



Mildura Rural City Council

Annual Financial Report  
For the Year Ended 30 June 2021



# Mildura Rural City Council

## Financial Report

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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.

Mark McMillan CPA   
Principal Accounting Officer

Date : 28 September 2021  
Mildura

In our opinion the accompanying financial statements present fairly the financial transactions of the Mildura Rural City Council Group and the Mildura Rural City Council for the year ended 30 June 2021 and the financial position of the Mildura Rural City Council Group and Mildura Rural City 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.

Jason Modica   
Mayor

Date : 28 September 2021  
Mildura

Helen Healy   
Deputy Mayor

Date : 28 September 2021  
Mildura

Martin Hawson   
Acting Chief Executive Officer

Date : 28 September 2021  
Mildura

# Independent Auditor's Report

## To the Councillors of Mildura Rural City Council

<b>Opinion</b>	<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"><li>• consolidated entity and council balance sheet as at 30 June 2021</li><li>• consolidated entity and council comprehensive income statement for the year then ended</li><li>• consolidated entity and council statement of changes in equity for the year then ended</li><li>• consolidated entity and council statement of cash flows for the year then ended</li><li>• consolidated entity and council statement of capital works for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• certification of financial statements.</li></ul> <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 2021 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>
<b>Basis for Opinion</b>	<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>
<b>Councillors' responsibilities for the financial report</b>	<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.

## Comprehensive Income Statement For the Year Ended 30 June 2021

		Consolidated		Council	
	Note	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Rates and charges	3.1	76,576	72,432	76,576	72,580
Statutory fees and fines	3.2	2,293	2,203	2,293	2,203
User fees	3.3	7,344	10,334	5,548	5,712
Grants - operating	3.4	27,333	25,816	26,070	25,816
Grants - capital	3.4	40,315	8,388	40,273	8,388
Contributions - monetary	3.5	1,402	1,412	1,222	1,312
Contributions - non monetary	3.5	1,238	924	1,238	924
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	3.6	(899)	(3,365)	(916)	(3,194)
Other income	3.7	6,193	7,387	6,025	6,816
Asset recognition	3.8	3,367	1,024	3,367	1,024
<b>Total income</b>		<b>165,162</b>	<b>126,555</b>	<b>161,696</b>	<b>121,581</b>
<b>Expenses</b>					
Employee costs	4.1	(53,214)	(50,989)	(50,266)	(47,589)
Materials and services	4.2	(39,104)	(37,056)	(40,200)	(36,443)
Depreciation	4.3	(19,056)	(18,253)	(17,426)	(16,827)
Amortisation - intangible assets	4.4	(221)	(157)	(221)	(157)
Amortisation - right of use assets	4.5	(98)	(85)	(68)	(76)
Bad and doubtful debts	4.6	(56)	(194)	(104)	(80)
Borrowing costs	4.7	(958)	(1,082)	(943)	(1,031)
Finance costs - leases	4.8	(62)	(56)	(51)	(53)
Other expenses	4.9	(1,829)	(1,350)	(1,719)	(1,201)
<b>Total expenses</b>		<b>(114,598)</b>	<b>(109,222)</b>	<b>(110,998)</b>	<b>(103,457)</b>
<b>Surplus/(deficit) for the year</b>		<b>50,564</b>	<b>17,333</b>	<b>50,698</b>	<b>18,124</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit in future periods</b>					
Net asset revaluation increment/(decrement)	9.1(a)	14,978	15,304	14,978	15,292
Share of other comprehensive income of associates and joint ventures	9.1(c)	-	-	(134)	(779)
<b>Total comprehensive result</b>		<b>65,542</b>	<b>32,637</b>	<b>65,542</b>	<b>32,637</b>

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

## Balance Sheet As at 30 June 2021

		Consolidated		Council	
		2021	2020	2021	2020
	Note	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5.1	31,686	81,823	27,054	76,328
Trade and other receivables	5.1	9,044	6,932	9,206	7,178
Other financial assets	5.1	59,350	2,850	59,350	2,850
Inventories	5.2	593	569	586	563
Other assets	5.2	297	1,378	262	1,340
<b>Total current assets</b>		<b>100,970</b>	<b>93,552</b>	<b>96,458</b>	<b>88,259</b>
<b>Non-current assets</b>					
Trade and other receivables	5.1	-	-	4,095	4,476
Other financial assets	5.1	1,750	1,750	1,750	1,750
Right-of-use assets	5.8	1,398	1,403	1,164	1,112
Other assets	5.2	-	-	51,457	51,641
Property, infrastructure, plant and equipment	6.2	962,736	898,039	909,974	846,633
Intangible assets	5.2	11,181	11,421	11,060	11,300
<b>Total non-current assets</b>		<b>977,065</b>	<b>912,613</b>	<b>979,500</b>	<b>916,912</b>
<b>Total assets</b>		<b>1,078,035</b>	<b>1,006,165</b>	<b>1,075,958</b>	<b>1,005,171</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	5.3	4,308	3,045	3,117	2,704
Trust funds and deposits	5.3	3,182	1,518	3,175	1,511
Unearned income	5.3	1,154	3,797	1,154	3,778
Provisions	5.5	13,215	12,023	12,996	11,869
Interest-bearing liabilities	5.4	3,325	1,106	3,231	1,154
Lease liabilities	5.8	121	351	94	86
<b>Total current liabilities</b>		<b>25,305</b>	<b>21,840</b>	<b>23,767</b>	<b>21,102</b>
<b>Non-current liabilities</b>					
Provisions	5.5	33,654	27,905	33,607	27,842
Interest-bearing liabilities	5.4	14,560	17,644	14,281	17,478
Lease liabilities	5.8	1,710	1,512	1,496	1,484
<b>Total non-current liabilities</b>		<b>49,924</b>	<b>47,061</b>	<b>49,384</b>	<b>46,804</b>
<b>Total liabilities</b>		<b>75,229</b>	<b>68,901</b>	<b>73,151</b>	<b>67,906</b>
<b>Net assets</b>		<b>1,002,806</b>	<b>937,264</b>	<b>1,002,807</b>	<b>937,265</b>
<b>Equity</b>					
Accumulated surplus		442,121	387,851	408,062	353,658
Reserves	9.1	560,685	549,413	594,745	583,607
<b>Total Equity</b>		<b>1,002,806</b>	<b>937,264</b>	<b>1,002,807</b>	<b>937,265</b>

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



## Statement of Changes in Equity For the Year Ended 30 June 2021

Consolidated			Accumulated	Revaluation	Other
	Note	Total	Surplus	Reserve	Reserves
		\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
Balance at beginning of the financial year		937,264	387,851	506,144	43,269
Surplus/(deficit) for the year		50,564	50,564	-	-
Net asset revaluation increment/(decrement)	6.2, 5.2(b), 9.1	14,978	-	14,978	-
Transfers to other reserves	9.1(b)	-	24,181	-	(24,181)
Transfers from other reserves	9.1(b)	-	(20,475)	-	20,475
		65,542	54,270	14,978	(3,706)
<b>Balance at end of the financial year</b>		<b>1,002,806</b>	<b>442,121</b>	<b>521,122</b>	<b>39,563</b>
<b>2020</b>					
Balance at beginning of the financial year		905,095	375,611	490,840	38,644
Impact of change in accounting policy - AASB 15					
Revenue from Contracts with Customers	10	(3,379)	(3,379)	-	-
Impact in change in accounting policy - AASB 16					
Leases	5.8	(465)	(465)	-	-
Prior period adjustment	5.5 (b) & 9.1 (a)	3,376	3,376	-	-
Adjusted opening balance		904,627	375,143	490,840	38,644
Surplus/(deficit) for the year		17,333	17,333	-	-
Net asset revaluation increment/(decrement)	6.2	15,304	-	15,304	-
Transfers to other reserves	9.1(b)	-	26,237	-	(26,237)
Transfers from other reserves	9.1(b)	-	(30,862)	-	30,862
<b>Balance at end of the financial year</b>		<b>937,264</b>	<b>387,851</b>	<b>506,144</b>	<b>43,269</b>

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

## Statement of Changes in Equity For the Year Ended 30 June 2021

Council	Note	Accumulated Revaluation			Other
		Total \$'000	Surplus \$'000	Reserve \$'000	Reserves \$'000
<b>2021</b>					
Balance at beginning of the financial year		937,265	353,658	505,959	77,648
Surplus/(deficit) for the year		50,698	50,698	-	-
Net asset revaluation increment/(decrement)	6.2, 5.2(b), 9.1	14,844	-	14,978	(134)
Transfers to other reserves	9.1(b)	-	24,181	-	(24,181)
Transfers from other reserves	9.1(b)	-	(20,475)	-	20,475
		65,542	54,404	14,978	(3,840)
<b>Balance at end of the financial year</b>		<b>1,002,807</b>	<b>408,062</b>	<b>520,937</b>	<b>73,808</b>
<b>2020</b>					
Balance at beginning of the financial year		905,096	340,627	490,667	73,802
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(3,379)	(3,379)	-	-
Impact of change in accounting policy - AASB 16 Leases	5.8	(465)	(465)	-	-
Prior period adjustment	5.5(b) & 9.1(a)	3,376	3,376	-	-
Adjusted opening balance		904,628	340,159	490,667	73,802
Surplus/(deficit) for the year		18,124	18,124	-	-
Net asset revaluation increment/(decrement)	6.2	14,513	-	15,292	(779)
Transfers to other reserves	9.1(b)	-	26,237	-	(26,237)
Transfers from other reserves	9.1(b)	-	(30,862)	-	30,862
<b>Balance at end of the financial year</b>		<b>937,265</b>	<b>353,658</b>	<b>505,959</b>	<b>77,648</b>

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

## Statement of Cash Flows For the Year Ended 30 June 2021

		Consolidated		Council	
		2021	2020	2021	2020
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
	Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Rates and charges		76,115	71,360	76,115	71,508
Statutory fees and fines		2,293	2,203	2,293	2,203
User fees		6,099	13,132	4,012	6,351
Grants - operating		29,002	27,799	27,374	27,108
Grants - capital		39,705	9,206	39,663	9,206
Contributions - monetary		1,283	1,364	1,283	1,378
Interest received		962	1,415	1,069	1,494
Trust funds and deposits taken		7,209	4,818	7,209	4,818
Other receipts		5,109	5,583	5,254	5,686
Net GST refund/(payment)		1,998	1,161	2,027	1,597
Employee costs		(51,622)	(49,263)	(49,424)	(46,485)
Materials and services		(41,566)	(42,085)	(42,230)	(39,578)
Short-term, low value and variable lease payments		(405)	(231)	(405)	(231)
Trust funds and deposits repaid		(5,545)	(4,098)	(5,545)	(4,098)
Other payments		(1,044)	(842)	(1,044)	(842)
Net cash provided by/(used in) operating activities	9.2	69,593	41,522	67,651	40,115
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	6.2	(61,859)	(35,286)	(58,870)	(34,416)
Proceeds from sale of property, infrastructure, plant and equipment		558	517	558	508
Net proceeds from sale of financial assets		-	-	-	-
Payments for investments		(56,500)	-	(56,500)	-
Net cash provided by/(used in) investing activities		(117,801)	(34,769)	(114,812)	(33,908)

## Statement of Cash Flows For the Year Ended 30 June 2021

	Note	Consolidated		Council	
		2021	2020	2021	2020
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from financing activities</b>					
Finance costs		(953)	(1,044)	(943)	(1,033)
Repayment of borrowings		(901)	(1,103)	(1,120)	(1,103)
Interest paid - lease liability		(50)	(53)	(50)	(53)
Repayment of lease liabilities		(25)	(93)	-	(83)
<b>Net cash provided by/(used in) financing activities</b>		<b>(1,929)</b>	<b>(2,293)</b>	<b>(2,113)</b>	<b>(2,272)</b>
Net increase/(decrease) in cash and cash equivalents		(50,137)	4,460	(49,274)	3,935
Cash and cash equivalents at the beginning of the financial year		81,823	77,363	76,328	72,393
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>31,686</b>	<b>81,823</b>	<b>27,054</b>	<b>76,328</b>

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

## Statement of Capital Works For the Year Ended 30 June 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Property</b>				
Land	577	1,023	577	1,023
<b>Total land</b>	<b>577</b>	<b>1,023</b>	<b>577</b>	<b>1,023</b>
Buildings	22,194	11,254	22,177	11,202
<b>Total buildings</b>	<b>22,194</b>	<b>11,254</b>	<b>22,177</b>	<b>11,202</b>
<b>Total property</b>	<b>22,771</b>	<b>12,277</b>	<b>22,754</b>	<b>12,225</b>
<b>Plant and equipment</b>				
Computers and telecommunications	433	146	413	136
Fixtures, fittings and furniture	833	230	738	143
Library books and art works	297	288	297	288
Plant, machinery and equipment	3,727	4,616	3,247	4,036
<b>Total plant and equipment</b>	<b>5,290</b>	<b>5,280</b>	<b>4,695</b>	<b>4,603</b>
<b>Infrastructure</b>				
Roads	21,823	10,229	21,823	10,229
Footpaths and cycle ways	1,018	599	1,018	599
Drainage	4,994	2,576	4,994	2,576
Recreational, leisure and community facilities	1,827	1,621	1,827	1,621
Waste management	89	219	89	219
Parks, open space and streetscapes	1,201	1,219	1,072	1,219
Kerb and channel	373	69	373	69
Off street car parks	215	1,055	215	1,055
Other infrastructure	2,271	178	-	-
<b>Total infrastructure</b>	<b>33,811</b>	<b>17,765</b>	<b>31,411</b>	<b>17,587</b>
<b>Intangible</b>				
Software	11	1	11	1
<b>Total intangible</b>	<b>11</b>	<b>1</b>	<b>11</b>	<b>1</b>
<b>Total capital works expenditure</b>	<b>61,883</b>	<b>35,323</b>	<b>58,871</b>	<b>34,416</b>

## Statement of Capital Works For the Year Ended 30 June 2021

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Represented by:</b>				
New asset expenditure	28,469	13,816	25,641	13,137
Asset renewal expenditure	26,091	14,135	26,030	14,059
Asset expansion expenditure	730	3,110	669	3,034
Asset upgrade expenditure	6,582	4,261	6,520	4,185
Intangible asset	11	1	11	1
<b>Total capital works expenditure</b>	<b>61,883</b>	<b>35,323</b>	<b>58,871</b>	<b>34,416</b>

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 2021

### 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 2020*, 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 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.2)
- the determination of employee provisions (refer to note 5.5)
- the determination of landfill provisions (refer to note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable (refer to Note 8.2)
- 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.

## Notes to the Financial Report For the Year Ended 30 June 2021

### (a) Basis of accounting (cont'd)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on Council based on known information. The consideration extends to the nature of services offered, facilities and assets Council manages and operates, Council staffing, ratepayers and the geographic area that Council operates in. The key area of estimate and judgement associated with COVID-19 and Council's financial statements, is detailed in Note 6.2 regarding fair value of property, infrastructure, plant and equipment.

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

### (b) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2021, 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. Consolidated entities of Council are currently not using fair value measurement of their land and buildings. The effects are not considered material.

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 - 100% owned
- Mildura Tourism and Economic Development Ltd trading as Mildura Regional Development - 100% owned



## Notes to the Financial Report For the Year Ended 30 June 2021

### (c) Impact of Covid-19

On 16 March 2020 a state of emergency was declared in Victoria due to the Coronavirus (COVID-19) pandemic. A state of disaster was subsequently declared on 2 August 2020. While the impacts of the pandemic have abated somewhat through the 2020-21 year, Council has noted the following significant impacts on its financial operations:

- Additional revenue - Council has received additional operating grants in the areas of Community Health, Social Development and Projects, Economic Development and Tourism and Critical Community Services. These include support programs to assist with community support, economic recovery and directly with COVID-19. These include:
  - Community Employment Program
  - Vulnerable People Program
  - Stronger place and people
  - Community Activation and Social Isolation.
- Revenue reductions – User fees have reduced due to COVID-19 and related restrictions including capacity limits, lockdowns and activity restrictions. Council has incurred reduced admission fees and hiring fees associated with Mildura Arts Centre, Mildura Visitor Information Centre, and other hiring facilities. In addition interest earned on investments reduced by \$0.50 million due to a reduction in Reserve Bank of Australia interest rates to 0.10%.
- Revenue foregone – As part of efforts to support the Community recovery from COVID-19 revenue for user fees were waived including food, beauty and premises registration fees, rental charges, community leasing fees and alfresco outdoor dining fees. These reduction were funding in part from the \$1.5 million Community Recovery Fund. In addition Council didn't pursue parking infringements for a period of 9 months.
- Cost reductions – Bad and doubtful debts has reduced slightly due to deferments of debtors payments and other support measures implemented by Council. Legal fees and debt collection expenses have also reduced due to similar support measures for the Community, and other expenses have reduced due to reduction in event payments for performances at Mildura Arts Centre which have been impacted by closures and Victorian lockdowns.
- Other - Council's net gain/loss on disposal was less than budgeted due to supply constraints associated with COVID-19 which has directly impacted our fleet and plant replacement program. These issues with procurement of goods and services has also led to additional carried forward capital works projects due to supply constraints. It must also be noted that provisions for annual leave and RDO's have also increased, which is the result of employees being unable to travel either locally or internationally due to travel restrictions relating to COVID-19.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 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 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 July 2020. 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 2020* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure	Council Budget 2021 \$'000	Council Actual 2021 \$'000	Variance 2021 \$'000	Variance % Ref
<b>Income</b>				
Rates and charges	76,878	76,576	(302)	-
Statutory fees and fines	2,271	2,293	22	1
User fees	7,123	5,548	(1,575)	(22) 1
Grants - operating	24,161	26,070	1,909	8
Grants - capital	5,691	40,273	34,582	608 2
Contributions - monetary	1,892	1,222	(670)	(35) 3
Contributions - non monetary	1,839	1,238	(601)	(33) 4
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	(1,843)	(916)	927	(50) 5
Other income	5,455	6,025	570	10 6
Asset recognition	-	3,367	3,367	100 7
<b>Total income</b>	<b>123,467</b>	<b>161,696</b>	<b>38,229</b>	<b>31</b>
<b>Expenses</b>				
Employee costs	(50,581)	(50,266)	315	(1)
Materials and services	(43,760)	(40,200)	3,560	(8)
Depreciation	(18,711)	(17,426)	1,285	(7)
Amortisation - intangible assets	(230)	(221)	9	(4)
Amortisation - right of use assets	-	(68)	(68)	-
Bad and doubtful debts	(133)	(104)	29	(22) 8
Borrowing costs	(1,273)	(943)	330	(26) 9
Finance costs - leases	-	(51)	(51)	-
Other expenses	(1,478)	(1,719)	(241)	16 10
<b>Total expenses</b>	<b>(116,166)</b>	<b>(110,998)</b>	<b>5,168</b>	<b>(4)</b>
<b>Surplus/(deficit) for the year</b>	<b>7,301</b>	<b>50,698</b>	<b>43,397</b>	<b>594</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 1 Performance against budget (cont'd)

#### (i) Explanation of material variations

Variance		
Ref	Item	Explanation
1	User Fees	The COVID-19 pandemic and related economic impacts have led to reductions in some fees e.g. admission and hiring fees. Council also provided support through a \$1.5m Community Recovery Fund with fees waived for local businesses and community groups including food, beauty and premises registration, rental, leases and alfresco outdoor fees.
2	Grants - capital	Variance predominantly relates to the timing of grant funding for Mildura Sporting Precinct which was budgeted in 2019-20, but subsequently received in the 2020-21 financial year. Council also received additional grants for Stage 2 of Mildura Sporting Precinct, Village Square, Roads to Recovery and other grants.
3	Contributions - monetary	Reduction in developer contributions which are typically difficult to predict the timing of, and reduction in contributions from community groups for joint/part funding of projects which have been impacts by COVID-19 and related restrictions.
4	Contributions - non monetary	These contributions are due to works completed predominantly residential sub-divisions. These are received in lieu of cash, and are recognised when handed over to Council and are considered to be under control of Council. This is obviously difficult to predict timing of and results in timing variances from most years.
5	Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	Due to impacts of COVID-19 and related restrictions, Council was unable to dispose of assets due to supply and economic constraints. This mostly included plant, vehicles and equipment.
6	Other income	Community support programs to aid the community due to COVID-19 are reimbursed through Government funding, this causes an increase in other income which also has corresponding increase in Council expenditure.

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 1 Performance against budget (cont'd)

#### (i) Explanation of material variations

##### Variance

Ref	Item	
7	Asset recognition	These are accounting entries only (non-cash), and result from internal asset procedures and audits of fixed assets. These found assets are then valued and included on Council's fixed asset register.
8	Bad and doubtful debts	This is slightly reduced due to community relief and support measures such as deferments, and waiving of fees due to COVID-19 support measures.
9	Borrowing cost	Due to early receipt of capital grants, Council did not proceed with budgeted borrowings. This has resulted in reduced interest cost on loan borrowings.
10	Other expenses	Community support measures with COVID-19 with legal fees and debt collection not occurring, there was also a reduction in Arts Centre performances resulting in reduced payments to external parties/performances.

## Notes to the Financial Report For the Year Ended 30 June 2021

1.2 Capital works	Council Budget 2021 \$'000	Council Actual 2021 \$'000	Variance 2021 \$'000	Variance %	Ref
<b>Property</b>					
Land	509	577	68	13	1
<b>Total land</b>	<b>509</b>	<b>577</b>	<b>68</b>	<b>100</b>	
Buildings	24,324	22,177	(2,147)	(9)	
<b>Total buildings</b>	<b>24,324</b>	<b>22,177</b>	<b>(2,147)</b>	<b>(9)</b>	
<b>Total property</b>	<b>24,833</b>	<b>22,754</b>	<b>(2,079)</b>	<b>(8)</b>	
<b>Plant and equipment</b>					
Computers and telecommunications	354	413	59	17	2
Fixtures, fittings and furniture	45	738	693	1,540	3
Library books and artworks	350	297	(53)	(15)	4
Plant, machinery and equipment	2,481	3,247	766	31	5
<b>Total plant and equipment</b>	<b>3,230</b>	<b>4,695</b>	<b>1,465</b>	<b>45</b>	
<b>Infrastructure</b>					
Roads	13,253	21,823	8,570	65	6
Footpaths and cycle ways	150	1,018	868	579	7
Drainage	5,981	4,994	(987)	(17)	8
Recreational, leisure and community facilities	1,351	1,827	476	35	9
Waste management	650	89	(561)	(86)	10
Parks, open space and streetscapes	1,163	1,072	(91)	(8)	
Kerb and channel	111	373	262	236	11
Off street car parks	17	215	198	1,165	12
<b>Total infrastructure</b>	<b>22,676</b>	<b>31,411</b>	<b>8,735</b>	<b>39</b>	
<b>Intangible</b>					
Software	-	11	11	-	
<b>Total intangible</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>-</b>	
<b>Total capital works expenditure</b>	<b>50,739</b>	<b>58,871</b>	<b>8,132</b>	<b>16</b>	
<b>Represented by:</b>					
New asset expenditure	27,588	25,641	(1,947)	(7)	
Asset renewal expenditure	18,260	26,030	7,770	43	
Asset expansion expenditure	212	669	457	216	
Asset upgrade expenditure	4,679	6,520	1,841	39	
Intangible asset	-	11	11	-	
<b>Total capital works expenditure</b>	<b>50,739</b>	<b>58,871</b>	<b>8,132</b>	<b>16</b>	

## Notes to the Financial Report For the Year Ended 30 June 2021

### Performance against budget (cont'd)

#### (i) Explanation of material variations

Variance		
Ref	Item	Explanation
1	Land	Council has a strategic land purchase reserve which is used to acquire land for future drainage and projects. There were two land purchases during the financial year which were more than budgeted.
2	Computers and telecommunications	Telecom communications were delayed in the previous financial year due to impacts of COVID-19 with expenditure occurring in 2020-2021 Financial year.
3	Fixtures, fittings and furniture	Additional grants were received during the financial year for the Local Councils Outdoor Eating and Entertainment Grant, with expenditure on outdoor alfresco areas and bench seats and tables occurring.
4	Library books and artworks	Council budgets for strategic art acquisitions which is funded via reserve funding, however timing of purchase is dependent on availability of suitable pieces of art. Expenditure subsequently occurred in July 2021.
5	Plant, machinery and equipment	Machinery and equipment purchases were delayed in previous financial year due to impacts of COVID-19 and supply constraints. Carried forward capital works therefore has resulted in additional expenditure occurring this financial year.
6	Roads	Council was successful in receiving additional funding as part of the Local Roads and Community Infrastructure Grant, resulting in large increase in overall roads expenditure.
7	Footpaths and cycle ways	The footpaths and cycle ways program was delayed in previous year due to impacts of COVID-19 and related restrictions which prevented the capital works from being completed, this expenditure has now occurred during the 2020-2021 Financial year.

## Notes to the Financial Report For the Year Ended 30 June 2021

### Performance against budget (cont'd)

#### (i) Explanation of material variations

8	Drainage	Variation is due to works being allocated to the Developer Contribution Plan (DCP), rather than normal capital works budget.
9	Recreational, leisure and community facilities	There were delays in the Installation of competition standard lights at the Old Aerodrome Sporting Complex Oval, which was pending outcome of grant funding in 2019-2020. This has since been successful with expenditure occurring during 2020-2021.
10	Waste management	The waste management program and specifically landfill capping was delayed in the previous year, this was carried forward with the expenditure occurring this financial year.
11	Kerb and channel	Delays in the previous year occurred due to lack of tender submissions for capital works projects, these works were carried out in 2020-2021 financial year.
12	Off-street carparks	Relates to car park design works being completed during 2020-2021 with capital works to be completed in 2021-2022 financial year.

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 2 Analysis of Council

#### 2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

##### **Community**

The Community Department is comprised of three branches; Community Futures, Leisure and Cultural Services and Community Care Services. The Community Futures branch includes teams from Community Development, Strategic Planning, Environmental Sustainability, Arts and Culture Development and Community Futures Projects units. The Leisure and Cultural Services branch is made up of Youth Services, Events and Projects, Recreation Development and Library Services units. The Community Care Services branch encompasses Disability, Early Years and Community Health units. The Community Department also includes Hands up Mallee and Grants.

##### **Financial Management**

Financial Management encompasses functions of Council services such as rates, depreciation, investment income, borrowing costs, and developer contributions. It also includes business units that are non core Council activities such as Mildura Cemetery, Hands up Mallee, Mildura Airport, and Mildura Regional Development.

##### **Corporate**

The Corporate Department is comprised of four areas; Organisational Development, Corporate Administration, Information Systems and Financial Services. The Organisational Development branch includes teams from Human Resources, Corporate Planning and Reporting, Business Improvements, Occupational Health and Safety, Employee Relations and Payroll Service units. Corporate Administration encompasses Customer Relations, Governance and Risk, Revenue and Property Services units. The Information Systems branch is made up of teams from the Systems and Information Management Units. The Financial Services branch includes Financial Accounting, Asset Accounting, Procurement and Fleet units. The Corporate Department also auspices Greater Sunraysia Pest Free Area.

##### **Development**

The Development Department is comprised of four branches; Asset Services, Development Services, Parks and Waste and Works and Engineering Services. The Asset Services branch includes teams from the Strategic Asset Systems, Asset Services Management and Facility Services. The Development Services branch includes teams from the Statutory Planning, Building Services, Development Services, Environmental Health and Civic Compliance units. The Parks and Waste branch encompasses teams from Parks, Gardens and Waste Management units. The Works and Engineering Services branch includes Engineering, Works and Infrastructure, Road Maintenance Inspection and Reporting, Concrete Drainage, Road Maintenance and Bitumen Services teams.

##### **Executive**

The Executive Department comprises the Chief Executive Officer and Government. Government is activities relating to Councillors and the Chief Executive Officer is for the Council CEO.



## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 2 Analysis of Council (cont'd)

#### (a) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
Community	11,793	(24,743)	(12,950)	7,582	239,846
Financial management	140,467	(22,128)	118,339	57,453	214,498
Corporate	2,885	(18,752)	(15,867)	993	181,772
Development	6,551	(44,404)	(37,853)	315	430,430
Executive	-	(971)	(971)	-	9,412
	<b>161,696</b>	<b>(110,998)</b>	<b>50,698</b>	<b>66,343</b>	<b>1,075,958</b>

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Community	11,126	(23,976)	(12,850)	6,224	232,947
Financial management	99,751	(22,375)	77,376	24,911	217,391
Corporate	4,266	(15,815)	(11,549)	2,617	153,656
Development	6,438	(40,283)	(33,845)	452	391,383
Executive	-	(1,008)	(1,008)	-	9,794
	<b>121,581</b>	<b>(103,457)</b>	<b>18,124</b>	<b>34,204</b>	<b>1,005,171</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

Consolidated		Council	
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000

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

#### 3.1 Rates and charges

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

The valuation base used to calculate general rates for (2020/21 is \$10.493 billion)

General rates	40,498	39,161	40,498	39,161
Waste management charge	11,657	9,765	11,657	9,765
Cultural/recreational land	-	17	-	17
Mildura City Heart special rate	616	599	616	599
Business differential rate	13,179	13,586	13,179	13,734
Farming differential rate	10,498	9,138	10,498	9,138
Payment in lieu of rates	128	166	128	166
<b>Total rates and charges</b>	<b>76,576</b>	<b>72,432</b>	<b>76,576</b>	<b>72,580</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2021.

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

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

#### 3.2 Statutory fees and fines

Infringements and costs	349	584	349	584
Land information certificates	65	51	65	51
Permits	501	428	501	428
Other statutory fees and fines	314	238	314	238
Valuations database	249	244	249	244
Statutory planning fees	815	658	815	658
<b>Total statutory fees and fines</b>	<b>2,293</b>	<b>2,203</b>	<b>2,293</b>	<b>2,203</b>

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 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>3.3 User fees</b>				
Aged and health services	839	891	839	891
Child care/children's programs	408	336	408	336
Waste management services	1,897	1,692	1,897	1,692
Other fees and charges	232	351	232	351
Rent/lease fees	534	909	259	573
Animal control and local laws	652	529	652	529
Environmental health services	10	265	10	265
Airport fees and charges	1,521	4,286	-	-
Contract works	941	468	941	468
Entrance charges	178	432	178	432
Commission/agency fees	132	175	132	175
<b>Total user fees</b>	<b>7,344</b>	<b>10,334</b>	<b>5,548</b>	<b>5,712</b>

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

### 3.4 Funding from other levels of government

Grants were received in respect of the following:

#### Summary of grants

Commonwealth funded grants	45,880	25,509	45,458	25,509
State funded grants	21,768	8,695	20,885	8,695
<b>Total grants received</b>	<b>67,648</b>	<b>34,204</b>	<b>66,343</b>	<b>34,204</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>3.4 Funding from other levels of government (cont'd)</b>				
<b>(a) Operating grants</b>				
<b><i>Recurrent - Commonwealth government</i></b>				
Hands up Mallee	310	155	310	155
Early years	136	180	136	180
Aged and disability services	2,201	2,105	2,201	2,105
Financial assistance grants - general purpose	11,033	11,687	11,033	11,687
Financial assistance grants - local roads	4,249	4,292	4,249	4,292
<b><i>Recurrent - State government</i></b>				
Hands up Mallee	361	354	361	354
Aged and disability services	513	501	513	501
Libraries	391	401	391	401
Community health	1,262	1,072	1,262	1,072
Early years	298	243	298	243
Youth services	261	311	261	311
Environmental health	31	34	31	34
Social development and projects	-	75	-	75
Local laws	151	173	151	173
Arts and culture	190	190	190	190
Works and infrastructure services	123	122	123	122
<b>Total recurrent operating grants</b>	<b>21,510</b>	<b>21,895</b>	<b>21,510</b>	<b>21,895</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>3.4 Funding from other levels of government (cont'd)</b>				
<b><i>Non-recurrent - Commonwealth government</i></b>				
Airport operations	1,380	-	1,000	-
Asset management	-	67	-	67
Natural disaster - drought	-	1,000	-	1,000
Social development and projects	279	-	279	-
<b><i>Non-recurrent - State government</i></b>				
Youth services	4	-	4	-
Hands up Mallee	110	12	110	12
Community development	167	163	167	163
Social development and projects	1,090	580	1,090	580
Environmental sustainability	241	160	241	160
Governance and risk	266	120	266	120
Aged and disability services	65	67	65	67
Early years	22	108	22	108
Asset management	-	50	-	50
Economic development and tourism	120	9	120	9
Libraries	15	2	15	2
Sunraysia Pest Free	241	774	241	774
Critical community services - COVID-19 response	486	53	486	53
Rates farm subsidy	-	670	-	670
Parks and waste services	-	1	-	1
Planning and development	-	5	-	5
Airport operations	883	-	-	-
Arts and culture	1	80	1	80
Recreation and sport	453	-	453	-
<b>Total non-recurrent operating grants</b>	<b>5,823</b>	<b>3,921</b>	<b>4,560</b>	<b>3,921</b>
<b>Total operating grants</b>	<b>27,333</b>	<b>25,816</b>	<b>26,070</b>	<b>25,816</b>
<b>(b) Capital grants</b>				
<b><i>Recurrent - Commonwealth government</i></b>				
Roads to recovery	5,121	4,057	5,121	4,057
<b>Total recurrent capital grants</b>	<b>5,121</b>	<b>4,057</b>	<b>5,121</b>	<b>4,057</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>3.4 Funding from other levels of government (cont'd)</b>				
<b><i>Non-recurrent - Commonwealth government</i></b>				
Buildings	15,046	551	15,046	551
Plant, machinery and equipment	-	15	-	15
Roads	5,583	900	5,583	900
Airport operations	42	-	-	-
Drainage	500	500	500	500
<b><i>Non-recurrent - State government</i></b>				
Computers and telecomm	290	-	290	-
Footpaths and cycleways	242	-	242	-
Libraries	11	11	11	11
Recreation and sport	884	750	884	750
Buildings	9,861	215	9,861	215
Drainage	-	9	-	9
Waste management	40	190	40	190
Parks open space and streetscapes	893	23	893	23
Early years	15	-	15	-
Roads	1,787	1,167	1,787	1,167
<b>Total non-recurrent capital grants</b>	<b>35,194</b>	<b>4,331</b>	<b>35,152</b>	<b>4,331</b>
<b>Total capital grants</b>	<b>40,315</b>	<b>8,388</b>	<b>40,273</b>	<b>8,388</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>				
<b><i>Operating</i></b>				
Balance at start of year	641	1,715	641	1,696
Received during the financial year and remained unspent at balance date	557	330	557	330
Received in prior years and spent during the financial year	(414)	(1,385)	(414)	(1,385)
Balance at year end	<b>784</b>	<b>660</b>	<b>784</b>	<b>641</b>
<b><i>Capital</i></b>				
Balance at start of year	3,137	3,379	3,137	3,379
Received during the financial year and remained unspent at balance date	370	3,137	370	3,137
Received in prior years and spent during the financial year	(3,137)	(3,379)	(3,137)	(3,379)
Balance at year end	<b>370</b>	<b>3,137</b>	<b>370</b>	<b>3,137</b>
<b>Total</b>	<b>1,154</b>	<b>3,797</b>	<b>1,154</b>	<b>3,778</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

Consolidated		Council	
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000

### 3.4 Funding from other levels of government (cont'd)

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.

### 3.5 Contributions

Other contributions	448	693	268	593
Capital contributions	149	212	149	212
Developer contributions	805	507	805	507
<b>Total monetary contributions</b>	<b>1,402</b>	<b>1,412</b>	<b>1,222</b>	<b>1,312</b>
Non-monetary contributions	1,238	924	1,238	924
<b>Total contributions</b>	<b>2,640</b>	<b>2,336</b>	<b>2,460</b>	<b>2,236</b>

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

Drainage	1,183	824	1,183	824
Parks open space and streetscapes	55	100	55	100
<b>Total non-monetary contributions</b>	<b>1,238</b>	<b>924</b>	<b>1,238</b>	<b>924</b>

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

### 3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	575	517	558	508
Written down value of assets disposed	(1,474)	(3,882)	(1,474)	(3,702)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(899)</b>	<b>(3,365)</b>	<b>(916)</b>	<b>(3,194)</b>

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

## Notes to the Financial Report For the Year Ended 30 June 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>3.7 Other income</b>				
Interest	502	1,367	566	1,389
Interest on rates	503	366	503	366
Sales	452	886	266	301
Other income	186	118	9	7
Child care reimbursement	1,554	1,506	1,554	1,506
Fuel tax rebate	223	234	223	234
WorkCover costs reimbursements	479	425	479	425
Legal costs recouped	-	43	-	43
Airport reimbursement	-	-	23	16
Cemetery reimbursement	473	373	473	373
Utilities reimbursement	8	4	8	4
Youth case management reimbursement	452	538	452	538
Insurance reimbursement	52	64	160	64
Other costs reimbursed	1,309	1,463	1,309	1,550
<b>Total other income</b>	<b>6,193</b>	<b>7,387</b>	<b>6,025</b>	<b>6,816</b>

Interest is recognised as it is earned.

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

### 3.8 Asset recognition

The majority of asset recognitions related to gifted assets for Developer Contribution Plans (DCP). These are recognised once Council gains control of the assets and recorded on Council's asset registers.

Asset recognition	3,367	1,024	3,367	1,024
<b>Total asset recognition</b>	<b>3,367</b>	<b>1,024</b>	<b>3,367</b>	<b>1,024</b>



**Notes to the Financial Report  
For the Year Ended 30 June 2021**

Consolidated		Council	
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000

**Note 4 The cost of delivering services**

**4.1. (a) Employee costs**

Wages and salaries	48,521	46,550	45,753	43,352
Payroll tax	9	1	8	3
Superannuation	4,486	4,233	4,307	4,029
Fringe benefits tax	198	205	198	205
<b>Total employee costs</b>	<b>53,214</b>	<b>50,989</b>	<b>50,266</b>	<b>47,589</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	242	285	242	285
<b>Total defined benefit fund contributions</b>	<b>242</b>	<b>285</b>	<b>242</b>	<b>285</b>

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,003	1,954	2,003	1,954
Employer contributions - other funds	1,858	1,625	1,858	1,625
<b>Total accumulation funds contributions</b>	<b>3,861</b>	<b>3,579</b>	<b>3,861</b>	<b>3,579</b>
Employer contributions payable at reporting date.	-	167	-	167

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

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>Consolidated</b>		<b>Council</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>4.2 Materials and services</b>				
Contracts other	5,234	6,008	5,057	5,787
Waste management contracts	5,855	3,049	5,855	3,049
Swimming pools	1,444	1,359	1,444	1,359
Building maintenance	2,168	1,799	2,168	1,799
General maintenance	410	405	410	405
Environmental protection waste levy	1,448	1,937	1,448	1,937
Grants, contributions and donations	2,193	1,683	5,557	2,918
Utilities	3,497	3,078	3,344	3,173
Office administration	1,197	1,216	816	853
Materials purchased *	5,467	7,036	5,348	6,766
Plant and vehicle costs	2,776	3,010	2,510	2,662
Information technology	1,942	1,416	1,841	1,320
Insurance	1,302	1,176	1,327	1,185
Consultants	1,735	1,780	1,735	1,780
Training	860	995	827	902
Other materials and contractors	1,576	1,109	513	548
<b>Total materials and services</b>	<b>39,104</b>	<b>37,056</b>	<b>40,200</b>	<b>36,443</b>
<b>4.3 Depreciation</b>				
Buildings	2,841	2,723	2,618	2,503
Plant and equipment	3,377	3,070	2,936	2,821
Infrastructure	12,838	12,460	11,872	11,503
<b>Total depreciation</b>	<b>19,056</b>	<b>18,253</b>	<b>17,426</b>	<b>16,827</b>
<b>4.4 Amortisation - intangible assets</b>				
Intangible assets	221	157	221	157
<b>Total amortisation - intangible assets</b>	<b>221</b>	<b>157</b>	<b>221</b>	<b>157</b>

\* Materials purchased includes asset write-offs of \$1.7 million (For 2019-20 this was also \$1.7 million).  
Refer to note 6.2 for more information.

## Notes to the Financial Report For the Year Ended 30 June 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>4.5 Amortisation - right of use assets</b>				
Property	98	85	68	76
<b>Total amortisation - right of use assets</b>	<b>98</b>	<b>85</b>	<b>68</b>	<b>76</b>
<b>4.6 Bad and doubtful debts</b>				
Infringement debtors	91	69	91	69
Other debtors	(35)	125	13	11
<b>Total bad and doubtful debts</b>	<b>56</b>	<b>194</b>	<b>104</b>	<b>80</b>
<b>Movement in provisions for doubtful debts</b>				
Balance at the beginning of the year	679	613	679	613
New provisions recognised during the year	104	185	104	71
Amounts already provided for and written off as uncollectible	(13)	(5)	(13)	(5)
<b>Balance at end of year</b>	<b>770</b>	<b>793</b>	<b>770</b>	<b>679</b>
Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.				
<b>4.7 Borrowing costs</b>				
Interest - borrowings	958	1,082	943	1,031
<b>Total borrowing costs</b>	<b>958</b>	<b>1,082</b>	<b>943</b>	<b>1,031</b>

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

## Notes to the Financial Report For the Year Ended 30 June 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>4.8 Finance costs - leases</b>				
Interest - lease liabilities	62	56	51	53
<b>Total finance costs</b>	<b>62</b>	<b>56</b>	<b>51</b>	<b>53</b>
<b>4.9 Other expenses</b>				
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	94	91	75	69
Auditors' remuneration - internal	88	59	88	59
Councillors' allowances	323	333	323	333
Directors' fees	80	83	-	-
Refunds	88	67	88	67
Operating lease rentals	416	275	405	231
Asset written-off / impaired	670	-	670	-
Others	70	442	70	442
<b>Total other expenses</b>	<b>1,829</b>	<b>1,350</b>	<b>1,719</b>	<b>1,201</b>
<b>Note 5 Our financial position</b>				
<b>5.1 Financial assets</b>				
<b>(a) Cash and cash equivalents</b>				
Cash on hand	33	27	11	11
Cash at bank	28,213	9,424	26,543	7,317
Term deposits	3,440	72,372	500	69,000
<b>Total cash and cash equivalents</b>	<b>31,686</b>	<b>81,823</b>	<b>27,054</b>	<b>76,328</b>
<b>(b) Other financial assets</b>				
Term deposits - current	59,350	2,850	59,350	2,850
Floating notes - non-current	1,750	1,750	1,750	1,750
<b>Total other financial assets</b>	<b>61,100</b>	<b>4,600</b>	<b>61,100</b>	<b>4,600</b>
<b>Total financial assets</b>	<b>92,786</b>	<b>86,423</b>	<b>88,154</b>	<b>80,928</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

Consolidated		Council	
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000

### Note 5 Our financial position (cont'd)

#### 5.1 Financial assets

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

- Trust funds and deposits (note 5.3(b))	3,182	1,518	3,175	1,511
- Statutory reserve funds (note 9.1(b))	2,810	2,658	2,818	2,666
Total restricted funds	<u>5,992</u>	<u>4,176</u>	<u>5,993</u>	<u>4,177</u>
<b>Total unrestricted cash and cash equivalents</b>	<b><u>25,694</u></b>	<b><u>77,647</u></b>	<b><u>21,061</u></b>	<b><u>72,151</u></b>

#### 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	16,444	9,648	16,444	9,648
- Unexpended grants (note 3.4)	1,154	3,797	1,154	3,778
- Discretionary reserves (note 9.1(b))	36,753	40,611	36,753	40,611
- Long service leave 25% (note 5.5)	2,054	2,085	2,035	2,085
<b>Total funds subject to intended allocations</b>	<b><u>56,405</u></b>	<b><u>56,141</u></b>	<b><u>56,386</u></b>	<b><u>56,122</u></b>

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days 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 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>5 Financial assets (cont'd)</b>				
<b>(c) Trade and other receivables</b>				
<b>Current</b>				
<i>Statutory receivables</i>				
Rates debtors	4,735	4,273	4,735	4,273
Infringement debtors	881	821	881	821
Provision for doubtful debts - infringements	(764)	(673)	(764)	(673)
<i>Non statutory receivables</i>				
General debtors	3,027	1,016	2,830	820
Accrued income	542	491	542	491
GST receivable	629	1,124	629	1,124
Loan to Mildura Airport Pty Ltd	-	-	359	328
Provision for doubtful debts - other debtors	(6)	(120)	(6)	(6)
Total current trade and other receivables	<u>9,044</u>	<u>6,932</u>	<u>9,206</u>	<u>7,178</u>
<b>Non-current</b>				
<i>Non statutory receivables</i>				
Loan to Mildura Airport Pty Ltd	-	-	4,095	4,476
Total non-current trade and other receivables	<u>-</u>	<u>-</u>	<u>4,095</u>	<u>4,476</u>
<b>Total trade and other receivables</b>	<u><b>9,044</b></u>	<u><b>6,932</b></u>	<u><b>13,301</b></u>	<u><b>11,654</b></u>

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

### (d) Ageing of receivables

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

Current (not yet due)	1,327	724	1,643	541
Past due by up to 60 days	287	210	288	212
Past due between 61 and 180 days	1,017	30	503	15
Past due between 181 and 365 days	396	52	396	52
<b>Total trade and other receivables</b>	<u><b>3,027</b></u>	<u><b>1,016</b></u>	<u><b>2,830</b></u>	<u><b>820</b></u>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>Consolidated</b>		<b>Council</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>5 Financial assets (cont'd)</b>				

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

At balance date, other debtors representing financial assets with a nominal value of \$2,830 were impaired. The amount of the provision raised against these debtors was \$104. 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 91 and 180 days	13	8	13	8
Past due between 181 and 365 days	-	3	-	3
Past due by more than 1 year	91	69	91	69
<b>Total trade and other receivables</b>	<b>104</b>	<b>80</b>	<b>104</b>	<b>80</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>Consolidated</b>		<b>Council</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>5.2 Non-financial assets</b>				
<b>(a) Inventories</b>				
Inventories held for distribution	530	501	530	501
Inventories held for sale	63	68	56	62
<b>Total inventories</b>	<b>593</b>	<b>569</b>	<b>586</b>	<b>563</b>
Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.				
<b>(b) Other assets</b>				
<b>Current</b>				
Prepayments	297	1,378	262	1,340
<b>Total</b>	<b>297</b>	<b>1,378</b>	<b>262</b>	<b>1,340</b>
<b>Non-current</b>				
Interest in Mildura Airport Pty Ltd	-	-	50,945	50,877
Interest in Mildura Regional Development	-	-	512	764
<b>Total</b>	<b>-</b>	<b>-</b>	<b>51,457</b>	<b>51,641</b>
<b>Total other assets</b>	<b>297</b>	<b>1,378</b>	<b>51,719</b>	<b>52,981</b>
<b>(c) Intangible assets</b>				
Software	612	852	612	852
Water rights at valuation 30 June 2020	-	10,569	-	10,448
Water rights at valuation 30 June 2021	10,569	-	10,448	-
<b>Total intangible assets</b>	<b>11,181</b>	<b>11,421</b>	<b>11,060</b>	<b>11,300</b>



## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.2 Non-financial assets (cont'd)

#### (c) Intangible assets

##### Consolidated

##### Gross carrying amount

	Software \$'000	Water right \$'000	Total \$'000
Balance at 1 July 2020	3,079	10,569	13,648
Transfer	11	-	11
Balance at 30 June 2021	<b>3,090</b>	<b>10,569</b>	<b>13,659</b>

##### Accumulated amortisation and impairment

Balance at 1 July 2020	2,227	-	2,227
Amortisation expense	221	-	221
Transfer	30	-	30
Balance at 30 June 2021	<b>2,478</b>	<b>-</b>	<b>2,478</b>
Net book value at 30 June 2020	852	10,569	11,421
Net book value at 30 June 2021	<b>612</b>	<b>10,569</b>	<b>11,181</b>

##### Council

##### Gross carrying amount

	Software \$'000	Water right \$'000	Total \$'000
Balance at 1 July 2020	3,079	10,448	13,527
Transfer	11	-	11
Balance at 30 June 2021	<b>3,090</b>	<b>10,448</b>	<b>13,538</b>

##### Accumulated amortisation and impairment

Balance at 1 July 2020	2,227	-	2,227
Amortisation expense	221	-	221
Transfer	30	-	30
Balance at 30 June 2021	<b>2,478</b>	<b>-</b>	<b>2,478</b>
Net book value at 30 June 2020	852	10,448	11,300
Net book value at 30 June 2021	<b>612</b>	<b>10,448</b>	<b>11,060</b>

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

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.2 Non-financial assets (cont'd)

#### (c) Intangible assets

Details of the Mildura Rural City Council's water rights; and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Water rights	-	10,448	-
<b>Total</b>	<b>-</b>	<b>10,448</b>	<b>-</b>

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 2021.

### 5.3 Payables

#### (a) Trade and other payables

	Consolidated 2021 \$'000	2020 \$'000	Council 2021 \$'000	2020 \$'000
Trade payables	919	138	-	2
Accrued expenses	3,389	2,907	3,117	2,702
<b>Total trade and other payables</b>	<b>4,308</b>	<b>3,045</b>	<b>3,117</b>	<b>2,704</b>

#### (b) Trust funds and deposits

Refundable contract deposits	481	110	481	110
Fire services levy	1,392	32	1,392	32
Refundable civic facilities deposits	4	5	4	5
Retention amounts	459	363	459	363
Income received in advance	7	7	-	-
Other refundable deposits	839	1,001	839	1,001
<b>Total trust funds and deposits</b>	<b>3,182</b>	<b>1,518</b>	<b>3,175</b>	<b>1,511</b>

#### (c) Unearned income

Grants received in advance - operating	784	660	784	641
Grants received in advance - capital	370	3,137	370	3,137
<b>Total unearned income</b>	<b>1,154</b>	<b>3,797</b>	<b>1,154</b>	<b>3,778</b>

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.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.3 Payables (cont'd)

**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.

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>5.4 Interest-bearing liabilities</b>				
<b>Current</b>				
Borrowings - secured	3,325	1,106	3,231	1,154
<b>Total current interest-bearing liabilities</b>	<b>3,325</b>	<b>1,106</b>	<b>3,231</b>	<b>1,154</b>
<b>Non-current</b>				
Borrowings - secured	14,281	17,528	14,281	17,478
Finance leases	279	116	-	-
<b>Total non-current interest-bearing liabilities</b>	<b>14,560</b>	<b>17,644</b>	<b>14,281</b>	<b>17,478</b>
<b>Total interest-bearing liabilities</b>	<b>17,885</b>	<b>18,750</b>	<b>17,512</b>	<b>18,632</b>

Borrowings are secured by security over the general rates of the municipal enterprise and in accordance with requirements of the *Local Government Act*.

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>5.4 Interest-bearing liabilities (cont'd)</b>				

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

Not later than one year	3,325	1,106	3,231	1,154
Later than one year and not later than five years	2,883	5,484	3,012	5,318
Later than five years	11,677	12,160	11,269	12,160
	<b>17,885</b>	<b>18,750</b>	<b>17,512</b>	<b>18,632</b>

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

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

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.5 Provisions

<b>Consolidated</b>	<b>Employee</b>	<b>Landfill</b>	<b>Total</b>
<b>2021</b>	<b>\$ '000</b>	<b>restoration</b>	<b>\$ '000</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Balance at beginning of the financial year	13,347	26,581	39,928
Prior year adjustment	-	-	-
Additional provisions	6,929	5,933	12,862
Amounts used	(6,089)	-	(6,089)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	201	-	201
Balance at the end of the financial year	<b>14,388</b>	<b>32,514</b>	<b>46,902</b>
<b>2020</b>			
Balance at beginning of the financial year	12,724	25,852	38,576
Prior year adjustment	-	(3,761)	(3,761)
Additional provisions	7,068	4,490	11,558
Amounts used	(5,801)	-	(5,801)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(644)	-	(644)
Balance at the end of the financial year	<b>13,347</b>	<b>26,581</b>	<b>39,928</b>
<b>Council</b>	<b>Employee</b>	<b>Landfill</b>	<b>Total</b>
<b>2021</b>	<b>\$ '000</b>	<b>restoration</b>	<b>\$ '000</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Balance at beginning of the financial year	13,130	26,581	39,711
Prior year adjustment	-	-	-
Additional provisions	6,756	5,933	12,689
Amounts used	(5,998)	-	(5,998)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	201	-	201
Balance at the end of the financial year	<b>14,089</b>	<b>32,514</b>	<b>46,603</b>
<b>2020</b>			
Balance at beginning of the financial year	12,466	25,852	38,318
Prior year adjustment	-	(3,761)	(3,761)
Additional provisions	6,883	4,490	11,373
Amounts used	(5,558)	-	(5,558)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(661)	-	(661)
Balance at the end of the financial year	<b>13,130</b>	<b>26,581</b>	<b>39,711</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>Consolidated</b>		<b>Council</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>5.5 Provisions (cont'd)</b>				
<b>(a) Employee provisions</b>				
<b>Current provisions expected to be wholly settled within 12 months</b>				
Annual leave	3,321	3,139	3,131	2,985
Long service leave	626	627	597	627
Redundancy	-	128	-	128
Rostered day off and time off in lieu	915	883	915	883
<b>Total</b>	<b>4,862</b>	<b>4,777</b>	<b>4,643</b>	<b>4,623</b>
<b>Current provisions expected to be wholly settled after 12 months</b>				
Annual leave	1,903	793	1,903	793
Long service leave	6,450	6,453	6,450	6,453
<b>Total</b>	<b>8,353</b>	<b>7,246</b>	<b>8,353</b>	<b>7,246</b>
<b>Total current employee provisions</b>	<b>13,215</b>	<b>12,023</b>	<b>12,996</b>	<b>11,869</b>
<b>Non-current</b>				
Long service leave	1,140	1,324	1,093	1,261
<b>Total non-current employee provisions</b>	<b>1,140</b>	<b>1,324</b>	<b>1,093</b>	<b>1,261</b>
<b>Aggregate carrying amount of employee provisions:</b>				
Current	13,215	12,023	12,996	11,869
Non-current	1,140	1,324	1,093	1,261
<b>Total aggregate carrying amount of employee provisions</b>	<b>14,355</b>	<b>13,347</b>	<b>14,089</b>	<b>13,130</b>

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 2021

### 5.5 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	
	2021	2020	2021	2020
Key assumptions:				
- discount rate	1.49%	0.87%	1.49%	0.87%
- wage inflation rate	2.95%	4.25%	2.95%	4.25%
- settlement period	12	12	12	12
<b>(b) Landfill restoration</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Non-current	32,514	26,581	32,514	26,581
<b>Total landfill restoration</b>	<b>32,514</b>	<b>26,581</b>	<b>32,514</b>	<b>26,581</b>

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	
	2021	2020	2021	2020
Key assumptions:				
- weighted average Melbourne CPI	2.90%	1.90%	2.90%	1.90%
- wage inflation rate	2.95%	4.25%	2.95%	4.25%
- discount rate	1.49%	0.87%	1.49%	0.87%
<b>(c) Total provisions</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current	13,215	12,023	12,996	11,869
Non-current	33,654	27,905	33,607	27,842
	<b>46,869</b>	<b>39,928</b>	<b>46,603</b>	<b>39,711</b>

### 5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2021.

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Loans and borrowing facilities	17,885	18,750	17,512	18,632
Credit card facilities	800	800	800	800
<b>Total facilities</b>	<b>18,685</b>	<b>19,550</b>	<b>18,312</b>	<b>19,432</b>
<b>Used facilities</b>	<b>18,391</b>	<b>19,256</b>	<b>18,018</b>	<b>19,138</b>
<b>Unused facilities</b>	<b>294</b>	<b>294</b>	<b>294</b>	<b>294</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.7 Commitments

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

	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
<b>Consolidated 2021</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating</b>					
Swimming pool management	1,589	1,608	-	-	3,197
Waste management	11	11	-	-	22
Cleaning services	508	-	-	-	508
Security services	443	-	-	-	443
Project design	29	-	-	-	29
Corporate expenditure	353	304	307	-	964
Building services	318	298	-	-	616
Other	159	109	-	-	268
<b>Total</b>	<b>3,410</b>	<b>2,330</b>	<b>307</b>	<b>-</b>	<b>6,047</b>
	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
<b>Consolidated 2021</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Capital</b>					
Fixtures, fittings and furniture	56	-	-	-	56
Buildings	5,567	-	-	-	5,567
Library books and artworks	284	-	-	-	284
Waste management	104	-	-	-	104
Plant machinery and equipment	2,043	-	-	-	2,043
Roads	2,467	-	-	-	2,467
Drainage	689	-	-	-	689
Parks, open spaces and streetscapes	1,505	-	-	-	1,505
Rec, leisure and community facilities	134	-	-	-	134
Footpaths and cycleways	1	-	-	-	1
Kerb and channel	47	-	-	-	47
Computers and telecomm	133	-	-	-	133
<b>Total</b>	<b>13,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,030</b>



Notes to the Financial Report  
For the Year Ended 30 June 2021

5.7 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
<b>Consolidated 2020</b>					
<b>Operating</b>					
Swimming pool management	217	18	-	-	235
Waste management	2,717	1,392	311	-	4,420
Cleaning services	423	-	-	-	423
Security services	444	-	-	-	444
Temporary labour hire	2,188	381	-	-	2,569
Electricity	2,740	-	-	-	2,740
Project design	104	-	-	-	104
Corporate expenditure	2,500	281	549	-	3,330
Building services	1,773	145	-	-	1,918
Corporate training	240	44	-	-	284
Drainage	3	1	-	-	4
Parks and gardens	1,875	60	-	-	1,935
Plant	241	-	-	-	241
Works and infrastructure	9,980	2,713	-	-	12,693
Other	21	-	-	-	21
<b>Total</b>	<b>25,466</b>	<b>5,035</b>	<b>860</b>	<b>-</b>	<b>31,361</b>

	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
<b>Consolidated 2020</b>					
<b>Capital</b>					
Fixtures, fittings and furniture	30	-	-	-	30
Buildings	11,352	-	-	-	11,352
Library books and artworks	272	-	-	-	272
Waste management	371	-	-	-	371
Plant machinery and equipment	4,168	-	-	-	4,168
Roads	12,357	-	-	-	12,357
Drainage	2,275	-	-	-	2,275
Parks, open spaces and streetscapes	4,146	-	-	-	4,146
Land	1,336	-	-	-	1,336
<b>Total</b>	<b>36,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,307</b>

Notes to the Financial Report  
For the Year Ended 30 June 2021

5.7 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
2021	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Swimming pool management	1,589	1,608	-	-	3,197
Waste management	11	11	-	-	22
Cleaning services	508	-	-	-	508
Security services	443	-	-	-	443
Project design	29	-	-	-	29
Corporate expenditure	353	304	307	-	964
Building services	318	298	-	-	616
Other	159	109	-	-	268
<b>Total</b>	<b>3,410</b>	<b>2,330</b>	<b>307</b>	<b>-</b>	<b>6,047</b>

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
2021	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Capital</b>					
Fixtures, fittings and furniture	56	-	-	-	56
Buildings	5,567	-	-	-	5,567
Library books and artworks	284	-	-	-	284
Waste management	104	-	-	-	104
Plant machinery and equipment	2,043	-	-	-	2,043
Roads	2,467	-	-	-	2,467
Drainage	689	-	-	-	689
Parks, open spaces and streetscapes	1,505	-	-	-	1,505
Rec, leisure and community facilities	134	-	-	-	134
Footpaths and cycleways	1	-	-	-	1
Kerb and channel	47	-	-	-	47
Computers and telecomm	133	-	-	-	133
<b>Total</b>	<b>13,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,030</b>

Notes to the Financial Report  
For the Year Ended 30 June 2021

5.7 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
2020	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Swimming pool management	217	18	-	-	235
Waste management	2,717	1,392	311	-	4,420
Cleaning services	423	-	-	-	423
Security services	444	-	-	-	444
Temporary labour hire	2,188	381	-	-	2,569
Electricity	2,740	-	-	-	2,740
Project design	104	-	-	-	104
Corporate expenditure	2,500	281	549	-	3,330
Building services	1,773	145	-	-	1,918
Corporate training	240	44	-	-	284
Drainage	3	1	-	-	4
Parks and gardens	1,875	60	-	-	1,935
Plant	241	-	-	-	241
Works and infrastructure	9,980	2,713	-	-	12,693
Other	21	-	-	-	21
<b>Total</b>	<b>25,466</b>	<b>5,035</b>	<b>860</b>	<b>-</b>	<b>31,361</b>

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
2020	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Capital</b>					
Fixtures, fittings and furniture	30	-	-	-	30
Buildings	11,352	-	-	-	11,352
Library books and artworks	272	-	-	-	272
Waste management	371	-	-	-	371
Plant machinery and equipment	4,168	-	-	-	4,168
Roads	12,357	-	-	-	12,357
Drainage	2,275	-	-	-	2,275
Parks, open spaces and streetscapes	4,146	-	-	-	4,146
Land	1,336	-	-	-	1,336
<b>Total</b>	<b>36,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,307</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.8 Leases

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

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

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

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

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

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.8 Leases (cont'd)

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

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

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

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

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

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Right-of-Use Assets</b>				
Balance at 1 July 2020	1,403	1,188	1,112	1,188
Additions	93	300	120	-
Amortisation charge	(98)	(85)	(68)	(76)
Balance at 30 June 2021	<b>1,398</b>	<b>1,403</b>	<b>1,164</b>	<b>1,112</b>

### Lease Liabilities

Maturity analysis - contractual undiscounted cash flows

Less than one year	182	140	146	136
One to five years	779	632	633	472
More than five years	1,521	1,757	1,419	1,604
Total undiscounted lease liabilities as at 30 June:	<b>2,482</b>	<b>2,529</b>	<b>2,198</b>	<b>2,212</b>

Lease liabilities included in the Balance Sheet at 30 June:

Current	121	351	94	86
Non-current	1,710	1,512	1,496	1,484
Total lease liabilities	<b>1,831</b>	<b>1,863</b>	<b>1,590</b>	<b>1,570</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.8 Leases (cont'd)

#### **Short-term and low value leases**

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

	2021	2020
	\$'000	\$'000
Expenses relating to:		
Leases of low value assets	246	207
<b>Total</b>	<b>246</b>	<b>207</b>

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

#### **Non-cancellable lease commitments - Short-term and low-value leases**

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:	2021	2020
Within one year	93	207
Later than one year but not later than five years	33	53
<b>Total lease commitments</b>	<b>126</b>	<b>260</b>

Council has conducted an assessment of leases and determined the value of peppercorn leases is nil.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 6 Assets we manage

#### 6.1 Non current assets classified as held for sale

Council currently has no non current asset held for sale.

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

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**Note 6 Assets we manage**

**6.2 Property, infrastructure, plant and equipment**

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

<b>Consolidated</b>	<b>At fair value 30 June 2020</b>	<b>First time recognition of assets</b>	<b>Additions</b>	<b>Contributions</b>	<b>Revaluation</b>	<b>Depreciation</b>	<b>Disposal</b>	<b>Write-off</b>	<b>Transfers</b>	<b>Transfers from Provisions</b>	<b>At fair value 30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	69,728	440	577	-	5,642	-	(120)	-	74	-	76,341
Buildings	108,304	72	304	-	1,651	(2,841)	(50)	-	3,520	-	110,960
Plant and equipment	47,447	-	3,066	-	-	(3,363)	(703)	-	2,138	-	48,585
Infrastructure	627,503	2,855	16,354	1,238	7,685	(12,838)	(627)	(241)	14,058	5,504	661,491
Work in progress	45,057	-	41,557	-	-	-	-	(1,465)	(19,790)	-	65,359
	<b>898,039</b>	<b>3,367</b>	<b>61,858</b>	<b>1,238</b>	<b>14,978</b>	<b>(19,042)</b>	<b>(1,500)</b>	<b>(1,706)</b>	<b>-</b>	<b>5,504</b>	<b>962,736</b>

<b>Summary of work in progress</b>	<b>Opening WIP</b>	<b>Additions</b>	<b>Write-off</b>	<b>Transfers</b>	<b>Closing WIP</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Property	11,385	21,890	(96)	(3,594)	29,585
Plant and equipment	3,100	2,210	(63)	(2,138)	3,109
Infrastructure	30,572	17,457	(1,306)	(14,058)	32,665
<b>Total</b>	<b>45,057</b>	<b>41,557</b>	<b>(1,465)</b>	<b>(19,790)</b>	<b>65,359</b>



**Notes to the Financial Report  
For the Year Ended 30 June 2021**

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

**Consolidated**

At fair value 1 July 2020

Accumulated depreciation at 1 July 2020

**Movements in fair value**

Additions

Recognitions

Revaluation

Disposal

Write-off

Transfers

**Movements in accumulated depreciation**

Depreciation and amortisation

Accumulated depreciation of  
disposals

Accumulated depreciation of  
revaluations

At fair value 30 June 2021

Accumulated depreciation at 30 June 2021

	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
At fair value 1 July 2020	43,446	13,170	13,112	69,728	210,593	9,022	219,615	11,385	300,728
Accumulated depreciation at 1 July 2020	-	-	-	-	(107,560)	(3,751)	(111,311)	-	(111,311)
	43,446	13,170	13,112	69,728	103,033	5,271	108,304	11,385	189,417
<b>Movements in fair value</b>									
Additions	177	400	-	577	16	288	304	21,890	22,771
Recognitions	374	64	2	440	72	-	72	-	512
Revaluation	2,439	(76)	3,279	5,642	9,007	1,422	10,429	-	16,071
Disposal	(120)	-	-	(120)	(1,036)	-	(1,036)	-	(1,156)
Write-off	-	-	-	-	-	-	-	(96)	(96)
Transfers	-	74	-	74	3,198	322	3,520	(3,594)	-
	2,870	462	3,281	6,613	11,257	2,032	13,289	18,200	38,102
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,663)	(178)	(2,841)	-	(2,841)
Accumulated depreciation of disposals	-	-	-	-	986	-	986	-	986
Accumulated depreciation of revaluations	-	-	-	-	(7,733)	(1,045)	(8,778)	-	(8,778)
	-	-	-	-	(9,410)	(1,223)	(10,633)	-	(10,633)
At fair value 30 June 2021	46,316	13,632	16,393	76,341	221,850	11,054	232,904	29,585	338,830
Accumulated depreciation at 30 June 2021	-	-	-	-	(116,970)	(4,974)	(121,944)	-	(121,944)
	46,316	13,632	16,393	76,341	104,880	6,080	110,960	29,585	216,886

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**6.2 Property, infrastructure, plant and equipment (cont'd)**

**(b) Plant and Equipment**

**Consolidated**

	Plant machinery and equipment	Fixtures fittings and furniture	Computer and telecommunic ations	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 2020	36,121	1,241	2,702	27,818	4,756	72,638	3,100	75,738
Accumulated depreciation at 1 July 2020	(19,361)	(474)	(2,007)	-	(3,349)	(25,191)	-	(25,191)
	16,760	767	695	27,818	1,407	47,447	3,100	50,547
<b>Movements in fair value</b>								
Additions	2,733	95	20	-	232	3,080	2,210	5,290
Disposal	(2,864)	-	-	-	-	(2,864)	-	(2,864)
Write-off	-	-	-	-	-	-	(63)	(63)
Transfers	1,970	26	25	-	117	2,138	(2,138)	-
	1,839	121	45	-	349	2,354	9	2,363
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(2,684)	(237)	(188)	-	(268)	(3,377)	-	(3,377)
Accumulated depreciation of disposals	2,161	-	-	-	-	2,161	-	2,161
	(523)	(237)	(188)	-	(268)	(1,216)	-	(1,216)
At fair value 30 June 2021	37,960	1,362	2,747	27,818	5,105	74,992	3,109	78,101
Accumulated depreciation at 30 June 2021	(19,884)	(711)	(2,195)	-	(3,617)	(26,407)	-	(26,407)
	18,076	651	552	27,818	1,488	48,585	3,109	51,694

Notes to the Financial Report  
For the Year Ended 30 June 2021

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

Consolidated	Roads	Kerb and channel	Footpaths and cycle ways	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 2020	508,931	22,362	52,833	166,045	54,022	17,062	19,309	43,118	14,431	898,113	30,572	928,685
Accumulated depreciation at 1 July 2020	(169,610)	(7,544)	(33,495)	(32,257)	(10,865)	(3,101)	(3,846)	(4,963)	(4,929)	(270,610)	-	(270,610)
	339,321	14,818	19,338	133,788	43,157	13,961	15,463	38,155	9,502	627,503	30,572	658,075
<b>Movements in fair value</b>												
Additions	12,342	347	675	2,460	-	-	286	38	206	16,354	17,457	33,811
Contributions	-	-	-	1,183	-	-	55	-	-	1,238	-	1,238
Recognitions	906	306	515	1,242	-	-	9	-	-	2,978	-	2,978
Revaluation	5,987	(320)	220	(5)	69	(27)	(4,001)	-	(912)	1,011	-	1,011
Disposal	(1,413)	(284)	(590)	(85)	-	-	(144)	-	(23)	(2,539)	-	(2,539)
Write-off	-	-	-	-	-	(49)	-	-	(192)	(241)	(1,306)	(1,547)
Transfers	2,511	1,076	1,690	2,226	646	10	4,038	-	1,861	14,058	(14,058)	-
Transfers from Provisions	-	-	-	-	-	5,504	-	-	-	5,504	-	5,504
	20,333	1,125	2,510	7,021	715	5,438	243	38	940	38,363	2,093	40,456
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	(7,354)	(318)	(846)	(1,190)	(754)	(561)	(719)	(858)	(238)	(12,838)	-	(12,838)
Accumulated depreciation of disposals	1,134	113	501	29	-	-	129	-	6	1,912	-	1,912
Accumulated depreciation of recognitions	(22)	(4)	(8)	(89)	-	-	-	-	-	(123)	-	(123)
Accumulated depreciation of revaluations	(1,517)	83	11,637	(487)	643	27	438	-	(4,150)	6,674	-	6,674
	(7,759)	(126)	11,284	(1,737)	(111)	(534)	(152)	(858)	(4,382)	(4,375)	-	(4,375)
At fair value 30 June 2021	529,264	23,487	55,343	173,066	54,737	22,500	19,552	43,156	15,371	936,476	32,665	969,141
Accumulated depreciation at 30 June 2021	(177,369)	(7,670)	(22,211)	(33,994)	(10,976)	(3,635)	(3,998)	(5,821)	(9,311)	(274,985)	-	(274,985)
	351,895	15,817	33,132	139,072	43,761	18,865	15,554	37,335	6,060	661,491	32,665	694,156

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**6.2 Property, infrastructure, plant and equipment**

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

Council	At fair value 30 June 2020	First time recognition of assets	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Transfers from Provisions	At fair value 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
Land	69,728	440	577	-	5,642	-	(120)	-	74	-	76,341
Buildings	99,421	72	287	-	1,651	(2,618)	(50)	-	3,520	-	102,283
Plant and equipment	45,617	-	2,491	-	-	(2,936)	(677)	-	2,107	-	46,602
Infrastructure	586,876	2,855	16,187	1,238	7,685	(11,872)	(627)	(241)	14,058	5,504	621,663
Work in progress	44,991	-	39,318	-	-	-	-	(1,465)	(19,759)	-	63,085
	<b>846,633</b>	<b>3,367</b>	<b>58,860</b>	<b>1,238</b>	<b>14,978</b>	<b>(17,426)</b>	<b>(1,474)</b>	<b>(1,706)</b>	<b>-</b>	<b>5,504</b>	<b>909,974</b>

Summary of work in progress	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	11,800	21,890	(96)	(3,594)	30,000
Plant and equipment	3,075	2,204	(63)	(2,107)	3,109
Infrastructure	30,116	15,224	(1,306)	(14,058)	29,976
<b>Total</b>	<b>44,991</b>	<b>39,318</b>	<b>(1,465)</b>	<b>(19,759)</b>	<b>63,085</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**6.2 Property, infrastructure, plant and equipment (cont'd)**

**(a) Property**

<b>Council</b>	<b>Land - specialised</b>	<b>Land - non specialised</b>	<b>Land under roads</b>	<b>Total land and land improvement</b>	<b>Buildings - specialised</b>	<b>Buildings - non specialised</b>	<b>Total buildings</b>	<b>Work in progress</b>	<b>Total property</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At fair value 1 July 2020	43,446	13,170	13,112	69,728	200,659	8,396	209,055	11,800	290,583
Accumulated depreciation at 1 July 2020	-	-	-	-	(106,246)	(3,388)	(109,634)	-	(109,634)
	43,446	13,170	13,112	69,728	94,413	5,008	99,421	11,800	180,949
<b>Movements in fair value</b>									
Additions	177	400	-	577	10	277	287	21,890	22,754
Recognitions	374	64	2	440	72	-	72	-	512
Revaluation	2,439	(76)	3,279	5,642	9,007	1,422	10,429	-	16,071
Disposal	(120)	-	-	(120)	(1,036)	-	(1,036)	-	(1,156)
Write-off	-	-	-	-	-	-	-	(96)	(96)
Transfers	-	74	-	74	3,198	322	3,520	(3,594)	-
	2,870	462	3,281	6,613	11,251	2,021	13,272	18,200	38,085
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,484)	(134)	(2,618)	-	(2,618)
Accumulated depreciation of disposals	-	-	-	-	986	-	986	-	986
Accumulated depreciation of revaluations	-	-	-	-	(7,733)	(1,045)	(8,778)	-	(8,778)
	-	-	-	-	(9,231)	(1,179)	(10,410)	-	(10,410)
At fair value 30 June 2021	46,316	13,632	16,393	76,341	211,910	10,417	222,327	30,000	328,668
Accumulated depreciation at 30 June 2021	-	-	-	-	(115,477)	(4,567)	(120,044)	-	(120,044)
	<b>46,316</b>	<b>13,632</b>	<b>16,393</b>	<b>76,341</b>	<b>96,433</b>	<b>5,850</b>	<b>102,283</b>	<b>30,000</b>	<b>208,624</b>

Notes to the Financial Report  
For the Year Ended 30 June 2021

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

(b) Plant and equipment

Council	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecommu- nications	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 2020	32,943	540	2,217	27,818	4,756	68,274	3,075	71,349
Accumulated depreciation at 1 July 2020	(17,449)	(328)	(1,531)	-	(3,349)	(22,657)	-	(22,657)
	15,494	212	686	27,818	1,407	45,617	3,075	48,692
<b>Movements in fair value</b>								
Additions	2,259	-	-	-	232	2,491	2,204	4,695
Disposal	(2,773)	-	-	-	-	(2,773)	-	(2,773)
Write-off	-	-	-	-	-	-	(63)	(63)
Transfers	1,939	26	25	-	117	2,107	(2,107)	-
	1,425	26	25	-	349	1,825	34	1,859
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(2,425)	(60)	(183)	-	(268)	(2,936)	-	(2,936)
Accumulated depreciation of disposals	2,096	-	-	-	-	2,096	-	2,096
	(329)	(60)	(183)	-	(268)	(840)	-	(840)
At fair value 30 June 2021	34,368	566	2,242	27,818	5,105	70,099	3,109	73,208
Accumulated depreciation at 30 June 2021	(17,778)	(388)	(1,714)	-	(3,617)	(23,497)	-	(23,497)
	16,590	178	528	27,818	1,488	46,602	3,109	49,711

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**6.2 Property, infrastructure, plant and equipment (cont'd)**

**(c) Infrastructure**

<b>Council</b>	<b>Roads</b>	<b>Kerb and channel</b>	<b>Footpaths and cycle ways</b>	<b>Drainage</b>	<b>Recreational, leisure and community</b>	<b>Waste management</b>	<b>Parks open spaces and streetscapes</b>	<b>Aerodromes</b>	<b>Off street car parks</b>	<b>Total infrastructure</b>	<b>Work in progress</b>	<b>Total infrastructure</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At fair value 1 July 2020	508,931	22,362	52,833	165,583	53,754	17,062	18,883	-	11,987	851,395	30,116	881,511
Accumulated depreciation at 1 July 2020	(169,610)	(7,544)	(33,495)	(32,186)	(10,799)	(3,101)	(3,567)	-	(4,217)	(264,519)	-	(264,519)
	339,321	14,818	19,338	133,397	42,955	13,961	15,316	-	7,770	586,876	30,116	616,992
<b>Movements in fair value</b>												
Additions	12,342	347	675	2,460	-	-	157	-	206	16,187	15,224	31,411
Contributions	-	-	-	1,183	-	-	55	-	-	1,238	-	1,238
Recognitions	906	306	515	1,242	-	-	9	-	-	2,978	-	2,978
Revaluation	5,987	(320)	220	(5)	69	(27)	(4,001)	-	(912)	1,011	-	1,011
Disposal	(1,413)	(284)	(590)	(85)	-	-	(144)	-	(23)	(2,539)	-	(2,539)
Write-off	-	-	-	-	-	(49)	-	-	(192)	(241)	(1,306)	(1,547)
Transfers	2,511	1,076	1,690	2,226	646	10	4,038	-	1,861	14,058	(14,058)	-
Transfers from Provisions	-	-	-	-	-	5,504	-	-	-	5,504	-	5,504
	20,333	1,125	2,510	7,021	715	5,438	114	-	940	38,196	(140)	38,056
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	(7,354)	(318)	(846)	(1,190)	(754)	(561)	(685)	-	(164)	(11,872)	-	(11,872)
Accumulated depreciation of disposals	1,134	113	501	29	-	-	129	-	6	1,912	-	1,912
Accumulated depreciation of recognitions	(22)	(4)	(8)	(89)	-	-	-	-	-	(123)	-	(123)
Accumulated depreciation of revaluations	(1,517)	83	11,637	(487)	643	27	438	-	(4,150)	6,674	-	6,674
	(7,759)	(126)	11,284	(1,737)	(111)	(534)	(118)	-	(4,308)	(3,409)	-	(3,409)
At fair value 30 June 2021	529,264	23,487	55,343	172,604	54,469	22,500	18,997	-	12,927	889,591	29,976	919,567
Accumulated depreciation at 30 June 2021	(177,369)	(7,670)	(22,211)	(33,923)	(10,910)	(3,635)	(3,685)	-	(8,525)	(267,928)	-	(267,928)
	351,895	15,817	33,132	138,681	43,559	18,865	15,312	-	4,402	621,663	29,976	651,639

## Notes to the Financial Report For the Year Ended 30 June 2021

### 6.2 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.

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	5 - 100 years	-
Infrastructure		
footpaths and cycle ways	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 2021

### 6.2 Property, infrastructure, plant and equipment (cont'd)

#### ***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 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 and drainage basins the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land (e.g. drainage basin) 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 fair value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that Council could not reasonably have been aware of as at the date of valuation). Refer to Significant accounting policies under Overview section and Note 8.4 for further information on fair value measurement.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 6.2 Property, infrastructure, plant and equipment (cont'd)

#### Valuation of land and building (cont'd)

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	13,632	46,316	Dec-20
Specialised land	-	-	16,393	Dec-20
Buildings	-	5,850	96,433	Dec-20
<b>Total</b>	<b>-</b>	<b>19,482</b>	<b>159,142</b>	

#### 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 indexed based revaluation was conducted in the current year, this valuation was based on Rawlinson's indexation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	351,895	Jun-21
Kerb and channel	-	-	15,817	Jun-21
Footpaths and cycle ways	-	-	33,132	Jun-21
Drainage	-	-	138,681	Jun-21
Recreational, leisure and community facilities	-	-	43,559	Jun-21
Waste management	-	-	18,865	Jun-21
Parks, open space and streetscapes	-	-	15,312	Jun-21
Off street car parks	-	-	4,402	Jun-21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>621,663</b>	

Aerodrome infrastructure assets are held under the cost model and are carried at historic cost less accumulated depreciation and any accumulated impairment losses.

#### 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 30% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.003 and \$600.10 per square metre.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 6.2 Property, infrastructure, plant and equipment (cont'd)

**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 are calculated on a square metre basis and ranges from \$66 to \$6,542.32 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 straight line depreciation, except where a single asset class has comprehensive condition information, in which case remaining useful life is determined on the basis of condition. 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.

	2021	2020
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Land under roads	16,393	13,112
Land - Parks and reserves, etc.	46,316	43,446
<b>Total specialised land</b>	<b>62,709</b>	<b>56,558</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 7 People and relationships

#### 7.1 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 Tourism and Economic Development Ltd trading as 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**

Councillor (Mayor)	Simon Clemence	1/07/2020 to	23/10/2020
Councillor (Deputy Mayor)	Min Poole	1/07/2020 to	23/10/2020
Councillor	Jason Modica	1/07/2020 to	23/10/2020
Councillor	Anthony Cirillo	1/07/2020 to	23/10/2020
Councillor	Gavin Sedgmen	1/07/2020 to	23/10/2020
Councillor	Glenn Milne	1/07/2020 to	23/10/2020
Councillor	Greg Brown	1/07/2020 to	23/10/2020
Councillor	Helen Healy	1/07/2020 to	23/10/2020
Councillor	Mark Eckel	1/07/2020 to	23/10/2020

*Please note that due to Council Elections in October 2020, Council was in "caretaker period" from Tuesday 22 September to Saturday 24 October 2020.*

*The new term of Councillor were sworn into office at a Special Council Meeting held on Thursday 19 November 2020.*

Councillor (Mayor)	Jason Modica	19/11/2020 to	30/06/2021
Councillor (Deputy Mayor)	Helen Healy	19/11/2020 to	30/06/2021
Councillor	Glenn Milne	19/11/2020 to	30/06/2021
Councillor	Mark Eckel	19/11/2020 to	30/06/2021
Councillor	Liam Wood	19/11/2020 to	30/06/2021
Councillor	Ian Arney	19/11/2020 to	30/06/2021
Councillor	Stefano de Pieri	19/11/2020 to	30/06/2021
Councillor	Cyndi Power	19/11/2020 to	30/06/2021
Councillor	Jodi Reynolds	19/11/2020 to	30/06/2021

## Notes to the Financial Report For the Year Ended 30 June 2021

### 7.1 Council and key management remuneration (cont'd)

#### Chief Executive Officer and key management personnel

Sarah Philpott	Chief Executive Officer	1/07/2020 to	28/05/2021
Philip Shanahan	Chief Executive Officer (Interim)	24/05/2021 to	30/06/2021
Chris Parham	General Manager Corporate	1/07/2020 to	30/06/2021
Mandy Whelan	General Manager Development	1/07/2020 to	30/06/2021
Martin Hawson	General Manager Community	1/07/2020 to	30/06/2021

During the financial year none of the senior officers acted in positions that made them key management personnel for short periods. During these periods no related party transactions were entered into by any related party of these senior officers.

	2021	2020
	No.	No.
Total number of Councillors	14	9
Total of Chief Executive Officer and other Key Management Personnel	5	5
<b>Total key management personnel</b>	<b>19</b>	<b>14</b>

#### (c) Remuneration of key management personnel

	2021	2020
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,395	1,342
Post employment benefits	96	94
Termination benefits	-	-
<b>Total</b>	<b>1,491</b>	<b>1,436</b>

	2021	2020
	No.	No.
\$1 - \$9,999	4	-
\$10,000 - \$19,999	5	-
\$20,000 - \$29,999	5	8
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	-	1
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	1	2
\$270,000 - \$279,999	2	-
\$290,000 - \$299,999	-	1
\$330,000 - \$339,999	1	-
	<b>19</b>	<b>14</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 7.1 Council and key management remuneration (cont'd)

#### (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 \$151,000

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

	2021	2020
Income Range:	No.	No.
\$151,000 - \$159,999	1	3
\$160,000 - \$169,999	4	1
\$170,000 - \$179,999	4	7
\$180,000 - \$189,999	1	5
\$190,000 - \$199,999	7	-
	<u>17</u>	<u>16</u>

	\$'000	\$'000
Total remuneration for the reporting year for senior officers included above, amounted to:	<u>3,085</u>	<u>2,797</u>

### 7.2 Related party disclosure

#### (a) Transactions with related parties

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

Employee expenses for close family members of key management personnel \*

39	38
<u>39</u>	<u>38</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 636 staff of which only 1 is a close family member of key management personnel.

Council provides an annual funding contribution to Mildura Tourism and Economic Development Ltd which is approved in Council annual budget allocation. For the 2020-21 financial year the amount funding was \$1.24 million. Please note this is not a loan to related party but an annual funding contribution.

Council was the auspice body for the Mildura Airport Pty Ltd construction of the Instrument Landing System. Council onpaid \$1.00 million in grant funding received as well as contributing \$1.00 million in Council contributions.

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**(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.

**7.2 Related party disclosure (cont'd)**

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

Council does not make loans to, receive loans from, or provide guarantees to any related parties as listed above at 7.1(b).

Council has a loan facility with Mildura Airport Pty Ltd which was originally established for upgrade of airport runway. This is disclosed in note 5.1(c.) Trade and other receivables.

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

Council has committed to supporting both the Mildura Airport Pty Ltd and Mildura Tourism and Economic Development Ltd. Council has provided assurance that financial support will continue to be provided to ensure these entities continue to operate as a going concern. Refer to Note 8.1(b).

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 8 Managing uncertainties

#### 8.1 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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Not later than one year	698	641	262	271
Later than one year and not later than five years	1,863	1,863	759	773
Later than five years	2,155	1,932	1,185	1,319
	<u>4,716</u>	<u>4,436</u>	<u>2,206</u>	<u>2,363</u>

##### (b) Contingent liabilities

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

##### *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.

##### **Municipal Association of Victoria (MAV) Work care**

In November 2017, the Victorian WorkCover Authority (the Authority) granted the Municipal Association of Victoria (MAV) a three-year-self-insurance licence allowing it to provide workers' compensation insurance to Victorian councils. When the MAV WorkCare Scheme commenced, there were 31 inaugural members, including the MAV.

In accordance with the Authority's decision not to renew the MAV's self-insurance license, the MAV WorkCare Scheme ceased operation on 30 June 2021. The MAV is continuing to support the orderly transition of claims management responsibilities to the Authority.

Council was a participant of the MAV WorkCare Scheme.

The MAV WorkCare Scheme participation agreement stated that each participant would remain liable to make further contributions to the Scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability would continue whether or not the participant remained a participant in future insurance years.



## Notes to the Financial Report For the Year Ended 30 June 2021

### **Municipal Association of Victoria (MAV) Work care (cont'd)**

The net financial impact on Council as a result of the cessation of the MAV WorkCare Scheme for the 2020-21 financial year is yet to be determined. Any obligation is dependent upon the Authority's initial actuarial assessment of the tail claims liabilities of the MAV WorkCare Scheme.

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six-year liability period following the cessation of the MAV WorkCare Scheme. During the liability period, adjustment payments may be required (or received) by Council. The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by the Authority.

### **Support for financial subsidiaries**

The COVID-19 pandemic has rapidly changed, developed and is still ongoing. Mildura Rural City Council has continued to support the two wholly owned subsidiaries being Mildura Airport Pty Ltd and Mildura Tourism and Economic Development Ltd. This support includes financial support through the COVID-19 Community Relief Fund, deferment of loan repayments and other financial supports to ensure they can continue to operate as a going concern. This support is for a period of twelve months from the date of adoption of the Financial Statements.

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

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 8.3 Financial instruments

#### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the 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. 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 2021

### 8.3 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. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

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

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

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

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

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

#### (d) Liquidity risk

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

To help reduce these risks Council:

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

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

## Notes to the Financial Report For the Year Ended 30 June 2021

### 8.3 Financial instruments (cont'd)

#### (e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council does not believe there will be any shift in market interest rates from year end rates. Therefore, there will not be any material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council Operations.

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

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

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

### 8.4 Fair value measurement

#### *Fair value hierarchy*

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

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

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 2021

### 8.4 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.

### 8.5 Events occurring after balance date

There have been no significant events occurring after the balance date which may affect the Council's operations or the results of those operations, except for noting that the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date.

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 9 Other matters

#### 9.1 Reserves

##### (a) Asset revaluation reserves

Consolidated	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
2021	\$'000	\$'000	\$'000
<b>Property</b>			
Land	20,700	5,642	26,342
Buildings	58,495	1,651	60,146
	<b>79,195</b>	<b>7,293</b>	<b>86,488</b>
<b>Plant and equipment</b>			
Artwork	14,595	-	14,595
	<b>14,595</b>	<b>-</b>	<b>14,595</b>
<b>Infrastructure</b>			
Roads	249,910	4,470	254,380
Drainage	51,349	(1,021)	50,328
Drainage basins	4,190	529	4,719
Recreational, leisure and community facilities	42,669	712	43,381
Parks, open space and streetscapes	5,403	(3,563)	1,840
Aerodromes	9,594	-	9,594
Off-street car parks	5,062	(5,062)	-
Footpaths	17,997	11,857	29,854
Kerb and channel	17,650	(237)	17,413
	<b>403,824</b>	<b>7,685</b>	<b>411,509</b>
<b>Water rights</b>			
Water rights	8,530	-	8,530
	<b>8,530</b>	<b>-</b>	<b>8,530</b>
<b>Total asset revaluation reserves</b>	<b>506,144</b>	<b>14,978</b>	<b>521,122</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

#### (a) Asset revaluation reserves

Consolidated 2020	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>Property</b>			
Land	20,700	-	20,700
Buildings	58,495	-	58,495
	<b>79,195</b>	<b>-</b>	<b>79,195</b>
<b>Plant and equipment</b>			
Artwork	14,595	-	14,595
	<b>14,595</b>	<b>-</b>	<b>14,595</b>
<b>Infrastructure</b>			
Roads	240,655	9,255	249,910
Drainage	52,789	(1,440)	51,349
Drainage basins	3,687	503	4,190
Recreational, leisure and community facilities	40,629	2,040	42,669
Waste management	(385)	385	-
Parks, open space and streetscapes	3,043	2,360	5,403
Aerodromes	9,594	-	9,594
Off-street car parks	5,194	(132)	5,062
Footpaths	17,295	702	17,997
Kerb and channel	16,728	922	17,650
	<b>389,229</b>	<b>14,595</b>	<b>403,824</b>
<b>Water rights</b>			
Water rights	7,821	709	8,530
	<b>7,821</b>	<b>709</b>	<b>8,530</b>
<b>Total asset revaluation reserves</b>	<b>490,840</b>	<b>15,304</b>	<b>506,144</b>

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 2021

### 9.1 Reserves (cont'd)

#### (a) Asset revaluation reserves

Council	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>2021</b>			
<b>Property</b>			
Land	20,700	5,642	26,342
Buildings	58,358	1,651	60,009
	<b>79,058</b>	<b>7,293</b>	<b>86,351</b>
<b>Plant and equipment</b>			
Artwork	14,595	-	14,595
	<b>14,595</b>	<b>-</b>	<b>14,595</b>
<b>Infrastructure</b>			
Roads	249,910	4,470	254,380
Drainage	51,349	(1,021)	50,328
Drainage basins	4,190	529	4,719
Recreational, leisure and community facilities	42,669	712	43,381
Parks, open space and streetscapes	5,403	(3,563)	1,840
Aerodromes	9,594	-	9,594
Off-street car parks	5,062	(5,062)	-
Footpaths	17,997	11,857	29,854
Kerb and channel	17,650	(237)	17,413
	<b>403,824</b>	<b>7,685</b>	<b>411,509</b>
<b>Water rights</b>			
Water rights	8,482	-	8,482
	<b>8,482</b>	<b>-</b>	<b>8,482</b>
<b>Total asset revaluation reserves</b>	<b>505,959</b>	<b>14,978</b>	<b>520,937</b>



## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

#### (a) Asset revaluation reserves

Council	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>2020</b>			
<b>Property</b>			
Land	20,700	-	20,700
Buildings	58,358	-	58,358
	<b>79,058</b>	<b>-</b>	<b>79,058</b>
<b>Plant and equipment</b>			
Artwork	14,595	-	14,595
	<b>14,595</b>	<b>-</b>	<b>14,595</b>
<b>Infrastructure</b>			
Roads	240,655	9,255	249,910
Drainage	52,789	(1,440)	51,349
Drainage Basins	3,687	503	4,190
Recreational, leisure and community facilities	40,629	2,040	42,669
Waste management	(385)	385	-
Parks, open space and streetscapes	3,043	2,360	5,403
Aerodromes	9,594	-	9,594
Off-street car parks	5,194	(132)	5,062
Footpaths	17,295	702	17,997
Kerb and channel	16,728	922	17,650
	<b>389,229</b>	<b>14,595</b>	<b>403,824</b>
<b>Water rights</b>			
Water rights	7,785	697	8,482
	<b>7,785</b>	<b>697</b>	<b>8,482</b>
<b>Total asset revaluation reserves</b>	<b>490,667</b>	<b>15,292</b>	<b>505,959</b>

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 2021

### 9.1 Reserves (cont'd)

#### (b) Other reserves

Consolidated 2021	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>Non discretionary reserves</b>				
Apex Park reserve	453	73	(7)	519
Drainage	186	-	(186)	-
Developer contribution reserve	1,871	2,335	(2,093)	2,113
Library book bequest reserve	5	30	-	35
DGR donations reserve - MAC Theatre	58	-	-	58
Merbein Caravan Park reserve	68	-	-	68
Lake Cullulleraine Caravan Park reserve	17	-	-	17
<b>Total</b>	<b>2,658</b>	<b>2,438</b>	<b>(2,286)</b>	<b>2,810</b>
<b>Discretionary reserves</b>				
Artwork acquisition reserve	92	30	(8)	114
Landfill redevelopment	8,864	2,752	(484)	11,132
Landfill rehabilitation reserve	643	165	(808)	-
Hands up Mallee	614	401	(305)	710
Small towns redevelopment reserve	215	95	(66)	244
Street light pole	8	-	(8)	-
VGC advance grants reserve	8,266	7,927	(8,266)	7,927
Land acquisition reserve	829	450	(677)	602
Water transfer proceeds reserve	44	21	-	65
Defined benefits reserve	2,000	-	-	2,000
Capital funding reserve	14,491	1,844	(10,458)	5,877
MRCC community drought reserve	1,000	-	-	1,000
MRCC developer contribution plan reserve	3,545	4,200	(815)	6,930
Unspent events grant reserve	-	113	-	113
Murrayville Swimming pool reserve	-	25	-	25
Underbool Swimming pool reserve	-	14	-	14
<b>Total</b>	<b>40,611</b>	<b>18,037</b>	<b>(21,895)</b>	<b>36,753</b>
<b>Total other reserves</b>	<b>43,269</b>	<b>20,475</b>	<b>(24,181)</b>	<b>39,563</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

#### (b) Other reserves

Consolidated 2020	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>Non discretionary reserves</b>				
Apex Park reserve	412	41	-	453
Drainage	186	-	-	186
Developer contribution reserve	2,044	482	(655)	1,871
Library book bequest reserve	15	-	(10)	5
DGR donations reserve - MAC Theatre	57	1	-	58
Merbein Caravan Park reserve	38	30	-	68
Lake Cullulleraine Caravan Park reserve	10	7	-	17
<b>Total</b>	<b>2,762</b>	<b>561</b>	<b>(665)</b>	<b>2,658</b>
<b>Discretionary reserves</b>				
Artwork acquisition reserve	56	45	(9)	92
Landfill redevelopment	8,795	2,000	(1,931)	8,864
Landfill rehabilitation reserve	492	165	(14)	643
Hands up Mallee	333	281	-	614
Small towns redevelopment reserve	427	18	(230)	215
Street light pole	8	-	-	8
VGC advance grants reserve	7,812	8,266	(7,812)	8,266
Land acquisition reserve	807	1,000	(978)	829
Water transfer proceeds reserve	44	-	-	44
Defined benefits reserve	1,000	1,000	-	2,000
Capital renewal reserve	7,014	-	(7,014)	-
Capital funding reserve	9,094	12,326	(6,929)	14,491
MRCC community drought reserve	-	1,000	-	1,000
MRCC developer contribution plan	-	4,200	(655)	3,545
<b>Total</b>	<b>35,882</b>	<b>30,301</b>	<b>(25,572)</b>	<b>40,611</b>
<b>Total other reserves</b>	<b>38,644</b>	<b>30,862</b>	<b>(26,237)</b>	<b>43,269</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

#### (b) Other reserves

Council 2021	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>Non discretionary reserves</b>				
Apex Park reserve	453	73	(7)	519
Drainage	186	-	(186)	-
Developer contribution reserve	1,871	2,335	(2,093)	2,113
Library book bequest reserve	13	30	-	43
DGR donations reserve - MAC Theatre	58	-	-	58
Merbein Caravan Park reserve	68	-	-	68
Lake Cullulleraine Caravan Park reserve	17	-	-	17
<b>Total</b>	<b>2,666</b>	<b>2,438</b>	<b>(2,286)</b>	<b>2,818</b>
<b>Discretionary reserves</b>				
Artwork acquisition reserve	92	30	(8)	114
Landfill redevelopment	8,864	2,752	(484)	11,132
Landfill rehabilitation reserve	643	165	(808)	-
Hands up Mallee	614	401	(305)	710
Small towns redevelopment reserve	215	95	(66)	244
Street light pole	8	-	(8)	-
VGC advance grants reserve	8,266	7,927	(8,266)	7,927
Land acquisition reserve	829	450	(677)	602
Water transfer proceeds reserve	44	21	-	65
Defined benefits reserve	2,000	-	-	2,000
Capital funding reserve	14,491	1,844	(10,458)	5,877
MRCC community drought reserve	1,000	-	-	1,000
MRCC developer contribution plan reserve	3,545	4,200	(815)	6,930
Unspent events grant reserve	-	113	-	113
Murrayville Swimming pool reserve	-	25	-	25
Underbool Swimming pool reserve	-	14	-	14
<b>Total</b>	<b>40,611</b>	<b>18,037</b>	<b>(21,895)</b>	<b>36,753</b>
<b>Total other reserves</b>	<b>43,277</b>	<b>20,475</b>	<b>(24,181)</b>	<b>39,571</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

#### (b) Other reserves

Council	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>2020</b>				
<b>Non discretionary reserves</b>				
Apex Park reserve	412	41	-	453
Drainage	186	-	-	186
Developer contribution reserve	2,044	482	(655)	1,871
Library book bequest reserve	23	-	(10)	13
DGR donations reserve - MAC Theatre	57	1	-	58
Merbein Caravan Park reserve	38	30	-	68
Lake Cullulleraine Caravan Park reserve	10	7	-	17
<b>Total</b>	<b>2,770</b>	<b>561</b>	<b>(665)</b>	<b>2,666</b>
<b>Discretionary reserves</b>				
Artwork acquisition reserve	56	45	(9)	92
Landfill redevelopment	8,795	2,000	(1,931)	8,864
Landfill rehabilitation reserve	492	165	(14)	643
Hands up Mallee	333	281	-	614
Small towns redevelopment reserve	427	18	(230)	215
Street light pole	8	-	-	8
VGC advance grants reserve	7,812	8,266	(7,812)	8,266
Land acquisition reserve	807	1,000	(978)	829
Water transfer proceeds reserve	44	-	-	44
Defined benefits reserve	1,000	1,000	-	2,000
Capital renewal reserve	7,014	-	(7,014)	-
Capital funding reserve	9,094	12,326	(6,929)	14,491
MRCC community drought reserve	-	1,000	-	1,000
MRCC developer contribution plan reserve	-	4,200	(655)	3,545
<b>Total</b>	<b>35,882</b>	<b>30,301</b>	<b>(25,572)</b>	<b>40,611</b>
<b>Total other reserves</b>	<b>38,652</b>	<b>30,862</b>	<b>(26,237)</b>	<b>43,277</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

Name of reserve	Nature and purpose
<b>Non discretionary reserves</b>	
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 Environmental Protection Agency, 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.
<b>Discretionary reserves</b>	
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.
Hands up Mallee	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.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

Name of reserve	Nature and purpose
<b>Discretionary reserves</b>	
Small town redevelopment reserve	A reserve for funds set aside for long term strategies for the small towns within the municipality.
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 funding generated from rates to be used in the advent of another defined benefits call.
Capital renewal reserve	Reserve was established to hold rates funded capital works projects identified from 2017-2018 financial year.
Capital funding reserve	This reserve was established to hold rates funded capital works investments untied to any specific capital works project.
MRCC community drought reserve	This reserve was established to hold grant funding that is to be used to help communities affected by the drought.
MRCC developer contribution plan reserve	This reserve has been created to receive budget allocations that are to be used for the purpose of Council 's contribution towards developer contribution plan developments.
Unspent events grant reserve	An Unspent Event Grants Reserve will be established to hold grant payments that were budgeted to be paid out in the Annual Budget but remain unallocated and unspent at the end of the financial year. The unspent grant budget allocation may be transferred to the reserve at the end of each financial year. This reserve primarily would be used to help fund large or hallmark events.
Murrayville Swimming pool reserve	This reserve is created to hold funds from the Murrayville Swimming Pool S.86 committee.
Underbool Swimming pool reserve	This reserve is created to hold funds from the Underbool Swimming Pool S.86 committee.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.1 Reserves (cont'd)

#### (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
<b>Council</b>				
<b>2021</b>				
Interest in Mildura Airport Pty Ltd	33,606	68	-	33,674
Interest in Mildura Regional Development	765	(202)	-	563
	<b>34,371</b>	<b>(134)</b>	<b>-</b>	<b>34,237</b>
<b>Total financial assets revaluation</b>	<b>34,371</b>	<b>(134)</b>	<b>-</b>	<b>34,237</b>
<b>2020</b>				
Interest in Mildura Airport Pty Ltd	34,399	(807)	14	33,606
Interest in Mildura Regional Development	751	14	-	765
	<b>35,150</b>	<b>(793)</b>	<b>14</b>	<b>34,371</b>
<b>Total financial assets revaluation</b>	<b>35,150</b>	<b>(793)</b>	<b>14</b>	<b>34,371</b>



**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>				
Surplus/(deficit) for the year	50,564	17,333	50,698	18,124
Depreciation/amortisation	19,375	18,495	17,715	17,060
(Profit)/loss on disposal of property, infrastructure, plant and equipment	899	3,365	916	3,194
Decrease in carrying amount of assets	1,736	1,377	1,736	1,377
(Gain)/loss on recognition of non current assets	(3,367)	(1,024)	(3,367)	(1,024)
Contributions - non-monetary assets	(1,238)	(924)	(1,238)	(924)
Interest expense	958	1,082	942	1,034
Prior period adjustment	-	(3,379)	-	(3,379)
(Increase)/decrease in landfill provision discount amount	429	(13)	429	(13)
<i>Change in assets and liabilities:</i>				
(Increase)/decrease in trade and other receivables	(2,112)	615	(1,647)	(2)
(Increase)/decrease in prepayments	1,081	219	1,078	214
(Decrease)/increase unearned income	(2,643)	3,797	(2,624)	3,778
Increase/(decrease) in trust fund deposits	1,664	(719)	1,664	(720)
Increase/(decrease) in trade and other payables	1,263	662	413	721
(Increase)/decrease in inventories	(24)	13	(23)	11
Increase/(decrease) in provisions	1,008	623	959	664
<b>Net cash provided by operating activities</b>	<b>69,593</b>	<b>41,522</b>	<b>67,651</b>	<b>40,115</b>

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The Defined Benefit category provides lump sum benefits based on years of service and final average salary. In certain circumstances a defined benefit member may be eligible to purchase a lifetime pension with up to 50% of their lump sum benefit. The accumulation category receives fixed contributions from Mildura Rural City Council and Mildura Rural City Council's legal or constructive obligation is limited to these contributions.

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 My Super / 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 2021, this was 9.5% as required under Superannuation Guarantee legislation. Our commitment to accumulation plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

The Superannuation Guarantee (SG) rate will increase from 9.5% to 10% for the next year, increasing to 10.5% from 1 July 2022, and eventually to 12% from 1 July 2025.

#### Defined Benefit

As provided under Paragraph 34 of AASB 119 - Employee Benefits, 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.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, 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. While there is an agreed methodology to allocate any shortfalls identified by the Funds Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 because of the pooled nature of the Fund's Defined Benefit category.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.3 Superannuation (cont'd)

#### ***Funding arrangements***

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

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.6% pa
Salary information	2.5% pa for two years and 2.75% pa thereafter
Price inflation (CPI)	2.0% pa

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

Vision Super has advised that the estimated VBI index as at 30 June 2021 was 109.7%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

#### ***Employer contributions***

##### ***Regular contributions***

On the basis of the results of the 2020 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 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 9.3 Superannuation (cont'd)

#### *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.

## Notes to the Financial Report For the Year Ended 30 June 2021

### The 2020 triennial actuarial investigation surplus amounts

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

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

	2020 (Triennial)	2019 (Interim)
	\$m	\$m
A VBI surplus	100.0	151.3
A total service liability surplus	200.0	233.4
A discounted accrued benefits surplus	217.8	256.7

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 2020.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category, plus expected future contributions, exceeds the value of expected future benefits and expenses as at 30 June 2020.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2020.

Council was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

### The 2021 interim actuarial investigation

A interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021.

## Notes to the Financial Report For the Year Ended 30 June 2021

### 10 Change in accounting policy

#### a) AASB 1059 Service Concession Arrangements: Grantors

Council has adopted AASB 1059 Service Concession Arrangements: Grantors, from 1 July 2020. It involves the accounting for a service concession arrangement by a grantor that is a public sector entity.

The standard requires a grantor to:

- Recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor when the grantor controls the asset.
- Reclassify an existing asset as a service concession asset when it meets the criteria for recognition as a service concession asset.
- Initially measure a service concession asset at current replacement cost in accordance with the cost approach to fair value in AASB 13 and subsequent to the initial recognition.

Council has conducted an assessment under this accounting standard, and determined we currently have no arrangements / grantors, and therefore there is no impact on financial statements for 2020-21 financial year.

#### b) AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material

Council has adopted AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material, from 1 July 2020. This amendment clarifies that materiality will depend on the nature or magnitude of information or both. An entity needs to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Council has conducted a review of this standard and has assessed that all information, either individually or combined, have been included in the financial statements that would be of a material nature.