Ranges Shire Council (the council) which comprises the: • description of municipality for the year ended 30 June 2026 • sustainable capacity indicators for the year ended 30 June 2026 • service performance indicators for the year ended 30 June 2026 • financial performance indicators for the year ended 30 June 2026 • notes to the accounts • certification of the performance statement. In my opinion, the performance statement of Yarra Ranges Shire Council in respect of the year ended 30 June 2026 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the performance statement* 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 (including Independence Standards)* (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the performance statement	The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020 and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the performance statement

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement 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 Standards on Assurance Engagements 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 decisions of users taken on the basis of this performance statement. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, 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 overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

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



MELBOURNE
29 October 2026

Travis Derricott
as delegate for the Auditor-General of Victoria

Description of municipality - About Yarra Ranges Council

Yarra Ranges Shire is situated in metropolitan Melbourne's outer east, 30 to 110 kilometres from the Melbourne Central Business District. It covers 2,468 square kilometres in area, making it Melbourne's largest local government area. It is well known for its tourism and wineries, agricultural industry, and the natural beauty of the Dandenong Ranges and Yarra Valley.

The 160,000 + residents live in more than 55 suburbs and townships. 53% of the population live in the urban areas of Yarra Ranges, which make up 7.3% of the total land area (including Coldstream). The remaining population is spread throughout rural areas.

The diversity of places, people, industries and attractions – dispersed over a wide variety of urban and rural communities - makes Yarra Ranges one of the most unique municipalities in Victoria.

Sustainable Capacity Indicators

For the year ended 30 June 2026

	2023	2024	2025	2026	Comment
Indicator / Measure [Formula]	Actual	Actual	Actual	Actual	
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	$1,434.98	$1,542.31	$1,558.40	$1,683.50	The increase per head of $125 was driven by non-cash expenses, including additional depreciation of $5 million following valuation increases, anticipated debtor impairment of $1.8 million, and $16.9 million in work in progress not capitalised $23.7 million / 160,906 (municipal population) equates to $147 per head. Excluding these one-off impacts, the result would have remained stable compared with prior years.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	$5,944.47	$6,255.59	$7,064.38	$9,063.70	Increase per head of $1,999.32 was due to the revaluation of property, infrastructure, plant and equipment, including a full building valuation completed in 2025-2026, with a revaluation gain of $435 million, calculated as $435,000,000 / 160,906 (municipal population) = $2,703 impact per head.
Population density per length of road [Municipal population / Kilometres of local roads]	89.34	90.00	91.27	91.69	Consistent with previous years which is reflective of small population growth.
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	$1,140.01	$1,212.23	$1,228.82	$1,281.95	The slight increase is reflective of the rate indexation levied and growth in rateable properties.
Recurrent grants					
Recurrent grants per head of municipal population	$246.26	$78.67	$239.98	$227.19	Decrease in Operating recurrent grants in 2025-2026 when compared to prior years, is due to the timing of the Financial Assistance grants. In 2024-2025 50% of the 2025-2026 financial assistance grant was received in addition to the full 2024-2025, compared with 80% of 2026-2027 received in the current year.

	2023	2024	2025	2026	Comment
Indicator / Measure [Formula]	Actual	Actual	Actual	Actual	
[Recurrent grants / Municipal population]					
Disadvantage Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	8.00	8.00	8.00	8.00	Consistent with previous years
Workforce turnover Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	22.0%	11.6%	12.0%	11.8%	Consistent with previous years

Definitions

"adjusted underlying revenue" means total income other than—

(a) non-recurrent grants used to fund capital expenditure

(b) non-monetary asset contributions

(c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b).

“infrastructure” means non-current property, plant and equipment excluding land.

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

“variation” is the quantitative threshold set by Yarra Ranges Shire Council based on the 2025-26 results. These thresholds are used to create explanatory commentary.

"population" means the resident population estimated by Council based on the ABS ERP as at 30 June 2025.

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

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

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

Service Performance Indicators

for the year ended 30 June 2026

	2023	2024	2025	2026		Comment
Service / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	
Aquatic Facilities Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	2.81	2.69	2.64	N/A	2.61	Overall visitations remain consistent with previous years. Noting visitations to outdoors splash parks is not included in the data.
Animal Management Health and safety Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100%	100%	100%	N/A	100%	Consistent with previous years, reporting reflects Council's ongoing commitment to thoroughly investigating community concerns.
Food Safety Health and safety Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	93.33%	90.66%	83.17%	N/A	95.24%	Improved compliance outcomes reflect continued focus on identifying and addressing critical and major non-compliance matters in a timely manner.
Governance						

	2023	2024	2025	2026		Comment
Service / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	
Consultation and engagement Satisfaction with community consultation and engagement [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	46	45	46	50	53	Target exceeded. Community sentiment against this measure was strong with all regions showing improvement from previous year.
Libraries Participation Library membership [Number of registered library members / Population] x100	#N/A	22.50%	26.22%	N/A	30.02%	An increase in the number of library members from previous year reflects the continued focus on converting visitors into members. Community reporting continues to express the value of the Library services which is of particular importance with cost pressures being felt across community.
Maternal and Child Health (MCH) Participation Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	74.65%	72.36%	71.88%	N/A	71.77%	Overall participation rates in MCH service remain stable and consistent with previous years.
Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	78.47%	76.41%	75.93%	N/A	76.92%	Participation rates in MCH service by Aboriginal children remain stable and consistent with previous years.
Roads Condition						

	2023	2024	2025	2026		Comment
Service / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	
Sealed local roads maintained to condition standards [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	97.45%	95.98%	95.98%	98.50%	95.99%	Condition surveys are conducted on a three-yearly basis. With new data recently collected, target and performance to be refreshed for 2026-27 Performance Statement.
Statutory Planning Service standard Planning applications decided within required time frames [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	51.42%	61.78%	64.81%	64.00%	60.36%	The implementation of the new system and continued changes in Planning staffing levels contributed to periods of disruption throughout the year. The phased introduction of planning reforms added further complexity, and managing these impacts will remain an ongoing challenge as additional reforms are rolled out and integrated into business operations.
Waste Management Waste diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	52.14%	67.26%	69.52%	65.50%	69.54%	Target exceeded. Council maintained its waste diversion performance, reflecting the continued adoption of the weekly Food Organics and Garden Organics (FOGO) collection service.

Definitions

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

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

“registered library member” means a person or organisation currently registered with the library service to use its services and collections, including online or cardless members.

"Annual Report" means an annual report prepared by a Council under section 98 of the Act.

"critical non-compliance outcome notification" means a notification received by Council under section 19N(3) or (4) of the *Food Act 1984* , or advice given to Council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health. In Yarra Ranges a critical non-compliance will be followed up within 48 hours.

"food premises" has the same meaning as in the *Food Act 1984*.

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

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to Council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken. In Yarra Ranges a major non-compliance will be followed up within 90 days.

"MCH" means the Maternal and Child Health Service provided by Council to support the health and development of children within the municipality from birth until school age.
"population" means the resident population estimated by Council based on the ABS ERP as at 30 June 2025.

Financial Performance Indicators

for the year ended 30 June 2026

	2023	2024	2025	2026		2027	2028	2029	2030	Material Variations and Comments
Dimension / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	Forecasts	Forecasts	Forecasts	Forecasts	
Efficiency Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	$3,350.07	$3,631.38	$3,661.46	$3,562.00	$3,974.38	$3,810.00	$3,877.45	$3,934.20	$4,002.93	Significant unexpected increase in non-recurring expenses due to the valuation increment in 2024-2025 resulting in depreciation expense spike (non cash) in 2025-2026.
Revenue level Average rate per property assessment [Sum of all general rates and municipal charges / Number of property assessments]	$2,013.31	$2,117.94	$2,161.33	N/A	$2,235.78	$2,309.98	$2,380.31	$2,450.55	$2,521.54	In line with rate indexation of 3%
Liquidity Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	123.31%	104.54%	134.72%	105.10%	139.40%	138.71%	142.61%	144.63%	151.98%	Favourable to budget due to stronger than expected cash position with the early receipt of Grant Commission Funding in June.
Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	14.20%	-6.00%	29.98%	N/A	24.54%	(5.4%)	(3.5%)	(0.3%)	8.1%	Stronger result than expected as cash position captured the early receipt of Grant Commission Funding received in June.
Obligations Loans and borrowings Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	1.92%	0.37%	20.53%	N/A	20.93%	22.06%	17.83%	13.70%	10.71%	Slight increase with additional borrowings offset by increase in rates inline with rate indexation
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.10%	1.49%	1.58%	N/A	3.73%	4.35%	9.43%	9.14%	7.80%	Three loan repayments in 2025-2026, August, February and March to pay down debt as budgeted.

	2023	2024	2025	2026		2027	2028	2029	2030	Material Variations and Comments
Dimension / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	Forecasts	Forecasts	Forecasts	Forecasts	
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	5.77%	12.75%	28.49%	N/A	27.48%	28.18%	22.73%	17.31%	13.18%	Decrease reflective of interest bearing liabilities being paid down and increase in rates revenue in line with rate indexation
Asset renewal and upgrade Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	138.78%	130.36%	122.67%	106.40%	76.37%	73.85%	67.26%	57.55%	58.70%	Noticeable decrease in result due to significant increase in depreciation expense driven by increase is valuations in 2024-2025.
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	3.48%	-11.02%	-2.23%	N/A	-10.20%	-3.90%	-4.99%	-3.31%	-2.19%	Decrease due to a $9 million deficit in 2025–26, compared with a $16 million surplus in 2024–25. The result was impacted by one-off non-cash expenditure, predominantly work in progress not capitalised of $16.9 million reflects critical review and assessment work undertaken during the 2025-2026 financial year, identifying expenditure that could not be capitalised due to projects not progressing beyond initial phases, or because of the nature and classification of expenditure. The expenditure was incurred across prior reporting periods and, while initially expected to meet the recognition criteria for capitalisation, was subsequently determined to be ineligible due to changes in project scope, delivery outcomes, funding availability and priorities, strategic direction, or due to the nature of the expenditure.
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	69.40%	78.33%	74.84%	77.90%	77.71%	78.69%	80.39%	80.12%	80.03%	Inline with increase in rates revenue by rate indexation (3%).
Rates effort										

	2023	2024	2025	2026		2027	2028	2029	2030	Material Variations and Comments
Dimension / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	Forecasts	Forecasts	Forecasts	Forecasts	
Rates compared to property values	0.29%	0.31%	0.31%	N/A	0.32%	0.32%	0.32%	0.32%	0.32%	Slight increase inline with budget and rates indexation partly offset by increase in property valuations in 2025-2026.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100										

Definitions

"adjusted underlying revenue" means total income other than:

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

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure.
"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
"asset upgrade expenditure" means expenditure that— (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life.
"current assets" has the same meaning as in the AAS.
"current liabilities" has the same meaning as in the AAS.
"non-current assets" means all assets other than current assets.
"non-current liabilities" means all liabilities other than current liabilities.
"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan.
"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants).
"population" means the resident population estimate by council.
"rate revenue" means revenue from the general rates, municipal charges, service rates and service charges.
"recurrent grants" means a grant other than a non-recurrent grant.
"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties.
"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Other Information

for the year ended 30 June 2026

Basis for preparation

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

Where applicable the results in the Performance Statement have been prepared on an accounting basis consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The Performance Statement presents the actual results for the year ended 30 June 2026, the preceding three years, required current-year targets, and four future financial forecasts and for the prescribed financial performance indicators and measures. The *Local Government (Planning and Reporting) Regulations 2020* require explanation of any material variations in the results in the Performance Statement. Yarra Ranges Shire Council has adopted materiality thresholds relevant to each indicator. Explanations are provided for any material variations.

The forecast figures included in the Performance Statement are those adopted by Council in its Budget 2026-27 adopted on 9 June 2026 and which forms part of the Council Plan. The Budget includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Budget 2026-27 is available on Council's website, www.yarraranges.vic.gov.au.

As the Budget is prepared and adopted prior to the end of the preceding financial year, actual results for the previous year may not be available when targets are established. As a result, the 2025–26 target may be lower or higher than the actual result achieved in 2024–25. Future forecasts and targets will be informed by the most recent available actual results.

Where applicable the results in the Performance Statement have been prepared on an accounting basis consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties, including Australian Bureau of Statistics, Belgravia Leisure visitor reports, Local Government Community Satisfaction Survey results provided by Klein Research, and library membership data provided by Eastern Regional Libraries.