



Mildura Rural City Council

Annual Financial Report  
For the Year Ended 30 June 2019



# Mildura Rural City Council

## Financial Report

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# Mildura Rural City Council

## Financial Report

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## Certification of the Financial Statements

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

David Folvig - BBus  
Principal Accounting Officer



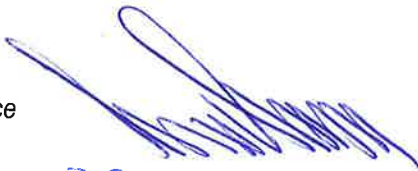
Date : 26 September 2019  
Mildura

In our opinion the accompanying financial statements present fairly the financial transactions of Mildura Rural City Council for the year ended 30 June 2019 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 : 26 September 2019  
Mildura

Jason Modica  
Councillor



Date : 26 September 2019  
Mildura

Sarah Philpott  
Chief Executive Officer



Date : 26 September 2019  
Mildura

# Independent Auditor's Report

## *To the Councillors of Mildura Rural City Council*

<b>Opinion</b>	<p>I have audited the consolidated financial report of Mildura Rural City Council (the council) and its controlled entities (together, the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>• consolidated entity and council balance sheet as at 30 June 2019</li> <li>• consolidated entity and council comprehensive income statement for the year then ended</li> <li>• consolidated entity and council statement of changes in equity for the year then ended</li> <li>• consolidated entity and council statement of cash flows for the year then ended</li> <li>• consolidated entity and council statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the consolidated financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the council as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

## Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	Consolidated		Council	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Income</b>					
Rates and charges	3.1	70,077	66,792	70,219	66,919
Statutory fees and fines	3.2	2,398	2,528	2,398	2,528
User fees	3.3	12,493	12,450	6,392	6,828
Grants - operating	3.4	24,965	33,122	24,965	33,122
Grants - capital	3.4	7,865	5,322	7,865	5,322
Contributions - monetary	3.5	1,919	1,329	1,737	1,329
Contributions - non monetary	3.5	2,853	3,813	2,853	3,813
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	3.6	(1,393)	(1,932)	(1,393)	(1,932)
Other income	3.7	7,981	8,079	7,238	7,127
Asset recognition	3.8	1,649	2,008	1,649	2,008
Fair value increase of non financial asset		-	16	-	-
<b>Total income</b>		<b>130,807</b>	<b>133,527</b>	<b>123,923</b>	<b>127,064</b>
<b>Expenses</b>					
Employee costs	4.1	(49,622)	(48,732)	(46,213)	(45,547)
Materials and services	4.2	(33,487)	(29,488)	(32,662)	(36,133)
Depreciation and amortisation	4.3	(19,452)	(19,754)	(18,027)	(18,642)
Bad and doubtful debts	4.4	(309)	(216)	(309)	(216)
Borrowing costs	4.5	(1,092)	(1,162)	(1,088)	(1,155)
Other expenses	4.6	(8,090)	(5,158)	(7,937)	(4,974)
<b>Total expenses</b>		<b>(112,052)</b>	<b>(104,510)</b>	<b>(106,236)</b>	<b>(106,667)</b>
<b>Surplus/(deficit) for the year</b>		<b>18,755</b>	<b>29,017</b>	<b>17,687</b>	<b>20,397</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	66,149	15,095	66,113	15,095
Net financial asset revaluation increment/(decrement)	9.1	-	-	1,104	8,620
<b>Total comprehensive result</b>		<b>84,904</b>	<b>44,112</b>	<b>84,904</b>	<b>44,112</b>

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

## Balance Sheet As at 30 June 2019

	Note	Consolidated		Council	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5.1	77,363	56,221	72,393	53,991
Trade and other receivables	5.1	7,547	7,242	6,845	6,434
Other financial assets	5.1	2,850	2,879	2,850	2,879
Inventories	5.2	582	663	574	657
Other assets	5.2	1,597	332	1,554	281
<b>Total current assets</b>		<b>89,939</b>	<b>67,337</b>	<b>84,216</b>	<b>64,242</b>
<b>Non-current assets</b>					
Trade and other receivables	5.1	-	-	4,808	5,129
Other financial assets	5.1	1,750	1,750	1,750	1,750
Other assets	5.2	-	-	52,423	51,319
Property, infrastructure, plant and equipment	6.2	865,535	798,387	813,405	745,080
Intangible assets	5.2	10,870	8,055	10,761	7,982
<b>Total non-current assets</b>		<b>878,155</b>	<b>808,192</b>	<b>883,147</b>	<b>811,260</b>
<b>Total assets</b>		<b>968,094</b>	<b>875,529</b>	<b>967,363</b>	<b>875,502</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	5.3	2,383	1,685	1,983	1,981
Trust funds and deposits	5.3	2,237	1,856	2,231	1,849
Provisions	5.5	11,491	10,643	11,269	10,513
Interest-bearing liabilities	5.4	1,121	773	1,100	738
<b>Total current liabilities</b>		<b>17,232</b>	<b>14,957</b>	<b>16,583</b>	<b>15,081</b>
<b>Non-current liabilities</b>					
Provisions	5.5	27,085	20,580	27,049	20,496
Interest-bearing liabilities	5.4	18,682	19,801	18,635	19,733
<b>Total non-current liabilities</b>		<b>45,767</b>	<b>40,381</b>	<b>45,684</b>	<b>40,229</b>
<b>Total liabilities</b>		<b>62,999</b>	<b>55,338</b>	<b>62,267</b>	<b>55,310</b>
<b>Net assets</b>		<b>905,095</b>	<b>820,191</b>	<b>905,096</b>	<b>820,192</b>
<b>Equity</b>					
Accumulated surplus		375,611	369,530	340,627	335,614
Reserves	9.1	529,484	450,661	564,469	484,578
<b>Total Equity</b>		<b>905,095</b>	<b>820,191</b>	<b>905,096</b>	<b>820,192</b>

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



## Statement of Changes in Equity For the Year Ended 30 June 2019

Consolidated	Note	Accumulated Revaluation			Other Reserves
		Total	Surplus	Reserve	
		\$'000	\$'000	\$'000	\$'000
<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)	9.1(c)	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>
<b>2018</b>					
Balance at beginning of the financial year		763,478	336,879	409,596	17,003
Changes in accounting policy - land under roads pre July 2008 recognition		12,601	12,601	-	-
Surplus/(deficit) for the year		29,017	29,017	-	-
Net asset revaluation increment/(decrement)	9.1(c)	15,095	-	15,095	-
Transfers to other reserves	9.1(b)	-	18,557	-	(18,557)
Transfers from other reserves	9.1(b)	-	(27,524)	-	27,524
<b>Balance at end of the financial year</b>		<b>820,191</b>	<b>369,530</b>	<b>424,691</b>	<b>25,970</b>
<b>Council</b>					
		<b>Total</b>	<b>Surplus</b>	<b>Reserve</b>	<b>Other Reserves</b>
		\$'000	\$'000	\$'000	\$'000
<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)		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>
<b>2018</b>					
Balance at beginning of the financial year		763,479	311,583	409,459	42,437
Changes in accounting policy - land under roads pre July 2008 recognition		12,601	12,601	-	-
Surplus/(deficit) for the year		20,397	20,397	-	-
Net asset revaluation increment/(decrement)		23,715	-	15,095	8,620
Transfers to other reserves	9.1(b)	-	18,557	-	(18,557)
Transfers from other reserves	9.1(b)	-	(27,524)	-	27,524
<b>Balance at end of the financial year</b>		<b>820,192</b>	<b>335,614</b>	<b>424,554</b>	<b>60,024</b>

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

## Statement of Cash Flows For the Year Ended 30 June 2019

	Consolidated		Council	
	2019	2018	2019	2018
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Rates and charges	70,346	66,966	70,488	67,093
Statutory fees and fines	2,398	2,528	2,398	2,528
User fees	13,993	17,160	5,876	8,290
Grants - operating	26,850	34,778	26,213	34,778
Grants - capital	8,258	5,588	8,258	5,588
Contributions - monetary	1,658	1,336	1,824	1,395
Interest received	2,073	1,508	2,188	1,652
Trust funds and deposits taken	6,305	6,157	6,305	6,157
Other receipts	5,374	6,097	5,467	5,864
Net GST refund/(payment)	766	2,161	1,278	1,347
Employee costs	(47,924)	(48,646)	(45,329)	(45,046)
Materials and services	(39,405)	(47,328)	(37,301)	(45,809)
Trust funds and deposits repaid	(5,922)	(5,981)	(5,922)	(5,981)
Other payments	(1,636)	(1,196)	(1,636)	(1,196)
<b>Net cash provided by/(used in) operating activities</b>	<b>43,134</b>	<b>41,128</b>	<b>40,107</b>	<b>36,660</b>
9.2				
<b>Cash flows from investing activities</b>				
Payments for property, infrastructure, plant and equipment	(20,661)	(30,665)	(20,449)	(25,065)
Proceeds from sale of property, infrastructure, plant and equipment	539	946	539	946
Net proceeds from sale of financial assets	29	(97)	29	(97)
<b>Net cash provided by/(used in) investing activities</b>	<b>(20,093)</b>	<b>(29,816)</b>	<b>(19,881)</b>	<b>(24,216)</b>

## Statement of Cash Flows For the Year Ended 30 June 2019

	Note	Consolidated		Council	
		2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
<b>Cash flows from financing activities</b>					
Finance costs		(1,128)	(1,119)	(1,088)	(1,155)
Repayment of borrowings		(771)	(734)	(736)	(700)
<b>Net cash provided by/(used in) financing activities</b>		<b>(1,899)</b>	<b>(1,853)</b>	<b>(1,824)</b>	<b>(1,855)</b>
Net increase/(decrease) in cash and cash equivalents		21,142	9,459	18,402	10,589
Cash and cash equivalents at the beginning of the financial year		56,221	46,762	53,991	43,402
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>77,363</b>	<b>56,221</b>	<b>72,393</b>	<b>53,991</b>
Financing arrangements	5.6				
Restrictions on cash assets	5.1				

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

## Statement of Capital Works For the Year Ended 30 June 2019

	Consolidated		Council	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Property</b>				
Land	120	2,215	120	2,215
<b>Total land</b>	<b>120</b>	<b>2,215</b>	<b>120</b>	<b>2,215</b>
Buildings	2,619	2,167	2,569	2,122
<b>Total buildings</b>	<b>2,619</b>	<b>2,167</b>	<b>2,569</b>	<b>2,122</b>
<b>Total property</b>	<b>2,739</b>	<b>4,382</b>	<b>2,689</b>	<b>4,337</b>
<b>Plant and equipment</b>				
Computers and telecommunications	406	242	406	242
Fixtures, fittings and furniture	362	622	344	514
Library books and art works	474	340	474	340
Plant, machinery and equipment	4,289	3,312	4,237	3,183
<b>Total plant and equipment</b>	<b>5,531</b>	<b>4,516</b>	<b>5,461</b>	<b>4,279</b>
<b>Infrastructure</b>				
Roads	8,528	9,060	8,528	9,060
Bridges	19	-	19	-
Footpaths and cycleways	368	381	368	336
Drainage	317	3,515	317	3,515
Recreational, leisure and community facilities	1,312	635	1,312	635
Waste management	43	826	43	826
Parks, open space and streetscapes	1,130	2,108	1,130	2,108
Kerb and channel	282	-	282	45
Off street car parks	222	266	222	202
Other infrastructure	290	-	-	-
Aerodromes	-	5,347	-	-
<b>Total infrastructure</b>	<b>12,511</b>	<b>22,138</b>	<b>12,221</b>	<b>16,727</b>
<b>Intangible</b>				
Software	78	116	78	116
<b>Total intangible</b>	<b>78</b>	<b>116</b>	<b>78</b>	<b>116</b>
<b>Total capital works expenditure</b>	<b>20,859</b>	<b>31,152</b>	<b>20,449</b>	<b>25,459</b>
<b>Represented by:</b>				
New asset expenditure	2,735	6,740	2,665	6,504
Asset renewal expenditure	13,438	15,866	13,325	14,047
Asset expansion expenditure	866	2,786	753	967
Asset upgrade expenditure	3,742	5,644	3,628	3,825
Intangible asset	78	116	78	116
<b>Total capital works expenditure</b>	<b>20,859</b>	<b>31,152</b>	<b>20,449</b>	<b>25,459</b>

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

## Notes to the Financial Report For the Year Ended 30 June 2019

### 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.

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

## Notes to the Financial Report For the Year Ended 30 June 2019

### (b) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2019, 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

## Notes to the Financial Report For the Year Ended 30 June 2019

### 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 27 June 2018. 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 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance % Ref
<b>Income</b>				
Rates and charges	69,700	70,219	519	1
Statutory fees and fines	2,466	2,398	(68)	(3)
User fees	6,413	6,392	(21)	(0)
Grants - operating	13,398	24,965	11,567	86 1
Grants - capital	3,651	7,865	4,214	115 2
Contributions - monetary	1,991	1,737	(254)	(13) 3
Contributions - non monetary	1,847	2,853	1,006	54 4
Net gain/(or loss) on disposal of property, infrastructure, plant and equipment	(1,843)	(1,393)	450	(24) 5
Other income	5,812	7,238	1,426	25 6
Asset recognition	-	1,649	1,649	100 7
<b>Total income</b>	<b>103,435</b>	<b>123,923</b>	<b>20,488</b>	<b>20</b>
<b>Expenses</b>				
Employee costs	(47,678)	(46,213)	1,465	(3)
Materials and services	(35,137)	(32,662)	2,475	(7)
Depreciation and amortisation	(20,253)	(18,027)	2,226	(11) 8
Bad and doubtful debts	(149)	(309)	(160)	107
Borrowing costs	(1,117)	(1,088)	29	(3)
Other expenses	(1,201)	(7,937)	(6,736)	561 9
<b>Total expenses</b>	<b>(105,535)</b>	<b>(106,236)</b>	<b>(701)</b>	<b>1</b>
<b>Surplus/(deficit) for the year</b>	<b>(2,100)</b>	<b>17,687</b>	<b>19,787</b>	<b>(942)</b>

## Notes to the Financial Report For the Year Ended 30 June 2019

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

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - operating	Forward payment received of 50% of Federal assistance grants funding.
2	Grants - capital	Predominantly for grant funding received for Mildura South Regional Sporting Precinct which was unknown at time of completion of budget.
3	Contributions - monetary	Receipt of insurance funding for storm damage was received prior to the end of June 2018.
4	Contributions - non monetary	It is due to works completed in lieu of cash contribution for infrastructure, predominantly residential sub divisions. These assets are recognised in to Council's asset register when they are considered 'handed over' to Council, and are considered to be under the control of Council. Items of this nature are traditional hard to predict.
5	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 traditional hard to predict.
6	Other income	Investment income received throughout the year was higher than forecast due to higher than anticipated cash reserves.
7	Asset recognition	Assets recognised due to increasing accuracy of our asset management database.
8	Depreciation and amortisation	More accurate costing from a review of unit rates and data cleansing of our asset data base.
9	Other expenses	The accounting treatment for our landfill provision resulted in a increase in the provision for future landfill rehabilitation works which required a recognition of an expense. This is non cash and not something traditionally budget for.



Notes to the Financial Report  
For the Year Ended 30 June 2019

1.2 Capital works	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref
<b>Property</b>					
Land	-	120	120	100	
<b>Total land</b>	<b>-</b>	<b>120</b>	<b>120</b>	<b>100</b>	
Buildings	5,043	2,569	(2,474)	(49)	1
<b>Total buildings</b>	<b>5,043</b>	<b>2,569</b>	<b>(2,474)</b>	<b>(49)</b>	
<b>Total property</b>	<b>5,043</b>	<b>2,689</b>	<b>(2,354)</b>	<b>(47)</b>	
<b>Plant and equipment</b>					
Computers and telecommunications	892	406	(486)	(54)	2
Fixtures, fittings and furniture	117	344	227	194	
Library books and artworks	383	474	91	24	
Plant, machinery and equipment	3,369	4,237	868	26	3
<b>Total plant and equipment</b>	<b>4,761</b>	<b>5,461</b>	<b>700</b>	<b>15</b>	
<b>Infrastructure</b>					
Roads	8,470	8,528	58	1	
Bridges	368	19	(349)	(95)	4
Footpaths and cycleways	1,128	368	(760)	(67)	5
Drainage	5,244	317	(4,927)	(94)	6
Recreational, leisure and community facilities	170	1,312	1,142	672	7
Waste management	1,522	43	(1,479)	(97)	8
Parks, open space and streetscapes	2,567	1,130	(1,437)	(56)	9
Kerb and channel	100	282	182	182	
Off street car parks	297	222	(75)	(25)	
Other infrastructure	70	-	(70)	(100)	
<b>Total infrastructure</b>	<b>19,936</b>	<b>12,221</b>	<b>(7,715)</b>	<b>(39)</b>	
<b>Intangible</b>					
Software	-	78	78	100	
<b>Total intangible</b>	<b>-</b>	<b>78</b>	<b>78</b>	<b>100</b>	
<b>Total capital works expenditure</b>	<b>29,740</b>	<b>20,449</b>	<b>(9,291)</b>	<b>(31)</b>	
<b>Represented by:</b>					
New asset expenditure	5,177	2,665	(2,512)	(49)	
Asset renewal expenditure	15,109	13,325	(1,784)	(12)	
Asset expansion expenditure	2,489	753	(1,736)	(70)	
Asset upgrade expenditure	6,965	3,628	(3,337)	(48)	
Intangible asset	-	78	78	100	
<b>Total capital works expenditure</b>	<b>29,740</b>	<b>20,449</b>	<b>(9,291)</b>	<b>(31)</b>	

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

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

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Buildings	Projects delayed due to weather conditions and finalising designs.
2	Computers and telecommunications	Projects delayed to accommodate unanticipated prerequisite works and contract negotiation.
3	Plant, machinery and equipment	Timing around purchase of garbage trucks carried over from 2017/18 into 2018/19.
4	Bridges	Works could not begin due to delays in other projects.
5	Footpaths and cycleways	Delays due to unavailability of prospective tenderers to carry out tendered works.
6	Drainage	Unavailability of prospective tenderers to carry out tendered works. Major package of works delayed due to redesigns and seeking expert opinion. Also unforeseen delays in creating drainage easements and increase in scope.
7	Recreational, leisure and community facilities	Variance due to preliminary works around the Mildura South Sporting Precinct.
8	Waste management	Landfill projects delayed, capping project approval sought from EPA, landfill internal roads and consultation with Around again with specifications and design are now progressing.
9	Parks, open space and streetscapes	Works delayed due to removal of trees, finalising landscape designs prior to tendering works, pre-construction works are continuing.

## Notes to the Financial Report For the Year Ended 30 June 2019

### Note 2 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, Mildura Regional Development and the Rail Freight Alliance.

#### 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 Services and Facility units. The Development Services branch includes teams from the Statutory Planning, Building, Environmental Health and Local Laws units. The Parks and Waste branch encompasses teams from Parks and Gardens and Waste Management units. The Works and Engineering Services branch includes the Northern Construction, Southern Construction, Road Maintenance Inspection and Reporting, Concrete Drainage, Road Maintenance and Bitumen Services teams.

#### Executive

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

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**Note 2 Analysis of Council results by program (cont'd)**

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</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
	123,923	(106,236)	17,687	32,830	967,363

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
<b>2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Community	11,156	(24,673)	(13,517)	6,045	202,511
Financial management	102,745	(33,356)	69,389	31,173	273,780
Corporate	1,286	(13,719)	(12,433)	120	112,603
Development	11,877	(33,976)	(22,099)	1,106	278,868
Executive	-	(943)	(943)	-	7,740
	127,064	(106,667)	20,397	38,444	875,502

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

Consolidated		Council	
2019	2018	2019	2018
\$'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 2018/19 was \$9.191 million (2017/18 \$8.107 million).

General rates	34,769	42,807	34,769	42,934
Municipal charge	2,806	2,768	2,806	2,768
Waste management charge	9,401	8,392	9,401	8,392
Cultural/recreational land	17	17	17	17
Mildura City Heart special rate	588	574	588	574
Business differential rate	12,243	12,234	12,385	12,234
Farming differential rate	10,158	-	10,158	-
Payment in lieu of rates	95	-	95	-
<b>Total rates and charges</b>	<b>70,077</b>	<b>66,792</b>	<b>70,219</b>	<b>66,919</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	777	885	777	885
Land information certificates	55	117	55	117
Permits	372	327	372	327
Other statutory fees and fines	178	166	178	166
Valuations database	239	267	239	267
Statutory planning fees	777	766	777	766
<b>Total statutory fees and fines</b>	<b>2,398</b>	<b>2,528</b>	<b>2,398</b>	<b>2,528</b>

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

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>3.3 User fees</b>				
Aged and health services	941	1,027	941	1,027
Child care/children's programs	370	323	370	323
Waste management services	1,447	1,216	1,447	1,216
Other fees and charges	439	537	439	537
Rent/lease fees	1,099	1,077	733	685
Animal control and local laws	536	452	536	452
Environmental health services	252	265	252	265
Airport fees and charges	5,735	5,230	-	-
Swimming pool fees	-	96	-	96
Contract works	926	1,504	926	1,504
Entrance charges	563	531	563	531
Commission/agency fees	185	192	185	192
<b>Total user fees</b>	<b>12,493</b>	<b>12,450</b>	<b>6,392</b>	<b>6,828</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	21,086	30,071	21,086	30,071
State funded grants	11,744	8,373	11,744	8,373
<b>Total grants received</b>	<b>32,830</b>	<b>38,444</b>	<b>32,830</b>	<b>38,444</b>

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
	\$'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>				
Family services	-	240	-	240
Early years	204	-	204	-
Aged and disability services	2,143	2,031	2,143	2,031
Financial assistance grants - general purpose	11,361	11,025	11,361	11,025
Financial assistance grants - local roads	4,212	4,145	4,212	4,145
<b><i>Recurrent - State government</i></b>				
Primary care partnerships	404	398	404	398
Aged and disability services	735	813	735	813
Libraries	372	365	372	365
Community health	883	765	883	765
Early years	280	293	280	293
Youth services	293	290	293	290
Environmental health	35	34	35	34
Social development and projects	149	143	149	143
Local laws	-	310	-	310
Arts and culture	190	190	190	190
Works and infrastructure services	129	129	129	129
<b>Total recurrent operating grants</b>	<b>21,390</b>	<b>21,171</b>	<b>21,390</b>	<b>21,171</b>

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>3.4 Funding from other levels of government (cont'd)</b>				
<i><b>Non-recurrent - Commonwealth government</b></i>				
Airport operations	999	9,000	999	9,000
Primary Care Partnership	10	10	10	10
Social development and projects	1	-	1	-
<i><b>Non-recurrent - State government</b></i>				
Airport operations	-	1,262	-	1,262
Youth services	2	5	2	5
Primary Care Partnership	10	10	10	10
Community development	1,041	16	1,041	16
Social development and projects	422	536	422	536
Environmental sustainability	205	224	205	224
Strategic planning	30	734	30	734
Governance and risk	120	120	120	120
Aged and disability services	3	5	3	5
Recreation and sport	-	27	-	27
Early years	51	2	51	2
Asset management	16	-	16	-
Economic development and tourism	77	-	77	-
Natural disaster	564	-	564	-
Community health	24	-	24	-
<b>Total non-recurrent operating grants</b>	<b>3,575</b>	<b>11,951</b>	<b>3,575</b>	<b>11,951</b>
<b>Total operating grants</b>	<b>24,965</b>	<b>33,122</b>	<b>24,965</b>	<b>33,122</b>
<b>(b) Capital grants</b>				
<i><b>Recurrent - Commonwealth government</b></i>				
Roads to recovery	1,921	3,620	1,921	3,620
<i><b>Recurrent - State government</b></i>				
Libraries	-	11	-	11
<b>Total recurrent capital grants</b>	<b>1,921</b>	<b>3,631</b>	<b>1,921</b>	<b>3,631</b>



**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
	\$'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	235	-	235	-
<i><b>Non-recurrent - State government</b></i>				
Arts and culture	200	-	200	-
Natural disaster	626	-	626	-
Libraries	30	313	30	313
Recreation and sport	2,637	895	2,637	895
Early years	45	-	45	-
Works and infrastructure services	2,171	483	2,171	483
<b>Total non-recurrent capital grants</b>	<b>5,944</b>	<b>1,691</b>	<b>5,944</b>	<b>1,691</b>
<b>Total capital grants</b>	<b>7,865</b>	<b>5,322</b>	<b>7,865</b>	<b>5,322</b>

**(c) Unspent grants received on condition that they be spent in a specific manner**

Balance at start of year	3,570	4,072	3,570	4,072
Received during the financial year and remained unspent at balance date	4,444	1,670	4,444	1,670
Received in prior years and spent during the financial year	(2,939)	(2,172)	(2,939)	(2,172)
<b>Balance at year end</b>	<b>5,075</b>	<b>3,570</b>	<b>5,075</b>	<b>3,570</b>

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	650	467	468	467
Capital contributions	185	34	185	34
Developer contributions	1,084	828	1,084	828
Non-monetary	2,853	3,813	2,853	3,813
<b>Total contributions</b>	<b>4,772</b>	<b>5,142</b>	<b>4,590</b>	<b>5,142</b>

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

Roads	1,131	913	1,131	913
Kerb and channel	210	701	210	701
Footpaths and cycleways	210	447	210	447
Drainage	1,122	1,752	1,122	1,752
Parks open space and streetscapes	180	-	180	-
<b>Total non-monetary contributions</b>	<b>2,853</b>	<b>3,813</b>	<b>2,853</b>	<b>3,813</b>

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

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>				
Proceeds of sale	454	946	454	946
Written down value of assets disposed	(1,847)	(2,878)	(1,847)	(2,878)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(1,393)</b>	<b>(1,932)</b>	<b>(1,393)</b>	<b>(1,932)</b>

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

**3.7 Other income**

Interest	1,581	1,041	1,681	1,182
Interest on rates	350	360	350	360
Sales	1,257	1,210	425	451
Other income	114	462	10	10
Child care reimbursement	1,557	1,385	1,557	1,385
Fuel tax rebate	208	219	208	219
WorkCover costs reimbursements	396	315	396	315
Legal costs recouped	121	259	121	259
Airport reimbursement	-	-	8	10
Cemetery reimbursement	682	403	682	403
Utilities reimbursement	57	187	57	187
Youth case management reimbursement	507	435	507	435
Insurance reimbursement	33	455	118	517
Other costs reimbursed	1,118	1,348	1,118	1,394
<b>Total other income</b>	<b>7,981</b>	<b>8,079</b>	<b>7,238</b>	<b>7,127</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	1,649	2,008	1,649	2,008
<b>Total asset recognition</b>	<b>1,649</b>	<b>2,008</b>	<b>1,649</b>	<b>2,008</b>

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

Consolidated		Council	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000

**Note 4 The cost of delivering services**

**4.1. (a) Employee costs**

Wages and salaries	45,385	44,583	42,200	41,617
Payroll tax	18	16	12	16
Superannuation	4,011	3,928	3,793	3,709
Fringe benefits tax	208	205	208	205
<b>Total employee costs</b>	<b>49,622</b>	<b>48,732</b>	<b>46,213</b>	<b>45,547</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities  
Superannuation Fund (Vision Super)

	303	365	303	365
<b>Total defined benefit fund contributions</b>	<b>303</b>	<b>365</b>	<b>303</b>	<b>365</b>

**Accumulation funds**

Employer contributions to Local Authorities  
Superannuation Fund (Vision Super)

	1,942	1,957	1,942	1,957
Employer contributions - other funds	1,453	1,312	1,453	1,312
<b>Total accumulation funds contributions</b>	<b>3,395</b>	<b>3,269</b>	<b>3,395</b>	<b>3,269</b>

Employer contributions payable at reporting date.	99	82	99	82
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Refer to note 9.3 for further information relating to Council's superannuation obligations.

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>4.2 Materials and services</b>				
Contracts other	6,004	4,213	5,751	3,975
Waste management contracts	2,910	2,213	2,910	2,213
Swimming pools	1,425	1,130	1,425	1,130
Building maintenance	2,289	1,087	2,289	1,087
General maintenance	444	403	444	403
Environmental protection waste levy	1,322	1,155	1,322	1,155
Grants, contributions and donations	2,194	2,691	3,475	11,587
Utilities	3,357	3,216	3,135	3,001
Office administration	1,154	1,340	810	833
Materials purchased	3,590	3,765	3,267	3,465
Plant and vehicle costs	2,771	2,616	2,414	2,247
Information technology	1,271	1,020	1,194	937
Insurance	979	966	986	966
Consultants	1,833	2,085	1,833	1,796
Training	1,100	1,054	1,027	953
Other materials and contractors	844	534	380	385
<b>Total materials and services</b>	<b>33,487</b>	<b>29,488</b>	<b>32,662</b>	<b>36,133</b>
<b>4.3 Depreciation and amortisation</b>				
Buildings	2,657	2,614	2,439	2,404
Plant and equipment	3,312	3,185	3,054	2,921
Infrastructure	13,347	13,736	12,398	13,098
<b>Total depreciation</b>	<b>19,316</b>	<b>19,535</b>	<b>17,891</b>	<b>18,423</b>
Intangible assets	136	219	136	219
<b>Total depreciation and amortisation</b>	<b>19,452</b>	<b>19,754</b>	<b>18,027</b>	<b>18,642</b>

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

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>4.4 Bad and doubtful debts</b>				
Infringment debtors	330	210	330	210
Other debtors	(21)	6	(21)	6
<b>Total bad and doubtful debts</b>	<b>309</b>	<b>216</b>	<b>309</b>	<b>216</b>
<b>Movement in provisions for doubtful debts</b>				
Balance at the beginning of the year	1,517	1,307	1,517	1,307
New provisions recognised during the year	310	216	310	216
Amounts already provided for and written off as uncollectible	(22)	(6)	(22)	(6)
Balance at end of year	<b>1,805</b>	<b>1,517</b>	<b>1,805</b>	<b>1,517</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>4.5 Borrowing costs</b>				
Interest - borrowings	1,092	1,136	1,088	1,129
Interest - finance leases	-	26	-	26
<b>Total borrowing costs</b>	<b>1,092</b>	<b>1,162</b>	<b>1,088</b>	<b>1,155</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.				
<b>4.6 Other expenses</b>				
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	82	66	69	66
Auditors' remuneration - internal	112	106	112	94
Councillors' allowances	319	305	319	305
Directors' fees	94	82	-	-
Refunds	65	15	65	15
Operating lease rentals	456	215	410	125
Increase in landfill provision discounted amount	6,611	3,995	6,611	3,995
Others	351	374	351	374
<b>Total other expenses</b>	<b>8,090</b>	<b>5,158</b>	<b>7,937</b>	<b>4,974</b>

**Notes to the Financial Report**  
**For the Year Ended 30 June 2019**

Consolidated		Council	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000

**Note 5 Our financial position**

**5.1 Financial assets**

**(a) Cash and cash equivalents**

Cash on hand	49	35	11	11
Cash at bank	14,572	11,894	12,382	10,980
Term deposits	62,742	44,292	60,000	43,000
<b>Total cash and cash equivalents</b>	<b>77,363</b>	<b>56,221</b>	<b>72,393</b>	<b>53,991</b>

**(b) Other financial assets**

Term deposits - current	2,850	2,879	2,850	2,879
Floating notes - non-current	1,750	1,750	1,750	1,750
<b>Total other financial assets</b>	<b>4,600</b>	<b>4,629</b>	<b>4,600</b>	<b>4,629</b>
<b>Total financial assets</b>	<b>81,963</b>	<b>60,850</b>	<b>76,993</b>	<b>58,620</b>

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)	2,231	1,849	2,231	1,849
- Statutory reserve funds (note 9.1)	2,770	1,988	2,770	1,996
Total restricted funds	5,001	3,837	5,001	3,845
<b>Total unrestricted cash and cash equivalents</b>	<b>72,362</b>	<b>52,384</b>	<b>67,392</b>	<b>50,146</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	6,282	7,680	6,282	7,680
- Unexpended grants (note 3.4)	5,075	3,570	5,075	3,570
- Discretionary reserves (note 9.1)	35,882	23,982	35,882	23,982
- Long service leave 25% (note 5.5)	1,737	1,739	1,737	1,739
<b>Total funds subject to intended allocations</b>	<b>48,976</b>	<b>36,971</b>	<b>48,976</b>	<b>36,971</b>

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

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

Notes to the Financial Report  
For the Year Ended 30 June 2019

	Consolidated		Council	
	2019	2018	2019	2018
5.1 Financial assets (cont'd)	\$'000	\$'000	\$'000	\$'000
<b>(c) Trade and other receivables</b>				
<b>Current</b>				
<i>Statutory receivables</i>				
Rates debtors	3,202	3,471	3,202	3,471
Infringement debtors	786	1,761	786	1,761
Provision for doubtful debts - infringements	(604)	(1,466)	(604)	(1,466)
<i>Non statutory receivables</i>				
General debtors	3,114	2,333	2,091	1,525
Accrued income	540	689	540	689
GST receivable	518	505	518	505
Provision for doubtful debts - other debtors	(9)	(51)	(9)	(51)
Loan to Mildura Airport Pty Ltd	-	-	321	-
<b>Total current trade and other receivables</b>	<b>7,547</b>	<b>7,242</b>	<b>6,845</b>	<b>6,434</b>
<b>Non-current</b>				
<i>Non statutory receivables</i>				
Loan to Mildura Airport Pty Ltd	-	-	4,808	5,129
<b>Total non-current trade and other receivables</b>	<b>-</b>	<b>-</b>	<b>4,808</b>	<b>5,129</b>
<b>Total trade and other receivables</b>	<b>7,547</b>	<b>7,242</b>	<b>11,653</b>	<b>11,563</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 was:

Current (not yet due)	2,618	2,486	1,936	1,275
Past due by up to 60 days	87	151	78	145
Past due between 61 and 180 days	356	27	24	4
Past due between 181 and 365 days	53	101	53	101
<b>Total trade and other receivables</b>	<b>3,114</b>	<b>2,765</b>	<b>2,091</b>	<b>1,525</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
<b>5.1 Financial assets (cont'd)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>

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

At balance date, other debtors representing financial assets with a nominal value of \$21,739 (2018: \$5,079) were impaired. The amount of the provision raised against these debtors was \$21,739 (2018: \$5,079). 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	20	6	20	6
Past due between 181 and 365 days	72	-	72	-
Past due by more than 1 year	182	210	182	210
<b>Total trade and other receivables</b>	<b>309</b>	<b>216</b>	<b>309</b>	<b>216</b>



**Notes to the Financial Report  
For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
5.2 Non-financial assets	\$'000	\$'000	\$'000	\$'000
<b>(a) Inventories</b>				
Inventories held for distribution	479	569	479	569
Inventories held for sale	103	94	95	88
<b>Total inventories</b>	<b>582</b>	<b>663</b>	<b>574</b>	<b>657</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	1,597	332	1,554	281
<b>Total</b>	<b>1,597</b>	<b>332</b>	<b>1,554</b>	<b>281</b>
<b>Non-current</b>				
Interest in Mildura Airport Pty Ltd	-	-	51,672	50,923
Interest in Mildura Regional Development	-	-	751	396
<b>Total</b>	<b>-</b>	<b>-</b>	<b>52,423</b>	<b>51,319</b>
<b>Total other assets</b>	<b>1,597</b>	<b>332</b>	<b>53,977</b>	<b>51,600</b>
<b>(c) Intangible assets</b>				
Software	1,010	1,017	1,010	1,017
Water rights at valuation 30 June 2018	-	7,038	-	6,965
Water rights at valuation 30 June 2019	9,860	-	9,751	-
<b>Total intangible assets</b>	<b>10,870</b>	<b>8,055</b>	<b>10,761</b>	<b>7,982</b>

Notes to the Financial Report  
For the Year Ended 30 June 2019

5.2 Non-financial assets (cont'd)

(c) Intangible assets

<b>Consolidated</b>	<b>Software \$'000</b>	<b>Water right \$'000</b>	<b>Total \$'000</b>
<b>Gross carrying amount</b>			
Balance at 1 July 2018	2,951	7,038	9,989
Other additions	78	-	78
Transfer	51	-	51
Revaluation increment/(decrement)	-	2,822	2,822
Balance at 1 July 2019	<b>3,080</b>	<b>9,860</b>	<b>12,940</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2018	1,934	-	1,934
Amortisation expense	136	-	136
Balance at 1 July 2019	<b>2,070</b>	<b>-</b>	<b>2,070</b>
Net book value at 30 June 2018	<b>1,017</b>	<b>7,038</b>	<b>8,055</b>
Net book value at 30 June 2019	<b>1,010</b>	<b>9,860</b>	<b>10,870</b>
<b>Council</b>			
<b>Gross carrying amount</b>			
Balance at 1 July 2018	2,951	6,965	9,916
Other additions	78	-	78
Transfer	51	-	51
Revaluation increment/(decrement)	-	2,786	2,786
Balance at 1 July 2019	<b>3,080</b>	<b>9,751</b>	<b>12,831</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2018	1,934	-	1,934
Amortisation expense	136	-	136
Balance at 1 July 2019	<b>2,070</b>	<b>-</b>	<b>2,070</b>
Net book value at 30 June 2018	<b>1,017</b>	<b>6,965</b>	<b>7,982</b>
Net book value at 30 June 2019	<b>1,010</b>	<b>9,751</b>	<b>10,761</b>

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

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**5.2 Non-financial assets**

**(c) Intangible assets (cont'd)**

Details of the Mildura Rural City Council's water rights; and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Water rights	-	9,751	-
<b>Total</b>	<b>-</b>	<b>9,751</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 2019.

**5.3 Payables**

**(a) Trade and other payables**

	Consolidated		Council	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade payables	185	281	1	-
Accrued expenses	2,198	1,404	1,982	1,981
<b>Total trade and other payables</b>	<b>2,383</b>	<b>1,685</b>	<b>1,983</b>	<b>1,981</b>

**(b) Trust funds and deposits**

Refundable contract deposits	172	103	172	103
Fire services levy	353	375	353	375
Refundable civic facilities deposits	5	2	5	2
Retention amounts	485	248	485	248
Income received in advance	6	7	-	-
Other refundable deposits	1,216	1,121	1,216	1,121
<b>Total trust funds and deposits</b>	<b>2,237</b>	<b>1,856</b>	<b>2,231</b>	<b>1,849</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.

*Purpose and nature of items:*

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

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

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

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

	Consolidated		Council	
	2019	2018	2019	2018
5.4 Interest-bearing liabilities	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Borrowings - secured	1,121	773	1,100	738
<b>Total current interest-bearing liabilities</b>	<b>1,121</b>	<b>773</b>	<b>1,100</b>	<b>738</b>
<b>Non-current</b>				
Borrowings - secured	18,635	19,733	18,635	19,733
Finance leases	47	68	-	-
<b>Total non-current interest-bearing liabilities</b>	<b>18,682</b>	<b>19,801</b>	<b>18,635</b>	<b>19,733</b>
<b>Total interest-bearing liabilities</b>	<b>19,803</b>	<b>20,574</b>	<b>19,735</b>	<b>20,471</b>

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

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

Not later than one year	1,121	773	1,100	738
Later than one year and not later than five years	5,633	1,353	5,586	-
Later than five years	13,049	23,577	13,049	19,733
	<b>19,803</b>	<b>25,703</b>	<b>19,735</b>	<b>20,471</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.

**(b) The maturity profile for Council's finance lease liabilities is:**

Not later than one year	47	-	-	-
Later than one year and not later than five years	4	-	-	-
	<b>51</b>	-	-	-

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**5.5 Provisions**

<b>Consolidated</b>	<b>Employee</b>	<b>Landfill restoration</b>	<b>Total</b>
<b>2019</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</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	<u>12,724</u>	<u>25,852</u>	<u>38,576</u>
<b>2018</b>			
Balance at beginning of the financial year	11,750	15,247	26,997
Additional provisions	6,481	3,995	10,476
Amounts used	(5,966)	-	(5,966)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(282)	-	(282)
Balance at the end of the financial year	<u>11,983</u>	<u>19,242</u>	<u>31,225</u>
<b>Council</b>	<b>Employee</b>	<b>Landfill restoration</b>	<b>Total</b>
<b>2019</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</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	<u>12,466</u>	<u>25,852</u>	<u>38,318</u>
<b>2018</b>			
Balance at beginning of the financial year	11,534	15,247	26,781
Additional provisions	6,481	3,995	10,476
Amounts used	(5,966)	-	(5,966)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(282)	-	(282)
Balance at the end of the financial year	<u>11,767</u>	<u>19,242</u>	<u>31,009</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

5.5 Provisions (cont'd)	Consolidated		Council	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>(a) Employee provisions</b>				
<b>Current provisions expected to be wholly settled within 12 months</b>				
Annual leave	2,525	2,765	2,374	2,644
Long service leave	5,749	4,915	5,749	4,915
Redundancy	-	108	-	108
Rostered day off and time off in lieu	724	756	724	756
<b>Total</b>	<b>8,998</b>	<b>8,544</b>	<b>8,847</b>	<b>8,423</b>
<b>Current provisions expected to be wholly settled after 12 months</b>				
Annual leave	1,689	1,304	1,689	1,304
Long service leave	804	795	733	786
<b>Total</b>	<b>2,493</b>	<b>2,099</b>	<b>2,422</b>	<b>2,090</b>
<b>Total current employee provisions</b>	<b>11,491</b>	<b>10,643</b>	<b>11,269</b>	<b>10,513</b>
<b>Non-current</b>				
Long service leave	1,233	1,338	1,197	1,254
<b>Total non-current employee provisions</b>	<b>1,233</b>	<b>1,338</b>	<b>1,197</b>	<b>1,254</b>
Aggregate carrying amount of employee provisions:				
Current	11,491	10,643	11,269	10,513
Non-current	1,233	1,338	1,197	1,254
<b>Total aggregate carrying amount of employee provisions</b>	<b>12,724</b>	<b>11,981</b>	<b>12,466</b>	<b>11,767</b>

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

*Wages and salaries and annual leave*

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

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

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**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.

	<b>Consolidated</b>		<b>Council</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Key assumptions:				
- discount rate	1.32%	2.65%	1.32%	2.65%
- wage inflation rate	4.31%	3.88%	4.31%	3.88%
- settlement period	12	12	12	12
	<b>Consolidated</b>		<b>Council</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>(b) Landfill restoration</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Non-current	25,852	19,242	25,852	19,242
<b>Total landfill restoration</b>	<b>25,852</b>	<b>19,242</b>	<b>25,852</b>	<b>19,242</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.

	<b>Consolidated</b>		<b>Council</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Key assumptions:				
- Weighted average capital cities CPI index	1.60%	3.00%	1.60%	3.00%
- wage inflation rate	4.31%	3.88%	4.31%	3.88%
- discount rate	1.04%	2.65%	1.04%	2.65%
	<b>Consolidated</b>		<b>Council</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Total provisions</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current	11,491	10,643	11,269	10,513
Non-current	27,085	20,580	27,049	20,496
	<b>38,576</b>	<b>31,223</b>	<b>38,318</b>	<b>31,009</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

5.6 Financing arrangements	Consolidated		Council	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2019.				
Credit card facilities	800	800	800	800
Total facilities	800	800	800	800

**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.

Consolidated 2019	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>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
Tempory labour hire	1,238	59	-	-	1,297
Electricity	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>
<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>



Notes to the Financial Report  
For the Year Ended 30 June 2019

5.7 Commitments (cont'd)

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

Notes to the Financial Report  
For the Year Ended 30 June 2019

5.7 Commitments (cont'd)

Council 2019	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>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
Tempory labour hire	1,238	59	-	-	1,297
Electricity	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>
<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>

Notes to the Financial Report  
For the Year Ended 30 June 2019

5.7 Commitments (cont'd)

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

**Operating lease commitments**

At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities).

	Consolidated		Council	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Not later than one year	318	-	318	-
Later than one year and not later than five years	641	-	641	-
Later than five years	1,823	-	1,823	-
	<b>2,782</b>	<b>-</b>	<b>2,782</b>	<b>-</b>

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

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**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.

Notes to the Financial Report  
For the Year Ended 30 June 2019

Note 6 Assets we manage

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

Consolidated	At fair value	First time	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At fair value
	30 June 2018	recognition of								30 June 2019
	\$'000	assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	62,071	-	120	-	4,822	-	-	-	484	67,497
Buildings	112,067	-	403	-	(788)	(2,657)	(121)	-	1,194	110,098
Plant and equipment	45,933	-	5,092	-	-	(3,312)	(621)	-	547	47,639
Infrastructure	551,103	1,649	6,299	2,853	59,293	(13,347)	(1,105)	-	5,227	611,972
Work in progress	27,213	-	8,705	-	-	-	-	(137)	(7,452)	28,329
	<b>798,387</b>	<b>1,649</b>	<b>20,619</b>	<b>2,853</b>	<b>63,327</b>	<b>(19,316)</b>	<b>(1,847)</b>	<b>(137)</b>	<b>-</b>	<b>865,535</b>

Summary of work in progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,825	2,216	(3)	(1,678)	2,360
Plant and equipment	1,592	426	(51)	(547)	1,420
Infrastructure	23,796	6,063	(83)	(5,227)	24,549
<b>Total</b>	<b>27,213</b>	<b>8,705</b>	<b>(137)</b>	<b>(7,452)</b>	<b>28,329</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**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 cycleways	10 - 50 years	10
road kerb and channel	50 years	10
road pavements	20 - 50 years	10
road seals	5 - 50 years	10
Drainage	50 - 150 years	10
Waste management	10 - 30 years	10
Aerodromes	50 years	10
Off street carparks	50 years	10
Recreational, leisure and community	10 - 25 years	10
Parks, open spaces and streetscapes	10 - 50 years	10
Intangible assets		
software	3 - 15 years	1
Water rights	-	-

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>									
At fair value 1 July 2018	37,995	10,970	13,106	62,071	206,333	13,310	219,643	1,825	283,539
Accumulated depreciation at 1 July 2018	-	-	-	-	(103,827)	(3,749)	(107,576)	-	(107,576)
	37,995	10,970	13,106	62,071	102,506	9,561	112,067	1,825	175,963
First time recognition of assets	-	-	-	-	-	-	-	-	-
	37,995	10,970	13,106	62,071	102,506	9,561	112,067	1,825	175,963
<b>Movements in fair value</b>									
Additions	120	-	-	120	372	31	403	2,166	2,689
Revaluation	3,498	1,324	-	4,822	2,740	(4,734)	(1,994)	-	2,828
Disposal	-	-	-	-	(525)	-	(525)	-	(525)
Write-off	-	-	-	-	-	-	-	(3)	(3)
Transfers	484	-	-	484	1,134	60	1,194	(1,678)	-
	4,102	1,324	-	5,426	3,721	(4,643)	(922)	485	4,989
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,475)	(182)	(2,657)	-	(2,657)
Accumulated depreciation of disposals	-	-	-	-	404	-	404	-	404
Accumulated depreciation of revaluations	-	-	-	-	870	336	1,206	-	1,206
	-	-	-	-	(1,201)	154	(1,047)	-	(1,047)
At fair value 30 June 2019	42,097	12,294	13,106	67,497	210,054	8,667	218,721	2,310	288,528
Accumulated depreciation at 30 June 2019	-	-	-	-	(105,028)	(3,595)	(108,623)	-	(108,623)
	42,097	12,294	13,106	67,497	105,026	5,072	110,098	2,310	179,905

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

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

**(b) Plant and Equipment**

<b>Consolidated</b>	<b>Plant machinery and equipment</b>	<b>Fixtures fittings and furniture</b>	<b>Computer and telecommunic ations</b>	<b>Artwork</b>	<b>Library books</b>	<b>Total plant and equipment</b>	<b>Work in progress</b>	<b>Total plant and equipment</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 2018	32,664	503	2,239	27,657	4,166	67,229	1,592	68,821
Accumulated depreciation at 1 July 2018	(16,741)	(239)	(1,495)	-	(2,821)	(21,296)	-	(21,296)
	<b>15,923</b>	<b>264</b>	<b>744</b>	<b>27,657</b>	<b>1,345</b>	<b>45,933</b>	<b>1,592</b>	<b>47,525</b>
<b>Movements in fair value</b>								
Additions	4,023	224	406	155	284	5,092	426	5,518
Disposal	(1,894)	-	-	-	-	(1,894)	-	(1,894)
Write-off	-	-	-	-	-	-	(51)	(51)
Transfers	484	16	47	-	-	547	(547)	-
	<b>2,613</b>	<b>240</b>	<b>453</b>	<b>155</b>	<b>284</b>	<b>3,745</b>	<b>(172)</b>	<b>3,573</b>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(2,669)	(111)	(265)	-	(267)	(3,312)	-	(3,312)
Accumulated depreciation of disposals	1,273	-	-	-	-	1,273	-	1,273
	<b>(1,396)</b>	<b>(111)</b>	<b>(265)</b>	<b>-</b>	<b>(267)</b>	<b>(2,039)</b>	<b>-</b>	<b>(2,039)</b>
At fair value 30 June 2019	35,277	743	2,692	27,812	4,450	70,974	1,420	72,394
Accumulated depreciation at 30 June 2019	(18,137)	(350)	(1,760)	-	(3,088)	(23,335)	-	(23,335)
	<b>17,140</b>	<b>393</b>	<b>932</b>	<b>27,812</b>	<b>1,362</b>	<b>47,639</b>	<b>1,420</b>	<b>49,059</b>



Notes to the Financial Report  
For the Year Ended 30 June 2019

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

	Roads	Kerb and channel	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Total infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>												
At fair value 1 July 2018	429,778	62,410	48,203	159,025	52,777	13,239	15,134	42,785	18,300	841,651	23,796	865,447
Accumulated depreciation at 1 July 2018	(167,572)	(40,481)	(29,790)	(30,148)	(9,674)	(2,541)	(1,189)	(3,259)	(5,894)	(290,548)	-	(290,548)
	<b>262,206</b>	<b>21,929</b>	<b>18,413</b>	<b>128,877</b>	<b>43,103</b>	<b>10,698</b>	<b>13,945</b>	<b>39,526</b>	<b>12,406</b>	<b>551,103</b>	<b>23,796</b>	<b>574,899</b>
<b>Movements in fair value</b>												
Additions	5,441	282	208	116	54	-	173	-	25	6,299	6,063	12,362
Contributions	1,132	210	210	1,122	-	-	179	-	-	2,853	-	2,853
Recognitions	84	-	33	1,420	26	2	30	-	420	2,015	-	2,015
Revaluation	57,533	(39,806)	2,087	290	(460)	(766)	411	-	(4,718)	14,571	-	14,571
Disposal	(4,475)	(101)	(166)	(42)	(15)	-	(21)	-	(7)	(4,827)	-	(4,827)
Write-off	-	-	-	-	-	-	-	-	-	-	(83)	(83)
Transfers	3,035	41	139	1,581	58	-	114	204	55	5,227	(5,227)	-
	<b>62,750</b>	<b>(39,374)</b>	<b>2,511</b>	<b>4,487</b>	<b>(337)</b>	<b>(764)</b>	<b>886</b>	<b>204</b>	<b>(4,225)</b>	<b>26,138</b>	<b>753</b>	<b>26,891</b>
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	(7,971)	(942)	(781)	(1,113)	(680)	(380)	(467)	(848)	(165)	(13,347)	-	(13,347)
Accumulated depreciation of disposals	3,465	99	125	15	5	-	6	-	7	3,722	-	3,722
Accumulated depreciation of recognitions	(19)	-	(9)	(263)	(13)	-	(15)	-	(47)	(366)	-	(366)
Accumulated depreciation of revaluations	11,125	33,896	(1,257)	592	(257)	199	(992)	-	1,416	44,722	-	44,722
	<b>6,600</b>	<b>33,053</b>	<b>(1,922)</b>	<b>(769)</b>	<b>(945)</b>	<b>(181)</b>	<b>(1,468)</b>	<b>(848)</b>	<b>1,211</b>	<b>34,731</b>	<b>-</b>	<b>34,731</b>
At fair value 30 June 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 30 June 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>

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

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

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

Council	At fair value	First time								At fair value
	30 June 2018	recognition of	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	30 June 2019
	\$'000	assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	61,935	-	120	-	4,822	-	-	-	484	67,361
Buildings	103,123	-	403	-	(788)	(2,439)	(121)	-	869	101,047
Plant and equipment	44,288	-	5,035	-	-	(3,054)	(621)	-	520	46,168
Infrastructure	508,931	1,649	6,299	2,853	59,293	(12,398)	(1,105)	-	5,023	570,545
Work in progress	26,803	-	8,514	-	-	-	-	(137)	(6,896)	28,284
<b>Total</b>	<b>745,080</b>	<b>1,649</b>	<b>20,371</b>	<b>2,853</b>	<b>63,327</b>	<b>(17,891)</b>	<b>(1,847)</b>	<b>(137)</b>	<b>-</b>	<b>813,405</b>

Summary of work in progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,965	2,166	(3)	(1,353)	2,775
Plant and equipment	1,565	426	(51)	(520)	1,420
Infrastructure	23,273	5,922	(83)	(5,023)	24,089
<b>Total</b>	<b>26,803</b>	<b>8,514</b>	<b>(137)</b>	<b>(6,896)</b>	<b>28,284</b>

## Notes to the Financial Report For the Year Ended 30 June 2019

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

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

Notes to the Financial Report  
For the Year Ended 30 June 2019

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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	37,995	10,834	13,106	61,935	196,776	12,684	209,460	1,965	273,360
Accumulated depreciation at 1 July 2018	-	-	-	-	(102,865)	(3,472)	(106,337)	-	(106,337)
	<b>37,995</b>	<b>10,834</b>	<b>13,106</b>	<b>61,935</b>	<b>93,911</b>	<b>9,212</b>	<b>103,123</b>	<b>1,965</b>	<b>167,023</b>
First time recognition of assets	-	-	-	-	-	-	-	-	-
	<b>37,995</b>	<b>10,834</b>	<b>13,106</b>	<b>61,935</b>	<b>93,911</b>	<b>9,212</b>	<b>103,123</b>	<b>1,965</b>	<b>167,023</b>
<b>Movements in fair value</b>									
Additions	120	-	-	120	372	31	403	2,166	2,689
Revaluation	3,498	1,324	-	4,822	2,740	(4,734)	(1,994)	-	2,828
Disposal	-	-	-	-	(525)	-	(525)	-	(525)
Write-off	-	-	-	-	-	-	-	(3)	(3)
Transfers	484	-	-	484	809	60	869	(1,353)	-
	<b>4,102</b>	<b>1,324</b>	<b>-</b>	<b>5,426</b>	<b>3,396</b>	<b>(4,643)</b>	<b>(1,247)</b>	<b>810</b>	<b>4,989</b>
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,300)	(139)	(2,439)	-	(2,439)
Accumulated depreciation of disposals	-	-	-	-	404	-	404	-	404
Accumulated depreciation of revaluations	-	-	-	-	870	336	1,206	-	1,206
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,026)</b>	<b>197</b>	<b>(829)</b>	<b>-</b>	<b>(829)</b>
At fair value 30 June 2019	42,097	12,158	13,106	67,361	200,172	8,041	208,213	2,775	278,349
Accumulated depreciation at 30 June 2019	-	-	-	-	(103,891)	(3,275)	(107,166)	-	(107,166)
	<b>42,097</b>	<b>12,158</b>	<b>13,106</b>	<b>67,361</b>	<b>96,281</b>	<b>4,766</b>	<b>101,047</b>	<b>2,775</b>	<b>171,183</b>

Notes to the Financial Report  
For the Year Ended 30 June 2019

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

(b) Plant and equipment

Council	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecommunic ations	Artwork	Library books	Total plant and equipment	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	29,636	334	1,764	27,657	4,166	63,557	1,565	65,122
Accumulated depreciation at 1 July 2018	(15,208)	(220)	(1,020)	-	(2,821)	(19,269)	-	(19,269)
	<b>14,428</b>	<b>114</b>	<b>744</b>	<b>27,657</b>	<b>1,345</b>	<b>44,288</b>	<b>1,565</b>	<b>45,853</b>
<b>Movements in fair value</b>								
Additions	3,984	206	406	155	284	5,035	426	5,461
Disposal	(1,894)	-	-	-	-	(1,894)	-	(1,894)
Write-off	-	-	-	-	-	-	(51)	(51)
Transfers	473	-	47	-	-	520	(520)	-
	<b>2,563</b>	<b>206</b>	<b>453</b>	<b>155</b>	<b>284</b>	<b>3,661</b>	<b>(145)</b>	<b>3,516</b>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(2,473)	(49)	(265)	-	(267)	(3,054)	-	(3,054)
Accumulated depreciation of disposals	1,273	-	-	-	-	1,273	-	1,273
	<b>(1,200)</b>	<b>(49)</b>	<b>(265)</b>	<b>-</b>	<b>(267)</b>	<b>(1,781)</b>	<b>-</b>	<b>(1,781)</b>
At fair value 30 June 2019	32,199	540	2,217	27,812	4,450	67,218	1,420	68,638
Accumulated depreciation at 30 June 2019	(16,408)	(269)	(1,285)	-	(3,088)	(21,050)	-	(21,050)
	<b>15,791</b>	<b>271</b>	<b>932</b>	<b>27,812</b>	<b>1,362</b>	<b>46,168</b>	<b>1,420</b>	<b>47,588</b>

Notes to the Financial Report  
For the Year Ended 30 June 2019

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

Council	Roads	Kerb and channel	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Total infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	429,778	62,410	48,203	158,563	52,509	13,239	14,728	-	15,864	795,294	23,273	818,567
Accumulated depreciation at 1 July 2018	(167,572)	(40,481)	(29,790)	(30,077)	(9,608)	(2,541)	(964)	-	(5,330)	(286,363)	-	(286,363)
	<b>262,206</b>	<b>21,929</b>	<b>18,413</b>	<b>128,486</b>	<b>42,901</b>	<b>10,698</b>	<b>13,764</b>	<b>-</b>	<b>10,534</b>	<b>508,931</b>	<b>23,273</b>	<b>532,204</b>
<b>Movements in fair value</b>												
Additions	5,441	282	208	116	54	-	173	-	25	6,299	5,922	12,221
Contributions	1,132	210	210	1,122	-	-	179	-	-	2,853	-	2,853
Recognitions	84	-	33	1,420	26	2	30	-	420	2,015	-	2,015
Revaluation	57,533	(39,806)	2,087	290	(460)	(766)	411	-	(4,718)	14,571	-	14,571
Disposal	(4,475)	(101)	(166)	(42)	(15)	-	(21)	-	(7)	(4,827)	-	(4,827)
Write-off	-	-	-	-	-	-	-	-	-	-	(83)	(83)
Transfers	3,035	41	139	1,581	58	-	114	-	55	5,023	(5,023)	-
	<b>62,750</b>	<b>(39,374)</b>	<b>2,511</b>	<b>4,487</b>	<b>(337)</b>	<b>(764)</b>	<b>886</b>	<b>-</b>	<b>(4,225)</b>	<b>25,934</b>	<b>816</b>	<b>26,750</b>
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	(7,971)	(942)	(781)	(1,113)	(680)	(380)	(440)	-	(91)	(12,398)	-	(12,398)
Accumulated depreciation of disposals	3,465	99	125	15	5	-	6	-	7	3,722	-	3,722
Accumulated depreciation of recognitions	(19)	-	(9)	(263)	(13)	-	(15)	-	(47)	(366)	-	(366)
Accumulated depreciation of revaluations	11,125	33,896	(1,257)	592	(257)	199	(992)	-	1,416	44,722	-	44,722
	<b>6,600</b>	<b>33,053</b>	<b>(1,922)</b>	<b>(769)</b>	<b>(945)</b>	<b>(181)</b>	<b>(1,441)</b>	<b>-</b>	<b>1,285</b>	<b>35,680</b>	<b>-</b>	<b>35,680</b>
At fair value 30 June 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 30 June 2019	(160,972)	(7,428)	(31,712)	(30,846)	(10,553)	(2,722)	(2,405)	-	(4,045)	(250,683)	-	(250,683)
	<b>331,556</b>	<b>15,608</b>	<b>19,002</b>	<b>132,204</b>	<b>41,619</b>	<b>9,753</b>	<b>13,209</b>	<b>-</b>	<b>7,594</b>	<b>570,545</b>	<b>24,089</b>	<b>594,634</b>

## Notes to the Financial Report For the Year Ended 30 June 2019

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

#### **Acquisition**

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

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

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

#### **Land under roads**

Council recognises land under roads it controls at fair value.

#### **Depreciation and amortisation**

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

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

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

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

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

#### **Repairs and maintenance**

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

#### **Valuation of land and buildings**

Valuation of land and buildings were undertaken by qualified valuer Mr Con Demis AAPI, Certified Practising Valuer (Council Officer). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

## Notes to the Financial Report For the Year Ended 30 June 2019

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

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

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	12,158	42,097	Dec-18
Specialised land	-	-	13,106	Dec-18
Buildings	-	4,766	96,281	Dec-18
<b>Total</b>	-	<b>16,924</b>	<b>151,484</b>	

#### **Valuation of infrastructure**

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

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

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	331,556	Jun-19
Kerb and channel	-	-	15,608	Jun-19
Footpaths and cycleways	-	-	19,002	Jun-19
Drainage	-	-	132,204	Jun-19
Recreational, leisure and community facilities	-	-	41,619	Jun-19
Waste management	-	-	9,753	Jun-19
Parks, open space and streetscapes	-	-	13,209	Jun-19
Off street car parks	-	-	7,594	Jun-19
<b>Total</b>	-	-	<b>570,545</b>	

Aerodrome infrastructure assets are held under the cost model and are carried at historic cost less accumulated depreciation and any accumulated impairment losses. This asset class will be subject to full revaluation in the year ending 30 June 2020



## Notes to the Financial Report For the Year Ended 30 June 2019

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

#### *Description of significant unobservable inputs into level 3 valuations*

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

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

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

	2019	2018
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Land under roads	13,106	13,106
Land - Parks and reserves, etc	42,097	37,995
<b>Total specialised land</b>	<b>55,203</b>	<b>51,101</b>

## Notes to the Financial Report For the Year Ended 30 June 2019

### 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 Mark Eckel	01/07/2018	to	30/06/2019
Councillor Simon Clemence (Mayor)	01/07/2018	to	30/06/2019
Councillor Jason Modica (Deputy Mayor)	01/07/2018	to	30/06/2019
Councillor Glenn Milne	01/07/2018	to	30/06/2019
Councillor Max Thorburn	01/07/2018	to	18/10/2018
Councillor Ali Cupper	01/07/2018	to	07/12/2018
Councillor Greg Brown	01/07/2018	to	30/06/2019
Councillor Anthony Cirillo	01/07/2018	to	30/06/2019
Councillor Min Poole	01/07/2018	to	30/06/2019
Councillor Helen Healy	15/01/2019	to	30/06/2019
Councillor Gavin Sedgman	13/11/2018	to	30/06/2019

###### **Chief Executive Officer and key management personnel**

Gerard José	Chief Executive Officer	01/07/2018	to	15/02/2019
Allan Bawden	Chief Executive Officer (Interim)	04/03/2019	to	30/06/2019
Mandy Whelan	General Manager Development	01/07/2018	to	30/06/2019
Chris Parham	General Manager Corporate Services	01/07/2018	to	30/06/2019
Martin Hawson	General Manager Community	01/07/2018	to	30/06/2019

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.

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Total number of Councillors	11	9
Chief Executive Officer and other key management personnel	5	4
<b>Total key management personnel</b>	<b>16</b>	<b>13</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

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

<b>(c) Remuneration of key management personnel</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,369	1,268
Post employment benefits	89	88
Termination benefits	29	-
<b>Total</b>	<b>1,487</b>	<b>1,356</b>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
\$1 - \$9,999	2	-
\$10,000 - \$19,999	2	-
\$20,000 - \$29,999	5	7
\$40,000 - \$49,999	1	1
\$60,000 - \$69,999	2	1
\$220,000 - \$229,999	1	-
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	1	2
\$260,000 - \$269,999	2	-
\$310,000 - \$319,999	-	1
	<b>16</b>	<b>13</b>

**(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 \$148,000

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

Income Range:		
\$150,000 - \$159,999	3	3
\$160,000 - \$169,999	2	4
\$170,000 - \$179,999	3	3
\$180,000 - \$189,999	6	4
\$190,000 - \$199,999	2	-
	<b>16</b>	<b>14</b>
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>

Total remuneration for the reporting year for senior officers included above, amounted to:	2,791	2,356
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**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**7.2 Related party disclosure**

<b>(a) Transactions with related parties</b>	<b>2019</b>	<b>2018</b>
During the period Council entered into the following transactions with related parties.	<b>\$'000</b>	<b>\$'000</b>
Employee expenses for close family members of key management personnel *	19	32
	<u>19</u>	<u>32</u>

\* All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the award for the job they perform. Council employs 625 staff of which only 1 is a close family member of key management personnel.

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

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

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

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

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

Council has no outstanding commitments to/from other related parties

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Not later than one year	771	670	304	334
Later than one year and not later than five years	1,799	1,481	872	700
Later than five years	1,587	699	1,435	531
	4,157	2,850	2,611	1,565

**(b) Contingent liabilities**

***Superannuation***

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

## Notes to the Financial Report For the Year Ended 30 June 2019

### 8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 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.

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

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

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

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

#### *Leases (AASB 16) (applies 2019/20)*

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

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will be immaterial and have no impact.

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

This standard is expected to apply to certain transactions currently accounted for under *AASB 1004 Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

## Notes to the Financial Report For the Year Ended 30 June 2019

### 8.3 Financial instruments

#### (a) Objectives and policies

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

#### (b) Market risk

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

#### *Interest rate risk*

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

## Notes to the Financial Report For the Year Ended 30 June 2019

### 8.3 Financial instruments (cont'd)

#### (c) Credit risk

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

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

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

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

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

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

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

#### (d) Liquidity risk

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

To help reduce these risks Council:

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

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



## Notes to the Financial Report For the Year Ended 30 June 2019

### 8.3 Financial instruments (cont'd)

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

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

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

#### (e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 1.5%.

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

### 8.4 Fair value measurement

#### *Fair value hierarchy*

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

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

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

## Notes to the Financial Report For the Year Ended 30 June 2019

### 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

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

Notes to the Financial Report  
For the Year Ended 30 June 2019

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

Consolidated	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
2019	\$'000	\$'000	\$'000
<b>Property</b>			
Land	15,878	4,822	20,700
Buildings	59,283	(788)	58,495
	75,161	4,034	79,195
<b>Plant and equipment</b>			
Artwork	14,595	-	14,595
	14,595	-	14,595
<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
Offstreet car parks	8,496	(3,302)	5,194
Footpaths	22,638	830	23,468
Kerb and channel	16,465	(5,910)	10,555
	329,936	59,293	389,229
<b>Water rights</b>			
Water rights	4,999	2,822	7,821
	4,999	2,822	7,821
<b>Total asset revaluation reserves</b>	<b>424,691</b>	<b>66,149</b>	<b>490,840</b>

Notes to the Financial Report  
For the Year Ended 30 June 2019

9.1 Reserves (cont'd)

(a) Asset revaluation reserves

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

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

Notes to the Financial Report  
For the Year Ended 30 June 2019

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
	75,024	4,034	79,058
<b>Plant and equipment</b>			
Artwork	14,595	-	14,595
	14,595	-	14,595
<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
Offstreet car parks	8,496	(3,302)	5,194
Footpaths	22,638	830	23,468
Kerb and channel	16,465	(5,910)	10,555
	329,936	59,293	389,229
<b>Water rights</b>			
Water rights	4,999	2,786	7,785
	4,999	2,786	7,785
<b>Total asset revaluation reserves</b>	<b>424,554</b>	<b>66,113</b>	<b>490,667</b>

Notes to the Financial Report  
For the Year Ended 30 June 2019

9.1 Reserves (cont'd)

(a) Asset revaluation reserves

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

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

Notes to the Financial Report  
For the Year Ended 30 June 2019

9.1 Reserves (cont'd)

(b) Other reserves

Consolidated 2019	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	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>

Notes to the Financial Report  
For the Year Ended 30 June 2019

9.1 Reserves (cont'd)

(b) Other reserves

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



Notes to the Financial Report  
For the Year Ended 30 June 2019

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
2019	\$'000	\$'000	\$'000	\$'000
<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>

Notes to the Financial Report  
For the Year Ended 30 June 2019

9.1 Reserves (cont'd)

(b) Other reserves

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

## Notes to the Financial Report For the Year Ended 30 June 2019

### 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.
Small town redevelopment reserve	A reserve for funds set aside for long term strategies for the small towns within the municipality.

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**9.1 Reserves (cont'd)**

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

**(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>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>
<b>2018</b>				
Interest in Mildura Airport Pty Ltd	25,426	8,224	-	33,650
Interest in Mildura Regional Development	-	396	-	396
	<b>25,426</b>	<b>8,620</b>	<b>-</b>	<b>34,046</b>
<b>Total financial assets revaluation</b>	<b>25,426</b>	<b>8,620</b>	<b>-</b>	<b>34,046</b>

Notes to the Financial Report  
For the Year Ended 30 June 2019

	Consolidated		Council	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>				
Surplus/(deficit) for the year	18,755	29,017	17,687	20,397
Depreciation/amortisation	19,452	19,754	18,027	18,642
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,393	1,932	1,393	1,932
Impairment (gains)/losses	-	(16)	-	-
(Gain)/loss on recognition of non current assets	(1,649)	(2,008)	(1,649)	(2,008)
Contributions - non-monetary assets	(2,853)	(3,813)	(2,853)	(3,813)
Interest expense	1,092	1,136	1,088	1,155
(Increase)/decrease in landfill provision discount amount	6,611	3,995	6,611	3,995
<i>Change in assets and liabilities:</i>				
(Increase)/decrease in trade and other receivables	(305)	1,515	(90)	1,746
(Increase)/decrease in prepayments	(1,265)	20	(1,273)	26
Increase/(decrease) in trust fund deposits	381	175	382	176
Increase/(decrease) in trade and other payables	698	(10,821)	2	(5,828)
(Increase)/decrease in inventories	81	11	83	7
Increase/(decrease) in provisions	743	231	699	233
<b>Net cash provided by operating activities</b>	<b>43,134</b>	<b>41,128</b>	<b>40,107</b>	<b>36,660</b>

## Notes to the Financial Report For the Year Ended 30 June 2019

### 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. Obligations for contributions to the Fund are recognised as an expense in the comprehensive income statement when they are made or due.

#### **Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2019, this was 9.5% as required under Superannuation Guarantee legislation).

#### **Defined Benefit**

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

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

#### **Funding arrangements**

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

As at 30 June 2018, 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 106.0%. The financial assumptions used to calculate the VBIs were:

Net investment

Net investment returns 6.0% pa

Salary information 3.5% pa

Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at 30 June 2019 was 107.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

## Notes to the Financial Report For the Year Ended 30 June 2019

### ***Employer contributions***

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

On the basis of the results of the 2018 interim 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 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of entrenchment above the funded resignation or retirement benefit.

#### ***Funding calls***

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

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

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

**Notes to the Financial Report  
For the Year Ended 30 June 2019**

**2018 triennial actuarial investigation surplus amounts**

The Fund's triennial investigation as at 30 June 2018 identified the following in the defined benefit category of which Council is a contributing employer:

	<b>2018</b>	<b>2017</b>
A VBI surplus	131.9	69.8
A total service liability surplus	218.3	193.5
A discounted accrued benefits surplus	249.1	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 2018. 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.

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 the investigation date.