

Mildura Rural City Council

Financial Statements
for the Year Ended 30 June 2018



Mildura Rural City Council

Financial Report

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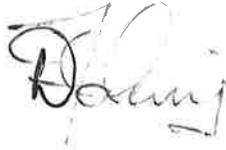
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Certification of the Financial Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.

David Folvig - BBus
Principal Accounting Officer



Date : 20 September 2018
Mildura

In our opinion the accompanying financial statements present fairly the financial transactions of Mildura Rural City Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Mark Eckel
Councillor



Date : 20 September 2018
Mildura

Ali Cupper
Councillor



Date : 20 September 2018
Mildura

Gerard Jose
Chief Executive Officer



Date : 20 September 2018
Mildura

Independent Auditor's Report

To the Councillors of Mildura Rural City Council

<p>Opinion</p>	<p>I have audited the consolidated financial report of Mildura Rural City Council (the council) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and council balance sheet as at 30 June 2018 • consolidated entity and council comprehensive income statement for the year then ended • consolidated entity and council statement of changes in equity for the year then ended • consolidated entity and council statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial report. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the council as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the financial report</p>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, 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.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council and the consolidated entity'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.</p>

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 and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the council and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the council and the consolidated entity. I remain solely responsible for my audit opinion.

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.



Tim Loughnan

as delegate for the Auditor-General of Victoria

MELBOURNE
24 September 2018

Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income					
Rates and charges	2.1	66,792	64,735	66,919	64,861
Statutory fees and fines	2.2	2,528	2,288	2,528	2,288
User fees	2.3	12,450	11,270	6,828	6,114
Grants - operating	2.4	33,122	31,202	33,122	31,202
Grants - capital	2.4	5,322	8,021	5,322	8,021
Contributions - monetary	2.5	1,329	1,501	1,329	1,501
Contributions - non monetary	2.5	3,813	2,596	3,813	2,596
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	2.6	(1,932)	(1,850)	(1,932)	(1,846)
Other income	2.7	8,079	6,439	7,127	5,799
Asset recognition	2.8	2,008	5,861	2,008	5,861
Fair value increase of non financial asset		16	-	-	-
Total income		133,527	132,063	127,064	126,397
Expenses					
Employee costs	3.1	(48,732)	(45,747)	(45,547)	(43,385)
Materials and services	3.2	(29,488)	(30,912)	(36,133)	(40,420)
Depreciation and amortisation	3.3	(19,754)	(19,758)	(18,642)	(18,849)
Bad and doubtful debts	3.4	(216)	(202)	(216)	(202)
Borrowing costs	3.5	(1,162)	(1,169)	(1,155)	(1,162)
Other expenses	3.6	(5,158)	(1,767)	(4,974)	(1,618)
Impairment of non financial asset		-	(4)	-	-
Total expenses		(104,510)	(99,559)	(106,667)	(105,636)
Surplus/(deficit) for the year		29,017	32,504	20,397	20,761
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment/(decrement)	8.1	15,095	(1,430)	15,095	(1,430)
Net financial asset revaluation increment/(decrement)	8.1	-	-	8,620	11,743
Total comprehensive result		44,112	31,074	44,112	31,074

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

Balance Sheet As at 30 June 2018

	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Assets					
Current assets					
Cash and cash equivalents	4.1	56,221	46,762	53,991	43,402
Trade and other receivables	4.1	7,242	8,757	6,434	8,180
Other financial assets	4.1	2,879	2,782	2,879	2,782
Inventories	4.2	663	674	657	664
Other assets	4.2	332	352	281	307
Total current assets		67,337	59,327	64,242	55,335
Non-current assets					
Trade and other receivables	4.1	-	-	5,129	5,129
Other financial assets	4.1	1,750	1,750	1,750	1,750
Other assets	4.2	-	-	51,319	42,699
Property, infrastructure, plant and equipment	5.1	798,387	758,771	745,080	709,935
Intangible assets	4.2	8,055	6,122	7,982	6,065
Total non-current assets		808,192	766,643	811,260	765,578
Total assets		875,529	825,970	875,502	820,913
Liabilities					
Current liabilities					
Trade and other payables	4.3	1,685	12,506	1,981	7,809
Trust funds and deposits	4.3	1,856	1,681	1,849	1,673
Provisions	4.5	10,643	10,657	10,513	10,510
Interest-bearing liabilities	4.4	773	734	738	700
Total current liabilities		14,957	25,578	15,081	20,692
Non-current liabilities					
Provisions	4.5	20,580	16,340	20,496	16,271
Interest-bearing liabilities	4.4	19,801	20,574	19,733	20,471
Total non-current liabilities		40,381	36,914	40,229	36,742
Total liabilities		55,338	62,492	55,310	57,434
Net assets		820,191	763,478	820,192	763,479
Equity					
Accumulated surplus		369,530	336,879	335,614	311,583
Reserves	8.1	450,661	426,599	484,578	451,896
Total Equity		820,191	763,478	820,192	763,479

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

Statement of Changes in Equity For the Year Ended 30 June 2018

Consolidated	Note	Accumulated Revaluation			Other Reserves
		Total	Surplus	Reserve	
2018		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		763,478	336,879	409,596	17,003
Changes in accounting policy - land under roads pre July 2008 recognition	5.1(a)	12,601	12,601	-	-
Surplus/(deficit) for the year		29,017	29,017	-	-
Net asset revaluation increment/(decrement)	8.1(c)	15,095	-	15,095	-
Transfers to other reserves	8.1(b)	-	18,557	-	(18,557)
Transfers from other reserves	8.1(b)	-	(27,524)	-	27,524
Balance at end of the financial year		820,191	369,530	424,691	25,970

2017					
Balance at beginning of the financial year		732,404	309,665	411,026	11,713
Surplus/(deficit) for the year		32,504	32,504	-	-
Net asset revaluation increment/(decrement)	8.1(c)	(1,430)	-	(1,430)	-
Transfers to other reserves	8.1(b)	-	13,371	-	(13,371)
Transfers from other reserves	8.1(b)	-	(18,661)	-	18,661
Balance at end of the financial year		763,478	336,879	409,596	17,003

Council		Accumulated Revaluation			Other Reserves
		Total	Surplus	Reserve	
2018		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		763,479	311,583	434,885	17,011
Changes in accounting policy - land under roads pre July 2008 recognition	5.1(a)	12,601	12,601	-	-
Surplus/(deficit) for the year		20,397	20,397	-	-
Net asset revaluation increment/(decrement)		23,715	-	23,715	-
Transfers to other reserves	8.1(b)	-	18,557	-	(18,557)
Transfers from other reserves	8.1(b)	-	(27,524)	-	27,524
Balance at end of the financial year		820,192	335,614	458,600	25,978

2017					
Balance at beginning of the financial year		732,405	296,112	424,572	11,721
Surplus/(deficit) for the year		20,761	20,761	-	-
Net asset revaluation increment/(decrement)		10,313	-	10,313	-
Transfers to other reserves	8.1(b)	-	13,371	-	(13,371)
Transfers from other reserves	8.1(b)	-	(18,661)	-	18,661
Balance at end of the financial year		763,479	311,583	434,885	17,011

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

Statement of Cash Flows For the Year Ended 30 June 2018

	Note	Consolidated		Council	
		2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities					
Rates and charges		66,966	64,439	67,093	64,565
Statutory fees and fines		2,528	2,288	2,528	2,288
User fees		17,160	8,944	8,290	6,264
Grants - operating		34,778	33,874	34,778	32,762
Grants - capital		5,588	6,639	5,588	6,639
Contributions - monetary		1,336	1,576	1,395	1,576
Interest received		1,508	1,329	1,652	1,370
Trust funds and deposits taken		6,157	6,261	6,157	6,261
Other receipts		6,097	4,563	5,864	4,707
Net GST refund/(payment)		2,161	2,624	1,347	1,782
Employee costs		(48,646)	(46,053)	(45,046)	(43,711)
Materials and services		(47,328)	(33,898)	(45,809)	(41,959)
Trust funds and deposits repaid		(5,981)	(6,555)	(5,981)	(6,555)
Other payments		(1,196)	(1,255)	(1,196)	(4,263)
Net cash provided by/(used in) operating activities	8.2	41,128	44,776	36,660	31,726
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	5.1	(30,665)	(39,752)	(25,065)	(26,852)
Proceeds from sale of property, infrastructure, plant and equipment		946	584	946	572
Net proceeds from sale of financial assets		(97)	5,739	(97)	5,739
Net cash provided by/(used in) investing activities		(29,816)	(33,429)	(24,216)	(20,541)

Statement of Cash Flows For the Year Ended 30 June 2018

	Note	Consolidated		Council	
		2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from financing activities					
Finance costs		(1,119)	(1,207)	(1,155)	(1,208)
Proceeds from borrowings		-	5,128	-	5,128
Repayment of borrowings		(734)	(3,372)	(700)	(3,362)
Net cash provided by/(used in) financing activities		(1,853)	549	(1,855)	558
Net increase/(decrease) in cash and cash equivalents		9,459	11,896	10,589	11,743
Cash and cash equivalents at the beginning of the financial year		46,762	34,866	43,402	31,659
Cash and cash equivalents at the end of the financial year	4.1	56,221	46,762	53,991	43,402
Financing arrangements	4.6				
Restrictions on cash assets	4.1				

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

Statement of Capital Works For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
Note	\$'000	\$'000	\$'000	\$'000
Property				
Land	2,215	426	2,215	426
Buildings	2,167	6,030	2,122	5,973
Total property	4,382	6,456	4,337	6,399
Plant and equipment				
Plant, machinery and equipment	3,312	2,558	3,183	2,478
Fixtures, fittings and furniture	622	461	514	352
Computers and telecommunications	242	-	242	-
Library books	340	295	340	295
Total plant and equipment	4,516	3,314	4,279	3,125
Infrastructure				
Roads	9,060	8,772	9,060	8,772
Footpaths and cycleways	381	1,696	381	1,696
Drainage	3,515	2,505	3,515	2,505
Recreational, leisure and community facilities	635	1,080	635	1,080
Waste management	826	553	826	553
Parks, open space and streetscapes	2,108	2,375	2,108	2,342
Aerodromes	5,347	19,755	-	-
Off street car parks	266	259	202	259
Total infrastructure	22,138	36,995	16,727	17,207
Intangible				
Software	116	121	116	121
Total intangible	116	121	116	121
Total capital works expenditure	31,152	46,886	25,459	26,852
Represented by:				
New asset expenditure	6,740	1,535	6,504	1,535
Asset renewal expenditure	15,866	15,334	14,047	15,088
Asset expansion expenditure	2,786	15,913	967	6,019
Asset upgrade expenditure	5,644	13,983	3,825	4,089
Intangible asset	116	121	116	121
Total capital works expenditure	31,152	46,886	25,459	26,852

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

Notes to the Financial Report For the Year Ended 30 June 2018

OVERVIEW

Introduction

The Mildura Rural City Council was established by an Order of the Governor in Council on 20 January 1995 and is a body corporate.

The Mildura Rural City Council's main office is located at 108 - 116 Madden Avenue, Mildura.

Statement of compliance

These financial statements are a general purpose financial report that consists of a comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works and notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, 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.

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 5.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 5.1)
- the determination of employee provisions (refer to note 4.5)
- the determination of landfill provisions (refer to note 4.5)
- other areas requiring judgments

The consolidated results in the financial report include all entities controlled and all funds through which the Mildura Rural City Council (Council) controls resources to carry on its functions, such as special committees of management. In the process of reporting on the Mildura Rural City Council as a consolidated unit, all intra and inter entity balances and transactions have been eliminated.

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.

Notes to the Financial Report For the Year Ended 30 June 2018

(b) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2018, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

Entities consolidated into Council include:

- Mildura Airport Pty Ltd
- Mildura Tourism and Economic Development Ltd trading as Mildura Regional Development

Notes to the Financial Report For the Year Ended 30 June 2018

Note 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 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent and \$250,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 29 June 2017. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Income				
Rates and charges	66,550	66,919	369	1
Statutory fees and fines	2,147	2,528	381	2
User fees	6,237	6,828	591	3
Grants - operating	21,423	33,122	11,699	4
Grants - capital	4,254	5,322	1,068	5
Contributions - monetary	869	1,329	460	6
Contributions - non monetary	-	3,813	3,813	7
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	310	(1,932)	(2,242)	8
Other income	4,739	7,127	2,388	9
Asset recognition	-	2,008	2,008	10
Total income	106,529	127,064	20,535	
Expenses				
Employee costs	(45,673)	(45,547)	126	
Materials and services	(40,566)	(36,133)	4,433	11
Depreciation and amortisation	(19,663)	(18,642)	1,021	12
Bad and doubtful debts	(85)	(216)	(131)	
Borrowing costs	(1,151)	(1,155)	(4)	
Other expenses	(1,111)	(4,974)	(3,863)	13
Total expenses	(108,249)	(106,667)	1,582	
Surplus/(deficit) for the year	(1,720)	20,397	22,117	

Notes to the Financial Report For the Year Ended 30 June 2018

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Supplementary rates was above original forecast.
2	Statutory fees and fines	Receipts from planning permits and infringements were above budget forecast due to a significant increase in statutory fees charged by Council which is mandated by the State government.
3	User fees	Mildura Landfill received additional waste fees over and above budget expectations. Private works income was also higher than anticipated due to receiving additional Vic Roads contracts.
4	Grants - operating	Timing of receipt of grant funding for the Mildura Airport Runway project as well as forward payment of Financial assistance grants funding.
5	Grants - capital	Additional grant funding received for capital projects unknown at time of completion of budget.
6	Contributions - monetary	Developer contributions exceeded our original forecast due to an increase in residential development throughout the municipality.
7	Contributions - non monetary	Non monetary contributions are volatile and difficult to predict and being non cash in nature are not traditionally budgeted for. It is due to works completed in lieu of cash contribution for infrastructure, predominantly residential sub divisions. These assets are recognised in to Council's asset register when they are considered 'handed over' to Council, and are considered to be under the control of Council.
8	Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	Council is required to recognise a disposal of assets when those assets are sold, renewed or replaced, or become decommissioned.
9	Other income	Variance predominantly due to reimbursements received being higher than original budget forecast. This is due to a number of different programs and projects throughout Council.

**Notes to the Financial Report
For the Year Ended 30 June 2018**

(i) Explanation of material variations (cont'd)

Variance Ref	Item	Explanation
10	Asset recognition	This includes asset recognised during the upgrade of our asset management system.
11	Materials and services	Timing of payments in relation to the Mildura Airport Runway project.
12	Depreciation and amortisation	Variance due to recognition of asset and revaluations during the year.
13	Other expenses	The accounting treatment for our landfill provision resulted in a increase in the provision for future landfill rehabilitations works which required a recognition of an expense. This is non cash and not something traditionally budget for.

Notes to the Financial Report
For the Year Ended 30 June 2018

1.2 Capital works	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Property				
Land	944	2,215	1,271	1
Total land	944	2,215	1,271	
Buildings	2,087	2,122	35	
Total buildings	2,087	2,122	35	
Total property	3,031	4,337	1,306	
Plant and equipment				
Plant, machinery and equipment	2,220	3,183	963	2
Fixtures, fittings and furniture	181	514	333	3
Computers and telecommunications	848	242	(606)	4
Library books	325	340	15	5
Total plant and equipment	3,574	4,279	705	
Infrastructure				
Roads	13,688	9,060	(4,628)	6
Bridges	229	-	(229)	
Footpaths and cycleways	1,114	381	(733)	7
Drainage	6,773	3,515	(3,258)	8
Recreational, leisure and community facilities	530	635	105	
Waste management	2,332	826	(1,506)	9
Parks, open space and streetscapes	2,139	2,108	(31)	
Off street car parks	280	202	(78)	10
Total infrastructure	27,085	16,727	(10,358)	
Total capital works expenditure	33,690	25,343	(8,347)	
Represented by:				
New asset expenditure	7,194	6,504	(690)	
Asset renewal expenditure	17,329	14,047	(3,282)	
Asset expansion expenditure	7,775	967	(6,808)	
Asset upgrade expenditure	1,392	3,825	2,433	
Total capital works expenditure	33,690	25,343	(8,347)	

Notes to the Financial Report For the Year Ended 30 June 2018

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Previous years land acquisitions delayed negotiations were finished in this current year.
2	Plant, machinery and equipment	Income from sale of fleet is additional to capital budget.
3	Fixtures, fittings and furniture	Central business district (CBD) development works program has been delayed so as to not interfere with heated outdoor area during winter.
4	Computers and telecommunications	Part of capital expenditure for this class of assets is currently sitting in intangible assets.
6	Roads	Works were delays due to unexpected plant breakdown, inclement weather and the availability of contractors.
7	Footpaths and cycleways	Delay in final footpath designs.
8	Drainage	Council delayed beginning projects due to multiple major drainage projects to be jointly tendered early in the 2018-2019 year.
9	Waste management	Projects are subject to Environmental Protection Authority (EPA) review prior to tendering.
10	Off street car parks	Project delayed due to Victorian Civil and Administration Tribunal.

Notes to the Financial Report
For the Year Ended 30 June 2018

Consolidated		Council	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000

Note 2 Funding for the delivery of our services

2.1 Rates and charges

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

The valuation base used to calculate general rates for 2017/18 was \$8,107 million (2016/17 \$7,979 million).

General rates	42,807	41,381	42,934	41,507
Municipal charge	2,768	2,739	2,768	2,739
Waste management charge	8,392	8,170	8,392	8,170
Cultural/recreational land	17	17	17	17
Mildura City Heart special rate	574	554	574	554
Business differential rate	12,234	11,874	12,234	11,874
Total rates and charges	66,792	64,735	66,919	64,861

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

Annual rates and charges are recognised as revenues when Council issues annual rates notices.

Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

2.2 Statutory fees and fines

Infringements and costs	885	884	885	884
Land information certificates	117	124	117	124
Permits	327	326	327	326
Other statutory fees and fines	166	130	166	130
Valuations database	267	237	267	237
Statutory planning fees	766	587	766	587
Total statutory fees and fines	2,528	2,288	2,528	2,288

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

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
2.3 User fees				
Aged and health services	1,027	1,204	1,027	1,204
Child care/children's programs	323	331	323	331
Waste management services	1,216	1,080	1,216	1,080
Other fees and charges	537	210	537	210
Rent/lease fees	1,077	954	685	563
Animal control and local laws	452	444	452	444
Environmental health services	265	242	265	242
Airport fees and charges	5,230	4,765	-	-
Swimming pool fees	96	98	96	98
Contract works	1,504	1,193	1,504	1,193
Entrance charges	531	562	531	562
Commission/agency fees	192	187	192	187
Total user fees	12,450	11,270	6,828	6,114

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

2.4 Funding from other levels of government

Grants were received in respect of the following:

Summary of grants

Commonwealth funded grants	30,071	28,087	30,071	28,087
State funded grants	8,373	11,136	8,373	11,136
Total grants received	38,444	39,223	38,444	39,223

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
2.4 Funding from other levels of government (cont'd)				
(a) Operating grants				
<i>Recurrent - Commonwealth government</i>				
Family services	240	240	240	240
Aged and disability services	2,031	2,008	2,031	2,008
Financial assistance grants - general purpose	11,025	15,113	11,025	15,113
Financial assistance grants - local roads	4,145	5,655	4,145	5,655
<i>Recurrent - State government</i>				
Primary care partnerships	398	394	398	394
Aged care	813	843	813	843
Libraries	365	361	365	361
Maternal and child health	765	693	765	693
Family services	293	256	293	256
Youth services	290	284	290	284
Environmental health	34	45	34	45
Social development and projects	143	136	143	136
Local laws	310	100	310	100
Arts and culture	190	190	190	190
Road construction and maintenance	129	129	129	129
Total recurrent operating grants	21,171	26,447	21,171	26,447

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
2.4 Funding from other levels of government (cont'd)				
<i>Non-recurrent - Commonwealth government</i>				
Airport operations	9,000	-	9,000	-
Primary Care Partnership	10	-	10	-
Social development and projects	-	5	-	5
<i>Non-recurrent - State government</i>				
Airport operations	1,262	3,738	1,262	3,738
Youth services	5	14	5	14
Primary Care Partnership	10	15	10	15
Community development	16	12	16	12
Social development and projects	536	481	536	481
Environment	224	146	224	146
Planning and development	734	75	734	75
Emergency management	120	120	120	120
Arts and culture	-	37	-	37
Aged and disability services	5	103	5	103
Recreation and sport	27	-	27	-
Family services	2	9	2	9
Total non-recurrent operating grants	11,951	4,755	11,951	4,755
Total operating grants	33,122	31,202	33,122	31,202
(b) Capital grants				
<i>Recurrent - Commonwealth government</i>				
Roads to recovery	3,620	4,063	3,620	4,063
<i>Recurrent - State government</i>				
Libraries	11	11	11	11
Maternal and child health	-	3	-	3
Total recurrent capital grants	3,631	4,077	3,631	4,077
<i>Non-recurrent - Commonwealth government</i>				
Recreation and sport	-	1,003	-	1,003
<i>Non-recurrent - State government</i>				
Environment	-	138	-	138
Libraries	313	19	313	19
Recreation and sport	895	2,574	895	2,574
Road construction and maintenance	483	210	483	210
Total non-recurrent capital grants	1,691	3,944	1,691	3,944
Total capital grants	5,322	8,021	5,322	8,021

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
2.4 Funding from other levels of government (cont'd)				
(c) Unspent grants received on condition that they be spent in a specific manner				
Balance at start of year	4,072	2,559	4,072	2,559
Received during the financial year and remained unspent at balance date	1,670	3,510	1,670	3,510
Received in prior years and spent during the financial year	(2,172)	(1,997)	(2,172)	(1,997)
Balance at year end	<u>3,570</u>	<u>4,072</u>	<u>3,570</u>	<u>4,072</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

2.5 Contributions

Monetary	1,329	1,501	1,329	1,501
Non-monetary	3,813	2,596	3,813	2,596
Total contributions	<u>5,142</u>	<u>4,097</u>	<u>5,142</u>	<u>4,097</u>

Contributions of non-monetary assets were received in relation to the following asset classes.

Roads	913	-	913	-
Kerb and channel	701	-	701	-
Footpaths and cycleways	447	-	447	-
Drainage	1,752	2,596	1,752	2,596
Total non-monetary contributions	<u>3,813</u>	<u>2,596</u>	<u>3,813</u>	<u>2,596</u>

Monetary and non-monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
2.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment				
Proceeds of sale	946	584	946	572
Written down value of assets disposed	(2,878)	(2,434)	(2,878)	(2,418)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,932)	(1,850)	(1,932)	(1,846)

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

2.7 Other income

Interest	1,041	950	1,182	993
Interest on rates	360	322	360	322
Sales	1,210	1,076	451	387
Other income	462	150	10	25
Child care reimbursement	1,385	1,413	1,385	1,413
Fuel tax rebate	219	221	219	221
WorkCover costs reimbursements	315	246	315	246
Legal costs recouped	259	216	259	216
Airport reimbursement	-	-	10	131
Aged care package reimbursement	-	214	-	214
Cemetery reimbursement	403	377	403	377
Utilities reimbursement	187	250	187	250
Youth case management reimbursement	435	378	435	378
Insurance reimbursement	455	-	517	-
Other costs reimbursed	1,348	626	1,394	626
Total other income	8,079	6,439	7,127	5,799

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.

2.8 Asset recognition

During the previous year Council undertook an extensive survey of its roads and outdoor infrastructure networks. In doing so, it identified assets which had not previously been recorded in its assets registers.

Asset recognition	2,008	5,861	2,008	5,861
Total asset recognition	2,008	5,861	2,008	5,861

Notes to the Financial Report
For the Year Ended 30 June 2018

Consolidated		Council	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000

Note 3 The cost of delivering services

3.1 Employee costs

Wages and salaries	44,583	41,619	41,617	39,460
Payroll tax	16	22	16	22
Superannuation	3,928	3,913	3,709	3,710
Fringe benefits tax	205	193	205	193
Total employee costs	48,732	45,747	45,547	43,385

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities
Superannuation Fund (Vision Super)

	365	424	365	424
Total defined benefit fund contributions	365	424	365	424

Accumulation funds

Employer contributions to Local Authorities
Superannuation Fund (Vision Super)

	1,957	2,082	1,957	2,082
Employer contributions - other funds	1,312	1,407	1,312	1,204
Total accumulation funds contributions	3,269	3,489	3,269	3,286

Employer contributions payable at reporting date.	82	95	82	95
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Refer to note 8.3 for further information relating to Council's superannuation obligations.

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
3.2 Materials and services				
Contract payments	8,643	9,535	8,405	9,507
General maintenance	403	419	403	419
Environmental protection waste levy	1,155	1,173	1,155	1,173
Grants, contributions and donations	2,691	2,813	11,587	13,936
Utilities	3,216	3,275	3,001	3,098
Office administration	1,340	1,411	833	1,185
Materials purchased	3,765	4,081	3,465	3,777
Plant and vehicle costs	2,616	2,242	2,247	1,934
Information technology	1,020	1,162	937	1,117
Insurance	966	895	966	841
Consultants	2,085	2,499	1,796	2,326
Training	1,054	994	953	907
Other materials and contractors	534	413	385	200
Total materials and services	29,488	30,912	36,133	40,420
3.3 Depreciation and amortisation				
Buildings	2,614	2,451	2,404	2,245
Plant and equipment	3,185	3,301	2,921	3,032
Infrastructure	13,736	13,792	13,098	13,358
Total depreciation	19,535	19,544	18,423	18,635
Intangible assets	219	214	219	214
Total depreciation and amortisation	19,754	19,758	18,642	18,849

Refer to note 4.2 (c) and 5.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
3.4 Bad and doubtful debts				
Parking fine debtors	210	173	210	173
Other debtors	6	29	6	29
Total bad and doubtful debts	216	202	216	202
Movement in provisions for doubtful debts				
Balance at the beginning of the year	1,307	1,125	1,307	1,125
New provisions recognised during the year	216	202	216	202
Amounts already provided for and written off as uncollectible	(6)	(20)	(6)	(20)
Balance at end of year	1,517	1,307	1,517	1,307
Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.				
3.5 Borrowing costs				
Interest - borrowings	1,136	1,141	1,129	1,134
Interest - finance leases	26	28	26	28
Total borrowing costs	1,162	1,169	1,155	1,162
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.				
3.6 Other expenses				
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	66	69	66	56
Auditors' remuneration - internal	106	117	94	117
Councillors' allowances	305	312	305	312
Directors' fees	82	83	-	-
Refunds	15	54	15	54
Operating lease rentals	215	120	125	120
Increase in landfill provision discounted amount	3,995	565	3,995	565
Others	374	447	374	394
Total other expenses	5,158	1,767	4,974	1,618

Notes to the Financial Report
For the Year Ended 30 June 2018

Consolidated		Council	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000

Note 4 Our financial position

4.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	35	56	11	11
Cash at bank	11,894	18,869	10,980	17,320
Term deposits	44,292	27,837	43,000	26,071
Total cash and cash equivalents	56,221	46,762	53,991	43,402

(b) Other financial assets

Term deposits - current	2,879	2,782	2,879	2,782
Floating notes - non-current	1,750	1,750	1,750	1,750
Total other financial assets	4,629	4,532	4,629	4,532
Total financial assets	60,850	51,294	58,620	47,934

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

- Trust funds and deposits (note 4.3)	1,849	1,681	1,849	1,673
- Statutory reserve funds (note 8.1)	1,988	2,838	1,996	2,846
Total restricted funds	3,837	4,519	3,845	4,519
Total unrestricted cash and cash equivalents	52,384	42,243	50,146	38,883

Intended allocations

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

- Cash held to fund carried forward capital works	7,680	11,396	7,680	11,396
- Unexpended grants (note 2.4)	3,570	4,072	3,570	4,072
- Discretionary reserves (note 8.1)	23,982	14,165	23,982	14,165
- Long service leave 25% (note 4.5)	1,739	1,668	1,739	1,668
Total funds subject to intended allocations	36,971	31,301	36,971	31,301

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

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

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
4.1 Financial assets (cont'd)	\$'000	\$'000	\$'000	\$'000
(c) Trade and other receivables				
Current				
<i>Statutory receivables</i>				
Rates debtors	3,471	3,645	3,471	3,645
Infringement debtors	1,761	1,557	1,761	1,557
Provision for doubtful debts - infringements	(1,466)	(1,256)	(1,466)	(1,256)
<i>Non statutory receivables</i>				
General debtors	2,333	3,710	1,525	3,161
Accrued income	689	733	689	705
GST receivable	505	419	505	419
Provision for doubtful debts - other debtors	(51)	(51)	(51)	(51)
Total current trade and other receivables	7,242	8,757	6,434	8,180
Non-current				
<i>Non statutory receivables</i>				
Loan to Mildura Airport Pty Ltd	-	-	5,129	5,129
Total non-current trade and other receivables	-	-	5,129	5,129
Total trade and other receivables	7,242	8,757	11,563	13,309

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

(a) Ageing of receivables

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

Current (not yet due)	2,486	3,405	1,275	2,862
Past due by up to 60 days	151	261	145	254
Past due between 61 and 180 days	27	49	4	49
Past due between 181 and 365 days	101	199	101	199
Past due by more than 1 year	-	1,352	-	1,352
Total trade and other receivables	2,765	5,266	1,525	4,716

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
4.1 Financial assets (cont'd)	\$'000	\$'000	\$'000	\$'000

(b) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$5,079 (2017: \$20,410) were impaired. The amount of the provision raised against these debtors was \$5,079 (2017: \$20,410). 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	6	25	6	25
Past due between 181 and 365 days	-	4	-	4
Past due by more than 1 year	210	173	210	173
Total trade and other receivables	216	202	216	202

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
4.2 Non-financial assets				
(a) Inventories				
Inventories held for distribution	569	587	569	577
Inventories held for sale	94	87	88	87
Total inventories	663	674	657	664
Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.				
(b) Other assets				
Current				
Prepayments	332	352	281	307
Total	332	352	281	307
Non-current				
Interest in Mildura Airport Pty Ltd	-	-	50,923	42,699
Interest in Mildura Regional Development	-	-	396	-
Total	-	-	51,319	42,699
Total other assets	332	352	51,600	43,006
(c) Intangible assets				
Software	1,017	1,059	1,017	1,059
Water rights at valuation 30 June 2017	-	5,063	-	5,006
Water rights at valuation 30 June 2018	7,038	-	6,965	-
Total intangible assets	8,055	6,122	7,982	6,065

Notes to the Financial Report
For the Year Ended 30 June 2018

4.2 Non-financial assets (cont'd)

(c) Intangible assets

	Software \$'000	Water right \$'000	Total \$'000
Consolidated			
Gross carrying amount			
Balance at 1 July 2017	2,106	5,063	7,169
Other additions	116	-	116
Transfer	729	-	729
Revaluation increment/(decrement)	-	1,975	1,975
Balance at 1 July 2018	<u>2,951</u>	<u>7,038</u>	<u>9,989</u>
Accumulated amortisation and impairment			
Balance at 1 July 2017	1,047	-	1,047
Amortisation expense	219	-	219
	668	-	668
Balance at 1 July 2018	<u>1,934</u>	<u>-</u>	<u>1,934</u>
Net book value at 30 June 2017	<u>1,059</u>	<u>5,063</u>	<u>6,122</u>
Net book value at 30 June 2018	<u>1,017</u>	<u>7,038</u>	<u>8,055</u>
Council	Software \$'000	Water right \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2017	2,106	5,006	7,112
Other additions	116	-	116
Transfer	729	-	729
Revaluation increment/(decrement)	-	1,959	1,959
Balance at 1 July 2018	<u>2,951</u>	<u>6,965</u>	<u>9,916</u>
Accumulated amortisation and impairment			
Balance at 1 July 2017	1,047	-	1,047
Amortisation expense	219	-	219
Transfer	668	-	668
Balance at 1 July 2018	<u>1,934</u>	<u>-</u>	<u>1,934</u>
Net book value at 30 June 2017	<u>1,059</u>	<u>5,006</u>	<u>6,065</u>
Net book value at 30 June 2018	<u>1,017</u>	<u>6,965</u>	<u>7,982</u>

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

**Notes to the Financial Report
For the Year Ended 30 June 2018**

4.2 Non-financial assets

(c) Intangible assets (cont'd)

Details of the Mildura Rural City Council's water rights; and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Water rights	-	7,022	-
Total	-	7,022	-

Water rights are valued at current market values. The valuation is based on market transactions being the trading of water shares. The valuations were completed by Mr Con Demis AAPI, Certified Practising Valuer, recognised valuer, (Council Officer), as at 30 June 2018.

4.3 Payables

(a) Trade and other payables

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables	281	4,287	-	6,810
Accrued expenses	1,404	8,219	1,981	999
Total trade and other payables	1,685	12,506	1,981	7,809

(b) Trust funds and deposits

Refundable contract deposits	103	108	103	108
Fire services levy	375	437	375	437
Refundable civic facilities deposits	2	4	2	4
Retention amounts	248	138	248	138
Income received in advance	7	8	-	-
Other refundable deposits	1,121	986	1,121	986
Total trust funds and deposits	1,856	1,681	1,849	1,673

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

Purpose and nature of items:

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

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

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

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
4.4 Interest-bearing liabilities				
Current				
Borrowings - secured	773	734	738	700
Total current interest-bearing liabilities	773	734	738	700
Non-current				
Borrowings - secured	19,733	20,574	19,733	20,471
Finance leases	68	-	-	-
Total non-current interest-bearing liabilities	19,801	20,574	19,733	20,471
Total interest-bearing liabilities	20,574	21,308	20,471	21,171

Borrowings are secured by borrowings security is over the general rates of the municipal enterprise as per s148 *Local Government Act 1989 (VIC)*.

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

Not later than one year	773	734	738	700
Later than one year and not later than five years	1,353	103	-	-
Later than five years	23,577	20,471	19,733	20,471
	25,703	21,308	20,471	21,171

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

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

Notes to the Financial Report
For the Year Ended 30 June 2018

4.5 Provisions

	Employee	Landfill restoration	Total
Consolidated	\$ '000	\$ '000	\$ '000
2018			
Balance at beginning of the financial year	11,750	15,247	26,997
Additional provisions	6,607	3,995	10,602
Amounts used	(6,094)	-	(6,094)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(282)	-	(282)
Balance at the end of the financial year	<u>11,981</u>	<u>19,242</u>	<u>31,223</u>
2017			
Balance at beginning of the financial year	12,085	15,224	27,309
Additional provisions	6,044	566	6,610
Amounts used	(6,109)	(543)	(6,652)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(270)	-	(270)
Balance at the end of the financial year	<u>11,750</u>	<u>15,247</u>	<u>26,997</u>
		Landfill	
Council	Employee	restoration	Total
2018	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	11,534	15,247	26,781
Additional provisions	6,481	3,995	10,476
Amounts used	(5,966)	-	(5,966)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(282)	-	(282)
Balance at the end of the financial year	<u>11,767</u>	<u>19,242</u>	<u>31,009</u>
2017			
Balance at beginning of the financial year	11,895	15,224	27,119
Additional provisions	5,919	566	6,485
Amounts used	(6,010)	(543)	(6,553)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(270)	-	(270)
Balance at the end of the financial year	<u>11,534</u>	<u>15,247</u>	<u>26,781</u>

Notes to the Financial Report
For the Year Ended 30 June 2018

4.5 Provisions (cont'd)	Consolidated		Council	
	2018	2017	2018	2017
(a) Employee provisions	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be wholly settled within 12 months				
Annual leave	2,765	2,732	2,644	2,592
Long service leave	4,915	804	4,915	804
Redundancy	108	272	108	272
Rostered day off and time off in lieu	756	743	756	743
Total	8,544	4,551	8,423	4,411
Current provisions expected to be wholly settled after 12 months				
Annual leave	1,304	1,254	1,304	1,254
Long service leave	795	4,852	786	4,845
Total	2,099	6,106	2,090	6,099
Total current employee provisions	10,643	10,657	10,513	10,510
Non-current				
Long service leave	1,338	1,093	1,254	1,024
Total non-current employee provisions	1,338	1,093	1,254	1,024
Aggregate carrying amount of employee provisions:				
Current	10,643	10,657	10,513	10,510
Non-current	1,338	1,093	1,254	1,024
Total aggregate carrying amount of employee provisions	11,981	11,750	11,767	11,534

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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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.

Notes to the Financial Report For the Year Ended 30 June 2018

4.5 Provisions (cont'd)

(a) Employee provisions

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. 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.

	Consolidated		Council	
	2018	2017	2018	2017
Key assumptions:				
- discount rate	2.65%	2.61%	2.65%	2.61%
- wage inflation rate	3.88%	3.81%	3.88%	3.81%
- settlement period	12	12	12	12

	Consolidated		Council	
	2018	2017	2018	2017
(b) Landfill restoration	\$'000	\$'000	\$'000	\$'000
Non-current	19,242	15,247	19,242	15,247
Total landfill restoration	19,242	15,247	19,242	15,247

Under the Environmental Protection Act Council is obligated to restore the Mildura, Ouyen, Murrayville and Koorlong sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration 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 forecast timing of the work, work required and related costs.

	Consolidated		Council	
	2018	2017	2018	2017
Key assumptions:				
- Rawlinsons index rate	3.00%	2.51%	3.00%	2.51%
- wage inflation rate	3.88%	3.81%	3.88%	3.81%
- discount rate	2.65%	2.61%	2.65%	2.61%

	Consolidated		Council	
	2018	2017	2018	2017
Total provisions	\$'000	\$'000	\$'000	\$'000
Current	10,643	10,657	10,513	10,510
Non-current	20,580	16,340	20,496	16,271
	31,223	26,997	31,009	26,781

Notes to the Financial Report
For the Year Ended 30 June 2018

4.6 Financing arrangements	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2018.				
Credit card facilities	800	800	800	800
Total facilities	800	800	800	800

4.7 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.

Consolidated 2018	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Swimming pool management	1,807	1,500	1,500	1,500	6,307
Telecommunications	208	206	-	-	414
Waste management	2,185	1,869	5,262	1,752	11,068
Cleaning services	513	518	-	-	1,031
Security services	473	478	488	-	1,439
Corporate expenditure	4	-	-	-	4
Other	5,057	3,974	531	-	9,562
Total	10,247	8,545	7,781	3,252	29,825
Capital					
Fixtures, fittings and furniture	33	-	-	-	33
Buildings	370	-	-	-	370
Library books and artworks	115	-	-	-	115
Waste management	26	-	-	-	26
Plant machinery and equipment	2,487	-	-	-	2,487
Roads	572	-	-	-	572
Drainage	40	-	-	-	40
Parks, open spaces and streetscapes	341	-	-	-	341
Total	3,984	-	-	-	3,984

Notes to the Financial Report
For the Year Ended 30 June 2018

4.7 Commitments (cont'd)

Consolidated 2017	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Swimming pool management	1,124	284	-	-	1,408
Telecommunications	473	208	-	-	681
Waste management	3,120	1,724	5,026	1,407	11,277
Cleaning services	369	-	-	-	369
Security services	355	-	-	-	355
Project design	458	-	-	-	458
Other	3,122	269	97	-	3,488
Total	9,021	2,485	5,123	1,407	18,036
Capital					
Airport	12,149	-	-	-	12,149
Fixtures, fittings and furniture	44	-	-	-	44
Buildings	624	-	-	-	624
Library books and artworks	179	-	-	-	179
Land	63	-	-	-	63
Waste management	432	-	-	-	432
Plant machinery and equipment	2,162	-	-	-	2,162
Roads	575	-	-	-	575
Drainage	963	-	-	-	963
Carparks	19	-	-	-	19
Footpaths	6	-	-	-	6
Parks, open spaces and streetscapes	638	-	-	-	638
Recreational, leisure and community	852	-	-	-	852
Total	18,706	-	-	-	18,706

Notes to the Financial Report
For the Year Ended 30 June 2018

4.7 Commitments (cont'd)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Council					
2018					
Operating					
Swimming pool management	1,807	1,500	1,500	1,500	6,307
Telecommunications	208	206	-	-	414
Waste management	2,185	1,869	5,262	1,752	11,068
Cleaning services	513	518	-	-	1,031
Security services	473	478	488	-	1,439
Corporate expenditure	4	-	-	-	4
Other	5,057	3,974	531	-	9,562
Total	10,247	8,545	7,781	3,252	29,825
Capital					
Fixtures, fittings and furniture	33	-	-	-	33
Buildings	370	-	-	-	370
Library books and artworks	115	-	-	-	115
Waste management	26	-	-	-	26
Plant machinery and equipment	2,487	-	-	-	2,487
Roads	572	-	-	-	572
Drainage	40	-	-	-	40
Parks, open spaces and streetscapes	341	-	-	-	341
Total	3,984	-	-	-	3,984

Notes to the Financial Report
For the Year Ended 30 June 2018

4.7 Commitments (cont'd)

Council	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2017	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Swimming pool management	1,124	284	-	-	1,408
Telecommunications	473	208	-	-	681
Waste management	3,120	1,724	5,026	1,407	11,277
Cleaning services	369	-	-	-	369
Security services	355	-	-	-	355
Project design	458	-	-	-	458
Other	3,122	269	97	-	3,488
Total	9,021	2,485	5,123	1,407	18,036
Capital					
Fixtures, fittings and furniture	44	-	-	-	44
Buildings	624	-	-	-	624
Library books and artworks	179	-	-	-	179
Land	63	-	-	-	63
Waste management	432	-	-	-	432
Plant machinery and equipment	2,162	-	-	-	2,162
Roads	575	-	-	-	575
Drainage	963	-	-	-	963
Carparks	19	-	-	-	19
Footpaths	6	-	-	-	6
Parks, open spaces and streetscapes	638	-	-	-	638
Recreational, leisure and community	852	-	-	-	852
Total	6,557	-	-	-	6,557

Operating lease commitments

At the reporting date, the Council had no obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities).

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Notes to the Financial Report
For the Year Ended 30 June 2018

Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

Consolidated	At fair value	First time	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At fair value
	30 June 2017	recognition of								30 June 2018
	\$'000	assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	48,446	12,601	607	-	-	-	-	-	417	62,071
Buildings	113,318	-	719	-	-	(2,614)	(292)	-	936	112,067
Plant and equipment	46,582	-	3,306	-	-	(3,185)	(854)	-	84	45,933
Infrastructure	507,336	-	9,303	3,813	13,135	(13,736)	(1,730)	-	32,982	551,103
Work in progress	43,089	-	19,108	-	-	-	-	(395)	(34,589)	27,213
	758,771	12,601	33,043	3,813	13,135	(19,535)	(2,876)	(395)	(170)	798,387

Summary of work in progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	301	3,057	(213)	(1,320)	1,825
Plant and equipment	379	1,363	-	(150)	1,592
Infrastructure	42,409	14,688	(222)	(33,079)	23,796
Total	43,089	19,108	(435)	(34,549)	27,213

Notes to the Financial Report For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)

Asset recognition thresholds and depreciation periods	Depreciation period	Threshold limit \$'000
Land and land improvements		
land	-	5
Buildings		
buildings	60 years	10
Plant and equipment		
plant and equipment	3 - 12 years	5
fixtures, fittings and furniture	4 - 10 years	5
artworks	-	0.5
library books	-	In aggregate
Infrastructure		
footpaths and cycleways	10 - 50 years	10
road kerb and channel	50 years	10
road pavements	20 - 50 years	10
road seals	5 - 50 years	10
Drainage	50 - 150 years	10
Waste management	10 - 30 years	10
Aerodromes	50 years	10
Off street carparks	50 years	10
Recreational, leisure and community	10 - 25 years	10
Parks, open spaces and streetscapes	10 - 50 years	10
Intangible assets		
software	3 - 15 years	1
Water rights	0	-

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)
(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated									
At fair value 1 July 2017	36,971	10,970	505	48,446	204,994	13,625	218,619	301	267,366
Accumulated depreciation at 1 July 2017	-	-	-	-	(101,515)	(3,786)	(105,301)	-	(105,301)
	36,971	10,970	505	48,446	103,479	9,839	113,318	301	162,065
First time recognition of assets	-	-	12,601	12,601	-	-	-	-	12,601
	36,971	10,970	13,106	61,047	103,479	9,839	113,318	301	174,666
Movements in fair value									
Additions	607	-	-	607	719	-	719	3,057	4,383
Disposal	-	-	-	-	(316)	(315)	(631)	-	(631)
Write-off	-	-	-	-	-	-	-	(173)	(173)
Transfers	417	-	-	417	936	-	936	(1,360)	(7)
	1,024	-	-	1,024	1,339	(315)	1,024	1,524	3,572
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(2,385)	(229)	(2,614)	-	(2,614)
Accumulated depreciation of disposals	-	-	-	-	73	266	339	-	339
	-	-	-	-	(2,312)	37	(2,275)	-	(2,275)
At fair value 30 June 2018	37,995	10,970	13,106	62,071	206,333	13,310	219,643	1,825	283,539
Accumulated depreciation at 30 June 2018	-	-	-	-	(103,827)	(3,749)	(107,576)	-	(107,576)
	37,995	10,970	13,106	62,071	102,506	9,561	112,067	1,825	175,963

Change of Accounting Policy

Land - Specialised: Includes the fair value of the pre July 2008 Land Under Roads (\$12,601,000) which has been recognised for the first time this year in line with guidance from Local Government Victoria. This has been adjusted against accumulated surplus as per AASB 1051.

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)
(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Fixtures fittings and furniture (leased)	Artwork	Library books	Total plant and equipment	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated								
At fair value 1 July 2017	32,480	3,157	475	27,648	3,960	67,720	379	68,099
Accumulated depreciation at 1 July 2017	(16,251)	(1,852)	(475)	-	(2,560)	(21,138)	-	(21,138)
	16,229	1,305	-	27,648	1,400	46,582	379	46,961
Movements in fair value								
Additions	2,691	108	138	9	206	3,152	1,363	4,515
Recognitions	167	-	-	-	-	167	-	167
Disposal	(2,937)	(289)	-	-	-	(3,226)	-	(3,226)
Transfers	263	(2,473)	1,626	-	-	(584)	(150)	(734)
	184	(2,654)	1,764	9	206	(491)	1,213	722
Movements in accumulated depreciation								
Depreciation and amortisation	(2,577)	(85)	(262)	-	(261)	(3,185)	-	(3,185)
Accumulated depreciation of disposals	2,123	249	-	-	-	2,372	-	2,372
Accumulated depreciation of recognitions	(13)	-	-	-	-	(13)	-	(13)
Transfers	(23)	1,449	(758)	-	-	668	-	668
	(490)	1,613	(1,020)	-	(261)	(158)	-	(158)
At fair value 30 June 2018	32,664	503	2,239	27,657	4,166	67,229	1,592	68,821
Accumulated depreciation at 30 June 2018	(16,741)	(239)	(1,495)	-	(2,821)	(21,296)	-	(21,296)
	15,923	264	744	27,657	1,345	45,933	1,592	47,525

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)
(c) Infrastructure

Consolidated	Roads	Kerb and channel	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Total infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	414,610	59,133	46,660	144,724	52,490	13,228	14,289	17,933	18,091	781,158	42,409	823,567
Accumulated depreciation at 1 July 2017	(163,819)	(38,153)	(28,585)	(24,279)	(7,792)	(2,173)	(873)	(2,716)	(5,432)	(273,822)	-	(273,822)
	250,791	20,980	18,075	120,445	44,698	11,055	13,416	15,217	12,659	507,336	42,409	549,745
Movements in fair value												
Additions	4,926	9	215	1,164	287	-	647	-	202	7,450	14,688	22,138
Contributions	913	701	447	1,752	-	-	-	-	-	3,813	-	3,813
Recognitions	-	620	36	1,976	-	-	-	-	5	2,637	-	2,637
Revaluation	10,658	1,379	1,045	6,210	-	11	-	-	-	19,303	-	19,303
Disposal	(4,465)	(384)	(478)	(365)	-	-	-	-	-	(5,692)	-	(5,692)
Write-off	-	-	-	-	-	-	-	-	-	-	(222)	(222)
Transfers	3,136	952	278	3,564	-	-	198	24,852	2	32,982	(33,079)	(97)
	15,168	3,277	1,543	14,301	287	11	845	24,852	209	60,493	(18,613)	41,880
Movements in accumulated depreciation												
Depreciation and amortisation	(7,398)	(923)	(773)	(1,027)	(1,882)	(417)	(316)	(543)	(457)	(13,736)	-	(13,736)
Accumulated depreciation of disposals	3,198	279	400	85	-	-	-	-	-	3,962	-	3,962
Accumulated depreciation of recognitions	-	(337)	(6)	(436)	-	-	-	-	(5)	(784)	-	(784)
Accumulated depreciation of revaluations	447	(1,347)	(826)	(4,491)	-	49	-	-	-	(6,168)	-	(6,168)
	(3,753)	(2,328)	(1,205)	(5,869)	(1,882)	(368)	(316)	(543)	(462)	(16,726)	-	(16,726)
At fair value 30 June 2018	429,778	62,410	48,203	159,025	52,777	13,239	15,134	42,785	18,300	841,651	23,796	865,447
Accumulated depreciation at 30 June 2018	(167,572)	(40,481)	(29,790)	(30,148)	(9,674)	(2,541)	(1,189)	(3,259)	(5,894)	(290,548)	-	(290,548)
	262,206	21,929	18,413	128,877	43,103	10,698	13,945	39,526	12,406	551,103	23,796	574,899

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

Council	At fair value	First time	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At fair value
	30 June 2017	recognition of								30 June 2018
	\$'000	assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	48,310	12,601	607	-	-	-	-	-	417	61,935
Buildings	104,233	-	683	-	-	(2,404)	(292)	-	903	103,123
Plant and equipment	44,877	-	3,102	-	-	(2,921)	(854)	-	84	44,288
Infrastructure	489,482	-	9,239	3,813	13,135	(13,098)	(1,730)	-	8,090	508,931
Work in progress	23,033	-	13,720	-	-	-	-	(395)	(9,555)	26,803
	709,935	12,601	27,351	3,813	13,135	(18,423)	(2,876)	(395)	(61)	745,080

Summary of work in progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	410	3,048	(173)	(1,320)	1,965
Plant and equipment	379	1,331	-	(145)	1,565
Infrastructure	22,244	9,341	(222)	(8,090)	23,273
Total	23,033	13,720	(395)	(9,555)	26,803

Notes to the Financial Report For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)

Asset recognition thresholds and depreciation periods	Depreciation period	Threshold limit \$'000
Land and land improvements		
land	0	5
Buildings		
buildings	60 years	10
Plant and equipment		
plant and equipment	3 - 12 years	5
fixtures, fittings and furniture	4 - 10 years	5
artworks	-	1
library books	-	In aggregate
Infrastructure		
footpaths and cycleways	10 - 50 years	10
road kerb and channel	50 years	10
road pavements	20 - 50 years	10
road seals	5 - 50 years	10
Drainage	50 - 150 years	10
Waste management	10 - 30 years	10
Aerodromes	50 years	10
Off street carparks	50 years	10
Recreational, leisure and community	10 - 25 years	10
Parks, open spaces and streetscapes	10 - 50 years	10
Intangible assets		
software	3 - 15 years	1
Water rights	0	-

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)
(a) Property

Council	Land - specialised	Land - non specialised	Land under roads	Total land and land improvement	Buildings - specialised	Buildings - non specialised	Total buildings	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	36,971	10,834	505	48,310	195,506	12,999	208,505	410	257,225
Accumulated depreciation at 1 July 2017	-	-	-	-	(100,720)	(3,552)	(104,272)	-	(104,272)
	36,971	10,834	505	48,310	94,786	9,447	104,233	410	152,953
First time recognition of assets	-	-	12,601	12,601	-	-	-	-	12,601
	36,971	10,834	13,106	60,911	94,786	9,447	104,233	410	165,554
Movements in fair value									
Additions	607	-	-	607	683	-	683	3,048	4,338
Disposal	-	-	-	-	(316)	(315)	(631)	-	(631)
Write-off	-	-	-	-	-	-	-	(173)	(173)
Transfers	417	-	-	417	903	-	903	(1,320)	-
	1,024	-	-	1,024	1,270	(315)	955	1,555	3,534
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(2,218)	(186)	(2,404)	-	(2,404)
Accumulated depreciation of disposals	-	-	-	-	73	266	339	-	339
	-	-	-	-	(2,145)	80	(2,065)	-	(2,065)
At fair value 30 June 2018	37,995	10,834	13,106	61,935	196,776	12,684	209,460	1,965	273,360
Accumulated depreciation at 30 June 2018	-	-	-	-	(102,865)	(3,472)	(106,337)	-	(106,337)
	37,995	10,834	13,106	61,935	93,911	9,212	103,123	1,965	167,023

Change of Accounting Policy

Land - Specialised: Includes the fair value of the pre July 2008 Land Under Roads (\$12,601,000) which has been recognised for the first time this year in line with guidance from Local Government Victoria. This has been adjusted against accumulated surplus as per AASB 1051.

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)

(b) Plant and equipment

Council	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecommunications	Artwork	Library books	Total plant and equipment	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	29,548	2,987	-	27,648	3,960	64,143	379	64,522
Accumulated depreciation at 1 July 2017	(14,923)	(1,783)	-	-	(2,560)	(19,266)	-	(19,266)
	14,625	1,204	-	27,648	1,400	44,877	379	45,256
Movements in fair value								
Additions	2,595	-	138	9	206	2,948	1,331	4,279
Recognitions	167	-	-	-	-	167	-	167
Disposal	(2,937)	(180)	-	-	-	(3,117)	-	(3,117)
Transfers	263	(2,473)	1,626	-	-	(584)	(145)	(729)
	88	(2,653)	1,764	9	206	(586)	1,186	600
Movements in accumulated depreciation								
Depreciation and amortisation	(2,372)	(26)	(262)	-	(261)	(2,921)	-	(2,921)
Accumulated depreciation of disposals	2,123	140	-	-	-	2,263	-	2,263
Accumulated depreciation of recognitions	(13)	-	-	-	-	(13)	-	(13)
Transfers	(23)	1,449	(758)	-	-	668	-	668
	(285)	1,563	(1,020)	-	(261)	(3)	-	(3)
At fair value 30 June 2018	29,636	334	1,764	27,657	4,166	63,557	1,565	65,122
Accumulated depreciation at 30 June 2018	(15,208)	(220)	(1,020)	-	(2,821)	(19,269)	-	(19,269)
	14,428	114	744	27,657	1,345	44,288	1,565	45,853

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)

(c) Infrastructure

Council	Roads	Kerb and channel	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Total infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	414,610	59,133	46,660	144,262	52,222	13,228	13,923	-	15,719	759,757	22,244	782,001
Accumulated depreciation at 1 July 2017	(163,819)	(38,153)	(28,585)	(24,208)	(7,726)	(2,173)	(674)	-	(4,937)	(270,275)	-	(270,275)
	250,791	20,980	18,075	120,054	44,496	11,055	13,249	-	10,782	489,482	22,244	511,726
Movements in fair value												
Additions	4,926	9	215	1,164	287	-	647	-	138	7,386	9,341	16,727
Contributions	913	701	447	1,752	-	-	-	-	-	3,813	-	3,813
Recognitions	-	620	36	1,976	-	-	-	-	5	2,637	-	2,637
Revaluation	10,658	1,379	1,045	6,210	-	11	-	-	-	19,303	-	19,303
Disposal	(4,465)	(384)	(478)	(365)	-	-	-	-	-	(5,692)	-	(5,692)
Write-off	-	-	-	-	-	-	-	-	-	-	(222)	(222)
Transfers	3,136	952	278	3,564	-	-	158	-	2	8,090	(8,090)	-
	15,168	3,277	1,543	14,301	287	11	805	-	145	35,537	1,029	36,566
Movements in accumulated depreciation												
Depreciation and amortisation	(7,398)	(923)	(773)	(1,027)	(1,882)	(417)	(290)	-	(388)	(13,098)	-	(13,098)
Accumulated depreciation of disposals	3,198	279	400	85	-	-	-	-	-	3,962	-	3,962
Accumulated depreciation of recognitions	-	(337)	(6)	(436)	-	-	-	-	(5)	(784)	-	(784)
Accumulated depreciation of revaluations	447	(1,347)	(826)	(4,491)	-	49	-	-	-	(6,168)	-	(6,168)
	(3,753)	(2,328)	(1,205)	(5,869)	(1,882)	(368)	(290)	-	(393)	(16,088)	-	(16,088)
At fair value 30 June 2018	429,778	62,410	48,203	158,563	52,509	13,239	14,728	-	15,864	795,294	23,273	818,567
Accumulated depreciation at 30 June 2018	(167,572)	(40,481)	(29,790)	(30,077)	(9,608)	(2,541)	(964)	-	(5,330)	(286,363)	-	(286,363)
	262,206	21,929	18,413	128,486	42,901	10,698	13,764	-	10,534	508,931	23,273	532,204

Notes to the Financial Report For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)

Acquisition

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

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

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

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by qualified valuer Mr Con Demis AAPI, Certified Practising Valuer (Council Officer). 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.

Notes to the Financial Report For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)

Valuation of land and buildings (cont'd)

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

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

The date of the current valuation is detailed in the following table. A full revaluation of these assets will be conducted in 2018/19.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	10,834	37,995	Dec-16
Specialised land	-	-	13,106	Dec-16
Buildings	-	9,212	93,911	Dec-16
Total	-	20,046	145,012	

Valuation of infrastructure

Valuation of infrastructure assets has been undertaken by Danny Barnes, (B Env Mgmt.) (Council Officer)

The date of the current valuation is detailed in the following table. An index based revaluation was conducted in the current year, this valuation was based on Rawlinson's indexation.

The valuation is at fair value based on 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 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	262,206	Jun-18
Kerb and channel	-	-	21,929	Jun-18
Footpaths and cycleways	-	-	18,413	Jun-18
Drainage	-	-	128,486	Jun-18
Recreational, leisure and community facilities	-	-	42,901	Jun-17
Waste management	-	-	10,698	Jun-18
Parks, open space and streetscapes	-	-	13,764	Jun-17
Off street car parks	-	-	10,534	Jun-17
Total	-	-	508,931	

Notes to the Financial Report For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont'd)

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between of between 30 and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.003 and \$350.00 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$66 to \$6,184 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 years to 60 years Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure asset 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 1 year to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018	2017
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	13,106	505
Land	37,995	36,971
Total specialised land	51,101	37,476

Notes to the Financial Report For the Year Ended 30 June 2018

Note 6 People and relationships

6.1 Council and key management remuneration

(a) Related parties

Parent entity

Mildura Rural City Council is the parent entity.

Subsidiaries and associates

Mildura Airport Pty Ltd and Mildura Regional Development are fully consolidated subsidiary and form part of Mildura Rural City Council financial statements.

(b) Key management personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors

Mark Eckel (Mayor)	2/11/2017	to	30/06/2018
Glenn Milne (Mayor)	1/07/2017	to	1/11/2017
Max Thorburn	1/07/2017	to	30/06/2018
Ali Cupper	1/07/2017	to	30/06/2018
Greg Brown	1/07/2017	to	30/06/2018
Simon Clemence	1/07/2017	to	30/06/2018
Anthony Cirillo	1/07/2017	to	30/06/2018
Min Poole	1/07/2017	to	30/06/2018
Jason Modica	1/07/2017	to	30/06/2018

Chief Executive Officer and key management personnel

Gerard José	Chief Executive Officer	1/07/2017	to	30/06/2018
Mandy Whelan	key management personnel	1/07/2017	to	30/06/2018
Chris Parham	key management personnel	1/07/2017	to	30/06/2018
Martin Hawson	key management personnel	1/07/2017	to	30/06/2018

	2018	2017
	No.	No.
Total number of Councillors	9	13
Chief Executive Officer and other key management personnel	4	5
Total key management personnel	13	18

**Notes to the Financial Report
For the Year Ended 30 June 2018**

6.1 Council and key management remuneration (cont'd)

(c) Remuneration of key management personnel	2018	2017
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,268	1,279
Post employment benefits	88	109
Termination benefits	-	58
Total	1,356	1,446

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2018	2017
	No.	No.
\$1 - \$9,999	-	4
\$20,000 - \$29,999	7	8
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	-	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	2	2
\$300,000 - \$309,999	-	1
\$310,000 - \$319,999	1	-
	13	18

(d) Senior officer remuneration

A senior officer is an officer of council, other than key management personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$145,000

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

Income Range:		
\$150,000 - \$159,999	3	1
\$160,000 - \$169,999	4	4
\$170,000 - \$179,999	3	7
\$180,000 - \$189,999	4	1
\$220,000 - \$229,999	-	1
	14	14

Total remuneration for the reporting year for senior officers included above, amounted to:	2018	2017
	\$'000	\$'000
	2,356	2,447

**Notes to the Financial Report
For the Year Ended 30 June 2018**

6.2 Related party disclosure

(a) Transactions with related parties	2018	2017
During the period Council entered into the following transactions with related parties.	\$'000	\$'000
Employee expenses for close family members of key management personnel *	32	41
	<u>32</u>	<u>41</u>

* All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the award for the job they perform. Council employs 669 staff of which only 1 is a close family member of key management personnel.

(b) Outstanding balances with related parties

No expense has been recognised in the current year or prior year in respect of amounts owed by related parties.

(c) Loans to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(d) Commitments to/from related parties

Council has no outstanding commitments to/from other related parties

**Notes to the Financial Report
For the Year Ended 30 June 2018**

Note 7 Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

Operating lease receivables

The Council has entered into commercial property leases on its property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a consumer price index (CPI) based revision of the rental charge annually.

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not later than one year	670	570	334	294
Later than one year and not later than five years	1,481	1,572	700	745
Later than five years	699	1,202	531	549
	2,850	3,344	1,565	1,588

(b) Contingent liabilities

Superannuation

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

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.

Notes to the Financial Report For the Year Ended 30 June 2018

7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Financial Instruments - Disclosures (AASB 7) (applies 2018/19)

This standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

Financial Instruments (AASB 9) (applies 2018/19)

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the balance sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.

Notes to the Financial Report For the Year Ended 30 June 2018

7.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. 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.

Notes to the Financial Report For the Year Ended 30 June 2018

7.3 Financial instruments (cont'd)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. To help manage this risk:

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors.

Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party.

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and is deemed insignificant based on prior periods' data and current assessment of risk.

Notes to the Financial Report For the Year Ended 30 June 2018

7.3 Financial instruments (cont'd)

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 4.4.

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 1.5%.

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.

7.4 Fair value measurement

Fair value hierarchy

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

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

AASB 13 defines fair value as 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. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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.

Notes to the Financial Report For the Year Ended 30 June 2018

7.4 Fair value measurement (cont'd)

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

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.

7.5 Events occurring after balance date

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

Notes to the Financial Report
For the Year Ended 30 June 2018

Note 8 Other matters

8.1 Reserves

(a) Asset revaluation reserves

Consolidated	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
2018	\$'000	\$'000	\$'000
Property			
Land	15,878	-	15,878
Buildings	59,283	-	59,283
	75,161	-	75,161
Plant and equipment			
Artwork	14,595	-	14,595
	14,595	-	14,595
Infrastructure			
Roads	160,891	11,106	171,997
Drainage	53,874	1,720	55,594
Recreational, leisure and community facilities	41,346	-	41,346
Waste management	122	60	182
Parks, open space and streetscapes	3,624	-	3,624
Aerodromes	9,594	-	9,594
Offstreet car parks	8,496	-	8,496
Other infrastructure	38,853	250	39,103
	316,800	13,136	329,936
Water rights			
Water rights	3,040	1,959	4,999
	3,040	1,959	4,999
Total asset revaluation reserves	409,596	15,095	424,691

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

(a) Asset revaluation reserves

Consolidated 2017	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Property			
Land	17,128	(1,250)	15,878
Buildings	60,964	(1,681)	59,283
	<u>78,092</u>	<u>(2,931)</u>	<u>75,161</u>
Plant and equipment			
Artwork	14,595	-	14,595
	<u>14,595</u>	<u>-</u>	<u>14,595</u>
Infrastructure			
Roads	195,800	(34,909)	160,891
Drainage	45,196	8,678	53,874
Recreational, leisure and community facilities	46,515	(5,169)	41,346
Waste management	49	73	122
Parks, open space and streetscapes	8,686	(5,062)	3,624
Aerodromes	9,594	-	9,594
Offstreet car parks	9,328	(832)	8,496
Other infrastructure	-	38,853	38,853
	<u>315,168</u>	<u>1,632</u>	<u>316,800</u>
Water rights			
Water rights	3,171	(131)	3,040
	<u>3,171</u>	<u>(131)</u>	<u>3,040</u>
Total asset revaluation reserves	<u>411,026</u>	<u>(1,430)</u>	<u>409,596</u>

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

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

(b) Other reserves

Consolidated 2018	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Non discretionary reserves				
Apex Park reserve	277	92	(51)	318
Drainage	186	-	-	186
Developer contribution reserve	2,153	803	(1,532)	1,424
Library book bequest reserve	66	-	(50)	16
DGR donations reserve - MAC Theatre	138	3	(100)	41
Merbein Caravan Park reserve	18	34	(49)	3
Lake Cullulleraine Caravan Park reserve	-	9	(9)	-
Total	2,838	941	(1,791)	1,988
Discretionary reserves				
Artwork acquisition reserve	46	107	(2)	151
Landfill redevelopment	4,330	9,323	(7,403)	6,250
Landfill rehabilitation reserve	591	165	(408)	348
Primary Care Partnership reserve	310	452	(446)	316
Small towns redevelopment reserve	523	65	(128)	460
Street light pole	8	-	-	8
VGC advance grants reserve	7,083	7,595	(7,083)	7,595
Land acquisition reserve	1,213	500	(1,296)	417
Water transfer proceeds reserve	61	-	-	61
Defined benefits reserve	-	500	-	500
Capital renewal reserve	-	7,876	-	7,876
Total	14,165	26,583	(16,766)	23,982
Total other reserves	17,003	27,524	(18,557)	25,970

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

(b) Other reserves

Consolidated 2017	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Non discretionary reserves				
Apex Park reserve	221	66	(10)	277
Drainage	186	-	-	186
Developer contribution reserve	1,893	980	(720)	2,153
Library book bequest reserve	66	-	-	66
DGR donations reserve - MAC Theatre	113	25	-	138
Merbein Caravan Park reserve	-	33	(15)	18
Lake Cullulleraine Caravan Park reserve	-	9	(9)	-
Total	2,479	1,113	(754)	2,838
Discretionary reserves				
Artwork acquisition reserve	58	30	(42)	46
Landfill redevelopment	7,334	8,246	(11,250)	4,330
Landfill rehabilitation reserve	1,059	165	(633)	591
Primary Care Partnership reserve	314	436	(440)	310
Small towns redevelopment reserve	461	65	(3)	523
Street light pole	8	-	-	8
VGC advance grants reserve	-	7,083	-	7,083
Land acquisition reserve	-	1,462	(249)	1,213
Water transfer proceeds reserve	-	61	-	61
Total	9,234	17,548	(12,617)	14,165
Total other reserves	11,713	18,661	(13,371)	17,003

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

(a) Asset revaluation reserves

Council 2018	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Property			
Land	15,878	-	15,878
Buildings	59,146	-	59,146
	75,024	-	75,024
Plant and equipment			
Artwork	14,595	-	14,595
	14,595	-	14,595
Infrastructure			
Roads	160,891	11,106	171,997
Drainage	53,874	1,720	55,594
Recreational, leisure and community facilities	41,346	-	41,346
Waste management	122	60	182
Parks, open space and streetscapes	3,624	-	3,624
Aerodromes	9,594	-	9,594
Offstreet car parks	8,496	-	8,496
Other infrastructure	38,853	250	39,103
	316,800	13,136	329,936
Water rights			
Water rights	3,040	1,959	4,999
	3,040	1,959	4,999
Total asset revaluation reserves	409,459	15,095	424,554

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

(a) Asset revaluation reserves

Council 2017	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Property			
Land	17,128	(1,250)	15,878
Buildings	60,827	(1,681)	59,146
	<u>77,955</u>	<u>(2,931)</u>	<u>75,024</u>
Plant and equipment			
Artwork	14,595		14,595
	<u>14,595</u>	<u>-</u>	<u>14,595</u>
Infrastructure			
Roads	195,800	(34,909)	160,891
Drainage	45,196	8,678	53,874
Recreational, leisure and community facilities	46,515	(5,169)	41,346
Waste management	49	73	122
Parks, open space and streetscapes	8,686	(5,062)	3,624
Aerodromes	9,594	-	9,594
Offstreet car parks	9,328	(832)	8,496
Other infrastructure	-	38,853	38,853
	<u>315,168</u>	<u>1,632</u>	<u>316,800</u>
Water rights			
Water rights	3,171	(131)	3,040
	<u>3,171</u>	<u>(131)</u>	<u>3,040</u>
Total asset revaluation reserves	<u>410,889</u>	<u>(1,430)</u>	<u>409,459</u>

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

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

(b) Other reserves

Council	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
2018	\$'000	\$'000	\$'000	\$'000
Non discretionary reserves				
Apex Park reserve	277	92	(51)	318
Drainage	186	-	-	186
Developer contribution reserve	2,153	803	(1,532)	1,424
Library book bequest reserve	74	-	(50)	24
DGR donations reserve - MAC Theatre	138	3	(100)	41
Merbein Caravan Park reserve	18	34	(49)	3
Lake Cullulleraine Caravan Park reserve	-	9	(9)	-
Total	2,846	941	(1,791)	1,996
Discretionary reserves				
Artwork acquisition reserve	46	107	(2)	151
Landfill redevelopment	4,330	9,323	(7,403)	6,250
Landfill rehabilitation reserve	591	165	(408)	348
Primary Care Partnership reserve	310	452	(446)	316
Small towns redevelopment reserve	523	65	(128)	460
Street light pole	8	-	-	8
VGC advance grants reserve	7,083	7,595	(7,083)	7,595
Land acquisition reserve	1,213	500	(1,296)	417
Water transfer proceeds reserve	61	-	-	61
Defined benefits reserve	-	500	-	500
Capital renewal reserve	-	7,876	-	7,876
Total	14,165	26,583	(16,766)	23,982
Total other reserves	17,011	27,524	(18,557)	25,978

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

(b) Other reserves

Council	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
2017				
Non discretionary reserves				
Apex Park reserve	221	66	(10)	277
Drainage	186	-	-	186
Developer contribution reserve	1,893	980	(720)	2,153
Library book bequest reserve	74	-	-	74
DGR donations reserve - MAC Theatre	113	25	-	138
Merbein Caravan Park reserve	-	33	(15)	18
Lake Cullulleraine Caravan Park reserve	-	9	(9)	-
Total	2,487	1,113	(754)	2,846
Discretionary reserves				
Artwork acquisition reserve	58	30	(42)	46
Landfill redevelopment	7,334	8,246	(11,250)	4,330
Landfill rehabilitation reserve	1,059	165	(633)	591
Primary Care Partnership reserve	314	436	(440)	310
Small towns redevelopment reserve	461	65	(3)	523
Street light pole	8	-	-	8
VGC advance grants reserve	-	7,083	-	7,083
Land acquisition reserve	-	1,462	(249)	1,213
Water transfer proceeds reserve	-	61	-	61
Total	9,234	17,548	(12,617)	14,165
Total other reserves	11,721	18,661	(13,371)	17,011

Notes to the Financial Report For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

Name of reserve	Nature and purpose
Non discretionary reserves	
Apex Park reserve	Set up under a Committee of Management agreement, where surplus funds are to be set aside for improvements to the park lands.
Car parking reserve	Statutory contributions under development plans to be used for the advancement of car parking facilities within the municipality.
Developer contribution reserve	Statutory developer contributions to be used for infrastructure asset categories which do not have a dedicated reserve above.
DGR donations reserve - MAC Theatre	Reserve to hold deductible gifts for the Mildura Arts Centre theatre and is a requirement of being registered as a deductible gift recipient by the Australian Taxation Office.
Drainage reserve	Developer contributions and E.P.A. grant, to be used for drainage studies.
Nature strips and trees reserve	Statutory developer contributions to be spent on street beautification.
Resort/recreation/open space reserve	Statutory developer contributions to be used for parks development.
Library book bequest reserve	Established to hold Library Book Bequest from deceased estate.
Merbein Caravan Park reserve	Set up where surplus funds are to be set aside for improvements to the park lands.
Lake Cullulleraine Caravan Park reserve	Set up where surplus funds are to be set aside for improvements to the park lands.
Discretionary reserves	
Artwork acquisition reserve	A reserve created for any annual unspent capital works expenditure allocation towards the restoration and expansion of Council's permanent artwork collection.
Asset renewal reserve	Established in order to take advantage of any possible matching funding, by way of government grants, for renewal of Council assets.
Landfill redevelopment reserve	Surplus on waste management operations, to be used for landfill reinstatement and purchase of new landfill sites.
Landfill rehabilitation reserve	A reserve created to provide for future landfill rehabilitation expenditure.
Primary Care Partnership reserve	A reserve created to account for the unspent portion of Primary Care Partnership grant funding received.
Street light pole reserve	Developer contributions for replacement of specialised street lighting poles in various subdivisions.
Small town redevelopment reserve	A reserve for funds set aside for long term strategies for the small towns within the municipality.

Notes to the Financial Report
For the Year Ended 30 June 2018

8.1 Reserves (cont'd)

Name of reserve	Nature and purpose
Discretionary reserves	
VGC advance grants reserve	Reserve created to hold financial assistance grant funding received in advance.
Land acquisition reserve	The reserve was created to allow for the purchase of land identified for a strategic purpose.
Water transfer proceeds reserve	The reserve was established to hold proceeds from the sale of permanent and temporary water for future water purchases.
Defined benefits reserve	This reserve was established to hold rates fund allocate from surplus to be used in the advent of another defined benefits call.
Capital renewal reserve	This reserve was established to hold rates funded capital works projects that weren't started in that year and were to be resubmitted.

(c) Financial assets revaluation

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Share of increment (decrement) on revaluation by an associate \$'000	Balance at end of reporting period \$'000
Council				
2018				
Interest in Mildura Airport Pty Ltd	25,426	8,224	-	33,650
Interest in Mildura Regional Development	-	396	-	396
	25,426	8,620	-	34,046
Total financial assets revaluation	25,426	8,620	-	34,046
2017				
Interest in Mildura Airport Pty Ltd	13,683	11,743	-	25,426
	13,683	11,743	-	25,426
Total financial assets revaluation	13,683	11,743	-	25,426

Notes to the Financial Report
For the Year Ended 30 June 2018

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)				
Surplus/(deficit) for the year	29,017	32,504	20,397	20,761
Depreciation/amortisation	19,754	19,758	18,642	18,849
Profit/(loss) on disposal of property, infrastructure, plant and equipment	1,932	1,850	1,932	1,846
Impairment losses	(16)	4	-	-
Gain/(loss) on recognition of non current assets	(2,008)	(5,861)	(2,008)	(5,861)
Contributions - non-monetary assets	(3,813)	(2,596)	(3,813)	(2,596)
Interest expense	1,136	1,229	1,155	1,208
Accrued expenses on capital purchases	-	(7,134)	-	-
(Increase)/decrease in landfill provision discount amount	3,995	568	3,995	568
<i>Change in assets and liabilities:</i>				
(Increase)/decrease in trade and other receivables	1,515	(1,889)	1,746	(4,886)
(Increase)/decrease in prepayments	20	249	26	229
Increase/(decrease) in trust fund deposits	175	(295)	176	(294)
Increase/(decrease) in trade and other payables	(10,821)	6,602	(5,828)	2,153
(Increase)/decrease in inventories	11	122	7	110
Increase/(decrease) in provisions	231	(335)	233	(361)
Net cash provided by operating activities	41,128	44,776	36,660	31,726

Notes to the Financial Report For the Year Ended 30 June 2018

8.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the comprehensive income statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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

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

Funding arrangements

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

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa

Salary information 3.5% pa

Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at 30 June 2018 was 106%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Notes to the Financial Report For the Year Ended 30 June 2018

Employer contributions

Regular contributions

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

2017 triennial actuarial investigation surplus amounts

The Fund's triennial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$69.8 million
- A total service liability surplus of \$193.5 million.
- A discounted accrued benefits surplus of \$228.8 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. Council was notified of the 30 June 2017 VBI during August 2017.

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.