



Mildura Rural City Council

Annual Financial Report
For the Year Ended 30 June 2023



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 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Mark McMillan CPA

Principal Accounting Officer

Date : 20 October 2023

Mildura

In our opinion the accompanying financial statements present fairly the financial transactions of the Mildura Rural City Council Group and the Mildura Rural City Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

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

Liam Wood

Mayor

Date :

Mildura



20 October 2023

Helen Healy

Deputy Mayor

Date :

Mildura



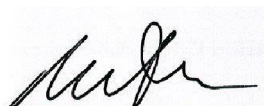
20 October 2023

Martin Hawson

Chief Executive Officer

Date :

Mildura



20 October 2023

Independent Auditor's Report

To the Councillors of Mildura Rural City Council

Opinion	<p>I have audited the consolidated financial report of Mildura Rural City Council (the council) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none">• consolidated entity and council balance sheet as at 30 June 2023• consolidated entity and council comprehensive income statement for the year then ended• consolidated entity and council statement of changes in equity for the year then ended• consolidated entity and council statement of cash flows for the year then ended• consolidated entity and council statement of capital works for the year then ended• notes to the financial statements, including significant accounting policies• certification of the financial statements. <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 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<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>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</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's and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none">• identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's 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's 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.
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Auditor’s responsibilities for the audit of the financial report	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.
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MELBOURNE
24 October 2023


Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2023

		Consolidated		Council	
	Note	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Income / revenue					
Rates and charges	3.1	81,836	79,281	81,940	79,405
Statutory fees and fines	3.2	2,187	2,394	2,187	2,394
User fees	3.3	12,630	9,038	7,894	6,404
Grants - operating	3.4	37,163	33,688	33,423	32,249
Grants - capital	3.4	8,157	15,309	8,157	15,809
Contributions - monetary	3.5	2,882	3,502	2,882	3,318
Contributions - non monetary	3.5	400	823	400	823
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3.6	(955)	(3,685)	(798)	(3,685)
Other income	3.7	13,696	7,272	12,809	6,958
Asset recognition	3.8	3,875	5,762	3,875	3,950
Total income / revenue		161,871	153,384	152,769	147,625
Expenses					
Employee costs	4.1	(58,619)	(55,787)	(55,472)	(52,485)
Materials and services	4.2	(57,549)	(43,760)	(54,955)	(43,146)
Depreciation	4.3	(21,529)	(23,323)	(19,827)	(19,955)
Amortisation - intangible assets	4.4	(200)	(225)	(198)	(225)
Amortisation - right of use assets	4.5	(129)	(130)	(98)	(99)
Bad and doubtful debts - allowance for impairment loss	4.6	(35)	(39)	(35)	(39)
Borrowing costs	4.7	(778)	(843)	(647)	(828)
Finance costs - leases	4.8	(59)	(61)	(50)	(51)
Other expenses	4.9	(1,757)	(1,812)	(1,599)	(1,702)
Total expenses		(140,655)	(125,980)	(132,881)	(118,530)
Surplus for the year		21,216	27,404	19,888	29,095
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment	9.1(a)	117,647	3,688	109,945	3,658
Share of other comprehensive income of associates and joint ventures	9.1(c)	-	-	1,330	(1,661)
Total other comprehensive income		117,647	3,688	111,275	1,997
Total comprehensive result		138,863	31,092	131,163	31,092

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

Balance Sheet As at 30 June 2023

		Consolidated		Council	
		2023	2022	2023	2022
	Note	\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents	5.1	33,893	25,811	29,993	22,631
Trade and other receivables	5.1	8,025	6,908	7,891	6,758
Other financial assets	5.1	66,767	79,600	66,767	79,600
Inventories	5.2	684	559	668	550
Prepayments	5.2	354	351	312	315
Total current assets		109,723	113,229	105,631	109,854
Non-current assets					
Trade and other receivables	5.1	-	-	6,478	4,863
Other assets	5.2	-	-	51,228	49,897
Property, infrastructure, plant and equipment	6.2	1,111,700	970,364	1,050,992	917,620
Right-of-use assets	5.8	1,115	1,235	943	1,032
Intangible assets	5.2	17,137	14,120	13,882	13,969
Total non-current assets		1,129,952	985,719	1,123,523	987,381
Total assets		1,239,675	1,098,948	1,229,154	1,097,235
Liabilities					
Current liabilities					
Trade and other payables	5.3	3,079	2,767	2,300	2,188
Trust funds and deposits	5.3	2,794	2,523	2,786	2,515
Unearned income/revenue	5.3	2,771	3,050	1,770	2,666
Provisions	5.5	12,558	13,575	12,285	13,363
Interest-bearing liabilities	5.4	778	1,023	653	929
Lease liabilities	5.8	128	136	100	108
Total current liabilities		22,108	23,074	19,894	21,769
Non-current liabilities					
Provisions	5.5	34,620	30,996	34,600	30,958
Interest-bearing liabilities	5.4	8,763	9,439	8,334	9,255
Lease liabilities	5.8	1,423	1,541	1,264	1,354
Total non-current liabilities		44,806	41,976	44,198	41,567
Total liabilities		66,914	65,050	64,092	63,336
Net assets		1,172,761	1,033,898	1,165,062	1,033,899
Equity					
Accumulated surplus		475,003	458,790	441,307	426,422
Reserves	9.1	697,758	575,108	723,755	607,477
Total equity		1,172,761	1,033,898	1,165,062	1,033,899

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

Statement of Changes in Equity For the Year Ended 30 June 2023

Consolidated			Accumulated	Revaluation	Other
	Note	Total	Surplus	Reserve	Reserves
		\$'000	\$'000	\$'000	\$'000
2023					
Balance at beginning of the financial year		1,033,898	458,790	524,810	50,298
Surplus/(deficit) for the year		21,216	21,216	-	-
Net asset revaluation increment	6.2, 9.1	117,647	-	117,647	-
Transfers to other reserves	9.1(b)	-	23,901	-	(23,901)
Transfers from other reserves	9.1(b)	-	(28,904)	-	28,904
		138,863	16,213	117,647	5,003
Balance at end of the financial year		1,172,761	475,003	642,457	55,301
2022					
Balance at beginning of the financial year		1,002,806	442,121	521,122	39,563
Surplus/(deficit) for the year		27,404	27,404	-	-
Net asset revaluation increment	6.2	3,688	-	3,688	-
Transfers to other reserves	9.1(b)	-	16,190	-	(16,190)
Transfers from other reserves	9.1(b)	-	(26,925)	-	26,925
		31,092	16,669	3,688	10,735
Balance at end of the financial year		1,033,898	458,790	524,810	50,298

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

Statement of Changes in Equity For the Year Ended 30 June 2023

Council			Accumulated	Revaluation	Other
	Note	Total	Surplus	Reserve	Reserves
		\$'000	\$'000	\$'000	\$'000
2023					
Balance at beginning of the financial year		1,033,899	426,422	524,595	82,882
Surplus/(deficit) for the year		19,888	19,888	-	-
Net asset revaluation increment	6.2, 9.1	111,275	-	109,945	1,330
Transfers to other reserves	9.1(b)	-	23,901	-	(23,901)
Transfers from other reserves	9.1(b)	-	(28,904)	-	28,904
		131,163	14,885	109,945	6,333
Balance at end of the financial year		1,165,062	441,307	634,540	89,215
2022					
Balance at beginning of the financial year		1,002,807	408,062	520,937	73,808
Surplus/(deficit) for the year		29,095	29,095	-	-
Net asset revaluation increment	6.2	1,997	-	3,658	(1,661)
Transfers to other reserves	9.1(b)	-	16,190	-	(16,190)
Transfers from other reserves	9.1(b)	-	(26,925)	-	26,925
		31,092	18,360	3,658	9,074
Balance at end of the financial year		1,033,899	426,422	524,595	82,882

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 2023

	Note	Consolidated		Council	
		2023	2022	2023	2022
		Inflows/ (Outflows) \$'000	Inflows/ (Outflows) \$'000	Inflows/ (Outflows) \$'000	Inflows/ (Outflows) \$'000
Cash flows from operating activities					
Rates and charges		82,261	79,994	82,362	79,994
Statutory fees and fines		2,187	2,394	2,187	2,394
User fees		14,394	11,750	7,894	8,196
Grants - operating		35,958	34,800	35,094	33,861
Grants - capital		10,547	18,111	7,669	18,111
Contributions - monetary		3,026	3,839	3,026	3,484
Interest received		3,230	1,080	3,294	1,202
Trust funds and deposits taken		7,418	8,588	7,418	8,588
Other receipts		7,892	6,459	7,058	6,057
Net GST refund (payment)		2,308	2,960	2,795	2,969
Employee costs		(59,779)	(54,477)	(57,441)	(51,867)
Materials and services		(61,276)	(50,837)	(59,023)	(48,512)
Short-term, low value and variable lease payments		(9)	(113)	(9)	(113)
Trust funds and deposits repaid		(7,147)	(9,248)	(7,147)	(9,248)
Other payments		(3,355)	(2,407)	(3,381)	(2,353)
Net cash provided by/(used in) operating activities	9.2	37,655	52,893	31,796	52,763
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	6.2	(41,381)	(32,691)	(36,157)	(31,150)
Proceeds from sale of property, infrastructure, plant and equipment		862	716	862	714
Proceeds from sale of investments/(Payments for investments)		12,833	(18,500)	12,833	(18,500)
Net cash provided by/(used in) investing activities		(27,686)	(50,475)	(22,462)	(48,936)

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

Statement of Cash Flows For the Year Ended 30 June 2023

	Note	Consolidated		Council	
		2023	2022	2023	2022
		Inflows/ (Outflows) \$'000	Inflows/ (Outflows) \$'000	Inflows/ (Outflows) \$'000	Inflows/ (Outflows) \$'000
Cash flows from financing activities					
Finance costs		(778)	(836)	(647)	(828)
Repayment of borrowings		(945)	(7,327)	(1,197)	(7,328)
Interest paid - lease liability		(30)	(51)	(30)	(51)
Repayment of lease liabilities		(134)	(79)	(98)	(43)
Net cash provided by/(used in) financing activities		(1,887)	(8,293)	(1,972)	(8,250)
Net increase/(decrease) in cash and cash equivalents		8,082	(5,875)	7,362	(4,423)
Cash and cash equivalents at the beginning of the financial year		25,811	31,686	22,631	27,054
Cash and cash equivalents at the end of the financial year	5.1	33,893	25,811	29,993	22,631

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 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Property				
Land	-	1,905	-	1,905
Total land	-	1,905	-	1,905
Buildings	16,202	5,778	16,170	5,714
Total buildings	16,202	5,778	16,170	5,714
Total property	16,202	7,683	16,170	7,619
Plant and equipment				
Computers and telecommunications	314	1,184	314	1,172
Fixtures, fittings and furniture	722	588	602	525
Library books and art works	309	298	309	298
Plant, machinery and equipment	4,314	2,862	4,221	2,846
Total plant and equipment	5,659	4,932	5,446	4,841
Infrastructure				
Roads	10,093	11,228	10,093	11,228
Footpaths and cycle ways	344	1,779	344	1,779
Drainage	943	492	943	492
Recreational, leisure and community facilities	1,322	1,879	1,322	1,879
Waste management	178	1,435	178	1,435
Parks, open space and streetscapes	853	1,008	850	1,008
Kerb and channel	608	180	608	180
Off street car parks	348	689	6	689
Other infrastructure	1,532	1,386	-	-
Total infrastructure	16,221	20,076	14,344	18,690
Intangible				
Water rights	197	-	197	-
LightState	3,102	-	-	-
Total intangible	3,299	-	197	-
Total capital works expenditure	41,381	32,691	36,157	31,150

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

Statement of Capital Works For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Represented by:				
New asset expenditure	16,197	9,335	15,692	9,243
Asset renewal expenditure	15,816	17,023	15,277	16,540
Asset expansion expenditure	1,992	1,072	1,453	589
Asset upgrade expenditure	4,077	5,261	3,538	4,778
Intangible asset	3,299	-	197	-
Total capital works expenditure	41,381	32,691	36,157	31,150

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 2023

Note 1 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. These financial statements are the consolidated Group accounts for Mildura Rural City Council ("Council") and its controlled entities. Council's main office is located at 108 - 116 Madden Avenue, Mildura.

Statement of compliance

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

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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.

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

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:

Notes to the Financial Report For the Year Ended 30 June 2023

(a) Basis of accounting (cont'd)

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.2)
- the determination of employee provisions (refer to note 5.5)
- the determination of landfill provisions (refer to note 5.5)
- the determination of the value as an intangible asset for the LightState project (refer to note 5.2)
- the determination of the useful life for the LightState project (refer to note 6.2)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgments

The consolidated results in the financial report include all entities controlled and all funds through which the Council controls resources to carry on its functions, such as special committees of management. In the process of reporting on the 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.

Goods and Services Tax (GST)

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

(b) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2023, and their income and expenses for that part of the reporting period in which control existed.

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

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements. Consolidated entities of Council are currently not using fair value measurement of their land and buildings. The effects are not considered material.

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

Entities consolidated into Council include:

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

Notes to the Financial Report For the Year Ended 30 June 2023

(c) Impact of Covid-19

For the 2022-23 financial year the COVID-19 pandemic has not impacted Council's financial operations. Please note the following comments:

- Additional revenue - Council has not received any additional revenue during the financial year relating to COVID-19.
- Revenue foregone – Council has not implemented any measure to support the community recovery from COVID-19 during the financial year.
- Additional cost – Some increase in cleaning and hygiene supplies have continued however this has become a normal process rather than an exception.
- Other - Supply constraints have continued during 2022-23 financial year along with Inflationary impacts which have increased cost to Council. This has increased Council's total carried forward capital works projects into the 2023-24 year. Supply and inflationary impacts have resulted from other worldwide events and not just post COVID-19.

(d) Impact of the 2022 floods

Heavy rainfall during October 2022 resulted in rising rivers and waterways. Flooding occurring across Victoria with many councils, including Mildura Rural City Council, experiencing damage to property and infrastructure assets.

In 2022-23, Council is;

- able to seek recovery of costs associated with the recovery and clean-up activities via funding from the state government under the Disaster Recovery Funding Arrangements 2018 (DRFA)
- eligible to receive Council Flood Support Fund (the Fund) from State Government. The Fund is aimed to provide recovery support for people and communities affected by the Victorian floods beginning in October 2022. Local Government Victoria has established funding agreements with each eligible council. Upon signing, funds will be paid immediately. However, any unspent funds will need to be returned at the end of the funding period. In 2022-23, the Council has received \$1.0 million to date in government funding.

Currently Council is still in the process of submitting claims for works and capital spend incurred up until 30 June 2023.

Asset impairment assessments have been completed and disclosed in note 6.2.

Notes to the Financial Report For the Year Ended 30 June 2023

Note 2 Analysis of our results

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of 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.

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

2.1.1 Income / revenue and expenditure	Council Budget 2023 \$'000	Council Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	81,415	81,940	525	1	
Statutory fees and fines	2,542	2,187	(355)	(14)	1
User fees	8,541	7,894	(647)	(8)	
Grants - operating	25,152	33,423	8,271	33	2
Grants - capital	10,859	8,157	(2,702)	(25)	3
Contributions - monetary	1,830	2,882	1,052	57	4
Contributions - non monetary	1,800	400	(1,400)	(78)	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,685)	(798)	887	(53)	6
Other income	5,770	12,809	7,039	122	7
Asset recognition	-	3,875	3,875	100	8
Total income / revenue	136,224	152,769	16,545	12	
Expenses					
Employee costs	(58,186)	(55,472)	2,714	(5)	
Materials and services	(43,339)	(54,955)	(11,616)	27	9
Depreciation	(18,888)	(19,827)	(939)	5	
Amortisation - intangible assets	(177)	(198)	(21)	12	
Amortisation - right of use assets	(72)	(98)	(26)	36	
Bad and doubtful debts - allowance for impairment loss	(133)	(35)	98	(74)	
Borrowing costs	(944)	(647)	297	(31)	10
Finance costs - leases	(51)	(50)	1	(2)	
Other expenses	(1,910)	(1,599)	311	(16)	11
Total expenses	(123,700)	(132,881)	(9,181)	7	
Surplus/(deficit) for the year	12,524	19,888	7,364	59	

Notes to the Financial Report For the Year Ended 30 June 2023

Note 2 Analysis of our results

2.1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance		
Ref	Item	Explanation
1	Statutory fees and fines	Childcare fees and landfill fees were lower compared to budget. Administrative fees were lower than forecast due to Council exiting the aged care sector.
2	Grants - operating	The majority of this increase relates to the 100 percent brought forward payment of next years financial assistance grants. This is reported in current financial year but carried forward through reserves to be spent in the 2023-24 financial year. This was also increased from 75% to 100% in the June 2023 payment. Council also received many community support grants to aid in recovery from COVID-19, and during 2023 received additional grants related to flood preparation and recovery.
3	Grants - capital	These grants were lower compared to budget due to timing of expenditure relating to capital works projects which were due for completion at the end of 2023 financial year, are now scheduled for completion in September 2023.
4	Contributions - monetary	Relates to developer contributions which are difficult to predict the exact timing of. Due to increased activity in building industry during 2022-23 there was an increase in receipt of developer contributions to many projects.
5	Contributions - non monetary	These contributions are due to works completed through residential sub-divisions and the developer contribution plan. Contributions are received in lieu of cash, and are recognised when assets are handed over to Council's control. These are difficult to predict the timing of in which it is common to have variance to budget.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Net losses relate to the disposal of road assets associated with the asset renewal program, and also related to fleet replacement including vehicles, plant and equipment. The net loss was less than budgeted due to supply constraints in current economic conditions.

Notes to the Financial Report For the Year Ended 30 June 2023

Note 2 Analysis of our results

2.1 Performance against budget (cont'd)

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

Variance		Explanation
Ref	Item	
7	Other income	Due to rising interest rates Council received increased interest earnings from term deposit investments during 2022-23. The recent local flood event and the cost of flood preparation and subsequent recovery cost, are being reimbursed by State Government which has also increased other income.
8	Asset recognition	These are accounting entries only (non-cash), and result from internal asset procedures and audits of fixed assets. These found assets are then valued and included on Council's fixed asset register.
9	Materials and services	With labour shortages in the current economic climate temporary staff employed through agencies has increased. Materials and services increased due to increase in inflation and additional grant funding and related expenditure. A substantial increase in cost was the Environmental Protection Agency (EPA) fees which involved unexpected change in charging method by the EPA.
10	Borrowing costs	Interest on loan borrowings reduced due to Council's decision not to proceed with planned new borrowings due to increasing interest rate climate. Council also repaid loans which completed their fixed rate period during the year due to increasing variable interest rates.
11	Other expenses	Operating leases decreased compared to budget due to contracts ending during financial year.

Notes to the Financial Report For the Year Ended 30 June 2023

2.1.2 Capital works	Council Budget 2023 \$'000	Council Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Buildings	17,173	16,170	(1,003)	(6)	
Total buildings	17,173	16,170	(1,003)	(6)	
Total property	17,173	16,170	(1,003)	(6)	
Plant and equipment					
Computers and telecommunications	513	314	(199)	(39)	
Fixtures, fittings and furniture	304	602	298	98	1
Library books and artworks	356	309	(47)	(13)	
Plant, machinery and equipment	4,842	4,221	(621)	(13)	2
Total plant and equipment	6,015	5,446	(569)	(9)	
Infrastructure					
Roads	11,536	10,093	(1,443)	(13)	3
Footpaths and cycle ways	488	344	(144)	(30)	
Drainage	4,378	943	(3,435)	(78)	4
Recreational, leisure and community facilities	2,406	1,322	(1,084)	(45)	5
Waste management	3,554	178	(3,376)	(95)	6
Parks, open space and streetscapes	3,282	850	(2,432)	(74)	7
Kerb and channel	694	608	(86)	(12)	
Off street car parks	-	6	6	100	
Total infrastructure	26,338	14,344	(11,994)	(46)	
Intangible					
Water rights	200	197	(3)	(2)	
Total intangible	200	197	(3)	(2)	
Total capital works expenditure	49,726	36,157	(13,569)	(27)	
Represented by:					
New asset expenditure	18,690	15,692	(2,998)	(16)	
Asset renewal expenditure	24,043	15,277	(8,766)	(36)	
Asset expansion expenditure	1,619	1,453	(166)	(10)	
Asset upgrade expenditure	5,374	3,538	(1,836)	(34)	
Intangible asset	-	197	197	100	
Total capital works expenditure	49,726	36,157	(13,569)	(27)	

Notes to the Financial Report For the Year Ended 30 June 2023

2.1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Fixtures, fittings and furniture	Additional funding was received for the Local Councils Outdoor Eating and Entertainment Grant, with expenditure on outdoor alfresco areas and bench seats and tables occurring.
2	Plant, machinery and equipment	Delays in supply have resulted in expenditure being carried forward to next financial year, however this budget has been fully expended pending delivery and final invoices.
3	Roads	Delays due to recent flooding event with all road resources being transferred to flood preparation works. This expenditure will now occur in the 2023-24 financial year.
4	Drainage	Contractor constraints prevented two major drainage contracts from being awarded. This expenditure is to occur during the 2023-24 financial year.
5	Recreational, leisure and community facilities	The Nichols Point Recreation Reserve sporting facility is a large project and will be completed over multiple budget years. Work is currently being done with designs and community consultations.
6	Waste management	The waste management program and specifically landfill capping has been delayed as Council awaits the Environmental Protection Agency (EPA) approval of the capping design. This has been carried forward to the next financial year.
7	Parks, open space and streetscapes	Delays due to a longer than expected community consultation process and contractor availability with expenditure now occurring next financial year.

Notes to the Financial Report For the Year Ended 30 June 2023

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 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, Mildura Sporting Precinct and Library Services units. The Community Care Services branch encompasses Aged and Disability, Early Years and Community Health units.

Financial Management

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

Corporate

The Corporate Department is comprised of four areas; Organisational Development, Governance and Performance, 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. Governance and Performance encompasses Customer Support, Governance and Risk, and Property Services units. The Information Systems branch is made up of teams from the Systems and Information Management Units. The Financial Services and Revenue branch includes Financial Accounting, Procurement and Fleet units. The Corporate Department also auspices Greater Sunraysia Pest Free Area.

Development

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

Executive

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

Notes to the Financial Report For the Year Ended 30 June 2023

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

	Income	Expenses	Surplus/ (deficit)	Grants included in income	Total assets
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Community	13,354	(27,305)	(13,951)	7,087	250,777
Financial management	126,716	(25,254)	101,462	32,637	231,941
Corporate	4,512	(26,493)	(21,981)	1,259	243,318
Development	8,187	(52,728)	(44,541)	597	484,275
Executive	-	(1,101)	(1,101)	-	10,109
	152,769	(132,881)	19,888	41,580	1,220,420

	Income	Expenses	Surplus/ (deficit)	Grants included in income	Total assets
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Community	12,340	(25,396)	(13,056)	6,422	235,091
Financial management	126,307	(27,498)	98,809	40,528	254,550
Corporate	2,297	(18,137)	(15,840)	684	167,895
Development	6,681	(46,534)	(39,853)	424	430,766
Executive	-	(965)	(965)	-	8,933
	147,625	(118,530)	29,095	48,058	1,097,235

Notes to the Financial Report For the Year Ended 30 June 2023

Consolidated		Council	
2023	2022	2023	2022
\$'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 2022/23 is \$13.61 billion (2021/22 was \$13.67 billion)

General rates	44,127	42,124	44,127	42,124
Waste management charge	12,443	12,157	12,443	12,157
Mildura City Heart special rate	646	633	646	633
Business differential rate	12,198	12,933	12,302	13,057
Farming differential rate	12,117	11,179	12,117	11,179
Payment in lieu of rates	305	255	305	255
Total rates and charges	81,836	79,281	81,940	79,405

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be first applied in the rating year commencing 1 July 2023.

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	485	411	485	411
Land information certificates	60	71	60	71
Permits	310	430	310	430
Other statutory fees and fines	263	314	263	314
Valuations database	268	243	268	243
Statutory planning fees	801	925	801	925
Total statutory fees and fines	2,187	2,394	2,187	2,394

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 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
3.3 User fees				
Aged and health services	539	763	539	763
Child care/children's programs	526	505	526	505
Waste management services	2,461	2,399	2,461	2,399
Other fees and charges	512	261	512	261
Rent/lease fees	1,568	960	1,134	629
Animal control and local laws	640	579	640	579
Environmental health services	276	-	276	-
Airport fees and charges	4,302	2,303	-	-
Contract works	897	532	897	532
Entrance charges	755	572	755	572
Commission/agency fees	154	164	154	164
Total user fees	12,630	9,038	7,894	6,404

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	32,160	32,306	31,601	32,806
State funded grants	13,160	16,691	9,979	15,252
Total grants received	45,320	48,997	41,580	48,058

Notes to the Financial Report
For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
3.4 Funding from other levels of government (cont'd)				
(a) Operating grants				
<i>Recurrent - Commonwealth Government</i>				
Hands up Mallee	734	815	734	815
Aged and disability services	2,137	2,242	2,137	2,242
Financial assistance grants - general purpose	16,359	16,184	16,359	16,184
Financial assistance grants - local roads	6,437	5,801	6,437	5,801
<i>Recurrent - State Government</i>				
Hands up Mallee	-	275	-	275
Aged and disability services	340	521	340	521
Libraries	443	426	443	426
Community health	1,308	1,267	1,308	1,267
Early years	422	277	422	277
Youth services	279	216	279	216
Environmental health	80	44	80	44
Social development and projects	25	75	25	75
Local laws	199	154	199	154
Arts and culture	190	190	190	190
Works and infrastructure services	154	106	154	106
Total recurrent operating grants	29,107	28,593	29,107	28,593

Notes to the Financial Report
For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
3.4 Funding from other levels of government (cont'd)				
<i>Non-recurrent - Commonwealth Government</i>				
Airport operations	1,059	500	500	500
Early years	291	224	291	224
Recreation and sport	450	-	450	-
<i>Non-recurrent - State Government</i>				
Youth services	133	2	133	2
Hands up Mallee	-	1,023	-	1,023
Community development	413	-	413	-
Social development and projects	413	413	413	413
Environmental sustainability	122	193	122	193
Community health	134	-	134	-
Aged and disability services	4	112	4	112
Early years	115	16	115	16
Asset management	-	67	-	67
Economic development and tourism	2,877	120	-	120
Libraries	23	1	23	1
Sunraysia Pest Free	547	583	547	583
COVID-19 program funding	156	-	156	-
Local laws	3	23	3	23
Road safety	27	15	27	15
Emergency management and recovery	623	26	623	26
Community care services management	-	77	-	77
Event projects	135	203	135	203
Airport operations	304	1,439	-	-
Strategic planning	30	-	30	-
Planning and development	40	-	40	-
Recreation and sport	157	58	157	58
Total non-recurrent operating grants	8,056	5,095	4,316	3,656
Total operating grants	37,163	33,688	33,423	32,249
(b) Capital grants				
<i>Recurrent - Commonwealth Government</i>				
Roads to recovery	2,657	2,978	2,657	2,978
Total recurrent capital grants	2,657	2,978	2,657	2,978

Notes to the Financial Report For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
3.4 Funding from other levels of government (cont'd)				
<i>Non-recurrent - Commonwealth Government</i>				
Buildings	1,484	2,650	1,484	2,650
Roads	-	1,354	-	1,354
Airport operations	-	(500)	-	-
Parks, open space and streetscapes	552	58	552	58
<i>Non-recurrent - State Government</i>				
Computers and telecom	-	100	-	100
Footpaths and cycleways	45	-	45	-
Libraries	-	11	-	11
Recreation and sport	610	280	610	280
Buildings	2,113	6,239	2,113	6,239
Fixtures, fittings and furniture	-	782	-	782
Waste management	10	22	10	22
Parks open space and streetscapes	117	60	117	60
Roads	569	1,275	569	1,275
Total non-recurrent capital grants	5,500	12,331	5,500	12,831
Total capital grants	8,157	15,309	8,157	15,809

(c) Recognition of grant income

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

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
3.4 Funding from other levels of government (cont'd)				
Income recognised under AASB 1058 Income of Not-for-Profit Entities				
General purpose	22,796	21,985	22,796	21,985
Other specific purpose grants	20,754	24,985	17,014	24,046
Revenue recognised under AASB 15 Revenue from Contracts with Customers				
Specific purpose grants	1,770	2,027	1,770	2,027
	45,320	48,997	41,580	48,058
(d) Unspent grants received on condition that they be spent in a specific manner				
Operating				
Balance at start of year	1,023	784	639	784
Received during the financial year and remained unspent at balance date	669	384	52	-
Received in prior years and spent during the financial year	-	(145)	-	(145)
Balance at year end	1,692	1,023	691	639
Capital				
Balance at start of year	2,027	370	2,027	370
Received during the financial year and remained unspent at balance date	1,079	2,027	1,079	2,027
Received in prior years and spent during the financial year	(2,027)	(370)	(2,027)	(370)
Balance at year end	1,079	2,027	1,079	2,027
Total	2,771	3,050	1,770	2,666

Unspent grants are determined and disclosed on a cash basis.

3.5 Contributions

Other contributions	261	1,884	261	1,700
Capital contributions	465	260	465	260
Developer contributions	2,156	1,358	2,156	1,358
Total monetary contributions	2,882	3,502	2,882	3,318
Non-monetary contributions	400	823	400	823
Total contributions	3,282	4,325	3,282	4,141

Notes to the Financial Report For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
3.5 Contributions (cont'd)				
<i>Contributions of non-monetary assets were received in relation to the following asset classes.</i>				
Drainage	302	5	302	5
Footpaths	-	101	-	101
Parks open space and streetscapes	98	717	98	717
Total non-monetary contributions	400	823	400	823

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

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

Proceeds of sale	862	714	862	714
Written down value of assets disposed	(1,817)	(4,399)	(1,660)	(4,399)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(955)	(3,685)	(798)	(3,685)

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	2,833	364	2,785	481
Interest on rates	457	708	457	708
Sales	1,337	706	617	347
Other income	1,777	225	1,520	18
Child care reimbursement	1,794	2,016	1,794	2,016
Fuel tax rebate	179	168	179	168
Workcover costs reimbursements	218	453	218	453
Legal costs recouped	230	205	230	205
Airport reimbursement	-	-	1	-
Cemetery reimbursement	949	713	949	713
Utilities reimbursement	13	18	13	18
Youth case management reimbursement	589	660	589	660
Insurance reimbursement	276	46	412	46
Other costs reimbursed	3,044	990	3,045	1,125
Total other income	13,696	7,272	12,809	6,958

Interest is recognised as it is earned.

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

Notes to the Financial Report For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000

3.8 Asset recognition

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

Asset recognition	3,875	5,762	3,875	3,950
Total asset recognition	3,875	5,762	3,875	3,950

Note 4 The cost of delivering services

4.1. (a) Employee costs

Wages and salaries	53,601	50,909	50,665	47,818
Payroll tax	1	7	2	7
Superannuation	4,902	4,737	4,690	4,526
Fringe benefits tax	115	134	115	134
Total employee costs	58,619	55,787	55,472	52,485

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities

Superannuation Fund (Vision Super)	241	252	241	252
Total defined benefit fund contributions	241	252	241	252

Accumulation funds

Employer contributions to Local Authorities

Superannuation Fund (Vision Super)	1,891	1,955	1,891	1,955
Employer contributions - other funds	2,770	2,152	2,558	2,152
Total accumulation funds contributions	4,661	4,107	4,449	4,107

Employer contributions payable at reporting date.	-	-	-	-
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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 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
4.2 Materials and services				
Contracts other	12,784	9,088	12,531	8,907
Waste management contracts	6,776	6,322	6,776	6,322
Swimming pools	1,537	1,427	1,537	1,427
Building maintenance	2,010	2,461	2,010	2,461
General maintenance	508	423	508	423
Environmental protection waste levy	6,321	2,288	6,321	2,288
Grants, contributions and donations	2,353	1,763	4,184	3,674
Utilities	3,425	3,457	3,115	3,150
Office administration	1,570	1,101	1,038	873
Materials purchased	5,664	5,205	5,349	5,040
Plant and vehicle costs	4,410	2,615	2,615	2,039
Information technology	2,395	1,792	2,291	1,694
Insurance	1,491	1,450	1,501	1,458
Consultants	2,886	2,138	2,886	2,138
Training	1,118	742	1,079	706
Other materials and contractors	2,301	1,488	1,214	546
Total materials and services	57,549	43,760	54,955	43,146

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

4.3 Depreciation

Buildings	3,399	3,292	3,168	3,022
Plant and equipment	3,331	3,745	2,962	3,386
Infrastructure	14,799	16,286	13,697	13,547
Total depreciation	21,529	23,323	19,827	19,955

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

4.4 Amortisation - intangible assets

Intangible assets	200	225	198	225
Total amortisation - intangible assets	200	225	198	225

Notes to the Financial Report For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
4.5 Amortisation - right of use assets				
Property	129	130	98	99
Total amortisation - right of use assets	129	130	98	99
4.6 Bad and doubtful debts - allowance for impairment losses				
Infringement debtors	22	34	22	34
Other debtors	13	5	13	5
Total bad and doubtful debts - allowance for impairment losses	35	39	35	39
Movement in allowance for impairment losses in respect of debtors				
Balance at the beginning of the year	798	790	798	790
New provisions recognised during the year	35	39	35	39
Amounts already provided for and written off as uncollectible	(13)	(31)	(13)	(31)
Balance at end of year	820	798	820	798

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.7 Borrowing costs

Interest - borrowings	778	843	647	828
Total borrowing costs	778	843	647	828

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.

4.8 Finance costs - leases

Interest - lease liabilities	59	61	50	51
Total finance costs	59	61	50	51

Notes to the Financial Report
For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
4.9 Other expenses				
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	106	89	90	77
Auditors' remuneration - internal audit	138	143	138	143
Councillors' allowances	365	349	365	349
Directors' fees	119	99	-	-
Refunds	69	80	69	80
Operating lease rentals	459	611	467	615
Others	501	441	470	438
Total other expenses	1,757	1,812	1,599	1,702

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	28	38	10	10
Cash at bank	29,551	18,865	26,983	17,121
Term deposits	4,314	6,908	3,000	5,500
Total cash and cash equivalents	33,893	25,811	29,993	22,631

(b) Other financial assets

Current

Term deposits - current	66,767	79,600	66,767	79,600
Total other financial assets	66,767	79,600	66,767	79,600
Total financial assets	100,660	105,411	96,760	102,231

Notes to the Financial Report
For the Year Ended 30 June 2023

Consolidated		Council	
2023	2022	2023	2022
\$'000	\$'000	\$'000	\$'000

Note 5 Our financial position

5.1 Financial assets (cont'd)

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

- Trust funds and deposits (note 5.3(b))	2,794	2,523	2,786	2,515
- Statutory reserve funds (note 9.1(b))	14,158	16,731	14,158	16,731
Total restricted funds	16,952	19,254	16,944	19,246
Total unrestricted cash and cash equivalents	16,941	6,557	13,049	3,385

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	31,125	34,369	31,125	34,369
- Unexpended grants (note 3.4)	2,771	3,050	1,770	2,666
- Discretionary reserves (note 9.1(b))	41,143	33,567	41,143	33,567
Total funds subject to intended allocations	75,039	70,986	74,038	70,602

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.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

Notes to the Financial Report For the Year Ended 30 June 2023

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
5.1 Financial assets (cont'd)				
(c) Trade and other receivables				
Current				
<i>Statutory receivables</i>				
Rates debtors	3,724	4,146	3,724	4,146
Infringement debtors	973	905	973	905
Provision for doubtful debts - infringements	(820)	(798)	(820)	(798)
Net GST receivable	701	402	701	402
<i>Non statutory receivables</i>				
General debtors	2,964	1,744	2,389	1,294
Accrued income	491	518	495	513
Loan to Mildura Airport Pty Ltd	-	-	437	305
Provision for doubtful debts - other debtors	(8)	(9)	(8)	(9)
Total current trade and other receivables	8,025	6,908	7,891	6,758
Non-current				
<i>Non statutory receivables</i>				
Loan to Mildura Airport Pty Ltd	-	-	6,478	4,863
Total non-current trade and other receivables	-	-	6,478	4,863
Total trade and other receivables	8,025	6,908	14,369	11,621

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

(d) Ageing of receivables

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current (not yet due)	1,243	2,105	1,109	1,969
Past due by up to 30 days	720	80	720	69
Past due between 31 and 180 days	1,264	64	1,264	61
Past due between 181 and 365 days	220	4	220	4
Total trade and other receivables	3,447	2,253	3,313	2,103

Notes to the Financial Report For the Year Ended 30 June 2023

5.1 Financial assets (cont'd)

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$2,389 (2022: \$1,294) were impaired. The amount of the provision raised against these debtors was \$35 (2022: \$39). 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:

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Past due between 31 and 180 days	13	5	13	5
Past due between 181 and 365 days	-	-	-	-
Past due by more than 1 year	22	34	22	34
Total trade and other receivables	35	39	35	39

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
5.2 Non-financial assets				
(a) Inventories				
Inventories held for distribution	598	480	598	480
Inventories held for sale	86	79	70	70
Total inventories	684	559	668	550
Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.				
(b) Other assets				
Current				
Prepayments	354	351	312	315
Total	354	351	312	315
Non-current				
Interest in Mildura Airport Pty Ltd	-	-	48,358	49,281
Interest in Mildura Regional Development	-	-	2,870	616
Total	-	-	51,228	49,897
Total other assets	354	351	51,540	50,212
(c) Intangible assets				
Software	193	387	193	387
LightState project (MRD)	3,102	-	-	-
Water rights at valuation	13,842	13,733	13,689	13,582
Total intangible assets	17,137	14,120	13,882	13,969

Notes to the Financial Report For the Year Ended 30 June 2023

5.2 Non-financial assets (cont'd)

(c) Intangible assets

Consolidated	LightState \$'000	Software \$'000	Water right \$'000	Total \$'000
Gross carrying amount				
Balance at 1 July 2022	-	3,060	13,733	16,793
Acquisition	3,102	-	197	3,299
Transfer	-	4	-	4
Revaluation increment/(decrement) (note 9.1(a))	-	-	(88)	(88)
Balance at 30 June 2023	3,102	3,064	13,842	20,008
Accumulated amortisation and impairment				
Balance at 1 July 2022	-	2,673	-	2,673
Transfer	-	-	-	-
Amortisation expense	-	198	-	198
Balance at 30 June 2023	-	2,871	-	2,871
Net book value at 30 June 2022	-	387	13,733	14,120
Net book value at 30 June 2023	3,102	193	13,842	17,137
Council		Software \$'000	Water right \$'000	Total \$'000
Gross carrying amount				
Balance at 1 July 2022		3,060	13,582	16,642
Acquisition		-	197	197
Transfer		4	-	4
Revaluation increment/(decrement) (note 9.1(a))		-	(90)	(90)
Balance at 30 June 2023		3,064	13,689	16,753
Accumulated amortisation and impairment				
Balance at 1 July 2022		2,673	-	2,673
Transfer		-	-	-
Amortisation expense		198	-	198
Balance at 30 June 2023		2,871	-	2,871
Net book value at 30 June 2022		387	13,582	13,969
Net book value at 30 June 2023		193	13,689	13,882

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 2023

5.2 Non-financial assets (cont'd)

(c) Intangible assets

Details of the Mildura Rural City Council's water rights; and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Water rights	-	13,689	-
Total	-	13,689	-

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 Stephen Lush AAPI, Certified Practising Valuer, recognised Valuer, (Council Officer), as at 30 June 2023.

5.3 Payables, trust funds, deposits and unearned income / revenue

(a) Trade and other payables

Current

Non-statutory payables

	Consolidated 2023 \$'000	2022 \$'000	Council 2023 \$'000	2022 \$'000
Trade payables	1,090	481	715	2
Accrued expenses	1,989	2,286	1,585	2,186
Total current trade and other payables	3,079	2,767	2,300	2,188

(b) Trust funds and deposits

Current

Refundable contract deposits	520	468	520	468
Fire services levy	676	711	676	711
Refundable civic facilities deposits	12	7	12	7
Retention amounts	387	274	387	274
Income received in advance	8	8	-	-
Other refundable deposits	1,191	1,055	1,191	1,055
Total current trust funds and deposits	2,794	2,523	2,786	2,515

(c) Unearned income / revenue

Current

Grants received in advance - operating	1,692	1,023	691	639
Grants received in advance - capital	1,079	2,027	1,079	2,027
Total current unearned income / revenue	2,771	3,050	1,770	2,666

Notes to the Financial Report For the Year Ended 30 June 2023

5.3 (c) Unearned income / revenue (cont'd)

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers (Government funding bodies) for which grant agreement obligations have not yet been met . Unearned income/revenue are derecognised and recorded as revenue when promised goods and services and grant funding has been expended and the project/service delivered. Refer to Note 3.

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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
5.4 Interest-bearing liabilities				
Current				
Other borrowings - secured	778	1,023	653	929
Total current interest-bearing liabilities	778	1,023	653	929
Non-current				
Other borrowings - secured	8,334	9,255	8,334	9,255
Finance leases	429	184	-	-
Total non-current interest-bearing liabilities	8,763	9,439	8,334	9,255
Total interest-bearing liabilities	9,541	10,462	8,987	10,184

Borrowings are secured by security over the general rates of the municipal enterprise and in accordance with requirements of the *Local Government Act 2020*.

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
5.4 Interest-bearing liabilities (cont'd)				

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

Not later than one year	778	1,023	653	929
Later than one year and not later than five years	3,499	3,258	1,370	1,468
Later than five years	5,264	6,181	6,964	7,787
	9,541	10,462	8,987	10,184

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

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

Notes to the Financial Report For the Year Ended 30 June 2023

5.5 Provisions

Consolidated	Employee	Landfill	Total
2023	\$ '000	restoration	\$ '000
		\$ '000	\$ '000
Balance at beginning of the financial year	14,760	29,890	44,650
Additional provisions	7,026	5,322	12,348
Amounts used	(7,949)	(1,741)	(9,690)
Balance at the end of the financial year	13,837	33,471	47,308
<i>Provisions - current</i>	12,558	-	12,558
<i>Provisions - non-current</i>	1,149	33,471	34,620
2022			
Balance at beginning of the financial year	14,388	32,514	46,902
Additional provisions	6,593	123	6,716
Amounts used	(6,514)	(2,747)	(9,261)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	293	-	293
Balance at the end of the financial year	14,760	29,890	44,650
<i>Provisions - current</i>	13,575	-	13,575
<i>Provisions - non-current</i>	1,106	29,890	30,996
Council	Employee	Landfill	Total
2023	\$ '000	restoration	\$ '000
		\$ '000	\$ '000
Balance at beginning of the financial year	14,431	29,890	44,321
Additional provisions	6,869	5,322	12,191
Amounts used	(7,886)	(1,741)	(9,627)
Balance at the end of the financial year	13,414	33,471	46,885
<i>Provisions - current</i>	12,285	-	12,285
<i>Provisions - non-current</i>	1,129	33,471	34,600
2022			
Balance at beginning of the financial year	14,089	32,514	46,603
Additional provisions	6,471	123	6,594
Amounts used	(6,422)	(2,747)	(9,169)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	293	-	293
Balance at the end of the financial year	14,431	29,890	44,321
<i>Provisions - current</i>	13,363	-	13,363
<i>Provisions - non-current</i>	1,068	29,890	30,958

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	Consolidated		Council	
	2023	2022	2023	2022
5.5 Provisions (cont'd)	\$'000	\$'000	\$'000	\$'000
(a) Employee provisions				
Current provisions expected to be wholly settled within 12 months				
Annual leave	3,852	4,234	3,640	4,046
Long service leave	508	535	474	520
Redundancy	508	251	508	251
Rostered day off and time off in lieu	834	943	834	943
Total	5,702	5,963	5,456	5,760
Current provisions expected to be wholly settled after 12 months				
Annual leave	1,260	1,344	1,260	1,344
Long service leave	5,596	6,268	5,569	6,259
Total	6,856	7,612	6,829	7,603
Total current employee provisions	12,558	13,575	12,285	13,363
Non-current				
Long service leave	1,149	1,106	1,129	1,068
Total non-current employee provisions	1,149	1,106	1,129	1,068
Aggregate carrying amount of employee provisions:				
Current	12,558	13,575	12,285	13,363
Non-current	1,149	1,106	1,129	1,068
Total aggregate carrying amount of employee provisions	13,707	14,681	13,414	14,431

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

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

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

Notes to the Financial Report For the Year Ended 30 June 2023

5.5 Provisions

(a) Employee provisions (cont'd)

Long service leave

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

	Consolidated		Council	
	2023	2022	2023	2022
Key assumptions:	%	%	%	%
- Discount rate	4.06	3.69	4.06	3.69
- Wage inflation rate	4.35	3.85	4.35	3.85
- Settlement period (months)	12	12	12	12
	Consolidated		Council	
	2023	2022	2023	2022
(b) Landfill restoration	\$'000	\$'000	\$'000	\$'000
Non-current	33,471	29,890	33,471	29,890
Total landfill restoration	33,471	29,890	33,471	29,890

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.

Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

	Consolidated		Council	
	2023	2022	2023	2022
Key assumptions:	%	%	%	%
- Weighted average Melbourne CPI	5.60	4.50	5.60	4.50
- Discount rate	4.06	3.69	4.06	3.69
	Consolidated		Council	
	2023	2022	2023	2022
(c) Total provisions	\$'000	\$'000	\$'000	\$'000
Current	12,558	13,575	12,285	13,363
Non-current	34,620	30,996	34,600	30,958
	47,178	44,571	46,885	44,321

Notes to the Financial Report For the Year Ended 30 June 2023

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2023.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Credit card facilities	800	800	800	800
Loans and borrowings	8,987	10,184	8,987	10,184
Total facilities	9,787	10,984	9,787	10,984
Used facilities	9,394	10,703	9,394	10,703
Unused facilities	393	281	393	281

5.7 Commitments

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

(a) Commitments for expenditure

	Not later than 1 year	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
Consolidated 2023					
Operating					
Swimming pool management	1,833	1,943	2,183	-	5,959
Waste management	920	956	-	-	1,876
Cleaning services	187	117	-	-	304
Security services	1,776	1,470	1,470	1,470	6,186
Project design	1,803	1,821	-	-	3,624
Corporate expenditure	348	-	-	-	348
Telecommunications	7,036	7,212	17,372	-	31,620
Parks and gardens services	72	9	-	-	81
Building services	426	47	45	45	563
Other	262	234	234	234	964
Total	14,663	13,809	21,304	1,749	51,525

**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.7 Commitments (cont'd)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2023					
Capital					
Building	5,267	-	-	-	5,267
Computers and telecom	299	-	-	-	299
Drains	1,308	-	-	-	1,308
Fixtures, fittings and furniture	70	-	-	-	70
Footpaths and cycleways	22	-	-	-	22
Library books and art works	74	-	-	-	74
Parks, open space and streetscapes	335	-	-	-	335
Plant and machinery equipment	2,009	-	-	-	2,009
Rec, leisure and community facilities	2,201	-	-	-	2,201
Roads	2,243	-	-	-	2,243
Waste management and landfill	64	-	-	-	64
Other	2,488	-	-	-	2,488
Total	16,380	-	-	-	16,380

	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
Consolidated 2022					
Operating					
Swimming pool management	1,580	106	-	-	1,686
Waste management	6,306	6,690	25,275	169	38,440
Cleaning services	99	-	-	-	99
Security services	2,082	1,559	-	-	3,641
Project design	122	17	-	-	139
Corporate expenditure	263	-	-	-	263
Computers and telecomm	213	118	-	-	331
Parks and gardens services	616	170	-	-	786
Building services	484	8	5	-	497
Other	507	292	233	197	1,229
Total	12,272	8,960	25,513	366	47,111

**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.7 Commitments (cont'd)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
Consolidated 2022	\$'000	\$'000	\$'000	\$'000	\$'000
Capital					
Building	16,546	-	-	-	16,546
Computers and telecommunications	318	-	-	-	318
Drains	574	-	-	-	574
Fixtures, fittings and furniture	434	-	-	-	434
Footpaths and cycleways	10	-	-	-	10
Library books and art works	425	-	-	-	425
Parks, open space and streetscapes	417	-	-	-	417
Plant and machinery equipment	2,421	-	-	-	2,421
Recreation, leisure and community facilities	1,146	-	-	-	1,146
Roads	1,678	-	-	-	1,678
Waste management and landfill	46	-	-	-	46
Other	2,218	256	-	-	2,474
Total	26,233	256	-	-	26,489

	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
Council 2023	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Swimming pool management	1,833	1,943	2,183	-	5,959
Cleaning services	920	956	-	-	1,876
Security services	187	117	-	-	304
Project design	306	-	-	-	306
Other	1,803	1,821	-	-	3,624
Corporate expenditure	348	-	-	-	348
Waste management	7,036	7,212	17,372	-	31,620
Computers and telecommunications	72	9	-	-	81
Building services	379	-	-	-	379
Parks and gardens services	137	-	-	-	137
Fruit Fly Murray Valley	28	-	-	-	28
Total	13,049	12,058	19,555	-	44,662

**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.7 Commitments (cont'd)

Council	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Capital					
Building	5,267	-	-	-	5,267
Computers and telecommunications	299	-	-	-	299
Drains	1,308	-	-	-	1,308
Fixtures, fittings and furniture	70	-	-	-	70
Footpaths and cycleways	22	-	-	-	22
Library books and art works	74	-	-	-	74
Parks, open space and streetscapes	335	-	-	-	335
Plant, machinery and equipment	2,009	-	-	-	2,009
Recreation, leisure and community facilities	2,201	-	-	-	2,201
Roads	2,143	-	-	-	2,143
Kerb and channel	191	-	-	-	191
Waste management and landfill	64	-	-	-	64
Total	13,983	-	-	-	13,983

Council	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Swimming pool management	1,580	106	-	-	1,686
Waste management	6,306	6,690	25,275	169	38,440
Cleaning services	99	-	-	-	99
Security services	675	179	-	-	854
Project design	122	17	-	-	139
Corporate expenditure	263	-	-	-	263
Telecommunications	213	118	-	-	331
Parks and gardens services	616	170	-	-	786
Building services	464	-	-	-	464
Other	177	40	-	-	217
Total	10,515	7,320	25,275	169	43,279

Notes to the Financial Report For the Year Ended 30 June 2023

5.7 Commitments (cont'd)

Council	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Capital					
Building	16,546	-	-	-	16,546
Computers and telecommunications	318	-	-	-	318
Drains	574	-	-	-	574
Fixtures, fittings and furniture	434	-	-	-	434
Footpaths and cycleways	10	-	-	-	10
Library books and art works	425	-	-	-	425
Parks, open space and streetscapes	417	-	-	-	417
Plant and machinery equipment	1,990	-	-	-	1,990
Recreation, leisure and community facilities	1,146	-	-	-	1,146
Roads	1,478	-	-	-	1,478
Waste management and landfill	46	-	-	-	46
Total	23,384	-	-	-	23,384

(b) Operating lease receivables

The Council has entered into commercial property leases on its investment 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 CPI based revision of the rental charge annually.

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Not later than one year	686	577	256	297
Later than one year and not later than five years	2,040	2,029	641	761
Later than five years	1,573	1,604	986	1,079
	<u>4,299</u>	<u>4,210</u>	<u>1,883</u>	<u>2,137</u>

Notes to the Financial Report For the Year Ended 30 June 2023

5.8 Leases

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2023

5.8 Leases (cont'd)

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Right-of-use assets				
Balance at 1 July 2022	1,235	1,398	1,032	1,164
Adjustment	9	(33)	9	(33)
Amortisation charge	(129)	(130)	(98)	(99)
Balance at 30 June 2023	1,115	1,235	943	1,032

Lease liabilities

Maturity analysis - contractual undiscounted cash flows

Less than one year	184	194	147	158
One to five years	591	623	443	477
More than five years	1,360	1,533	1,332	1,431
Total undiscounted lease liabilities as at 30 June:	2,135	2,350	1,922	2,066

Lease liabilities included in the Balance Sheet at 30 June:

Current	128	136	100	108
Non-current	1,423	1,541	1,264	1,354
Total lease liabilities	1,551	1,677	1,364	1,462

Short-term and low value leases

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

	2023	2022
	\$'000	\$'000
Expenses relating to:		
Leases of low value assets	442	241
Total	442	241

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

Non-cancellable lease commitments - short-term and low-value leases

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

Payable:

Within one year	295	28
Later than one year but not later than five years	147	152
Total lease commitments	442	180

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

Notes to the Financial Report For the Year Ended 30 June 2023

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 2023**

Note 6 Assets we manage

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

Consolidated	Carrying amount 30 June 2022	First time recognition of assets	Additions	Contributions	Revaluation	Impairment Losses	Depreciation	Disposal	Write-off	Transfers	Transfers from provisions	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	77,065	4	-	-	43,974	-	-	-	-	-	-	121,043
Buildings	135,830	-	42	-	17,944	(158)	(3,398)	(407)	-	2,278	-	152,131
Plant and equipment	45,452	41	3,300	-	-	-	(3,332)	(658)	-	457	-	45,260
Infrastructure	681,429	3,830	712	400	56,304	(330)	(14,799)	(750)	-	5,451	5,093	737,340
Work in progress	30,588	-	34,027	-	-	-	-	-	(503)	(8,186)	-	55,926
	970,364	3,875	38,081	400	118,222	(488)	(21,529)	(1,815)	(503)	-	5,093	1,111,700

Summary of work in progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	6,319	16,160	(494)	(2,278)	19,707
Plant and equipment	4,762	2,358	(4)	(457)	6,659
Infrastructure	19,507	15,509	(5)	(5,451)	29,560
Total	30,588	34,027	(503)	(8,186)	55,926

Notes to the Financial Report
For the Year Ended 30 June 2023

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

(a) Property

Consolidated

At fair value 1 July 2022

Accumulated depreciation at 1 July 2022

Movements in fair value

Additions

Contributions

Recognitions

Revaluation

Disposal

Write-off

Transfers

Impairment losses

Movements in accumulated depreciation

Depreciation and amortisation

Accumulated depreciation of
disposals

Accumulated depreciation of
recognitions

Accumulated depreciation of
revaluations

Impairment losses

Transfers

At fair value 30 June 2023

Accumulated depreciation at 30 June 2023

Carrying amount

	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	47,034	13,636	16,395	77,065	248,684	12,267	260,951	6,319	344,335
Accumulated depreciation at 1 July 2022	-	-	-	-	(119,798)	(5,323)	(125,121)	-	(125,121)
	47,034	13,636	16,395	77,065	128,886	6,944	135,830	6,319	219,214
Movements in fair value									
Additions	-	-	-	-	16	26	42	16,160	16,202
Contributions	-	-	-	-	-	-	-	-	-
Recognitions	-	-	4	4	-	-	-	-	4
Revaluation	27,498	6,636	9,840	43,974	25,995	4,100	30,095	-	74,069
Disposal	-	-	-	-	(1,575)	-	(1,575)	-	(1,575)
Write-off	-	-	-	-	-	-	-	(494)	(494)
Transfers	-	-	-	-	1,879	399	2,278	(2,278)	-
Impairment losses	-	-	-	-	-	-	-	-	-
	27,498	6,636	9,844	43,978	26,315	4,525	30,840	13,388	88,206
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(3,179)	(219)	(3,398)	-	(3,398)
Accumulated depreciation of disposals	-	-	-	-	1,168	-	1,168	-	1,168
Accumulated depreciation of recognitions	-	-	-	-	-	-	-	-	-
Accumulated depreciation of revaluations	-	-	-	-	(9,724)	(2,427)	(12,151)	-	(12,151)
Impairment losses	-	-	-	-	(158)	-	(158)	-	(158)
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	(11,893)	(2,646)	(14,539)	-	(14,539)
At fair value 30 June 2023	74,532	20,272	26,239	121,043	274,999	16,792	291,791	19,707	432,541
Accumulated depreciation at 30 June 2023	-	-	-	-	(131,691)	(7,969)	(139,660)	-	(139,660)
Carrying amount	74,532	20,272	26,239	121,043	143,308	8,823	152,131	19,707	292,881

Notes to the Financial Report
For the Year Ended 30 June 2023

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

(b) Plant and Equipment

Consolidated

At fair value 1 July 2022

Accumulated depreciation at 1 July 2022

Movements in fair value

Additions

Contributions

Recognitions

Revaluation

Disposal

Write-off

Transfers

Impairment losses

Movements in accumulated depreciation

Depreciation and amortisation

Accumulated depreciation of
disposals

Accumulated depreciation of
recognitions

Impairment losses

Transfers

At fair value 30 June 2023

Accumulated depreciation at 30 June 2023

Carrying amount

	Plant machinery and equipment	Fixtures fittings and furniture	Computer and telecommunica tions	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 2022	39,650	2,001	2,760	24,228	5,397	74,036	4,762	78,798
Accumulated depreciation at 1 July 2022	(21,418)	(1,011)	(2,266)	-	(3,889)	(28,584)	-	(28,584)
	18,232	990	494	24,228	1,508	45,452	4,762	50,214
Movements in fair value								
Additions	2,932	120	-	-	248	3,300	2,358	5,658
Contributions	-	-	-	-	-	-	-	-
Recognitions	41	-	-	-	-	41	-	41
Revaluation	-	-	-	-	-	-	-	-
Disposal	(2,448)	(12)	-	-	-	(2,460)	-	(2,460)
Write-off	-	-	-	-	-	-	(4)	(4)
Transfers	291	124	28	-	14	457	(457)	-
Impairment losses	-	-	-	-	-	-	-	-
	816	232	28	-	262	1,338	1,897	3,235
Movements in accumulated depreciation								
Depreciation and amortisation	(2,640)	(237)	(180)	-	(275)	(3,332)	-	(3,332)
Accumulated depreciation of disposals	1,789	-	13	-	-	1,802	-	1,802
Accumulated depreciation of recognitions	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	(851)	(237)	(167)	-	(275)	(1,530)	-	(1,530)
At fair value 30 June 2023	40,466	2,233	2,788	24,228	5,659	75,374	6,659	82,033
Accumulated depreciation at 30 June 2023	(22,269)	(1,248)	(2,433)	-	(4,164)	(30,114)	-	(30,114)
Carrying amount	18,197	985	355	24,228	1,495	45,260	6,659	51,919

Notes to the Financial Report
For the Year Ended 30 June 2023

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

(c) Infrastructure

Consolidated	Roads	Kerb and channel	Footpaths and cycle ways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Total infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	541,546	24,524	61,316	185,426	58,267	19,764	20,712	44,656	18,855	975,066	19,507	994,573
Accumulated depreciation at 1 July 2022	(186,649)	(8,233)	(24,108)	(36,298)	(11,621)	(4,430)	(3,922)	(8,135)	(10,241)	(293,637)	-	(293,637)
	354,897	16,291	37,208	149,128	46,646	15,334	16,790	36,521	8,614	681,429	19,507	700,936
Movements in fair value												
Additions	53	-	5	-	152	-	160	-	342	712	15,509	16,221
Contributions	-	-	-	302	-	-	98	-	-	400	-	400
Recognitions	1,719	616	519	1,111	4	-	5	-	-	3,974	-	3,974
Revaluation	46,945	1,959	2,689	21,104	6,023	3	127	-	1,210	80,060	-	80,060
Disposal	(2,800)	(43)	(5)	(57)	-	-	(153)	-	(389)	(3,447)	-	(3,447)
Write-off	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Transfers	430	-	252	23	251	-	743	3,752	-	5,451	(5,451)	-
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Provision	-	-	-	-	-	5,093	-	-	-	5,093	-	5,093
	46,347	2,532	3,460	22,483	6,430	5,096	980	3,752	1,163	92,243	10,053	102,296
Movements in accumulated depreciation												
Depreciation and amortisation	(7,982)	(350)	(1,396)	(1,348)	(788)	(737)	(855)	(988)	(355)	(14,799)	-	(14,799)
Accumulated depreciation of disposals	2,386	5	5	16	-	-	78	-	207	2,697	-	2,697
Accumulated depreciation of recognitions	(47)	(7)	(56)	(30)	(1)	-	(3)	-	-	(144)	-	(144)
Accumulated depreciation of revaluations	(17,342)	(685)	(1,950)	(3,153)	(398)	15	448	-	(691)	(23,756)	-	(23,756)
Impairment losses	(314)	-	-	-	(15)	-	(1)	-	-	(330)	-	(330)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	(23,299)	(1,037)	(3,397)	(4,515)	(1,202)	(722)	(333)	(988)	(839)	(36,332)	-	(36,332)
At fair value 30 June 2023	587,893	27,056	64,776	207,909	64,697	24,860	21,692	48,408	20,018	1,067,309	29,560	1,096,869
Accumulated depreciation at 30 June 2023	(209,948)	(9,270)	(27,505)	(40,813)	(12,823)	(5,152)	(4,255)	(9,123)	(11,080)	(329,969)	-	(329,969)
Carrying amount	377,945	17,786	37,271	167,096	51,874	19,708	17,437	39,285	8,938	737,340	29,560	766,900

**Notes to the Financial Report
For the Year Ended 30 June 2023**

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

Summary of property, infrastructure, plant and equipment

Council	Carrying amount 30 June 2022	First time recognition of assets	Additions	Contributions	Revaluation	Impairment Losses	Depreciation	Disposal	Write-off	Transfers	Transfers from provisions	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
Land	77,065	4	-	-	43,974	-	-	-	-	-	-	121,043
Buildings	127,317	-	10	-	10,244	(158)	(3,168)	(407)	-	2,278	-	136,116
Plant and equipment	43,419	41	3,093	-	-	-	(2,962)	(641)	-	457	-	43,407
Infrastructure	642,892	3,830	367	400	56,304	(330)	(13,697)	(612)	-	1,699	5,093	695,946
Work in progress	26,927	-	32,490	-	-	-	-	-	(503)	(4,434)	-	54,480
	917,620	3,875	35,960	400	110,522	(488)	(19,827)	(1,660)	(503)	-	5,093	1,050,992

Summary of work in progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	6,319	16,160	(494)	(2,278)	19,707
Plant and equipment	4,762	2,353	(4)	(457)	6,654
Infrastructure	15,846	13,977	(5)	(1,699)	28,119
Total	26,927	32,490	(503)	(4,434)	54,480

Notes to the Financial Report
For the Year Ended 30 June 2023

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

(a) Property

Council	Land - specialised \$'000	Land - non specialised \$'000	Land under roads \$'000	Total land and land improvements \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total buildings \$'000	Work in progress \$'000	Total property \$'000
At fair value 1 July 2022	47,034	13,636	16,395	77,065	239,391	10,919	250,310	6,319	333,694
Accumulated depreciation at 1 July 2022	-	-	-	-	(118,088)	(4,905)	(122,993)	-	(122,993)
	47,034	13,636	16,395	77,065	121,303	6,014	127,317	6,319	210,701
Movements in fair value									
Additions	-	-	-	-	10	-	10	16,160	16,170
Contributions	-	-	-	-	-	-	-	-	-
Recognitions	-	-	4	4	-	-	-	-	4
Revaluation	27,498	6,636	9,840	43,974	18,295	4,100	22,395	-	66,369
Disposal	-	-	-	-	(1,575)	-	(1,575)	-	(1,575)
Write-off	-	-	-	-	-	-	-	(494)	(494)
Transfers	-	-	-	-	1,879	399	2,278	(2,278)	-
Impairment losses	-	-	-	-	-	-	-	-	-
	27,498	6,636	9,844	43,978	18,609	4,499	23,108	13,388	80,474
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(3,000)	(168)	(3,168)	-	(3,168)
Accumulated depreciation of disposals	-	-	-	-	1,168	-	1,168	-	1,168
Accumulated depreciation of recognitions	-	-	-	-	-	-	-	-	-
Accumulated depreciation of revaluations	-	-	-	-	(9,724)	(2,427)	(12,151)	-	(12,151)
Impairment losses	-	-	-	-	(158)	-	(158)	-	(158)
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	(11,714)	(2,595)	(14,309)	-	(14,309)
At fair value 30 June 2023	74,532	20,272	26,239	121,043	258,000	15,418	273,418	19,707	414,168
Accumulated depreciation at 30 June 2023	-	-	-	-	(129,802)	(7,500)	(137,302)	-	(137,302)
Carrying amount	74,532	20,272	26,239	121,043	128,198	7,918	136,116	19,707	276,866

Notes to the Financial Report
For the Year Ended 30 June 2023

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

(b) Plant and equipment

Council	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecommu- nications	Artwork	Library books	Total plant and equipment	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	35,800	1,045	2,719	24,228	5,397	69,189	4,762	73,951
Accumulated depreciation at 1 July 2022	(19,145)	(483)	(2,253)	-	(3,889)	(25,770)	-	(25,770)
	16,655	562	466	24,228	1,508	43,419	4,762	48,181
Movements in fair value								
Additions	2,845	-	-	-	248	3,093	2,353	5,446
Contributions	-	-	-	-	-	-	-	-
Recognitions	41	-	-	-	-	41	-	41
Revaluation	-	-	-	-	-	-	-	-
Disposal	(2,176)	-	-	-	-	(2,176)	-	(2,176)
Write-off	-	-	-	-	-	-	(4)	(4)
Transfers	291	124	28	-	14	457	(457)	-
Impairment losses	-	-	-	-	-	-	-	-
	1,001	124	28	-	262	1,415	1,892	3,307
Movements in accumulated depreciation								
Depreciation and amortisation	(2,430)	(85)	(172)	-	(275)	(2,962)	-	(2,962)
Accumulated depreciation of disposals	1,535	-	-	-	-	1,535	-	1,535
Accumulated depreciation of recognitions	-	-	-	-	-	-	-	-
Accumulated depreciation of revaluations	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	(895)	(85)	(172)	-	(275)	(1,427)	-	(1,427)
At fair value 30 June 2023	36,801	1,169	2,747	24,228	5,659	70,604	6,654	77,258
Accumulated depreciation at 30 June 2023	(20,040)	(568)	(2,425)	-	(4,164)	(27,197)	-	(27,197)
Carrying amount	16,761	601	322	24,228	1,495	43,407	6,654	50,061

Notes to the Financial Report
For the Year Ended 30 June 2023

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

(c) Infrastructure

Council	Roads	Kerb and channel	Footpaths and cycle ways	Drainage	Recreational, leisure and community	Waste management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Total infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	541,546	24,524	61,316	185,426	58,267	19,764	19,841	-	16,225	926,909	15,846	942,755
Accumulated depreciation at 1 July 2022	(186,649)	(8,233)	(24,108)	(36,298)	(11,621)	(4,430)	(3,655)	-	(9,023)	(284,017)	-	(284,017)
	354,897	16,291	37,208	149,128	46,646	15,334	16,186	-	7,202	642,892	15,846	658,738
Movements in fair value												
Additions	53	-	5	-	152	-	157	-	-	367	13,977	14,344
Contributions	-	-	-	302	-	-	98	-	-	400	-	400
Recognitions	1,719	616	519	1,111	4	-	5	-	-	3,974	-	3,974
Revaluation	46,945	1,959	2,689	21,104	6,023	3	127	-	1,210	80,060	-	80,060
Disposal	(2,800)	(43)	(5)	(57)	-	-	(153)	-	(48)	(3,106)	-	(3,106)
Write-off	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Transfers	430	-	252	23	251	-	743	-	-	1,699	(1,699)	-
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Provision	-	-	-	-	-	5,093	-	-	-	5,093	-	5,093
	46,347	2,532	3,460	22,483	6,430	5,096	977	-	1,162	88,487	12,273	100,760
Movements in accumulated depreciation												
Depreciation and amortisation	(7,982)	(350)	(1,396)	(1,348)	(788)	(737)	(820)	-	(276)	(13,697)	-	(13,697)
Accumulated depreciation of disposals	2,386	5	5	16	-	-	78	-	4	2,494	-	2,494
Accumulated depreciation of recognitions	(47)	(7)	(56)	(30)	(1)	-	(3)	-	-	(144)	-	(144)
Accumulated depreciation of revaluations	(17,342)	(685)	(1,950)	(3,153)	(398)	15	448	-	(691)	(23,756)	-	(23,756)
Impairment losses	(314)	-	-	-	(15)	-	(1)	-	-	(330)	-	(330)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	(23,299)	(1,037)	(3,397)	(4,515)	(1,202)	(722)	(298)	-	(963)	(35,433)	-	(35,433)
At fair value 30 June 2023	587,893	27,056	64,776	207,909	64,697	24,860	20,818	-	17,387	1,015,396	28,119	1,043,515
Accumulated depreciation at 30 June 2023	(209,948)	(9,270)	(27,505)	(40,813)	(12,823)	(5,152)	(3,953)	-	(9,986)	(319,450)	-	(319,450)
Carrying amount	377,945	17,786	37,271	167,096	51,874	19,708	16,865	-	7,401	695,946	28,119	724,065

Notes to the Financial Report For the Year Ended 30 June 2023

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

Acquisition

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

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

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

Asset Recognition Thresholds and Depreciation Periods	Depreciation Period	Threshold Limit \$'000
Land and land improvements		
land	-	5
Buildings		
buildings	60 years	10
Plant and equipment		
plant and equipment	3 - 12 years	5
fixtures, fittings and furniture	4 - 10 years	5
artworks	-	0.5
library books	5 - 100 years	-
Infrastructure		
footpaths and cycle ways	1 - 50 years	10
road kerb and channel	70 years	10
road pavements	20 - 65 years	10
road seals	15 - 40 years	10
Drainage	50 - 150 years	10
Waste management	10 - 30 years	10
Aerodromes	50 years	10
Off street carparks	1 - 65 years	10
Recreational, leisure and community	10 - 25 years	10
Parks, open spaces and streetscapes	10 - 50 years	10
Intangible assets		
software	3 - 15 years	1
Water rights	-	0

Notes to the Financial Report For the Year Ended 30 June 2023

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

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Valuation of land and buildings

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2023

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

Valuation of land and building (cont'd)

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land	-	20,272	74,532	31/12/2022	Full/Internal
Specialised land	-	-	26,239	31/12/2022	Full/Internal
Buildings	-	7,918	128,198	31/12/2022	Full/Internal
Total	-	28,190	228,969		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an internal valuation undertaken by Senior Asset Officer Gavin Coulthard, (B Business, Diploma Risk Mgt). The Valuation review is undertaken by Strategic Asset Systems Coordinator Karen Milner (CPA, Grad Cert Project Management, 15 Years Asset Management Experience and Kylie Sergi, Manager Facilities & Assets (B App Sci, Dip Bus) 17 Year Asset Management Experience.)

The date and type 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 Australian Construction Handbook 2023, a full unit rate and useful life review of these assets will be conducted in 2023/24 and 2024/25. External Condition Assessments are undertaken on a 3-5 year cycle.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	377,945	30/06/2019	Full/External
Kerb and channel	-	-	17,786	30/06/2018	Full/External
Footpaths and cycle ways	-	-	37,271	30/06/2018	Full/External
Drainage	-	-	167,096	30/06/2018	Full/External
Recreational, leisure and community facilities	-	-	51,874	30/06/2021	Full/Internal
Waste management	-	-	19,708	30/06/2021	Full/Internal
Parks, open space and streetscapes	-	-	16,865	30/06/2021	Full/Internal
Off street car parks	-	-	7,401	30/06/2021	Full/Internal
Total	-	-	695,946		

Notes to the Financial Report For the Year Ended 30 June 2023

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 30% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.02 and \$940.00 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$60.00 to \$14,118.00 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 current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of straight line depreciation, except where a single asset class has comprehensive condition information, in which case remaining useful life is determined on the basis of condition. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	26,239	16,395
Land - parks and reserves, etc.	74,532	47,034
Total specialised land	<u>100,771</u>	<u>63,429</u>

Notes to the Financial Report For the Year Ended 30 June 2023

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

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Mildura Rural City Council. The Councillors, Chief Executive Officer and General Managers are deemed KMP.

Details of KMP at any time during the year are:

Councillors

Councillor (Mayor)	Liam Wood	1/07/2022 to	30/06/2023
Councillor (Deputy Mayor)	Jason Modica	1/07/2022 to	3/11/2022
Councillor (Deputy Mayor)	Helen Healy	3/11/2022 to	30/06/2023
Councillor	Helen Healy	1/07/2022 to	2/11/2022
Councillor	Troy Bailey	1/07/2022 to	30/06/2023
Councillor	Stefano de Pieri	1/07/2022 to	30/06/2023
Councillor	Mark Eckel	1/07/2022 to	30/06/2023
Councillor	Jodi Reynolds	1/07/2022 to	30/06/2023
Councillor	Jason Modica	4/11/2022 to	30/06/2023
Councillor	Ian Arney	1/07/2022 to	30/06/2023
Councillor	Glenn Milne	1/07/2022 to	30/06/2023

Chief Executive Officer and key management personnel

Martin Hawson	Chief Executive Officer	1/07/2022 to	30/06/2023
Chris Parham	General Manager Corporate	1/07/2022 to	14/10/2022
Mark McMillan	General Manager Corporate (Acting)	17/10/2022 to	30/06/2023
Daryl Morgan	General Manager Development (Acting)	1/07/2022 to	30/06/2023
Mark Jenkins	General Manager Community (Acting)	1/07/2022 to	30/06/2023

Notes to the Financial Report For the Year Ended 30 June 2023

7.1 Council and key management remuneration (cont'd)

	2023	2022
	No.	No.
Total number of Councillors	9	10
Total of Chief Executive Officer and other KMP	5	6
Total key management personnel	14	16

(c) Remuneration of key management personnel

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

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

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

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

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

	2023	2022
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,560	1,335
Post employment benefits	126	94
Other long-term benefits	43	-
Total	1,729	1,429

Notes to the Financial Report For the Year Ended 30 June 2023

7.1 Council and key management remuneration (cont'd)

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2023 No.	2022 No.
\$1 - \$9,999	-	1
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	7	7
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	-	1
\$90,000 - \$99,999	1	-
\$190,000 - \$199,999	1	-
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	-	1
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	2	-
\$280,000 - \$289,999	-	1
\$340,000 - \$349,999	-	1
\$360,000 - \$369,999	1	-
	<u>14</u>	<u>16</u>

Notes to the Financial Report For the Year Ended 30 June 2023

7.1 Council and key management remuneration (cont'd)

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP. *

	2023	2022
	\$'000	\$'000
Total remuneration of other senior staff was as follows:		
Short-term benefits	2,416	2,388
Post employment benefits	251	225
Other - long term benefits	71	75
Termination benefits	-	-
Total	2,738	2,688

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

	2023	2022
	No.	No.
Income Range:		
\$160,000 - \$169,999	-	2
\$170,000 - \$179,999	3	-
\$180,000 - \$189,999	1	3
\$190,000 - \$199,999	8	5
\$200,000 - \$209,999	1	3
\$210,000 - \$219,999	-	1
\$260,000 - \$269,999	1	-
	14	14

Total remuneration for the reporting year for senior officers included above, amounted to:	\$'000	\$'000
	2,738	2,688

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the *Local Government Act 2020*.

Notes to the Financial Report
For the Year Ended 30 June 2023

7.2 Related party disclosure

(a) Transactions with related parties

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

Employee expenses for close family members of key management personnel	288	85
	<u>288</u>	<u>85</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 577 staff of which only 3 are a close family member of key management personnel.

Council provides an annual funding contribution to Mildura Tourism and Economic Development Ltd which is approved in Council annual budget allocation. For the 2022-23 financial year the amount funding was \$1.354 million. Please note this is not a loan to related party but an annual funding contribution.

Council was the auspice body for the Mildura Aiport Pty Ltd construction of the Instrument Landing System. Council onpaid \$0.50 million in grant funding received as well as contributing \$0.50 million in Council contributions.

(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, receive loans from, or provide guarantees to any related parties as listed above at 7.1(b).

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

(d) Commitments to/from related parties

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

Notes to the Financial Report For the Year Ended 30 June 2023

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

The following are potential contingencies to be considered by Council.

Insurance claims

Council has a single major insurance claim in progress relating to damage caused by heavy rainfall during October 2022 resulted in rising rivers and waterways. This claim is being managed by the insurer who are sorting affected assets to full replacement value. Therefore, Council is not expending any financial payment resulting from the ongoing claim which would be material to our financial statement.

(b) Contingent liabilities

Contingent liabilities are:

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

The following are potential contingencies to be considered by Council.

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.

Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

Legal matters

Council does not have any major legal matters that could have a material impact on future operations at the time of preparation of these financial statements.

Notes to the Financial Report For the Year Ended 30 June 2023

8.1 Contingent assets and liabilities (cont'd)

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

MAV Workcare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the *Workplace Injury Rehabilitation and Compensation Act 2013*, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

Support for financial subsidiaries

The economic climate has rapidly changed in the last 12 months with high inflation and supply constraints, which is still ongoing. Mildura Rural City Council has continued to support the two wholly owned subsidiaries being Mildura Airport Pty Ltd and Mildura Tourism and Economic Development Ltd. This includes financial support through loan facility and other financial supports to ensure they can continue to operate as a going concern. This support is for a period of twelve months from the date of adoption of the Financial Statements. Council has provided a letter of support confirming ongoing support to Mildura Tourism and Economic Development Ltd.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

(d) Impairment of Council assets

Mildura experienced its worst flood event in 70 years, starting in October 2022. The Murray River floodwaters started in November 2022 and peaked in December 2022 at 38.4 metres. During the flood event, the floodwaters rose to approximately 3 metres above the ground at some locations. In accordance with clause 9 of AASB 136 Impairment of Assets, Council assessed the assets in the Property, Plant and Equipment asset register to determine whether any are impaired in the 2022-23 Financial Year. As a result, assets worth \$461k were disposed/written-off and impairment of \$488k was noted for the 2022-23 Financial Year.

Notes to the Financial Report For the Year Ended 30 June 2023

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

Notes to the Financial Report For the Year Ended 30 June 2023

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 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

Notes to the Financial Report For the Year Ended 30 June 2023

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 2023

8.3 (d) Liquidity risk (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 there will be a shift in market interest rates from year end rates. However, at this stage Council believes there will not be any material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council operations.

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.

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 2023

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. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

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

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.

Asset class	Revaluation frequency
Land	2 years
Buildings	2 years
Roads	1 year
Bridges	1 year
Footpaths and cycleways	1 year
Drainage	1 year
Recreational, leisure and community facilities	1 year
Waste management	1 year
Parks, open space and streetscapes	1 year
Aerodromes	N/a
Other infrastructure	1 to 5 years

Notes to the Financial Report For the Year Ended 30 June 2023

8.4 Fair value measurement (cont'd)

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

Mildura Rural City Council has conducted an independent review of its economic and tourism framework. Based on the findings of this review, at the Ordinary Council meeting held on the 28 September 2023, Council resolved to bring the economic and tourism functions currently performed by Mildura Tourism and Economic Development Limited back under Council control. Mildura Tourism and Economic Development Limited is a wholly owned subsidiary of Council, set up to undertake economic and tourism functions on Council's behalf. There is to be a transition period commencing 23 October 2023 to allow finalisation of existing obligations. This decision has not impacted on the 30 June 2023 balances recorded within this financial report.

Except for the disclosure above, there have been no significant events occurring after the balance date which may affect the Council's operations or the results of those operations.

Notes to the Financial Report For the Year Ended 30 June 2023

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
Consolidated			
2023			
Property			
Land	26,342	43,974	70,316
Buildings	60,146	17,786	77,932
	86,488	61,760	148,248
Plant and equipment			
Artwork	11,005	-	11,005
	11,005	-	11,005
Infrastructure			
Roads	251,155	29,289	280,444
Drainage	51,660	17,093	68,753
Drainage basins	6,641	858	7,499
Recreational, leisure and community facilities	42,839	5,610	48,449
Waste management	16	18	34
Parks, open space and streetscapes	1,938	575	2,513
Aerodromes	9,594	-	9,594
Off-street car parks	1,894	519	2,413
Footpaths	32,052	739	32,791
Kerb and channel	17,834	1,274	19,108
	415,623	55,975	471,598
Water rights			
Water rights	11,694	(88)	11,606
	11,694	(88)	11,606
Total asset revaluation reserves	524,810	117,647	642,457

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(a) Asset revaluation reserves (cont'd)

Consolidated 2022	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Property			
Land	26,342	-	26,342
Buildings	60,146	-	60,146
	86,488	-	86,488
Plant and equipment			
Artwork	14,595	(3,590)	11,005
	14,595	(3,590)	11,005
Infrastructure			
Roads	254,380	(3,225)	251,155
Drainage	50,328	1,332	51,660
Drainage basins	4,719	1,922	6,641
Recreational, leisure and community facilities	43,381	(542)	42,839
Waste management	-	16	16
Parks, open space and streetscapes	1,840	98	1,938
Aerodromes	9,594	-	9,594
Off-street car parks	-	1,894	1,894
Footpaths	29,854	2,198	32,052
Kerb and channel	17,413	421	17,834
	411,509	4,114	415,623
Water rights			
Water rights	8,530	3,164	11,694
	8,530	3,164	11,694
Total asset revaluation reserves	521,122	3,688	524,810

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(a) Asset revaluation reserves (cont'd)

Council 2023	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Property			
Land	26,342	43,974	70,316
Buildings	60,009	10,086	70,095
	86,351	54,060	140,411
Plant and equipment			
Artwork	11,005	-	11,005
	11,005	-	11,005
Infrastructure			
Roads	251,155	29,289	280,444
Drainage	51,660	17,093	68,753
Drainage basins	6,641	858	7,499
Recreational, leisure and community facilities	42,839	5,610	48,449
Waste management	16	18	34
Parks, open space and streetscapes	1,938	575	2,513
Aerodromes	9,594	-	9,594
Off-street car parks	1,894	519	2,413
Footpaths	32,052	739	32,791
Kerb and channel	17,834	1,274	19,108
	415,623	55,975	471,598
Water rights			
Water rights	11,616	(90)	11,526
	11,616	(90)	11,526
Total asset revaluation reserves	524,595	109,945	634,540

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(a) Asset revaluation reserves (cont'd)

Council 2022	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
Property			
Land	26,342	-	26,342
Buildings	60,009	-	60,009
	86,351	-	86,351
Plant and equipment			
Artwork	14,595	(3,590)	11,005
	14,595	(3,590)	11,005
Infrastructure			
Roads	254,380	(3,225)	251,155
Drainage	50,328	1,332	51,660
Drainage basins	4,719	1,922	6,641
Recreational, leisure and community facilities	43,381	(542)	42,839
Waste management	-	16	16
Parks, open space and streetscapes	1,840	98	1,938
Aerodromes	9,594	-	9,594
Off-street car parks	-	1,894	1,894
Footpaths	29,854	2,198	32,052
Kerb and channel	17,413	421	17,834
	411,509	4,114	415,623
Water rights			
Water rights	8,482	3,134	11,616
	8,482	3,134	11,616
Total asset revaluation reserves	520,937	3,658	524,595

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(b) Other reserves

Consolidated 2023	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Non discretionary reserves				
Apex Park reserve	519	22	(177)	364
Developer contribution reserve	3,354	2,156	(535)	4,975
Library book bequest reserve	30	-	-	30
DGR donations reserve - MAC Theatre	58	-	-	58
Merbein Caravan Park reserve	106	38	-	144
Lake Cullulleraine Caravan Park reserve	27	11	-	38
Landfill redevelopment	12,637	-	(4,088)	8,549
Total	16,731	2,227	(4,800)	14,158
Discretionary reserves				
Artwork acquisition reserve	137	45	(9)	173
Hands up Mallee	1,560	-	(239)	1,321
Small towns redevelopment reserve	245	-	(63)	182
VGC advance grants reserve	13,318	18,675	(13,318)	18,675
Land acquisition reserve	619	800	-	1,419
Water transfer proceeds reserve	65	-	-	65
Defined benefits reserve	2,000	-	-	2,000
Capital funding reserve	1,947	2,006	(3,329)	624
MRCC community drought reserve	1,796	-	(1,257)	539
MRCC developer contribution plan reserve	11,476	4,744	(488)	15,732
Unspent events grant reserve	276	67	(248)	95
Unspent recreation, planning and development grant reserve	89	-	(1)	88
Unspent community grant program	-	330	(126)	204
Murrayville swimming pool reserve	25	4	(8)	21
Underbool swimming pool reserve	14	6	(15)	5
Total	33,567	26,677	(19,101)	41,143
Total other reserves	50,298	28,904	(23,901)	55,301

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(b) Other reserves (cont'd)

Consolidated 2022	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Non discretionary reserves				
Apex Park reserve	519	-	-	519
Developer contribution reserve	2,113	1,265	(24)	3,354
Library book bequest reserve	35	10	(15)	30
DGR donations reserve - MAC Theatre	58	-	-	58
Merbein Caravan Park reserve	68	38	-	106
Lake Cullulleraine Caravan Park reserve	17	10	-	27
Landfill redevelopment reserve	-	14,094	(1,457)	12,637
Total	2,810	15,417	(1,496)	16,731
Discretionary reserves				
Artwork acquisition reserve	114	45	(22)	137
Hands up Mallee	710	850	-	1,560
Small towns redevelopment reserve	244	95	(94)	245
VGC advance grants reserve	7,927	13,318	(7,927)	13,318
Land acquisition reserve	602	1,918	(1,901)	619
Landfill redevelopment	11,132	(11,132)	-	-
Water transfer proceeds reserve	65	-	-	65
Defined benefits reserve	2,000	-	-	2,000
Capital funding reserve	5,877	609	(4,539)	1,947
MRCC community drought reserve	1,000	1,000	(204)	1,796
MRCC developer contribution plan reserve	6,930	4,553	(7)	11,476
Unspent events grant reserve	113	163	-	276
Unspent recreation, planning and development grant reserve	-	89	-	89
Murrayville swimming pool reserve	25	-	-	25
Underbool swimming pool reserve	14	-	-	14
Total	36,753	11,508	(14,694)	33,567
Total other reserves	39,563	26,925	(16,190)	50,298

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(b) Other reserves (cont'd)

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
2023				
Non discretionary reserves				
Apex Park reserve	519	22	(177)	364
Developer contribution reserve	3,354	2,156	(535)	4,975
Library book bequest reserve	30	-	-	30
DGR donations reserve - MAC Theatre	58	-	-	58
Merbein Caravan Park reserve	106	38	-	144
Lake Cullulleraine Caravan Park reserve	27	11	-	38
Landfill redevelopment reserve	12,637	-	(4,088)	8,549
Total	16,731	2,227	(4,800)	14,158
Discretionary reserves				
Artwork acquisition reserve	137	45	(9)	173
Hands up Mallee	1,560	-	(239)	1,321
Small towns redevelopment reserve	245	-	(63)	182
VGC advance grants reserve	13,318	18,675	(13,318)	18,675
Land acquisition reserve	619	800	-	1,419
Water transfer proceeds reserve	65	-	-	65
Defined benefits reserve	2,000	-	-	2,000
Capital funding reserve	1,947	2,006	(3,329)	624
MRCC community drought reserve	1,796	-	(1,257)	539
MRCC developer contribution plan reserve	11,476	4,744	(488)	15,732
Unspent events grant reserve	276	67	(248)	95
Unspent recreation, planning and development grant reserve	89	-	(1)	88
Unspent community grant program	-	330	(126)	204
Murrayville swimming pool reserve	25	4	(8)	21
Underbool swimming pool reserve	14	6	(15)	5
Total	33,567	26,677	(19,101)	41,143
Total other reserves	50,298	28,904	(23,901)	55,301

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(b) Other reserves (cont'd)

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
2022				
Non discretionary reserves				
Apex Park reserve	519	-	-	519
Developer contribution reserve	2,113	1,265	(24)	3,354
Library book bequest reserve	35	10	(15)	30
DGR donations reserve - MAC Theatre	58	-	-	58
Merbein Caravan Park reserve	68	38	-	106
Lake Cullulleraine Caravan Park reserve	17	10	-	27
Landfill redevelopment reserve	-	14,094	(1,457)	12,637
Total	2,810	15,417	(1,496)	16,731
Discretionary reserves				
Artwork acquisition reserve	114	45	(22)	137
Hands up Mallee	710	850	-	1,560
Small towns redevelopment reserve	244	95	(94)	245
VGC advance grants reserve	7,927	13,318	(7,927)	13,318
Land acquisition reserve	602	1,918	(1,901)	619
Landfill redevelopment reserve	11,132	(11,132)	-	-
Water transfer proceeds reserve	65	-	-	65
Defined benefits reserve	2,000	-	-	2,000
Capital funding reserve	5,877	609	(4,539)	1,947
MRCC community drought reserve	1,000	1,000	(204)	1,796
MRCC developer contribution plan reserve	6,930	4,553	(7)	11,476
Unspent events grant reserve	113	163	-	276
Unspent recreation, planning and development grant reserve	-	89	-	89
Murrayville swimming pool reserve	25	-	-	25
Underbool swimming pool reserve	14	-	-	14
Total	36,753	11,508	(14,694)	33,567
Total other reserves	39,563	26,925	(16,190)	50,298

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

Name of reserve	Nature and purpose
Non discretionary reserves	
Apex Park reserve	Set up under a Committee of Management agreement, where surplus funds are to be set aside for improvements to the park lands.
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.
Lake Cullulleraine Caravan Park reserve	Set up where surplus funds are to be set aside for improvements to the park lands.
Landfill redevelopment reserve	Surplus on waste management operations, to be used for landfill reinstatement and purchase of new landfill sites.
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.
Discretionary reserves	
Artwork acquisition reserve	A reserve created for any annual unspent capital works expenditure allocation towards the restoration and expansion of Council's permanent artwork collection.
Asset renewal reserve	Established in order to take advantage of any possible matching funding, by way of government grants, for renewal of Council assets.
Hands up Mallee	A reserve created to account for the unspent portion of Hands up Mallee grant funding received.
Street light pole reserve	Developer contributions for replacement of specialised street lighting poles in various subdivisions.

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

Name of reserve	Nature and purpose
Discretionary reserves	
Small town redevelopment reserve	A reserve for funds set aside for long term strategies for the small towns within the municipality.
VGC advance grants reserve	Reserve created to hold financial assistance grant funding received in advance.
Land acquisition reserve	The reserve was created to allow for the purchase of land identified for a strategic purpose.
Water transfer proceeds reserve	The reserve was established to hold proceeds from the sale of permanent and temporary water for future water purchases.
Defined benefits reserve	This reserve was established to hold funding generated from rates to be used in the advent of another defined benefits call.
Capital funding reserve	This reserve was established to hold rates funded capital works investments untied to any specific capital works project.
MRCC community drought reserve	This reserve was established to hold grant funding that is to be used to help communities affected by the drought.
MRCC developer contribution plan reserve	This reserve has been created to receive budget allocations that are to be used for the purpose of Council 's contribution towards developer contribution plan developments.
Unspent events grant reserve	An unspent event grants reserve will be established to hold grant payments that were budgeted to be paid out in the Budget but remain unallocated and unspent at the end of the financial year. The unspent grant budget allocation may be transferred to the reserve at the end of each financial year. This reserve primarily would be used to help fund large or hallmark events.
Unspent recreation, planning and development grant reserve	This reserve is to hold grant payments that were budgeted to be paid out in the annual budget but remain unallocated and unspent at the end of each financial year.
Unspent community grant program	This reserve is to ensure that funds allocated for the benefit of community groups are used to deliver projects for and on behalf of community groups.
Murrayville swimming pool reserve	This reserve is created to hold funds from the Murrayville swimming pool section 86 committee.
Underbool swimming pool reserve	This reserve is created to hold funds from the Underbool swimming pool section 86 committee.

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (cont'd)

(c) Financial assets revaluation

Council	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
2023				
Interest in Mildura Airport Pty Ltd	32,010	(924)	-	31,086
Interest in Mildura Regional Development	566	2,254	-	2,820
	32,576	1,330	-	33,906
Total financial assets revaluation	32,576	1,330	-	33,906
2022				
Interest in Mildura Airport Pty Ltd	33,674	(1,664)	-	32,010
Interest in Mildura Regional Development	563	3	-	566
	34,237	(1,661)	-	32,576
Total financial assets revaluation	34,237	(1,661)	-	32,576

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)				
Surplus for the year	21,216	27,404	19,888	29,095
Depreciation/amortisation	21,858	23,678	20,123	20,279
Loss on disposal of property, infrastructure, plant and equipment	955	3,685	798	3,685
Landfill provision	(1,512)	-	(1,512)	-
Write-off of works in progress	499	1,696	499	1,696
First time recognition of non current assets	(3,875)	(5,762)	(3,875)	(3,950)
Contributions - non-monetary assets	(400)	(823)	(400)	(823)
Interest expense	778	843	647	828
Leasing finance expense	59	-	48	-
Bad debt write off	35	-	34	-
<i>Change in assets and liabilities:</i>				
(Increase) / decrease in trade and other receivables	(1,117)	2,136	(2,748)	1,680
(Increase) / decrease in prepayments	(3)	(54)	3	(53)
Increase / (decrease) in trade and other payables	312	(1,541)	112	(929)
Increase / (decrease) in unearned revenue	(279)	1,896	(896)	1,512
Increase / (decrease) in trust fund deposits	271	(659)	271	(660)
(Increase) / decrease in inventories	(125)	34	(118)	36
Increase / (decrease) in provisions	(1,017)	360	(1,078)	367
Net cash provided by/(used in) operating activities	37,655	52,893	31,796	52,763

Notes to the Financial Report For the Year Ended 30 June 2023

9.3 Superannuation

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

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

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives 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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10%)).

Defined Benefit

Mildura 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.

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Notes to the Financial Report For the Year Ended 30 June 2023

9.3 Superannuation (cont'd)

Funding arrangements (cont'd)

Net investment returns	5.7% pa
Salary inflation	3.5% pa
Price inflation (CPI)	2.8% pa

As at 30 June 2022, 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 102.2%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.5% pa
Salary information	2.5% pa to 30 June 2023, and 3.5% pa thereafter
Price inflation (CPI)	3.0% pa

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2022 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2022 interim valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

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 limited at 97%.

Notes to the Financial Report For the Year Ended 30 June 2023

9.3 Superannuation (cont'd)

(b) Funding calls

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.

The 2022 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the defined benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 and the last full investigation was conducted as at 30 June 2020.

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

	2022 (Interim) \$m	2021 (Interim) \$m
A VBI surplus	44.6	214.7
A total service liability surplus	105.8	270.3
A discounted accrued benefits surplus	111.9	285.2

Notes to the Financial Report For the Year Ended 30 June 2023

9.3 Superannuation (cont'd)

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 2022.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2022.

The discounted accrued benefits surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2022.

The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023 (Triennial)	2020 (Triennial)
Net investment returns	5.7% pa	5.6% pa
Salary inflation	3.5% pa	2.5% pa for the first two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation contributions

Contributions by Mildura Rural City Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of Scheme	Rate	2023 \$	2022 \$
Vision super	Defined	10.5% (2022: 10%)	239,292	252,352
Vision super	Accumulation	10.5% (2022: 10%)	1,891,201	1,955,109
Other funds	Accumulation	10.5% (2022: 10%)	2,558,110	2,152,223

In addition to the contributions, Council has paid no unfunded liability payments to Vision Super during the 2022/23 year.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefits category of Vision Super for the year ended 30 June 2024 is \$264,347.

**Notes to the Financial Report
For the Year Ended 30 June 2023**

10 Change in accounting policy

There have been no changes to accounting policies in the 2022-23 year.