



Mildura Rural City Council

# **AGENDA**

## **Special Meeting of Council**

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**5:30pm Wednesday 7 October 2020**

### **VENUE:**

**Webex Virtual Meeting Room**

### **NEXT SPECIAL MEETING OF COUNCIL**

**5:30pm Tuesday 17 November 2020**

Copies of Mildura Rural City Council's Agendas & Minutes  
can be obtained online at [www.mildura.vic.gov.au](http://www.mildura.vic.gov.au)

# Prayer

Almighty God,

We who are gathered together in Council,  
pledge ourselves to work in harmony for  
the welfare and development of our Rural City.

Guide us, we pray, in our deliberations,  
help us to be fair in our judgement and  
wise in our actions,  
so that prosperity and happiness  
shall be the lot of our people.

Amen.

# Acknowledgement of Country

“I would like to acknowledge the traditional custodians of  
the land on which we are meeting, and pay my respects to  
Elders both past and present”.

# Note to Councillors

## Declaration of Interest

Councillors should note that in accordance with Section 77A of the *Local Government Act 1989*, there is an obligation to declare a conflict of interest in a matter before Council.

A conflict of interest can be a direct or indirect interest in a matter.

A person has a direct interest if:

1. There is a reasonable likelihood that the benefits, obligations, opportunities or circumstances of the person would be directly altered if the matter is decided in a particular way;
2. There is a reasonable likelihood that the person will receive a direct benefit or loss that can be measured in financial terms if the matter is decided in a particular way;
3. There is a reasonable likelihood that the residential amenity of the person will be directly affected if the matter is decided in a particular way.

A person has an indirect interest if the person has:

1. A close association whereby a "family member" of the person has a direct or indirect interest or a "relative" has a direct interest, or a member of the person's household has a direct interest in a matter;
2. An indirect financial interest in the matter;
3. A conflicting duty;
4. Received an "applicable" gift;
5. Become an interested party in the matter by initiating civil proceedings or becoming a party to civil proceedings in relation to the matter; or
6. A residential amenity affect.

## Disclosure of Interest

A Councillor must make full disclosure of a conflict of interest by advising the class and nature of the interest immediately before the matter is considered at the meeting. While the matter is being considered or any vote taken, the Councillor with the conflict of interest must leave the room and notify the Chairperson that he or she is doing so.

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**MARTIN HAWSON**

**ACTING CHIEF EXECUTIVE OFFICER**



**1 PRAYER AND ACKNOWLEDGEMENT OF COUNTRY**

**2 OPENING AND WELCOME**

**3 PRESENT**

**4 APOLOGIES AND ABSENCES**

## 5 MANAGEMENT REPORTS

### 5.1 ADOPTION IN PRINCIPLE OF THE FINANCIAL STATEMENTS, PERFORMANCE STATEMENT, AND GOVERNANCE AND MANAGEMENT CHECKLIST 2019-2020

#### Caretaker Statement

The recommended decision is not a prohibited decision, as defined in Section 69(2) of the *Local Government Act 2020* or a significant decision within the meaning of the Election Period Policy.

**File Number:** 06/01/07  
**Officer:** General Manager Corporate

#### 1. Summary

The annual Financial Statements and Performance Statement for the year ended 30 June 2020 have been audited by the Auditor-General's contractor, Crowe Australasia, and are now required to be submitted to the Auditor-General for approval.

#### 2. Recommendation

**That Council:**

- (i) give its approval in principle to the following statements, as presented, for the 2019-2020 financial year:
  - Financial Statements;
  - Performance Statement; and
  - Governance and Management Checklist.
- (ii) authorise the Mayor and Deputy Mayor to certify the Financial and Performance Statements in their final form, after any changes recommended, or agreed to, by the Auditor-General have been made; and
- (iii) authorise the Mayor and Chief Executive Officer to certify the Governance and Management Checklist.

#### 3. Background

The Financial Statements have been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Standards Board.

The audit for the abovementioned statements has been completed.

**4. Consultation Proposed/Undertaken**

The Financial and Performance Statements and the Governance and Management Checklist were presented to the Audit and Risk Committee on 23 September 2020. No significant concerns were raised. The Committee recommended the presentation of the Financial and Performance Statements and the Governance and Management Checklist to Council for in principle approval.

**5. Discussion**

In respect to the statements, the *Local Government Act 1989* requires Council to pass a resolution giving its approval in principle to the statements.

Council is required to authorise two Councillors to approve each of the statements in their final form after any changes recommended or agreed to by the Auditor-General have been made.

The Financial Statements 2019-2020 are the consolidation of the accounts from Mildura Rural City Council, Mildura Airport Pty Ltd and Mildura Regional Development.

Copies of the Financial and Performance Statements and the Governance and Management Checklist for 2019-2020 are attached.

Council has a number of projects underway at the moment to update and implement process, policy and strategies in accordance with the new *Local Government Act 2020*. A strategic and operational risk project is also underway which will see updated risk registers, business continuity plans and a modernised risk management framework and associated policies and processes implemented.

The above work will see a number of items referenced within the Governance and Management Checklist updated and adopted by Council over the coming 12 months.

**Highlights:***Financial Statements*

- As at 30 June 2020, Council reported a surplus of \$18.12 million compared to a surplus of \$17.69 million in the previous year.
- Total revenue for the 2019-2020 year is \$121.58 million compared with \$123.92 million for the prior year. This includes \$34.20 million in grant funding and \$72.58 million from the collection of rates. Total expenditure for 2019-2020 year was \$103.46 million compared with \$106.24 million in 2018-2019.
- Cash and cash equivalents as at 30 June 2020 are \$76.33 million compared to \$72.39 million as at 30 June 2019. The primary differences between the two years is attributable to the timing of completion of Council's 2020 capital works program and the forward payment of Victorian Grants Commission funding.
- Total interest bearing liabilities as at 30 June 2020 are \$18.63 million, which is a slight decrease on the \$19.74 million at the end of June 2019. No additional borrowings were taken out during the 2019-2020 financial year.

- As at 30 June 2020, Council has net assets of \$937.27 million compared with \$905.10 million at 30 June 2019. This gives Council its comprehensive result of \$32.64 million. This increase includes Council's surplus of \$18.12 million, Mildura Airport Pty Ltd and Mildura Regional Development's overall loss of \$0.78 million and a net increase of \$15.29 million in the revaluation of community and infrastructure assets.
- Financial performance during the year compared to our Annual Budget 2019-2020 forecast was above budget. This was predominantly due to the effect of the Victorian Grants Commission forward payment, larger than normal carried forward grants, and variation in budgeted depreciation.
- Council's expenditure on its capital works program was \$34.42 million in 2019-2020 compared with \$20.45 million in 2018-2019. This included \$13.14 million spent on the new assets, \$14.06 million on asset renewal, and \$7.22 million spent on expansion and upgrade of assets, all of which contribute to the \$846.63 million asset base that Council has the responsibility for maintaining.

#### *Performance Statement*

- The Performance Statement provides a summary of performance against key service, financial and sustainable indicators, and complies with the mandatory requirements under the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*. These results will be published in the Annual Report and on the *Know Your Council* website.

#### *Governance and Management Checklist*

- The Governance and Management Checklist presents Council's results in the prescribed form of Council's assessment against the Governance and Management Checklist items. These results will be published in the Annual Report and on the *Know Your Council* website.
- As at 30 June 2020, all 24 required Governance and Management requirements are in place.

## **6. Time Frame**

Authorisation will need to be given on receipt of the Audit Certification from the Office of the Auditor-General.

## **7. Strategic Plan Links**

This report relates to the Community and Council Plan in the Key Result Area:

### 4.4 Financial Sustainability

Goals to be achieved:

- Financial sustainability; and
- Meet the community's needs in a financially responsible manner.

## **8. Asset Management Policy/Plan Alignment**

There are no Asset Management Policy/Plan implications associated with this report.

**9. Implications**

**Policy**

There are no policy implications associated with this report.

**Legal/Statutory**

In respect to each of the statements, the *Local Government Act 1989* requires Council to pass a resolution giving its approval in principle to the statements.

**Financial**

The costs of preparing the Financial and Performance Statements, and audit work, have been included in Council's operating budget.

**Environmental**

There are no environmental implications associated with this report.

**Social**

There are no social implications associated with this report.

**Economic**

There are no economic implications associated with this report.

**10. Risk Assessment**

By adopting the recommendation, Council will not be exposed to any significant risk.

**11. Conflicts of Interest**

No conflicts of interest were declared during the preparation of this report.

**Attachments**

- 1** [!\[\]\(472116f6451ae553840da463c6a16a85\_img.jpg\)](#) Draft Annual Financial Statements 2019-2020
- 2** [!\[\]\(6bd71b6af56c97d7587d6545acfea46d\_img.jpg\)](#) Draft Annual Performance Statement 2019-2020
- 3** [!\[\]\(1aed3d51e4e9dd2c9a51e3823c902632\_img.jpg\)](#) Draft Governance and Management Checklist 2019-2020



**Mildura Rural City Council  
Financial Report  
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**Mildura Rural City Council**  
**2019/2020 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 :** *October 2020*  
*Mildura*

In our opinion the accompanying financial statements present fairly the financial transactions of Mildura Rural City Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

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

*Simon Clemence*

**Councillor**

**Date :** *October 2020*  
*Mildura*

*Min Poole*

**Councillor**

**Date :** *October 2020*  
*Mildura*

*Sarah Philpott*

**Chief Executive Officer**

**Date :** *October 2020*  
*Mildura*

Mildura Rural City Council  
2019/2020 Financial Report

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Mildura Rural City Council  
2019/2020 Financial Report

**Comprehensive Income Statement  
For the Year Ended 30 June 2020**

		Consolidated		Council	
	Note	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Rates and charges	3.1	72,432	70,077	72,580	70,219
Statutory fees and fines	3.2	2,203	2,398	2,203	2,398
User fees	3.3	10,334	12,493	5,712	6,392
Grants - operating	3.4	25,816	24,965	25,816	24,965
Grants - capital	3.4	8,388	7,865	8,388	7,865
Contributions - monetary	3.5	1,412	1,919	1,312	1,737
Contributions - non monetary	3.5	924	2,853	924	2,853
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	3.6	(3,365)	(1,393)	(3,194)	(1,393)
Other income	3.7	7,387	7,981	6,816	7,238
Asset recognition	3.8	1,024	1,649	1,024	1,649
<b>Total income</b>		<b>126,555</b>	<b>130,807</b>	<b>121,581</b>	<b>123,923</b>
<b>Expenses</b>					
Employee costs	4.1	(50,989)	(49,622)	(47,589)	(46,213)
Materials and services	4.2	(37,056)	(33,487)	(36,443)	(32,662)
Depreciation	4.3	(18,253)	(19,316)	(16,827)	(17,891)
Amortisation - intangible assets	4.4	(157)	(136)	(157)	(136)
Amortisation - right of use assets	4.5	(85)	-	(76)	-
Bad and doubtful debts	4.6	(194)	(309)	(80)	(309)
Borrowing costs	4.7	(1,082)	(1,092)	(1,031)	(1,088)
Finance costs - leases	4.8	(56)	-	(53)	-
Other expenses	4.9	(1,350)	(8,090)	(1,201)	(7,937)
<b>Total expenses</b>		<b>(109,222)</b>	<b>(112,052)</b>	<b>(103,457)</b>	<b>(106,236)</b>
<b>Surplus/(deficit) for the year</b>		<b>17,333</b>	<b>18,755</b>	<b>18,124</b>	<b>17,687</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)	15,304	66,149	15,292	66,113
Net financial asset revaluation increment/(decrement)	9.1(c)	-	-	(779)	1,104
<b>Total comprehensive result</b>		<b>32,637</b>	<b>84,904</b>	<b>32,637</b>	<b>84,904</b>

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

Mildura Rural City Council  
2019/2020 Financial Report

**Balance Sheet**  
**As at 30 June 2020**

		Consolidated		Council	
		2020	2019	2020	2019
	Note	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5.1	81,823	77,363	76,328	72,393
Trade and other receivables	5.1	6,932	7,547	7,178	6,845
Other financial assets	5.1	2,850	2,850	2,850	2,850
Inventories	5.2	569	582	563	574
Other assets	5.2	1,378	1,597	1,340	1,554
<b>Total current assets</b>		<b>93,552</b>	<b>89,939</b>	<b>88,259</b>	<b>84,216</b>
<b>Non-current assets</b>					
Trade and other receivables	5.1	-	-	4,476	4,808
Other financial assets	5.1	1,750	1,750	1,750	1,750
Right-of-use assets	5.8	1,403	-	1,112	-
Other assets	5.2	-	-	51,641	52,423
Property, infrastructure, plant and equipment	6.2	898,039	865,535	846,633	813,405
Intangible assets	5.2	11,421	10,870	11,300	10,761
<b>Total non-current assets</b>		<b>912,613</b>	<b>878,155</b>	<b>916,912</b>	<b>883,147</b>
<b>Total assets</b>		<b>1,006,165</b>	<b>968,094</b>	<b>1,005,171</b>	<b>967,363</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	5.3	3,045	2,383	2,704	1,983
Trust funds and deposits	5.3	1,518	2,237	1,511	2,231
Unearned income	5.3	3,797	-	3,778	-
Provisions	5.5	12,023	11,491	11,869	11,269
Interest-bearing liabilities	5.4	1,106	1,121	1,154	1,100
Lease liabilities	5.8	351	-	86	-
<b>Total current liabilities</b>		<b>21,840</b>	<b>17,232</b>	<b>21,102</b>	<b>16,583</b>
<b>Non-current liabilities</b>					
Provisions	5.5	27,905	27,085	27,842	27,049
Interest-bearing liabilities	5.4	17,644	18,682	17,478	18,635
Lease liabilities	5.8	1,512	-	1,484	-
<b>Total non-current liabilities</b>		<b>47,061</b>	<b>45,767</b>	<b>46,804</b>	<b>45,684</b>
<b>Total liabilities</b>		<b>68,901</b>	<b>62,999</b>	<b>67,906</b>	<b>62,267</b>
<b>Net assets</b>		<b>937,264</b>	<b>905,095</b>	<b>937,265</b>	<b>905,096</b>
<b>Equity</b>					
Accumulated surplus		387,851	375,611	353,658	340,627
Reserves	9.1	549,413	529,484	583,607	564,469
<b>Total Equity</b>		<b>937,264</b>	<b>905,095</b>	<b>937,265</b>	<b>905,096</b>

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

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Mildura Rural City Council  
2019/2020 Financial Report

**Statement of Changes in Equity  
For the Year Ended 30 June 2020**

Consolidated	Note	Accumulated Revaluation			Other Reserves
		Total	Surplus	Reserve	
		\$'000	\$'000	\$'000	\$'000
<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 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		904,627	375,143	490,840	38,644
Surplus/(deficit) for the year		17,333	17,333	-	-
Net asset revaluation increment/(decrement)	6.2, 5.2(c), 9.1	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
		32,637	12,708	15,304	4,625
<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>
<b>2019</b>					
Balance at beginning of the financial year		820,191	369,530	424,691	25,970
Surplus/(deficit) for the year		18,755	18,755	-	-
Net asset revaluation increment/(decrement)	6.2	66,149	-	66,149	-
Transfers to other reserves	9.1(b)	-	17,416	-	(17,416)
Transfers from other reserves	9.1(b)	-	(30,090)	-	30,090
<b>Balance at end of the financial year</b>		<b>905,095</b>	<b>375,611</b>	<b>490,840</b>	<b>38,644</b>

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

Last year there was an error made in calculating the landfill provision required for the rehabilitation of the Ouyen landfill. A prior period adjustment of \$3.761 million has been made to recoup the expense that was shown in last years financial statements. For more details please see Note 5.5(b).

There was also a prior period correction for the waste asset revaluation reserve of \$0.385 million which should have been expensed in 2018-2019. For more details please see Note 6.2 and Note 9.1.

Mildura Rural City Council  
2019/2020 Financial Report

**Statement of Changes in Equity  
For the Year Ended 30 June 2020**

Council	Note	Accumulated Revaluation			Other Reserves
		Total \$'000	Surplus \$'000	Reserve \$'000	
<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, 5.2(c), 9.1	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
		32,637	13,499	15,292	3,846
<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>
<b>2019</b>					
Balance at beginning of the financial year		820,192	335,614	424,554	60,024
Surplus/(deficit) for the year		17,687	17,687	-	-
Net asset revaluation increment/(decrement)	6.2	67,217	-	66,113	1,104
Transfers to other reserves	9.1(b)	-	17,416	-	(17,416)
Transfers from other reserves	9.1(b)	-	(30,090)	-	30,090
<b>Balance at end of the financial year</b>		<b>905,096</b>	<b>340,627</b>	<b>490,667</b>	<b>73,802</b>

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

Last year there was an error made in calculating the landfill provision required for the rehabilitation of the Ouyen landfill. A prior period adjustment of \$3.761 million has been made to recoup the expense that was shown in last years financial statements. For more details please see Note 5.5(b).

There was also a prior period correction for the waste asset revaluation reserve of \$0.385 million which should have been expensed in 2018-2019. For more details please see Note 6.2 and Note 9.1.

Mildura Rural City Council  
2019/2020 Financial Report

**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

	Note	Consolidated		Council	
		2020	2019	2020	2019
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Rates and charges		71,360	70,346	71,508	70,488
Statutory fees and fines		2,203	2,398	2,203	2,398
User fees		13,132	13,993	6,351	5,876
Grants - operating		27,799	26,850	27,108	26,213
Grants - capital		9,206	8,258	9,206	8,258
Contributions - monetary		1,364	1,658	1,378	1,824
Interest received		1,415	2,073	1,494	2,188
Trust funds and deposits taken		4,818	6,305	4,818	6,305
Other receipts		5,583	5,374	5,686	5,467
Net GST refund/(payment)		1,161	766	1,597	1,278
Employee costs		(49,263)	(47,924)	(46,485)	(45,329)
Materials and services		(42,085)	(39,405)	(39,578)	(37,301)
Short-term, low value and variable lease payments		(231)	-	(231)	-
Trust funds and deposits repaid		(4,098)	(5,922)	(4,098)	(5,922)
Other payments		(842)	(1,636)	(842)	(1,636)
<b>Net cash provided by/(used in) operating activities</b>	9.2	<b>41,522</b>	<b>43,134</b>	<b>40,115</b>	<b>40,107</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	6.2	(35,286)	(20,661)	(34,416)	(20,449)
Proceeds from sale of property, infrastructure, plant and equipment		517	539	508	539
Net proceeds from sale of financial assets		-	29	-	29
<b>Net cash provided by/(used in) investing activities</b>		<b>(34,769)</b>	<b>(20,093)</b>	<b>(33,908)</b>	<b>(19,881)</b>

Mildura Rural City Council  
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**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

	Note	Consolidated		Council	
		2020	2019	2020	2019
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from financing activities</b>					
Finance costs		(1,044)	(1,128)	(1,033)	(1,088)
Repayment of borrowings		(1,103)	(771)	(1,103)	(736)
Interest paid - lease liability		(53)	-	(53)	-
Repayment of lease liabilities		(93)	-	(83)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(2,293)</b>	<b>(1,899)</b>	<b>(2,272)</b>	<b>(1,824)</b>
Net increase/(decrease) in cash and cash equivalents		4,460	21,142	3,935	18,402
Cash and cash equivalents at the beginning of the financial year		77,363	56,221	72,393	53,991
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>81,823</b>	<b>77,363</b>	<b>76,328</b>	<b>72,393</b>

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



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**Statement of Capital Works**  
**For the Year Ended 30 June 2020**

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Property</b>				
Land	1,023	120	1,023	120
<b>Total land</b>	<b>1,023</b>	<b>120</b>	<b>1,023</b>	<b>120</b>
Buildings	11,254	2,619	11,202	2,569
<b>Total buildings</b>	<b>11,254</b>	<b>2,619</b>	<b>11,202</b>	<b>2,569</b>
<b>Total property</b>	<b>12,277</b>	<b>2,739</b>	<b>12,225</b>	<b>2,689</b>
<b>Plant and equipment</b>				
Computers and telecommunications	146	406	136	406
Fixtures, fittings and furniture	230	362	143	344
Library books and art works	288	474	288	474
Plant, machinery and equipment	4,616	4,289	4,036	4,237
<b>Total plant and equipment</b>	<b>5,280</b>	<b>5,531</b>	<b>4,603</b>	<b>5,461</b>
<b>Infrastructure</b>				
Roads	10,229	8,528	10,229	8,528
Bridges	-	19	-	19
Footpaths and cycle ways	599	368	599	368
Drainage	2,576	317	2,576	317
Recreational, leisure and community facilities	1,621	1,312	1,621	1,312
Waste management	219	43	219	43
Parks, open space and streetscapes	1,219	1,130	1,219	1,130
Kerb and channel	69	282	69	282
Off street car parks	1,055	222	1,055	222
Other infrastructure	178	290	-	-
<b>Total infrastructure</b>	<b>17,765</b>	<b>12,511</b>	<b>17,587</b>	<b>12,221</b>
<b>Intangible</b>				
Software	1	78	1	78
<b>Total intangible</b>	<b>1</b>	<b>78</b>	<b>1</b>	<b>78</b>
<b>Total capital works expenditure</b>	<b>35,323</b>	<b>20,859</b>	<b>34,416</b>	<b>20,449</b>

Mildura Rural City Council  
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**Statement of Capital Works  
For the Year Ended 30 June 2020**

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Represented by:</b>				
New asset expenditure	13,816	2,735	13,137	2,665
Asset renewal expenditure	14,135	13,438	14,059	13,325
Asset expansion expenditure	3,110	866	3,034	753
Asset upgrade expenditure	4,261	3,742	4,185	3,628
Intangible asset	1	78	1	78
<b>Total capital works expenditure</b>	<b>35,323</b>	<b>20,859</b>	<b>34,416</b>	<b>20,449</b>

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

Mildura Rural City Council  
2019/2020 Financial Report

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## Notes to the Financial Report For the Year Ended 30 June 2020

### OVERVIEW

#### Introduction

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

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

#### Statement of compliance

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

#### Significant accounting policies

##### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 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)
- 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.

Mildura Rural City Council  
2019/2020 Financial Report

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## Notes to the Financial Report For the Year Ended 30 June 2020

### (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 2020, 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
- Mildura Tourism and Economic Development Ltd trading as Mildura Regional Development

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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 26 June 2019. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance % Ref
<b>Income</b>				
Rates and charges	72,514	72,580	66	-
Statutory fees and fines	2,593	2,203	(390)	(15) 1
User fees	6,550	5,712	(838)	(13) 2
Grants - operating	22,116	25,816	3,700	17 3
Grants - capital	16,638	8,388	(8,250)	(50) 4
Contributions - monetary	1,304	1,312	8	1
Contributions - non monetary	1,839	924	(915)	(50) 5
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	(1,843)	(3,194)	(1,351)	73 6
Other income	5,840	6,816	976	17 7
Asset recognition	-	1,024	1,024	100 8
<b>Total income</b>	<b>127,551</b>	<b>121,581</b>	<b>(5,970)</b>	<b>(5)</b>
<b>Expenses</b>				
Employee costs	(49,077)	(47,589)	1,488	(3)
Materials and services	(36,593)	(36,443)	150	(0)
Depreciation	(20,329)	(16,827)	3,502	(17) 9
Amortisation - intangible assets	(224)	(157)	67	(30)
Amortisation - right of use assets	-	(76)	(76)	- 10
Bad and doubtful debts	(149)	(80)	69	(46)
Borrowing costs	(1,042)	(1,031)	11	(1)
Finance costs - leases	-	(53)	(53)	- 11
Other expenses	(1,431)	(1,201)	230	(16)
<b>Total expenses</b>	<b>(108,845)</b>	<b>(103,457)</b>	<b>5,388</b>	<b>(5)</b>
<b>Surplus/(deficit) for the year</b>	<b>18,706</b>	<b>18,124</b>	<b>(582)</b>	<b>(3)</b>

Mildura Rural City Council  
2019/2020 Financial Report

**Notes to the Financial Report  
For the Year Ended 30 June 2020**

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

**(i) Explanation of material variations**

Variance		
Ref	Item	Explanation
1	Statutory fees and fines	Statutory fees and fines have been impacted by the COVID-19 pandemic. One of the measures Council has implemented is that Council has not issued fines for parking and waived other fees due to forced business closures.
2	User fees	Council user fees and charges have been impacted by the COVID-19 pandemic. In part due to lower economic activity and closure of some Council facilities. Relief is also being provided through COVID-19 Community Recovery Fund.
3	Grants - operating	Additional grant funding was received for drought emergency and rate relief, and grant funding was also received received for the COVID-19 pandemic community relief and recovery.
4	Grants - capital	Variance predominately relates to the timing of grant funding for Mildura South Regional Sporting Precinct which wasn't confirmed at the time of budget completion, with the balance outstanding to be received in 2020/21.
5	Contributions - non monetary	These are due to works completed in lieu of cash contribution for infrastructure, predominantly residential subdivisions. These assets are recognised in to Council's asset register when they are considered 'handed over' to Council, and are considered to be under the control of Council. Items of this nature are traditionally hard to predict.
6	Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	Council is required to recognise a disposal of assets when those assets are sold, renewed or replaced, or become decommissioned. Items of this nature are traditionally hard to predict.

Mildura Rural City Council  
2019/2020 Financial Report

**Notes to the Financial Report  
For the Year Ended 30 June 2020**

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

**(i) Explanation of material variations**

Variance		Explanation
Ref	Item	
7	Other income	Additional expenditure has been incurred on programs and activities to aid the community due to the COVID-19 pandemic. Many of these are reimbursed through Government funding. Whilst this has caused an increase in income it has also had a corresponding increase in Council expenditure.
8	Asset recognition	Assets recognised due to increasing accuracy of our asset management database.
9	Depreciation	More accurate costing from a review of unit rates and data cleansing of our asset data base.
10	Amortisation - right of use assets	Application of new accounting standards AASB 16 Leases beginning 1 July 2019, no budget established in prior year.
11	Finance costs - leases	Application of new accounting standards AASB 16 Leases beginning 1 July 2019, no budget established in prior year.

Mildura Rural City Council  
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Notes to the Financial Report  
For the Year Ended 30 June 2020

1.2 Capital works	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance %	Ref
<b>Property</b>					
Land	-	1,023	1,023	100	1
<b>Total land</b>	<b>-</b>	<b>1,023</b>	<b>1,023</b>	<b>100</b>	
Buildings	17,607	11,202	(6,405)	(36)	2
<b>Total buildings</b>	<b>17,607</b>	<b>11,202</b>	<b>(6,405)</b>	<b>(36)</b>	
<b>Total property</b>	<b>17,607</b>	<b>12,225</b>	<b>(5,382)</b>	<b>(31)</b>	
<b>Plant and equipment</b>					
Computers and telecommunications	947	251	(696)	(73)	3
Fixtures, fittings and furniture	30	28	(2)	(7)	
Library books and artworks	345	288	(57)	(17)	
Plant, machinery and equipment	2,710	4,036	1,326	49	4
<b>Total plant and equipment</b>	<b>4,032</b>	<b>4,603</b>	<b>571</b>	<b>14</b>	
<b>Infrastructure</b>					
Roads	10,717	10,229	(488)	(5)	
Bridges	166	-	(166)	(100)	
Footpaths and cycle ways	831	599	(232)	(28)	5
Drainage	2,646	2,576	(70)	(3)	
Recreational, leisure and community facilities	2,959	1,621	(1,338)	(45)	6
Waste management	1,480	219	(1,261)	(85)	7
Parks, open space and streetscapes	2,476	1,219	(1,257)	(51)	8
Kerb and channel	178	69	(109)	(61)	
Off street car parks	858	1,055	197	23	
Other infrastructure	114	-	(114)	(100)	
<b>Total infrastructure</b>	<b>22,425</b>	<b>17,587</b>	<b>(4,838)</b>	<b>(22)</b>	
<b>Intangible</b>					
Software	-	1	1	100	
<b>Total intangible</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>100</b>	
<b>Total capital works expenditure</b>	<b>44,064</b>	<b>34,416</b>	<b>(9,648)</b>	<b>(22)</b>	
<b>Represented by:</b>					
New asset expenditure	21,069	13,137	(7,932)	(38)	
Asset renewal expenditure	14,972	14,059	(913)	(6)	
Asset expansion expenditure	2,599	3,034	435	17	
Asset upgrade expenditure	5,424	4,185	(1,239)	(23)	
Intangible asset	-	1	1	100	
<b>Total capital works expenditure</b>	<b>44,064</b>	<b>34,416</b>	<b>(9,648)</b>	<b>(22)</b>	



Mildura Rural City Council  
2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**Performance against budget (cont'd)**

**(i) Explanation of material variations**

<b>Variance Ref</b>	<b>Item</b>	<b>Explanation</b>
1	Land	Council has a strategic land purchase reserve which is used to acquire land for future drainage purposes.
2	Buildings	Variance predominately relates to the timing of expenditure for Mildura South Regional Sporting Precinct which wasn't confirmed at the time of budget completion, which is timed with the receipt of capital grant funding.
3	Computers and telecommunications	The upgrade of Councils audio visual communication and telecom communications has been delayed due to impacts of COVID-19.
4	Plant, machinery and equipment	Carried forward capital works from 2019 budget year resulted in additional expenditure occurring this financial year.
5	Footpaths and cycle ways	Removal of paver and replacing with pebble-crete in the central business district (CBD) was delayed due to finalising of the design. The annual footpath program was delayed due to COVID-19.
6	Recreational, leisure and community facilities	The contract for Mildura South Regional Sporting Precinct has been transferred the Buildings budget which has created a variance in this budget area.
7	Waste management	The supply of organic mobile green garbage bins was delayed, with roll out starting in July 2020, The remaining expenditure will occur in the 2021 financial year.

Mildura Rural City Council  
2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**Performance against budget (cont'd)**

**(i) Explanation of material variations**

- |   |                                    |   |
|---|------------------------------------|---|
| 8 | Parks, open space and streetscapes | <p>The upgrade to Deakin Avenue median strip was delayed due to design scope changes, to ensure the heritage aspects are preserved for multiple sections. The project will now go to tender in September 2020.</p> <p>Nowingi Place upgrade has been delayed, the work panel was approved in June 2020 with works commencing in 2021 financial year.</p> <p>Renewal of river bank erosion at Mildura boat ramp and mouth of Mildura Marina was delayed due to the approval from Cultural Heritage Management Plan. This project is now under tender evaluation.</p> |
|---|------------------------------------|---|

Mildura Rural City Council  
2019/2020 Financial Report

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## Notes to the Financial Report For the Year Ended 30 June 2020

### 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 Primary Care Partnership 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, Northern Mallee Community Partnership, 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.

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Notes to the Financial Report  
For the Year Ended 30 June 2020

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>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>

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>					
Community	11,496	(24,167)	(12,671)	6,161	220,060
Financial management	103,205	(28,546)	74,659	25,470	259,934
Corporate	2,183	(14,722)	(12,539)	1,018	134,055
Development	7,034	(37,856)	(30,822)	181	344,709
Executive	5	(945)	(940)	-	8,605
	<b>123,923</b>	<b>(106,236)</b>	<b>17,687</b>	<b>32,830</b>	<b>967,363</b>

Mildura Rural City Council  
2019/2020 Financial Report

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## Notes to the Financial Report For the Year Ended 30 June 2020

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

#### 2.2 COVID-19 impact on 2019-20 operations of Council

The Coronavirus (COVID-19), was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had an impact on the Australian and local economy.

As at the date of preparation of these financial statements the impact of the Coronavirus (COVID-19) pandemic is ongoing and the situation is rapidly changing, developing. The speed and recovery of economic activity is largely dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

COVID-19, as well as measures including government directives to slow the spread of the virus in Australia, have impacted Council operations in the following areas:

- The Visitor Information Centre, libraries, arts centre, community services centres, swimming pools and Council customer services buildings were all closed. These closures resulted in a redeployment of Council staff from closed facilities to other Council roles. User fees and charges such as parking infringements and associated fines have also reduced due to stay at home measures. Closure of some of Council's facilities and reduction in user fees and charge, has resulted in a decrease in Council's user fee revenue and also decreased associated expenses.
- Council has waived commercial rent agreements, caravan park, sporting and social club leases for the last quarter of the year. This resulted in decrease in rent revenue and also associated maintenance and outgoing expenses.
- Council's rate revenue has been impacted by deferrals and interest free periods provided to some rate payers who have lodged hardship claims.
- Some capital works projects and budgeted capital expenditure have been delayed into 2020/21.
- COVID-19 has also impacted Council owned subsidiaries including Mildura Airport Pty Ltd and Mildura Regional Development. The restrictions on travel have impacted on Airport operations with significant loss of revenue. Council will provide ongoing financial support for Mildura Airport.

The above impacts on the financial statements for the year ended 30 June 2020, have led to a reduction in income and expenditure in some areas, however overall there has not been a significant impact to Council's 30 June 2020 financial statements.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic on the preparation of these financial statements, changes to the estimates and judgements that have been applied in the measurement of assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Mildura Rural City Council  
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Notes to the Financial Report  
For the Year Ended 30 June 2020

Consolidated		Council	
2020	2019	2020	2019
\$'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 (2019/20 is \$9.718 million)

General rates	39,161	34,769	39,161	34,769
Municipal charge	-	2,806	-	2,806
Waste management charge	9,765	9,401	9,765	9,401
Cultural/recreational land	17	17	17	17
Mildura City Heart special rate	599	588	599	588
Business differential rate	13,586	12,243	13,734	12,385
Farming differential rate	9,138	10,158	9,138	10,158
Payment in lieu of rates	166	95	166	95
<b>Total rates and charges</b>	<b>72,432</b>	<b>70,077</b>	<b>72,580</b>	<b>70,219</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation will be first applied in the rating year commencing 1 July 2019.

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	584	777	584	777
Land information certificates	51	55	51	55
Permits	428	372	428	372
Other statutory fees and fines	238	178	238	178
Valuations database	244	239	244	239
Statutory planning fees	658	777	658	777
<b>Total statutory fees and fines</b>	<b>2,203</b>	<b>2,398</b>	<b>2,203</b>	<b>2,398</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.

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	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>3.3 User fees</b>				
Aged and health services	891	941	891	941
Child care/children's programs	336	370	336	370
Waste management services	1,692	1,447	1,692	1,447
Other fees and charges	351	439	351	439
Rent/lease fees	909	1,099	573	733
Animal control and local laws	529	536	529	536
Environmental health services	265	252	265	252
Airport fees and charges	4,286	5,735	-	-
Contract works	468	926	468	926
Entrance charges	432	563	432	563
Commission/agency fees	175	185	175	185
<b>Total user fees</b>	<b>10,334</b>	<b>12,493</b>	<b>5,712</b>	<b>6,392</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	25,509	21,086	25,509	21,086
State funded grants	8,695	11,744	8,695	11,744
<b>Total grants received</b>	<b>34,204</b>	<b>32,830</b>	<b>34,204</b>	<b>32,830</b>

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	2020	2019	2020	2019
	\$'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>				
Primary care partnership	155	-	155	-
Early years	180	204	180	204
Aged and disability services	2,105	2,143	2,105	2,143
Financial assistance grants - general purpose	11,687	11,361	11,687	11,361
Financial assistance grants - local roads	4,292	4,212	4,292	4,212
<b><i>Recurrent - State government</i></b>				
Primary care partnerships	354	404	354	404
Aged and disability services	501	735	501	735
Libraries	401	372	401	372
Community health	1,072	883	1,072	883
Early years	243	280	243	280
Youth services	311	293	311	293
Environmental health	34	35	34	35
Social development and projects	75	149	75	149
Local laws	173	-	173	-
Arts and culture	190	190	190	190
Works and infrastructure services	122	129	122	129
<b>Total recurrent operating grants</b>	<b>21,895</b>	<b>21,390</b>	<b>21,895</b>	<b>21,390</b>



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	2020	2019	2020	2019
	\$'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	-	999	-	999
Primary care partnership	-	10	-	10
Asset management	67	-	67	-
Natural disaster - drought	1,000	-	1,000	-
Social development and projects	-	1	-	1
<b><i>Non-recurrent - State government</i></b>				
Youth services	-	2	-	2
Primary care partnership	12	10	12	10
Community development	163	1,041	163	1,041
Social development and projects	580	422	580	422
Environmental sustainability	160	205	160	205
Strategic planning	-	30	-	30
Governance and risk	120	120	120	120
Aged and disability services	67	3	67	3
Early years	108	51	108	51
Asset management	50	16	50	16
Economic development and tourism	9	77	9	77
Natural disaster	-	564	-	564
Libraries	2	-	2	-
Community health	-	24	-	24
Sunraysia Pest Free	774	-	774	-
Critical community services - COVID-19 response	53	-	53	-
Rates farm subsidy	670	-	670	-
Parks and waste services	1	-	1	-
Planning and development	5	-	5	-
Arts and culture	80	-	80	-
<b>Total non-recurrent operating grants</b>	<b>3,921</b>	<b>3,575</b>	<b>3,921</b>	<b>3,575</b>
<b>Total operating grants</b>	<b>25,816</b>	<b>24,965</b>	<b>25,816</b>	<b>24,965</b>
<b>(b) Capital grants</b>				
<b><i>Recurrent - Commonwealth government</i></b>				
Roads to recovery	4,057	1,921	4,057	1,921
<b>Total recurrent capital grants</b>	<b>4,057</b>	<b>1,921</b>	<b>4,057</b>	<b>1,921</b>

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	\$'000	\$'000	\$'000	\$'000
<b>3.4 Funding from other levels of government (cont'd)</b>				
<i><b>Non-recurrent - Commonwealth government</b></i>				
Recreation and sport	551	235	551	235
Plant, machinery and equipment	15	-	15	-
Roads	900	-	900	-
Drainage	500	-	500	-
<i><b>Non-recurrent - State government</b></i>				
Arts and culture	-	200	-	200
Natural disaster	-	626	-	626
Libraries	11	30	11	30
Recreation and sport	750	2,637	750	2,637
Buildings	215	-	215	-
Drainage	9	-	9	-
Waste management	190	-	190	-
Parks open space and streetscapes	23	-	23	-
Early years	-	45	-	45
Roads	1,167	2,171	1,167	2,171
<b>Total non-recurrent capital grants</b>	<b>4,331</b>	<b>5,944</b>	<b>4,331</b>	<b>5,944</b>
<b>Total capital grants</b>	<b>8,388</b>	<b>7,865</b>	<b>8,388</b>	<b>7,865</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>				
<i><b>Operating</b></i>				
Balance at start of year	1,696	3,570	1,696	3,570
Received during the financial year and remained unspent at balance date	330	1,065	330	1,065
Received in prior years and spent during the financial year	(1,385)	(2,939)	(1,385)	(2,939)
Balance at year end	<b>641</b>	<b>1,696</b>	<b>641</b>	<b>1,696</b>
<i><b>Capital</b></i>				
Balance at start of year	3,379	-	3,379	-
Received during the financial year and remained unspent at balance date	3,137	3,379	3,137	3,379
Received in prior years and spent during the financial year	(3,379)	-	(3,379)	-
Balance at year end	<b>3,137</b>	<b>3,379</b>	<b>3,137</b>	<b>3,379</b>
<b>Total</b>	<b>3,778</b>	<b>5,075</b>	<b>3,778</b>	<b>5,075</b>

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\$'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	693	650	593	468
Capital contributions	212	185	212	185
Developer contributions	507	1,084	507	1,084
<b>Total monetary contributions</b>	<b>1,412</b>	<b>1,919</b>	<b>1,312</b>	<b>1,737</b>
Non-monetary contributions	924	2,853	924	2,853
<b>Total contributions</b>	<b>2,336</b>	<b>4,772</b>	<b>2,236</b>	<b>4,590</b>

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

Roads	-	1,131	-	1,131
Kerb and channel	-	210	-	210
Footpaths and cycle ways	-	210	-	210
Drainage	824	1,122	824	1,122
Parks open space and streetscapes	100	180	100	180
<b>Total non-monetary contributions</b>	<b>924</b>	<b>2,853</b>	<b>924</b>	<b>2,853</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	517	454	508	454
Written down value of assets disposed	(3,882)	(1,847)	(3,702)	(1,847)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(3,365)</b>	<b>(1,393)</b>	<b>(3,194)</b>	<b>(1,393)</b>

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

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	\$'000	\$'000	\$'000	\$'000
<b>3.7 Other income</b>				
Interest	1,367	1,581	1,389	1,681
Interest on rates	366	350	366	350
Sales	886	1,257	301	425
Other income	118	114	7	10
Child care reimbursement	1,506	1,557	1,506	1,557
Fuel tax rebate	234	208	234	208
WorkCover costs reimbursements	425	396	425	396
Legal costs recouped	43	121	43	121
Airport reimbursement	-	-	16	8
Cemetery reimbursement	373	682	373	682
Utilities reimbursement	4	57	4	57
Youth case management reimbursement	538	507	538	507
Insurance reimbursement	64	33	64	118
Other costs reimbursed	1,463	1,118	1,550	1,118
<b>Total other income</b>	<b>7,387</b>	<b>7,981</b>	<b>6,816</b>	<b>7,238</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**

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

Asset recognition	1,024	1,649	1,024	1,649
<b>Total asset recognition</b>	<b>1,024</b>	<b>1,649</b>	<b>1,024</b>	<b>1,649</b>

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\$'000	\$'000	\$'000	\$'000

**Note 4 The cost of delivering services**

**4.1. (a) Employee costs**

Wages and salaries	46,550	45,385	43,352	42,200
Payroll tax	1	18	3	12
Superannuation	4,233	4,011	4,029	3,793
Fringe benefits tax	205	208	205	208
<b>Total employee costs</b>	<b>50,989</b>	<b>49,622</b>	<b>47,589</b>	<b>46,213</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	285	303	285	303
<b>Total defined benefit fund contributions</b>	<b>285</b>	<b>303</b>	<b>285</b>	<b>303</b>

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,954	1,942	1,954	1,942
Employer contributions - other funds	1,625	1,453	1,625	1,453
<b>Total accumulation funds contributions</b>	<b>3,579</b>	<b>3,395</b>	<b>3,579</b>	<b>3,395</b>
Employer contributions payable at reporting date.	167	99	167	99

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

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	\$'000	\$'000	\$'000	\$'000
<b>4.2 Materials and services</b>				
Contracts other	6,008	6,004	5,787	5,751
Waste management contracts	3,049	2,910	3,049	2,910
Swimming pools	1,359	1,425	1,359	1,425
Building maintenance	1,799	2,289	1,799	2,289
General maintenance	405	444	405	444
Environmental protection waste levy	1,937	1,322	1,937	1,322
Grants, contributions and donations	1,683	2,194	2,918	3,475
Utilities	3,078	3,357	3,173	3,135
Office administration	1,216	1,154	853	810
Materials purchased *	7,036	3,590	6,766	3,267
Plant and vehicle costs	3,010	2,771	2,662	2,414
Information technology	1,416	1,271	1,320	1,194
Insurance	1,176	979	1,185	986
Consultants	1,780	1,833	1,780	1,833
Training	995	1,100	902	1,027
Other materials and contractors	1,109	844	548	380
<b>Total materials and services</b>	<b>37,056</b>	<b>33,487</b>	<b>36,443</b>	<b>32,662</b>
<b>4.3 Depreciation</b>				
Buildings	2,723	2,657	2,503	2,439
Plant and equipment	3,070	3,312	2,821	3,054
Infrastructure	12,460	13,347	11,503	12,398
<b>Total depreciation</b>	<b>18,253</b>	<b>19,316</b>	<b>16,827</b>	<b>17,891</b>
<b>4.4 Amortisation - intangible assets</b>				
Intangible assets	157	136	157	136
<b>Total amortisation - intangible assets</b>	<b>157</b>	<b>136</b>	<b>157</b>	<b>136</b>

\* Materials purchased includes asset write-offs of \$1.7 million. Refer to note 6.2 for more information.

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	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>4.5 Amortisation - right of use assets</b>				
Property	85	-	76	-
<b>Total amortisation - right of use assets</b>	<b>85</b>	<b>-</b>	<b>76</b>	<b>-</b>
<b>4.6 Bad and doubtful debts</b>				
Infringement debtors	69	330	69	330
Other debtors	125	(21)	11	(21)
<b>Total bad and doubtful debts</b>	<b>194</b>	<b>309</b>	<b>80</b>	<b>309</b>
<b>Movement in provisions for doubtful debts</b>				
Balance at the beginning of the year	1,805	1,517	1,805	1,517
New provisions recognised during the year	185	310	71	310
Amounts already provided for and written off as uncollectible	(5)	(22)	(5)	(22)
Amounts provided for but recovered during the year	(1,192)	-	(1,192)	-
<b>Balance at end of year</b>	<b>793</b>	<b>1,805</b>	<b>679</b>	<b>1,805</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	1,082	1,092	1,031	1,088
<b>Total borrowing costs</b>	<b>1,082</b>	<b>1,092</b>	<b>1,031</b>	<b>1,088</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.

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	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>4.8 Finance costs - leases</b>				
Interest - lease liabilities	56	-	53	-
<b>Total finance costs</b>	<b>56</b>	<b>-</b>	<b>53</b>	<b>-</b>
<b>4.9 Other expenses</b>				
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	91	82	69	69
Auditors' remuneration - internal	59	112	59	112
Councillors' allowances	333	319	333	319
Directors' fees	83	94	-	-
Refunds	67	65	67	65
Operating lease rentals	275	456	231	410
Increase in landfill provision discounted amount	-	6,611	-	6,611
Others	442	351	442	351
<b>Total other expenses</b>	<b>1,350</b>	<b>8,090</b>	<b>1,201</b>	<b>7,937</b>

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	27	49	11	11
Cash at bank	9,424	14,572	7,317	12,382
Term deposits	72,372	62,742	69,000	60,000
<b>Total cash and cash equivalents</b>	<b>81,823</b>	<b>77,363</b>	<b>76,328</b>	<b>72,393</b>

(b) Other financial assets

Term deposits - current	2,850	2,850	2,850	2,850
Floating notes - non-current	1,750	1,750	1,750	1,750
<b>Total other financial assets</b>	<b>4,600</b>	<b>4,600</b>	<b>4,600</b>	<b>4,600</b>
<b>Total financial assets</b>	<b>86,423</b>	<b>81,963</b>	<b>80,928</b>	<b>76,993</b>



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Consolidated		Council	
2020	2019	2020	2019
\$'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))	1,511	2,231	1,511	2,231
- Statutory reserve funds (note 9.1(b))	2,666	2,770	2,666	2,770
Total restricted funds	<u>4,177</u>	<u>5,001</u>	<u>4,177</u>	<u>5,001</u>
<b>Total unrestricted cash and cash equivalents</b>	<b><u>77,646</u></b>	<b><u>72,362</u></b>	<b><u>72,151</u></b>	<b><u>67,392</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	9,648	6,282	9,648	6,282
- Unexpended grants (note 3.4)	3,778	5,075	3,778	5,075
- Discretionary reserves (note 9.1(b))	40,611	35,882	40,611	35,882
- Long service leave 25% (note 5.5)	2,085	1,737	2,085	1,737
<b>Total funds subject to intended allocations</b>	<b><u>56,122</u></b>	<b><u>48,976</u></b>	<b><u>56,122</u></b>	<b><u>48,976</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.

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	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>5.1 Financial assets (cont'd)</b>				
<b>(c) Trade and other receivables</b>				
<b>Current</b>				
<i>Statutory receivables</i>				
Rates debtors	4,273	3,202	4,273	3,202
Infringement debtors	821	786	821	786
Provision for doubtful debts - infringements	(673)	(604)	(673)	(604)
<i>Non statutory receivables</i>				
General debtors	1,016	3,114	820	2,091
Accrued income	491	540	491	540
GST receivable	1,124	518	1,124	518
Loan to Mildura Airport Pty Ltd	-	-	328	321
Provision for doubtful debts - other debtors	(120)	(9)	(6)	(9)
Total current trade and other receivables	<u>6,932</u>	<u>7,547</u>	<u>7,178</u>	<u>6,845</u>
<b>Non-current</b>				
<i>Non statutory receivables</i>				
Loan to Mildura Airport Pty Ltd	-	-	4,476	4,808
Total non-current trade and other receivables	<u>-</u>	<u>-</u>	<u>4,476</u>	<u>4,808</u>
<b>Total trade and other receivables</b>	<b><u>6,932</u></b>	<b><u>7,547</u></b>	<b><u>11,654</u></b>	<b><u>11,653</u></b>

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

**(a) Ageing of receivables**

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

Current (not yet due)	724	2,618	541	1,936
Past due by up to 60 days	210	87	212	78
Past due between 61 and 180 days	30	356	15	24
Past due between 181 and 365 days	52	53	52	53
<b>Total trade and other receivables</b>	<b><u>1,016</u></b>	<b><u>3,114</u></b>	<b><u>820</u></b>	<b><u>2,091</u></b>

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	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
5.1 Financial assets (cont'd)				

(b) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$4,743 (2019: \$21,739) were impaired. The amount of the provision raised against these debtors was \$4,743 (2019: \$21,739). 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:

Current up to 90 days	-	35	-	35
Past due between 91 and 180 days	8	20	8	20
Past due between 181 and 365 days	3	72	3	72
Past due by more than 1 year	69	182	69	182
<b>Total trade and other receivables</b>	<b>80</b>	<b>309</b>	<b>80</b>	<b>309</b>

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	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>5.2 Non-financial assets</b>				
<b>(a) Inventories</b>				
Inventories held for distribution	501	479	501	479
Inventories held for sale	68	103	62	95
<b>Total inventories</b>	<b>569</b>	<b>582</b>	<b>563</b>	<b>574</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	1,378	1,597	1,340	1,554
<b>Total</b>	<b>1,378</b>	<b>1,597</b>	<b>1,340</b>	<b>1,554</b>
<b>Non-current</b>				
Interest in Mildura Airport Pty Ltd	-	-	50,877	51,672
Interest in Mildura Regional Development	-	-	764	751
<b>Total</b>	<b>-</b>	<b>-</b>	<b>51,641</b>	<b>52,423</b>
<b>Total other assets</b>	<b>1,378</b>	<b>1,597</b>	<b>52,981</b>	<b>53,977</b>
<b>(c) Intangible assets</b>				
Software	852	1,010	852	1,010
Water rights at valuation 30 June 2019	-	9,860	-	9,751
Water rights at valuation 30 June 2020	10,569	-	10,448	-
<b>Total intangible assets</b>	<b>11,421</b>	<b>10,870</b>	<b>11,300</b>	<b>10,761</b>

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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 2019	3,080	9,860	12,940
Other additions	-	-	-
Transfer	(1)	-	(1)
Revaluation increment/(decrement) (note 9.1(a) & 4.4)	-	709	709
Balance at 30 June 2020	<b>3,079</b>	<b>10,569</b>	<b>13,648</b>

Accumulated amortisation and impairment

Balance at 1 July 2019	2,070	-	2,070
Amortisation expense	157	-	157
Balance at 30 June 2020	<b>2,227</b>	<b>-</b>	<b>2,227</b>
Net book value at 30 June 2019	1,010	9,860	10,870
Net book value at 30 June 2020	<b>852</b>	<b>10,569</b>	<b>11,421</b>

Council

Gross carrying amount

Balance at 1 July 2019	3,080	9,751	12,831
Other additions	-	-	-
Transfer	(1)	-	(1)
Revaluation increment/(decrement) (note 9.1(a) & 4.4)	-	697	697
Balance at 30 June 2020	<b>3,079</b>	<b>10,448</b>	<b>13,527</b>

Accumulated amortisation and impairment

Balance at 1 July 2019	2,070	-	2,070
Amortisation expense	157	-	157
Balance at 30 June 2020	<b>2,227</b>	<b>-</b>	<b>2,227</b>
Net book value at 30 June 2019	1,010	9,751	10,761
Net book value at 30 June 2020	<b>852</b>	<b>10,448</b>	<b>11,300</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.

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For the Year Ended 30 June 2020

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 2020 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 2020.

5.3 Payables

(a) Trade and other payables

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables	138	185	2	1
Accrued expenses	2,907	2,198	2,702	1,982
<b>Total trade and other payables</b>	<b>3,045</b>	<b>2,383</b>	<b>2,704</b>	<b>1,983</b>

(b) Trust funds and deposits

Refundable contract deposits	110	172	110	172
Fire services levy	32	353	32	353
Refundable civic facilities deposits	5	5	5	5
Retention amounts	363	485	363	485
Income received in advance	7	6	-	-
Other refundable deposits	1,001	1,216	1,001	1,216
<b>Total trust funds and deposits</b>	<b>1,518</b>	<b>2,237</b>	<b>1,511</b>	<b>2,231</b>

(c) Unearned income

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

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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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>5.4 Interest-bearing liabilities</b>				
<b>Current</b>				
Borrowings - secured	1,106	1,121	1,154	1,100
<b>Total current interest-bearing liabilities</b>	<b>1,106</b>	<b>1,121</b>	<b>1,154</b>	<b>1,100</b>
<b>Non-current</b>				
Borrowings - secured	17,528	18,635	17,478	18,635
Finance leases	116	47	-	-
<b>Total non-current interest-bearing liabilities</b>	<b>17,644</b>	<b>18,682</b>	<b>17,478</b>	<b>18,635</b>
<b>Total interest-bearing liabilities</b>	<b>18,750</b>	<b>19,803</b>	<b>18,632</b>	<b>19,735</b>

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

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	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
5.4 Interest-bearing liabilities (cont'd)				

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

Not later than one year	1,106	1,121	1,154	1,100
Later than one year and not later than five years	5,484	5,633	5,318	5,586
Later than five years	12,160	13,049	12,160	13,049
	<b>18,750</b>	<b>19,803</b>	<b>18,632</b>	<b>19,735</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.



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5.5 Provisions

Consolidated 2020	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
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	13,347	26,581	39,928
<b>2019</b>			
Balance at beginning of the financial year	11,983	19,242	31,225
Additional provisions	7,582	6,610	14,192
Amounts used	(6,118)	-	(6,118)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(723)	-	(723)
Balance at the end of the financial year	12,724	25,852	38,576
Council 2020	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
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	13,130	26,581	39,711
<b>2019</b>			
Balance at beginning of the financial year	11,767	19,242	31,009
Additional provisions	7,407	6,610	14,017
Amounts used	(5,984)	-	(5,984)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(724)	-	(724)
Balance at the end of the financial year	12,466	25,852	38,318

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	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<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	3,139	2,525	2,985	2,374
Long service leave	627	5,749	627	5,749
Redundancy	128	-	128	-
Rostered day off and time off in lieu	883	724	883	724
<b>Total</b>	<b>4,777</b>	<b>8,998</b>	<b>4,623</b>	<b>8,847</b>
<b>Current provisions expected to be wholly settled after 12 months</b>				
Annual leave	793	1,689	793	1,689
Long service leave	6,453	804	6,453	733
<b>Total</b>	<b>7,246</b>	<b>2,493</b>	<b>7,246</b>	<b>2,422</b>
<b>Total current employee provisions</b>	<b>12,023</b>	<b>11,491</b>	<b>11,869</b>	<b>11,269</b>
<b>Non-current</b>				
Long service leave	1,324	1,233	1,261	1,197
<b>Total non-current employee provisions</b>	<b>1,324</b>	<b>1,233</b>	<b>1,261</b>	<b>1,197</b>
<b>Aggregate carrying amount of employee provisions:</b>				
Current	12,023	11,491	11,869	11,269
Non-current	1,324	1,233	1,261	1,197
<b>Total aggregate carrying amount of employee provisions</b>	<b>13,347</b>	<b>12,724</b>	<b>13,130</b>	<b>12,466</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.

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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	
	2020	2019	2020	2019
Key assumptions:				
- discount rate	0.87%	1.32%	0.87%	1.32%
- wage inflation rate	4.25%	4.31%	4.25%	4.31%
- settlement period	12	12	12	12

(b) Landfill restoration

	\$'000	\$'000	\$'000	\$'000
Non-current	26,581	25,852	26,581	25,852
<b>Total landfill restoration</b>	<b>26,581</b>	<b>25,852</b>	<b>26,581</b>	<b>25,852</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.

Last year there was an error made in calculating the landfill provision required for the rehabilitation of the Ouyen landfill. A prior period adjustment of \$3.761 million has been made to recoup the expense that was shown in last years financial statements. Please see Statement of Equity for more details.

	Consolidated		Council	
	2020	2019	2020	2019
Key assumptions:				
- Weighted average capital cities CPI index	1.90%	1.60%	1.90%	1.60%
- wage inflation rate	4.25%	4.31%	4.25%	4.31%
- discount rate	0.87%	1.04%	0.87%	1.04%

	Consolidated		Council	
	2020	2019	2020	2019
(c) Total provisions	\$'000	\$'000	\$'000	\$'000
Current	12,023	11,491	11,869	11,269
Non-current	27,905	27,085	27,842	27,049
	<b>39,928</b>	<b>38,576</b>	<b>39,711</b>	<b>38,318</b>

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5.6 Financing arrangements

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2020.				
Credit card facilities	800	800	800	800
Total facilities	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>

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
	\$'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>

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5.7 Commitments (cont'd)

Consolidated 2020	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<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>

Consolidated 2019	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Swimming pool management	1,074	1,092	2,290	-	4,456
Telecommunications	2,777	2,656	7,955	27	13,415
Waste management	185	85	-	-	270
Cleaning services	456	463	230	-	1,149
Security services	1,238	59	-	-	1,297
Corporate expenditure	2,748	1,797	-	-	4,545
Other	2,511	986	-	-	3,497
<b>Total</b>	<b>10,989</b>	<b>7,138</b>	<b>10,475</b>	<b>27</b>	<b>28,629</b>

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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 2019</b>					
<b>Capital</b>					
Fixtures, fittings and furniture	95	-	-	-	95
Buildings	3,150	-	-	-	3,150
Library books and artworks	331	-	-	-	331
Waste management	36	-	-	-	36
Plant machinery and equipment	5,200	-	-	-	5,200
Roads	9,329	-	-	-	9,329
Drainage	214	-	-	-	214
Parks, open spaces and streetscapes	2,458	-	-	-	2,458
Land	121	-	-	-	121
<b>Total</b>	<b>20,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,934</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>Council 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>

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**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>Council 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>

	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>Council 2019</b>					
<b>Operating</b>					
Swimming pool management	1,074	1,092	2,290	-	4,456
Waste management	2,777	2,656	7,955	27	13,415
Cleaning services	185	85	-	-	270
Security services	456	463	230	-	1,149
Temporary labour hire	1,238	59	-	-	1,297
Corporate expenditure	2,748	1,797	-	-	4,545
Other	2,511	986	-	-	3,497
<b>Total</b>	<b>10,989</b>	<b>7,138</b>	<b>10,475</b>	<b>27</b>	<b>28,629</b>

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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>Council</b>					
<b>2019</b>					
<b>Capital</b>					
Fixtures, fittings and furniture	95	-	-	-	95
Buildings	3,150	-	-	-	3,150
Library books and artworks	331	-	-	-	331
Waste management	36	-	-	-	36
Plant machinery and equipment	5,200	-	-	-	5,200
Roads	9,329	-	-	-	9,329
Drainage	214	-	-	-	214
Parks, open spaces and streetscapes	2,458	-	-	-	2,458
Land	121	-	-	-	121
<b>Total</b>	<b>20,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,934</b>

5.8 Leases

**Policy applicable before 1 July 2019**

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.



## Notes to the Financial Report For the Year Ended 30 June 2020

### 5.8 Leases (cont'd)

#### Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

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

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

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

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

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

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

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

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Notes to the Financial Report  
For the Year Ended 30 June 2020

5.8 Leases (cont'd)

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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Right-of-Use Assets</b>				
Balance at 1 July 2019	1,188	-	1,188	-
Additions	300	-	-	-
Amortisation charge	(85)	-	(76)	-
Balance at 30 June 2020	<b>1,403</b>	<b>-</b>	<b>1,112</b>	<b>-</b>
<b>Lease Liabilities</b>				
Maturity analysis - contractual undiscounted cash				
Less than one year	140	318	136	318
One to five years	632	641	472	641
More than five years	1,757	1,823	1,604	1,823
Total undiscounted lease liabilities as at 30 June:	<b>2,529</b>	<b>2,782</b>	<b>2,212</b>	<b>2,782</b>
Lease liabilities included in the Balance Sheet at 30 June:				
Current	351	-	86	-
Non-current	1,512	-	1,484	-
Total lease liabilities	<b>1,863</b>	<b>-</b>	<b>1,570</b>	<b>-</b>

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### Notes to the Financial Report For the Year Ended 30 June 2020

#### 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.

<b>Expenses relating to:</b>	<b>\$'000</b>
Short-term leases	-
Leases of low value assets	207
<b>Total</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:

Within one year	207
Later than one year but not later than five years	53
<b>Total lease commitments</b>	<b>260</b>

#### i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying AASB 16 Leases to leases previously classified as operating leases under AASB 117 Leases .

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**5.8 Leases (cont'd)**

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

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under *AASB 117 Leases*, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under *AASB 117 Leases* immediately before that date.

Council is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with *AASB 16 Leases* from the date of initial application.

**Impact on financial statements**

On transition to *AASB 16 Leases*, Council recognised an additional \$1,188 of right-of-use assets and \$1,654 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 3.4%.

	<b>2019</b>
	<b>\$'000</b>
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	2,782
Discounted using the incremental borrowing rate at 1 July 2019	(1,128)
Lease liability recognised as at 1 July 2019	<u><b>1,654</b></u>

**Note 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.

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Notes to the Financial Report  
For the Year Ended 30 June 2020

Note 6 Assets we manage

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At fair value 30 June 2019	First time recognition of assets	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Transfers from 30 June 2020	At fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	67,497	142	950	-	-	-	(136)	-	1,275	-	69,728
Buildings	110,098	-	509	-	-	(2,723)	(9)	-	429	-	108,304
Plant and equipment	47,639	4	3,044	-	-	(3,070)	(722)	-	552	-	47,447
Infrastructure	611,972	878	5,853	924	14,595	(12,460)	(3,015)	(602)	4,854	4,504	627,503
Work in progress	28,329	-	24,967	-	-	-	-	(1,129)	(7,110)	-	45,057
	865,535	1,024	35,323	924	14,595	(18,253)	(3,882)	(1,731)	-	4,504	898,039

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	2,360	10,821	(92)	(1,704)	11,385
Plant and equipment	1,420	2,235	(3)	(552)	3,100
Infrastructure	24,549	11,911	(1,034)	(4,854)	30,572
Total	28,329	24,967	(1,129)	(7,110)	45,057

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

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

<b>Asset recognition thresholds and depreciation periods</b>	<b>Depreciation period</b>	<b>Threshold limit \$'000</b>
Land and land improvements		
land	-	5
Buildings		
buildings	60 years	10
Plant and equipment		
plant and equipment	3 - 12 years	5
fixtures, fittings and furniture	4 - 10 years	5
artworks	-	0.5
library books	-	In aggregate
Infrastructure		
footpaths and 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 car parks	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	-	-

Notes to the Financial Report  
For the Year Ended 30 June 2020

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

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work in progress	Total property
<b>Consolidated</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 2019	42,097	12,294	13,106	67,497	210,054	8,667	218,721	2,360	288,578
Accumulated depreciation at 1 July 2019	-	-	-	-	(105,028)	(3,595)	(108,623)	-	(108,623)
	42,097	12,294	13,106	67,497	105,026	5,072	110,098	2,360	179,955
First time recognition of assets	-	136	6	142	-	-	-	-	142
	42,097	12,430	13,112	67,639	105,026	5,072	110,098	2,360	180,097
<b>Movements in fair value</b>									
Additions	74	876	-	950	280	229	509	10,821	12,280
Disposal	-	(136)	-	(136)	(44)	-	(44)	-	(180)
Write-off	-	-	-	-	-	-	-	(92)	(92)
Transfers	1,275	-	-	1,275	303	126	429	(1,704)	-
	1,349	740	-	2,089	539	355	894	9,025	12,008
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,567)	(156)	(2,723)	-	(2,723)
Accumulated depreciation of disposals	-	-	-	-	35	-	35	-	35
	-	-	-	-	(2,532)	(156)	(2,688)	-	(2,688)
At fair value 30 June 2020	43,446	13,170	13,112	69,728	210,593	9,022	219,615	11,385	300,728
Accumulated depreciation at 30 June 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

Notes to the Financial Report  
For the Year Ended 30 June 2020

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

(b) Plant and Equipment	Plant machinery and equipment	Fixtures and furniture	Computer 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 2019	35,277	743	2,692	27,812	4,450	70,974	1,420	72,394
Accumulated depreciation at 1 July 2019	(18,137)	(350)	(1,760)	-	(3,088)	(23,335)	-	(23,335)
	17,140	393	932	27,812	1,362	47,639	1,420	49,059
<b>Movements in fair value</b>								
Additions	2,673	87	10	2	272	3,044	2,235	5,279
Recognitions	-	-	-	4	-	4	-	4
Disposal	(1,936)	-	-	-	-	(1,936)	-	(1,936)
Write-off	-	-	-	-	-	-	(3)	(3)
Transfers	107	411	-	-	34	552	(552)	-
	844	498	10	6	306	1,664	1,680	3,344
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(2,438)	(124)	(247)	-	(261)	(3,070)	-	(3,070)
Accumulated depreciation of disposals	1,214	-	-	-	-	1,214	-	1,214
	(1,224)	(124)	(247)	-	(261)	(1,856)	-	(1,856)
At fair value 30 June 2020	36,121	1,241	2,702	27,818	4,756	72,638	3,100	75,738
Accumulated depreciation at 30 June 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



Notes to the Financial Report  
For the Year Ended 30 June 2020

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

	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	Infrastructure	Total	Work in progress	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	492,528	23,036	50,714	163,512	52,440	12,475	16,020	42,989	14,075	867,789	24,549	892,338	
Accumulated depreciation at 1 July 2019	(160,972)	(7,428)	(31,712)	(30,917)	(10,619)	(2,722)	(2,657)	(4,107)	(4,683)	(255,817)	-	(255,817)	
	<b>331,556</b>	<b>15,608</b>	<b>19,002</b>	<b>132,595</b>	<b>41,821</b>	<b>9,753</b>	<b>13,363</b>	<b>38,882</b>	<b>9,392</b>	<b>611,972</b>	<b>24,549</b>	<b>636,521</b>	
<b>Movements in fair value</b>													
Additions	4,767	70	264	214	-	-	415	99	24	5,853	11,911	17,764	
Contributions	-	-	-	824	-	-	100	-	-	924	-	924	
Recognitions	231	4	101	699	-	-	-	-	-	1,035	-	1,035	
Revaluation	14,292	946	1,723	(788)	1,542	385	2,769	-	(26)	20,863	-	20,863	
Disposal	(4,608)	(1,810)	(80)	(366)	-	-	(148)	-	(95)	(7,107)	(25)	(7,132)	
Write-off	-	-	-	-	-	(602)	-	-	-	(602)	(1,009)	(1,611)	
Transfers	1,721	116	111	1,930	40	300	153	30	453	4,854	(4,854)	-	
Transfers from Provisions	-	-	-	-	-	4,504	-	-	-	4,504	-	4,504	
	<b>16,403</b>	<b>(674)</b>	<b>2,119</b>	<b>2,533</b>	<b>1,582</b>	<b>4,587</b>	<b>3,289</b>	<b>129</b>	<b>356</b>	<b>30,324</b>	<b>6,023</b>	<b>36,347</b>	
<b>Movements in accumulated depreciation</b>													
Depreciation and amortisation	(7,129)	(284)	(820)	(1,144)	(744)	(379)	(904)	(856)	(200)	(12,460)	-	(12,460)	
Accumulated depreciation of disposals	3,538	193	61	116	-	-	124	-	60	4,092	-	4,092	
Accumulated depreciation of recognitions	(10)	(1)	(3)	(143)	-	-	-	-	-	(157)	-	(157)	
Accumulated depreciation of revaluations	(5,037)	(24)	(1,021)	(169)	498	-	(409)	-	(106)	(6,268)	-	(6,268)	
	<b>(8,638)</b>	<b>(116)</b>	<b>(1,783)</b>	<b>(1,340)</b>	<b>(246)</b>	<b>(379)</b>	<b>(1,189)</b>	<b>(856)</b>	<b>(246)</b>	<b>(14,793)</b>	<b>-</b>	<b>(14,793)</b>	
At fair value 30 June 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 30 June 2020	(169,610)	(7,544)	(33,495)	(32,257)	(10,865)	(3,101)	(3,846)	(4,963)	(4,929)	(270,610)	-	(270,610)	
	<b>339,321</b>	<b>14,818</b>	<b>19,338</b>	<b>133,788</b>	<b>43,157</b>	<b>13,961</b>	<b>15,463</b>	<b>38,155</b>	<b>9,502</b>	<b>627,503</b>	<b>30,572</b>	<b>658,075</b>	

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Notes to the Financial Report  
For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

Council	At fair value 30 June 2019	First time recognition of assets	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Transfers from Provisions	At fair value 30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	67,361	142	950	-	-	-	-	-	1,275	-	69,728
Buildings	101,047	-	457	-	-	(2,503)	(9)	-	429	-	99,421
Plant and equipment	46,168	4	2,803	-	-	(2,821)	(678)	-	141	-	45,617
Infrastructure	570,545	878	5,726	924	14,595	(11,503)	(3,015)	(602)	4,824	4,504	586,876
Work in progress	28,284	-	24,480	-	-	-	-	(1,104)	(6,669)	-	44,991
	<b>813,405</b>	<b>1,024</b>	<b>34,416</b>	<b>924</b>	<b>14,595</b>	<b>(16,827)</b>	<b>(3,702)</b>	<b>(1,706)</b>	<b>-</b>	<b>4,504</b>	<b>846,633</b>

Summary of work in progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	2,775	10,821	(92)	(1,704)	11,800
Plant and equipment	1,420	1,799	(3)	(141)	3,075
Infrastructure	24,089	11,860	(1,009)	(4,824)	30,116
<b>Total</b>	<b>28,284</b>	<b>24,480</b>	<b>(1,104)</b>	<b>(6,669)</b>	<b>44,991</b>

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

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

<b>Asset recognition thresholds and depreciation periods</b>	<b>Depreciation period</b>	<b>Threshold limit \$'000</b>
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	-	1
library books	-	In aggregate
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 carpark	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	-	-

Notes to the Financial Report  
For the Year Ended 30 June 2020

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

Council	Land - specialised	Land - non specialised	Land under roads	Total land and land improvement	Buildings - specialised	Buildings - non specialised	Total buildings	Work in progress	Total property
At fair value 1 July 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation at 1 July 2019	42,097	12,158	13,106	67,361	200,172	8,041	208,213	2,775	278,349
	-	-	-	-	(103,891)	(3,275)	(107,166)	-	(107,166)
First time recognition of assets	42,097	12,158	13,106	67,361	96,281	4,766	101,047	2,775	171,183
	-	136	6	142	-	-	-	-	142
	42,097	12,294	13,112	67,503	96,281	4,766	101,047	2,775	171,325
<b>Movements in fair value</b>									
Additions	74	876	-	950	228	229	457	10,821	12,228
Disposal	-	-	-	-	(44)	-	(44)	-	(44)
Write-off	-	-	-	-	-	-	-	(92)	(92)
Transfers	1,275	-	-	1,275	303	126	429	(1,704)	-
	1,349	876	-	2,225	487	355	842	9,025	12,092
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,390)	(113)	(2,503)	-	(2,503)
Accumulated depreciation of disposals	-	-	-	-	35	-	35	-	35
	-	-	-	-	(2,355)	(113)	(2,468)	-	(2,468)
At fair value 30 June 2020	43,446	13,170	13,112	69,728	200,659	8,396	209,055	11,800	290,583
Accumulated depreciation at 30 June 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

Notes to the Financial Report  
For the Year Ended 30 June 2020

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

(b) Plant and equipment

Council	Plant machinery and equipment	Fixtures 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 2019	32,199	540	2,217	27,812	4,450	67,218	1,420	68,638
Accumulated depreciation at 1 July 2019	(16,408)	(269)	(1,285)	-	(3,088)	(21,050)	-	(21,050)
	15,791	271	932	27,812	1,362	46,168	1,420	47,588
<b>Movements in fair value</b>								
Additions	2,529	-	-	2	272	2,803	1,799	4,602
Recognitions	-	-	-	4	-	4	-	4
Disposal	(1,892)	-	-	-	-	(1,892)	-	(1,892)
Write-off	-	-	-	-	-	-	(3)	(3)
Transfers	107	-	-	-	34	141	(141)	-
	744	-	-	6	306	1,056	1,655	2,711
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(2,255)	(59)	(246)	-	(261)	(2,821)	-	(2,821)
Accumulated depreciation of disposals	1,214	-	-	-	-	1,214	-	1,214
	(1,041)	(59)	(246)	-	(261)	(1,607)	-	(1,607)
At fair value 30 June 2020	32,943	540	2,217	27,818	4,756	68,274	3,075	71,349
Accumulated depreciation at 30 June 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

Notes to the Financial Report  
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6.2 Property, infrastructure, plant and equipment (cont'd)  
(c) Infrastructure

Council	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	Infrastructure	Total	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	492,528	23,036	50,714	163,050	52,172	12,475	15,614	-	11,639	821,228	24,089	-	845,317
Accumulated depreciation at 1 July 2019	(160,972)	(7,428)	(31,712)	(30,846)	(10,553)	(2,722)	(2,405)	-	(4,045)	(250,683)	-	-	(250,683)
	331,556	15,608	19,002	132,204	41,619	9,753	13,209	-	7,594	570,545	24,089	-	594,634
Movements in fair value													
Additions	4,767	70	264	214	-	-	395	-	16	5,726	11,860	-	17,586
Contributions	-	-	-	824	-	-	100	-	-	924	-	-	924
Recognitions	231	4	101	699	-	-	-	-	-	1,035	-	-	1,035
Revaluation	14,292	946	1,723	(768)	1,542	385	2,769	-	(26)	20,863	-	-	20,863
Disposal	(4,608)	(1,810)	(80)	(366)	-	-	(148)	-	(95)	(7,107)	-	-	(7,107)
Write-off	-	-	-	-	-	(602)	-	-	-	(602)	(1,009)	-	(1,611)
Transfers	1,721	116	111	1,930	40	300	153	-	453	4,824	(4,824)	-	-
Transfers from Provisions	-	-	-	-	-	4,504	-	-	-	4,504	-	-	4,504
	16,403	(674)	2,119	2,533	1,582	4,587	3,269	-	348	30,167	6,027	-	36,194
Movements in accumulated depreciation													
Depreciation and amortisation	(7,129)	(284)	(820)	(1,144)	(744)	(379)	(877)	-	(126)	(11,503)	-	-	(11,503)
Accumulated depreciation of disposals	3,538	193	61	116	-	-	124	-	60	4,092	-	-	4,092
Accumulated depreciation of recognitions	(10)	(1)	(3)	(143)	-	-	-	-	-	(157)	-	-	(157)
Accumulated depreciation of revaluations	(5,037)	(24)	(1,021)	(169)	498	-	(409)	-	(106)	(6,268)	-	-	(6,268)
	(8,638)	(116)	(1,783)	(1,340)	(246)	(379)	(1,162)	-	(172)	(13,836)	-	-	(13,836)
At fair value 30 June 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 30 June 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

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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

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

***Land under roads***

Council recognises land under roads it controls at fair value.

***Depreciation***

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 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.

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### Notes to the Financial Report For the Year Ended 30 June 2020

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

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

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 land and buildings were subject to full independent valuation in December 2018 by accredited independent valuers. Council does not believe there has been a material movement in fair value since the 30 June 2020

The fair value of land and building has been reassessed by Council during the COVID-19 pandemic, during a period of limited market activity and low sales volumes. While Council's review did not indicate impairment of land and buildings, it does present estimation uncertainty regarding the valuation of land and buildings by acknowledging that past cycles indicate a lag for property markets to react to economic events, and that the extent of any decline in value is presently uncertain, and may depend on the length of the COVID-19 pandemic. Also, there is not yet any comparable market evidence available to determine what, if any, impact the current COVID-19 pandemic may have on the value or marketability of the subject property, particularly in the short and medium terms.

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.

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 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	13,170	43,446	Dec-18
Specialised land	-	-	13,112	Dec-18
Buildings	-	5,008	94,413	Dec-18
<b>Total</b>	<b>-</b>	<b>18,178</b>	<b>150,971</b>	



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For the Year Ended 30 June 2020

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

*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 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	339,321	Jun-20
Kerb and channel	-	-	14,818	Jun-20
Footpaths and cycle ways	-	-	19,338	Jun-20
Drainage	-	-	133,397	Jun-20
Recreational, leisure and community facilities	-	-	42,955	Jun-20
Waste management	-	-	13,961	Jun-20
Parks, open space and streetscapes	-	-	15,316	Jun-20
Off street car parks	-	-	7,770	Jun-20
<b>Total</b>	-	-	<b>586,876</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 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.003 and \$350.00 per square metre.

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

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

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

*Infrastructure asset* are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2020	2019
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	13,112	13,106
Land - Parks and reserves, etc	43,446	42,097
<b>Total specialised land</b>	<b>56,558</b>	<b>55,203</b>

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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	Simon Clemence (Mayor)	1/07/2019 to	30/06/2020
Councillor	Min Poole	1/07/2019 to	30/06/2020
<i>Note – Cr Poole was Deputy Mayor during this period from:</i>		6/11/2019 to	30/06/2020
Councillor	Jason Modica	1/07/2019 to	30/06/2020
<i>Note – Cr Modica was Deputy Mayor during this period from:</i>		1/07/2019 to	6/11/2019
Councillor	Anthony Cirillo	1/07/2019 to	30/06/2020
Councillor	Gavin Sedgmen	1/07/2019 to	30/06/2020
Councillor	Glenn Milne	1/07/2019 to	30/06/2020
Councillor	Greg Brown	1/07/2019 to	30/06/2020
Councillor	Helen Healy	1/07/2019 to	30/06/2020
Councillor	Mark Eckel	1/07/2019 to	30/06/2020

**Chief Executive Officer and key management personnel**

Sarah Philpott	Chief Executive Officer	05/08/2019 to	30/06/2020
Allan Bawden	Chief Executive Officer (Interim)	01/07/2019 to	04/08/2019
Chris Parham	General Manager Corporate	01/07/2019 to	30/06/2020
Mandy Whelan	General Manager Development	01/07/2019 to	30/06/2020
Martin Hawson	General Manager Community	01/07/2019 to	30/06/2020

During the financial year 8 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.

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Notes to the Financial Report  
For the Year Ended 30 June 2020

7.1 Council and key management remuneration (cont'd)

	2020	2019
	No.	No.
Total number of Councillors	9	11
Total of Chief Executive Officer and other Key Management Personnel	5	5
<b>Total key management personnel</b>	<b>14</b>	<b>16</b>

(c) Remuneration of key management personnel	2020	2019
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,342	1,369
Post employment benefits	94	89
Termination benefits	-	29
<b>Total</b>	<b>1,436</b>	<b>1,487</b>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2020	2019
	No.	No.
\$1 - \$9,999	-	2
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	8	5
\$40,000 - \$49,999	1	1
\$60,000 - \$69,999	-	2
\$80,000 - \$89,999	1	-
\$220,000 - \$229,999	-	1
\$250,000 - \$259,999	1	1
\$260,000 - \$269,999	2	2
\$290,000 - \$299,999	1	-
	<b>14</b>	<b>16</b>

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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:

	2020	2019
Income Range:	No.	No.
\$151,000 - \$159,999	3	3
\$160,000 - \$169,999	1	2
\$170,000 - \$179,999	7	3
\$180,000 - \$189,999	5	6
\$190,000 - \$199,999	-	2
	<b>16</b>	<b>16</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration for the reporting year for senior officers included above, amounted to:	<b>2,797</b>	<b>2,791</b>

**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	38	19
	<b>38</b>	<b>19</b>

\* 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 631 staff of which only 1 is a close family member of key management personnel.

**(b) Outstanding balances with related parties**

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

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

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

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

Council has no outstanding commitments to/from other related parties

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## Notes to the Financial Report For the Year Ended 30 June 2020

### 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Not later than one year	641	771	271	304
Later than one year and not later than five years	1,863	1,799	773	872
Later than five years	1,932	1,587	1,319	1,435
	<u>4,436</u>	<u>4,157</u>	<u>2,363</u>	<u>2,611</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**

Council is a participant of the MAV work care scheme. The MAV work care scheme provides workers compensation insurance. The MAV work care scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years

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## Notes to the Financial Report For the Year Ended 30 June 2020

### 8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

#### **AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)**

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the 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 (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

#### **AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)**

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

#### **AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)**

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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  
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**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.

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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.

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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.

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Notes to the Financial Report  
For the Year Ended 30 June 2020

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
<b>Consolidated</b>			
<b>2020</b>			
<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	23,468	702	24,170
Kerb and channel	10,555	922	11,477
	<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>

\* There was also a prior period correction for the waste asset revaluation reserve of \$0.385 million which should been expensed in 2018-2019. Please refer to Statement of change in equity.

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Notes to the Financial Report  
For the Year Ended 30 June 2020

9.1 Reserves (cont'd)

(a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>Consolidated 2019</b>			
<b>Property</b>			
Land	15,878	4,822	20,700
Buildings	59,283	(788)	58,495
	<b>75,161</b>	<b>4,034</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	171,997	68,658	240,655
Drainage	52,309	480	52,789
Drainage basins	3,285	402	3,687
Recreational, leisure and community facilities	41,346	(717)	40,629
Waste management	182	(567)	(385)
Parks, open space and streetscapes	3,624	(581)	3,043
Aerodromes	9,594	-	9,594
Off-street car parks	8,496	(3,302)	5,194
Footpaths	22,638	830	23,468
Kerb and channel	16,465	(5,910)	10,555
	<b>329,936</b>	<b>59,293</b>	<b>389,229</b>
<b>Water rights</b>			
Water rights	4,999	2,822	7,821
	<b>4,999</b>	<b>2,822</b>	<b>7,821</b>
<b>Total asset revaluation reserves</b>	<b>424,691</b>	<b>66,149</b>	<b>490,840</b>

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

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For the Year Ended 30 June 2020

9.1 Reserves (cont'd)

(a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>Council</b>			
<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	23,468	702	24,170
Kerb and channel	10,555	922	11,477
	<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>

\* There was also a prior period correction for the waste asset revaluation reserve of \$0.385 million which should have been expensed in 2018-2019. Please refer to Statement of change in equity.

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Notes to the Financial Report  
For the Year Ended 30 June 2020

9.1 Reserves (cont'd)

(a) Asset revaluation reserves

Council 2019	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>Property</b>			
Land	15,878	4,822	20,700
Buildings	59,146	(788)	58,358
	<b>75,024</b>	<b>4,034</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	171,997	68,658	240,655
Drainage	52,309	480	52,789
Drainage Basins	3,285	402	3,687
Recreational, leisure and community facilities	41,346	(717)	40,629
Waste management	182	(567)	(385)
Parks, open space and streetscapes	3,624	(581)	3,043
Aerodromes	9,594	-	9,594
Off-street car parks	8,496	(3,302)	5,194
Footpaths	22,638	830	23,468
Kerb and channel	16,465	(5,910)	10,555
	<b>329,936</b>	<b>59,293</b>	<b>389,229</b>
<b>Water rights</b>			
Water rights	4,999	2,786	7,785
	<b>4,999</b>	<b>2,786</b>	<b>7,785</b>
<b>Total asset revaluation reserves</b>	<b>424,554</b>	<b>66,113</b>	<b>490,667</b>

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

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Notes to the Financial Report  
For the Year Ended 30 June 2020

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
Primary Care Partnership reserve	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>38,644</b>	<b>30,862</b>	<b>(26,237)</b>	<b>43,269</b>



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For the Year Ended 30 June 2020

9.1 Reserves (cont'd)

(b) Other reserves

	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>Consolidated</b>				
<b>2019</b>				
<b>Non discretionary reserves</b>				
Apex Park reserve	318	94	-	412
Drainage	186	-	-	186
Developer contribution reserve	1,424	804	(184)	2,044
Library book bequest reserve	16	-	(1)	15
DGR donations reserve - MAC Theatre	41	200	(184)	57
Merbein Caravan Park reserve	3	35	-	38
Lake Cullulleraine Caravan Park reserve	-	10	-	10
<b>Total</b>	<b>1,988</b>	<b>1,143</b>	<b>(369)</b>	<b>2,762</b>
<b>Discretionary reserves</b>				
Artwork acquisition reserve	151	45	(140)	56
Landfill redevelopment	6,250	10,351	(7,806)	8,795
Landfill rehabilitation reserve	348	165	(21)	492
Primary Care Partnership reserve	316	480	(463)	333
Small towns redevelopment reserve	460	-	(33)	427
Street light pole	8	-	-	8
VGC advance grants reserve	7,595	7,812	(7,595)	7,812
Land acquisition reserve	417	500	(110)	807
Water transfer proceeds reserve	61	-	(17)	44
Defined benefits reserve	500	500	-	1,000
Capital renewal reserve	7,876	-	(862)	7,014
Capital funding reserve	-	9,094	-	9,094
<b>Total</b>	<b>23,982</b>	<b>28,947</b>	<b>(17,047)</b>	<b>35,882</b>
<b>Total other reserves</b>	<b>25,970</b>	<b>30,090</b>	<b>(17,416)</b>	<b>38,644</b>

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Notes to the Financial Report  
For the Year Ended 30 June 2020

9.1 Reserves (cont'd)

(b) Other reserves

Council	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
2020	\$'000	\$'000	\$'000	\$'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	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
Primary Care Partnership reserve	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>

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Notes to the Financial Report  
For the Year Ended 30 June 2020

9.1 Reserves (cont'd)

(b) Other reserves

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
Council	\$'000	\$'000	\$'000	\$'000
<b>2019</b>				
<b>Non discretionary reserves</b>				
Apex Park reserve	318	94	-	412
Drainage	186	-	-	186
Developer contribution reserve	1,424	804	(184)	2,044
Library book bequest reserve	24	-	(1)	23
DGR donations reserve - MAC Theatre	41	200	(184)	57
Merbein Caravan Park reserve	3	35	-	38
Lake Cullulleraine Caravan Park reserve	-	10	-	10
<b>Total</b>	<b>1,996</b>	<b>1,143</b>	<b>(369)</b>	<b>2,770</b>
<b>Discretionary reserves</b>				
Artwork acquisition reserve	151	45	(140)	56
Landfill redevelopment	6,250	10,351	(7,806)	8,795
Landfill rehabilitation reserve	348	165	(21)	492
Primary Care Partnership reserve	316	480	(463)	333
Small towns redevelopment reserve	460	-	(33)	427
Street light pole	8	-	-	8
VGC advance grants reserve	7,595	7,812	(7,595)	7,812
Land acquisition reserve	417	500	(110)	807
Water transfer proceeds reserve	61	-	(17)	44
Defined benefits reserve	500	500	-	1,000
Capital renewal reserve	7,876	-	(862)	7,014
Capital funding reserve	-	9,094	-	9,094
<b>Total</b>	<b>23,982</b>	<b>28,947</b>	<b>(17,047)</b>	<b>35,882</b>
<b>Total other reserves</b>	<b>25,978</b>	<b>30,090</b>	<b>(17,416)</b>	<b>38,652</b>

Mildura Rural City Council  
2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**9.1 Reserves (cont'd)**

<b>Name of reserve</b>	<b>Nature and purpose</b>
<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.
Primary Care Partnership reserve	A reserve created to account for the unspent portion of Primary Care Partnership grant funding received.
Street light pole reserve	Developer contributions for replacement of specialised street lighting poles in various subdivisions.

Mildura Rural City Council  
2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**9.1 Reserves (cont'd)**

<b>Name of reserve</b>	<b>Nature and purpose</b>
<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.

Mildura Rural City Council  
2019/2020 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2020

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>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>
<b>2019</b>				
Interest in Mildura Airport Pty Ltd	33,650	713	36	34,399
Interest in Mildura Regional Development	396	355	-	751
	<b>34,046</b>	<b>1,068</b>	<b>36</b>	<b>35,150</b>
<b>Total financial assets revaluation</b>	<b>34,046</b>	<b>1,068</b>	<b>36</b>	<b>35,150</b>

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Notes to the Financial Report  
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	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>				
Surplus/(deficit) for the year	17,333	18,755	18,124	17,687
Depreciation/amortisation	18,495	19,452	17,060	18,027
(Profit)/loss on disposal of property, infrastructure, plant and equipment	3,365	1,393	3,194	1,393
Decrease in carrying amount of assets	1,377	-	1,377	-
(Gain)/loss on recognition of non current assets	(1,024)	(1,649)	(1,024)	(1,649)
Contributions - non-monetary assets	(924)	(2,853)	(924)	(2,853)
Interest expense	1,082	1,092	1,034	1,088
Prior period adjustment	(3,379)	-	(3,379)	-
(Increase)/decrease in landfill provision discount amount	(13)	6,611	(13)	6,611
<i>Change in assets and liabilities:</i>				
(Increase)/decrease in trade and other receivables	615	(305)	(2)	(90)
(Increase)/decrease in prepayments	219	(1,265)	214	(1,273)
Increase/(decrease) in trust fund deposits	(719)	381	(720)	382
Increase/(decrease) in trade and other payables	662	698	721	2
(Decrease)/increase in other liabilities	3,797	-	3,778	-
(Increase)/decrease in inventories	13	81	11	83
Increase/(decrease) in provisions	623	743	664	699
<b>Net cash provided by operating activities</b>	<b>41,522</b>	<b>43,134</b>	<b>40,115</b>	<b>40,107</b>

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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 2020, 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 remain at 9.5% for the next year, increasing to 10% from 1 July 2021, 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.



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2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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 is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

Net investment returns	6.0% pa
Salary information	3.5% pa
Price inflation (CPI)	2.0% pa

Vision Super has advised that the VBI index as at 30 June 2020 at 104.6%.

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 2017 full 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 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increases in the SG contribution rate and 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 entrenchment above the funded resignation or retirement benefit.

Mildura Rural City Council  
2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**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.

Mildura Rural City Council  
2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**The 2019 interim actuarial investigation surplus amounts**

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019, and the last full actuarial investigation was conducted as at 30 June 2017.

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

	<b>2018</b>	<b>2017</b>
	<b>\$m</b>	<b>\$m</b>
A VBI surplus	151.3	69.8
A total service liability surplus	233.4	193.5
A discounted accrued benefits surplus	256.7	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

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 2019.

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 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

**The 2020 triennial actuarial investigation**

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	<b>2020</b>	<b>2017</b>
	<b>Triennial investigation</b>	<b>Triennial investigation</b>
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.5% pa	3.5% pa
	for the first two years and 2.75% thereafter	
Price Inflation	2.0% pa	2.5% pa

Mildura Rural City Council  
2019/2020 Financial Report

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**Notes to the Financial Report  
For the Year Ended 30 June 2020**

**10 Change in accounting policy**

Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

**a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption**

*AASB 15 Revenue from Contracts with Customers* applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

*AASB 15 Revenue from Contracts with Customers* requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

**b) AASB 16 Leases**

*AASB 16 Leases* requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

**c) AASB 1058 Income of Not-for-Profit Entities**

*AASB 1058 Income of Not-for-Profit Entities* applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

*AASB 1058 Income of Not-for-Profit Entities* requires income to be recognised as Council satisfies the performance obligations under the contract.

Mildura Rural City Council  
2019/2020 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2020

10 Change in accounting policy (cont'd)

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	340,627
Income adjustment - impact of AASB 1058 <i>Income of Not-for-Profit Entities</i>	(3,379)
Prior period adjustment *	3,376
Expense adjustment - impact of AASB16 Leases	(465)
Retained earnings at 1 July 2019	340,159

\* Prior period adjustment includes provision for landfill and waste reserve. Refer to note 5 and 9.1

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
<b>Assets</b>			
Right of use assets	-	1,188	1,188
	-	1,188	1,188
<b>Liabilities</b>			
Unearned income - operating grants	-	641	641
Unearned income - capital grants	-	3,379	3,379
Lease liability - current	-	83	83
Lease liability - non-current	-	1,570	1,570
	-	5,673	5,673

# Mildura Rural City Council

## Performance Statement

For the year ended 30 June 2020



Mildura Rural City Council

## Performance Statement

For the year ended 30 June 2020

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### Description of municipality

Mildura is a growing regional city on the banks of the Murray River in north western Victoria bordering New South Wales and South Australia. Major townships within Mildura Rural City's urban area include Mildura, Irymple, Red Cliffs and Merbein. Other townships within Council's rural area include Ouyen, Walpeup, Murrayville, Underbool, Werrimull, Cullulleraine, Nangiloc and Colignan. The city's main industries include agriculture, horticulture, advanced manufacturing, logistics and services. The municipality covers an area of 22,330 square kilometres, making it the largest in Victoria and has an estimated resident population of 55,777 <sup>1</sup> which is projected to grow to 65,500 by the year 2036<sup>2</sup>.

### Operational summary

This year's performance results have been affected by a number of varying circumstances.

The coronavirus pandemic (COVID-19) restrictions have affected our ability to provide business as usual (see commentary under COVID-19).

First time recognition of three new accounting standards also influenced our operating revenue and expenditure with \$0.076 million amortisation on right of use assets and a reduction in grant income of \$0.399 million (unearned income) previously measured upon receipt of the funds to now being after the "delivery of performance obligations".

Council also has loss on disposals of \$3.194 million, which resulted from the demolition of assets; mainly roads, as part of our renewal and upgrade programs. There was also \$0.924 million in infrastructure and land that was contributed to the Council by developers.

### COVID-19

The COVID-19 pandemic has affected everyone in our community including frontline workers who deliver our services. To keep everyone safe, some Council services such as events, arts centre, library and playgrounds were closed, while others took their programs online. Fortunately, some of the Council's frontline services, such as waste collections and road construction, were able to continue as normal with little impact on services. Some of the actions in this report have been affected by the COVID-19 pandemic in some way, mostly as the result of some operations being closed and scheduled community events being cancelled. However, a significant amount of actions and services were able to continue through a shift to remote delivery.

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<sup>1</sup> Source: Australian Bureau of Statistics Catalogue 3218.0 Population Estimates by Local Government Area (ERP at 30 June 2019)

<sup>2</sup> Source: Victoria in Future 2019: Population projections 2016 to 2056, July 2019 (DELWP)

## Sustainable Capacity Indicators

For the year ended 30 June 2020

Indicator/measure	Results				Material Variations
	2017	2018	2019	2020	
<b>Population</b>					
C1 - Expenses per head of municipal population	\$1,969.85	\$1,971.98	\$1,938.74	\$1,912.10	
[Total expenses / Municipal population]					
C2 - Infrastructure per head of municipal population	\$12,125.67	\$12,404.80	\$13,438.60	\$13,928.77	
[Value of infrastructure / Municipal population]					
C3 - Population density per length of road	10.45	10.82	10.76	10.81	
[Municipal population / Kilometres of local roads]					
<b>Own-source revenue</b>					
C4 - Own-source revenue per head of municipal population	\$1,556.39	\$1,550.91	\$1,583.28	\$1,583.72	
[Own-source revenue / Municipal population]					



<b>Recurrent grants</b>					
C5 - Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$559.42	\$450.36	\$419.90	\$465.28	
<b>Disadvantage</b>					
C6 - Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	1.00	1.00	1.00	1.00	
<b>Workforce Turnover</b>					
C7 - Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	12.4%	14.6%	22.9%	9.8%	Council outsourced aquatic services in 2018-2019. Staff turnover has been relatively stable in 2019-2020.

# **Definitions**

"adjusted underlying revenue" means total income other than:

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

"infrastructure" means non-current property, plant and equipment excluding land

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

"population" means the resident population estimated by council

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

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

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

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

## Service Performance Indicators

For the year ended 30 June 2020

Service/indicator/measure	Results				Material Variations
	2017	2018	2019	2020	
<b>Aquatic Facilities</b>					
<b>Utilisation</b>					
AF6 - Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	8.72	8.71	3.72	5.55	The considerable reduction in 2018-2019 was due to the change in data collection methodology. The methodology in 2019-2020 has returned to the previous methodology, however the visitation has not returned to 2017-2018 levels due to the facility being closed for approximately three months due to COVID-19.
<b>Animal Management</b>					
<b>Health and safety</b>					
AM7 - Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	New in 2020	New in 2020	New in 2020	0	

<b>Food Safety</b>				
<b>Health and safety</b>				
<i>FS4 - Critical and major non-compliance outcome notifications</i>	87.50%	89.00%	92.86%	74.55%
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x 100				
<b>Governance</b>				
<b>Satisfaction</b>				
<i>G5 - Satisfaction with council decisions</i>	56	54	53	50
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]				
<b>Libraries</b>				
<b>Participation</b>				
<i>LB4 - Active library borrowers in municipality</i>	12.93%	12.28%	11.33%	11.09%
[The sum of the number of active library borrowers in the last three financial years / The sum of the population in the last three financial years] x 100				
<b>Maternal and Child Health (MCH)</b>				
<b>Participation</b>				
<i>MC4 - Participation in the MCH service</i>	77.61%	79.90%	81.17%	73.05%
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100				
Reduced overall participation is due to COVID-19 service adaptations as directed by the Department of Health and Human Services (DHHS). Closer analysis of the data indicates reduced participation is confined to older babies and children which aligns with DHHS directives regarding essential service delivery.				
This indicator now measures number of active library borrowers instead of number of active library members. This explains the slightly lower result for 2020. Social distancing restrictions and library closures due to COVID-19 has also impacted on our 2019-2020 result.				
Performance in this area decreased 3-points in 2019-2020. However, this result remains in line with the Regional Centres group average.				

<b>Participation</b>					
<i>MC5 - Participation in the MCH service by Aboriginal children</i>	55.53%	58.96%	67.53%	68.84%	
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100					
<b>Roads</b>					
<b>Satisfaction</b>					
<i>R5 - Satisfaction with sealed local roads</i>	56	57	57	55	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
<b>Statutory Planning</b>					
<b>Decision making</b>					
<i>SP4 - Council planning decisions upheld at VCAT</i>	85.71%	75.00%	83.33%	85.71%	
[Number of Victorian Civil and Administrative Tribunal (VCAT) decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100					
<b>Waste Collection</b>					
<b>Waste diversion</b>					
<i>WC5 - Kerbside collection waste diverted from landfill</i>	32.90%	32.25%	30.37%	17.83%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					
Diversion rates have reduced due to the closure of Council's recycling processor for a period of three months and a drop in community participation as a result of this closure. Diversion rates are expected to increase significantly with the introduction of a food and organics collection service in July 2020.					

# **Definitions**

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

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

"active library borrower" means a borrower of a library who has borrowed a book or other resource from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

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

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

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

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

## Financial Performance Indicators

For the year ended 30 June 2020

Dimension/ indicator/ measure	Results			Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Efficiency</b>								
<b>Expenditure level</b>								
E2 - Expenses per property assessment	\$3,706.31	\$3,744.79	\$3,667.96	\$3,598.33	\$3,982.08	\$3,970.33	\$4,038.87	\$4,118.66
[Total expenses / Number of property assessments]								1.
E4 - Average rate per property assessment	New in 2020	New in 2020	New in 2020	\$2,092.95	\$2,174.52	\$2,227.59	\$2,266.61	\$2,306.26
[General rates and Municipal charges / Number of property assessments]								

<b>Liquidity</b>									
<b>Working capital</b>									
L1 - Current assets compared to current liabilities	267.42%	425.98%	507.85%	418.25%	466.84%	359.86%	395.13%	402.86%	2.
[Current assets / Current liabilities] x 100									
<b>Unrestricted cash</b>									
L2 - Unrestricted cash compared to current liabilities	113.16%	257.91%	392.97%	337.52%	347.12%	254.15%	277.58%	283.41%	3.
[Unrestricted cash / Current liabilities] x 100									
<b>Obligations</b>									
<b>Loans and borrowings</b>									
O2 - Loans and borrowings compared to rates	32.92%	30.86%	28.34%	25.75%	33.05%	27.41%	24.57%	22.40%	4.
[Interest bearing loans and borrowings / Rate revenue] x 100									
O3 - Loans and borrowings repayments compared to rates	7.11%	1.74%	2.62%	2.95%	3.45%	6.25%	3.56%	2.84%	5.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x 100									



Indebtedness									
O4 - Non-current liabilities compared to own source revenue	43.27%	47.10%	51.98%	52.98%	57.75%	50.88%	50.88%	49.85%	6.
[Non-current liabilities / Own source revenue] x 100									
Asset renewal and upgrade									
O5 -Asset renewal and upgrade compared to depreciation	New in 2020	New in 2020	New in 2020	108.43%	122.60%	133.83%	103.13%	102.57%	7.
[Asset renewal and asset upgrade expense/ Asset depreciation] x 100									
Operating position									
Adjusted underlying result									
OP1 - Adjusted underlying surplus (or deficit)	10.84%	11.44%	6.61%	10.23%	1.89%	2.45%	0.44%	-0.04%	8.
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100									

<b>Stability</b>									
<b>Rates concentration</b>									
S1 - Rates compared to adjusted underlying revenue	53.35%	54.10%	60.42%	60.90%	63.58%	64.79%	66.07%	66.19%	
[Rate revenue / Adjusted underlying revenue] x 100									
<b>Rates effort</b>									
S2 - Rates compared to property values	0.81%	0.82%	0.76%	0.73%	0.73%	0.74%	0.76%	0.77%	9.
[Rate revenue / Capital improved value of rateable properties in the municipality] x 100									

**Material Variation Comments**

- E2 - Expenses per property assessment:** This trend has been reducing due to expenditure in prior years being influenced by being the auspice body for grant funding for Mildura Airport Pty Ltd (MAPL). Grant funding was received for the Airport Runway reconstruction project and then on-paid by Council to MAPL. Future years are being influenced by being the auspice body for grant funding for Mildura Airport Pty Ltd (MAPL) for the construction of the Instrument Landing System.
- L1 - Current assets compared to current liabilities:** This result is influenced by forward payment of 50 per cent of the financial assistance grant funding and the timing associated with financial completion of capital works projects, some of which are large scale and may span multiple financial years.
- L2 - Unrestricted cash compared to current liabilities:** This result is influenced by forward payment of 50 per cent of the financial assistance grant funding.
- O2 - Loans and borrowings compared to rates:** Council is looking at borrowings to help fund initiatives from Mildura Future Ready.
- O3 - Loans and borrowings repayments compared to rates:** Council is looking at borrowings to help fund initiatives from Mildura Future Ready.
- O4 - Non-current liabilities compared to own source revenue:** This indicator includes borrowings as well as our landfill provision, which is in line with our Rehabilitation and Aftercare Management Plan.

7. **O5 - Asset renewal and upgrade compared to depreciation:** Mildura Rural City Council aims to have a ratio of around 100 per cent, which means we are adequately maintaining our current asset base. This will vary over time and can be influenced by things such as external funding.
8. **OP1 - Adjusted underlying surplus (or deficit):** The underlying surplus is due to the forward payment of our financial assistance grant funding. Future years is trending breakeven results.
9. **S2 - Rates compared to property values:** Mildura Rural City Council will tend to have higher rates compared to property values due to inherent factors of our municipality such as population size, population density, population dispersion and remoteness from a major population centre.

## Retired Measures

Service/Dimension indicator/measure	Results			2020	Material Variations
	2017	2018	2019		
<b>Animal Management</b>					
<b>Health and safety</b>					
AM4 - Animal management prosecutions [Number of successful animal management prosecutions]	1	0	0	Retired in 2020	This measure was replaced by AM7 from 1 July 2019.
<b>Efficiency</b>					
<b>Revenue level</b>					
E1 - Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1554.70	\$1,917.78	\$1,914.97	Retired in 2020	This measure was replaced by E4 from 1 July 2019.
<b>Obligations</b>					
<b>Asset renewal</b>					
O1 - Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x 100	80.69%	75.35%	73.92%	Retired in 2020	This measure was replaced by O5 from 1 July 2019.

# **Definitions**

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and

- (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

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

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

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

## Other Information

For the year ended 30 June 2020

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### 1. Basis of preparation

Council is required to prepare and include a Performance Statement within its Annual Report. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

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

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's Strategic Resource Plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the Performance Statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 29 July 2020 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting Council.

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## Certification of the Performance Statement

In my opinion, the accompanying Performance Statement has been prepared in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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*Mark McMillan*  
**Principal Accounting Officer**

**Date:**  
*Mildura*

In our opinion, the accompanying Performance Statement of the *Mildura Rural City Council* for the year ended 30 June 2020 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

We have been authorised by the Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this Performance Statement in its final form.

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*Cr Simon Clemence*  
**Councillor**

**Date:**  
*Mildura*

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*Cr Min Poole*  
**Councillor**

**Date:**  
*Mildura*

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*Sarah Philpott*  
**Chief Executive Officer**

**Date:**  
*Mildura*

### Governance and Management Checklist

The following are the results in the prescribed form of our assessment against the prescribed Governance and Management Checklist.

Column 1 Governance and Management Items	Column 2 Assessment
1. <b>Community engagement policy</b> (policy outlining council's commitment to engaging with the community on matters of public interest)	Policy <input checked="" type="checkbox"/> Date of operation of current policy: 28 May 2015
2. <b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Guidelines <input checked="" type="checkbox"/> Date of operation of current guidelines: 8 February 2017
3. <b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	Adopted in accordance with section 126 of the Act <input checked="" type="checkbox"/> Date of adoption: 29 July 2020
4. <b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act <input checked="" type="checkbox"/> Date of adoption: 29 July 2020*
5. <b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans <input checked="" type="checkbox"/> Date of operation of current plans: Stormwater Drainage - 27 August 2015 Road Network - 28 January 2016 Buildings - 27 June 2018
6. <b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Strategy <input checked="" type="checkbox"/> Date of operation of current strategy: 22 May 2019



Column 1 Governance and Management Items	Column 2 Assessment
7. <b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 28 May 2015 <input checked="" type="checkbox"/>
8. <b>Fraud policy</b> (policy outlining council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 27 June 2018 <input checked="" type="checkbox"/>
9. <b>Municipal emergency management plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 26 September 2018 <input checked="" type="checkbox"/>
10. <b>Procurement policy</b> (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of approval: 24 June 2020 <input checked="" type="checkbox"/>
11. <b>Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Plan Date of operation of current plan: 27 March 2012 <input checked="" type="checkbox"/>
12. <b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan Date of operation of current plan: 8 July 2014 <input checked="" type="checkbox"/>
13. <b>Risk management framework</b> (framework outlining council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 7 March 2017 <input checked="" type="checkbox"/>

Column 1 Governance and Management Items	Column 2 Assessment
14. <b>Audit Committee</b> (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act Date of establishment: 7 November 1996 <input checked="" type="checkbox"/>
15. <b>Internal audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged Date of engagement of current provider: 9 June 2016 <input checked="" type="checkbox"/>
16. <b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation of current framework: 1 July 2014 <input checked="" type="checkbox"/>
17. <b>Council Plan reporting</b> (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Reports Annual Plan 2018-2019 Quarter Four Report - 14 August 2019 Strategic Outcome Measures Report 2018-2019 - 13 November 2019 Annual Plan 2019-2020 Quarter One Report - 13 November 2019 Annual Plan 2019-2020 Quarter Two Report - 12 February 2020 Annual Plan 2019-2020 Quarter Three Report - 13 May 2020 <input checked="" type="checkbox"/>

Column 1 Governance and Management Items	Column 2 Assessment
18. <b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to council in accordance with section 138(1) of the Act <input checked="" type="checkbox"/>  Date statements presented: Annual Financial Statements: 11 September 2019  Quarterly Statement No 1 27 November 2019  Quarterly Statement No 2 26 February 2020  Quarterly Statement No 3 27 May 2020
19. <b>Risk reporting</b> (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Quarterly reports <input checked="" type="checkbox"/>  Date of reports: Risk Management Report No 1: 30 September 2019  Risk Management Report No 2: 31 December 2019  Risk Management Report No 3: 31 March 2020  Risk Management Report No 4: 30 June 2020
20. <b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports <input checked="" type="checkbox"/>  Date of reports: 12 September 2019 18 March 2020
21. <b>Annual report</b> (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the Act <input checked="" type="checkbox"/>  Date statements presented: 23 October 2019

Column 1 Governance and Management Items	Column 2 Assessment
22. <b>Councillor Code of Conduct</b> (Code under section 76c of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76c of the Act <input checked="" type="checkbox"/>  Date reviewed: 21 February 2017
23. <b>Delegations</b> (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act <input checked="" type="checkbox"/>  Date of review:  S5 Instrument of Delegation to the Chief Executive Officer - 23 February 2017  S6 Instrument of Delegation Members of Staff - 22 April 2020  S7 Instrument of Sub-delegation by CEO 26/03/2020  S12 Instrument of Delegation and Authorisation by Municipal Building Surveyor 24/02/2020  S13 Instrument of Delegation of CEO Powers, duties and functions 26/03/2020  S14 Instrument of Delegation by CEO for VicSmart Applications under the Planning and Environment Act 1987 28/08/2019  Instrument of Delegation from the Waterway Manager to Members of Council Staff 26/06/2019  Instrument of Delegation Children's Services Legislation Council to Members of Staff 25/07/2018  Instrument of Delegation Children's Services Legislation CEO to Members of Staff 25/07/2018.
24. <b>Meeting procedures</b> (a local law governing the conduct of meetings of council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act <input checked="" type="checkbox"/>  Date local law made: 28 January 2016

I certify that this information presents fairly the status of Council's governance and management arrangements.

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**Sarah Philpott**  
Chief Executive Officer

Dated:

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**Cr Simon Clemence**  
Mayor

Dated:

**6 URGENT BUSINESS**

**7 CLOSURE**