

# Snowy Valleys Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# Snowy Valleys Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021



## Snowy Valleys Council

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### Overview

Snowy Valleys Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

76 Capper St, Tumut

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au).

## Snowy Valleys Council

### General Purpose Financial Statements

for the year ended 30 June 2021

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Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 07 October 2021.

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James Hayes  
Mayor  
07 October 2021

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John Larter  
Councillor  
07 October 2021

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Matthew Hyde  
General Manager  
07 October 2021

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Susanne Andres  
Responsible Accounting Officer  
07 October 2021



Snowy Valleys Council | Statement of Comprehensive Income | For the year ended 30 June 2021

## Snowy Valleys Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>6,760</b>	<b>4,031</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of IPP&E	C1-6	<u>10,992</u>	60,595
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>10,992</b>	60,595
<b>Total other comprehensive income for the period</b>		<b>10,992</b>	60,595
<b>Total comprehensive income for the year attributable to Council</b>		<b>17,752</b>	64,626

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Snowy Valleys Council | Statement of Financial Position | For the year ended 30 June 2021

## Snowy Valleys Council

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	13,901	9,238
Investments	C1-2	19,116	32,619
Receivables	C1-4	12,129	7,810
Inventories	C1-5	92	136
Other		344	9
<b>Total current assets</b>		<b>45,582</b>	<b>49,812</b>
<b>Non-current assets</b>			
Investments	C1-2	5,000	–
Receivables	C1-4	11	11
Inventories	C1-5	147	147
Infrastructure, property, plant and equipment	C1-6	657,702	639,830
Investment property	C1-7	340	340
Intangible Assets	C1-8	448	606
<b>Total non-current assets</b>		<b>663,648</b>	<b>640,934</b>
<b>Total assets</b>		<b>709,230</b>	<b>690,746</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	3,877	2,382
Contract liabilities	C3-2	8,629	9,212
Borrowings	C3-3	1,285	1,418
Employee benefit provisions	C3-4	4,621	4,418
Provisions	C3-5	509	1,966
<b>Total current liabilities</b>		<b>18,921</b>	<b>19,396</b>
<b>Non-current liabilities</b>			
Borrowings	C3-3	6,284	6,837
Employee benefit provisions	C3-4	388	398
Provisions	C3-5	1,770	–
<b>Total non-current liabilities</b>		<b>8,442</b>	<b>7,235</b>
<b>Total liabilities</b>		<b>27,363</b>	<b>26,631</b>
<b>Net assets</b>		<b>681,867</b>	<b>664,115</b>
<b>EQUITY</b>			
Accumulated surplus		600,084	593,324
IPPE revaluation reserve		81,783	70,791
<b>Council equity interest</b>		<b>681,867</b>	<b>664,115</b>
<b>Total equity</b>		<b>681,867</b>	<b>664,115</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Snowy Valleys Council | Statement of Changes in Equity | For the year ended 30 June 2021

**Snowy Valleys Council**  
**Statement of Changes in Equity**  
for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
<b>Opening balance at 1 July</b>		593,324	70,791	664,115	604,487	10,196	614,683
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(15,194)	-	(15,194)
<b>Net operating result for the year</b>		6,760	-	6,760	4,031	-	4,031
<b>Restated net operating result for the period</b>		<b>6,760</b>	<b>-</b>	<b>6,760</b>	<b>4,031</b>	<b>-</b>	<b>4,031</b>
<b>Other comprehensive income</b>		-	10,992	10,992	-	60,595	60,595
- Gain on revaluation of IPP&E	C1+6	-	10,992	10,992	-	60,595	60,595
<b>Other comprehensive income</b>		<b>6,760</b>	<b>10,992</b>	<b>17,752</b>	<b>4,031</b>	<b>60,595</b>	<b>64,626</b>
<b>Total comprehensive income</b>		<b>600,084</b>	<b>81,783</b>	<b>681,867</b>	<b>593,324</b>	<b>70,791</b>	<b>664,115</b>
<b>Closing balance at 30 June</b>							

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Snowy Valleys Council | Statement of Cash Flows | For the year ended 30 June 2021

## Snowy Valleys Council

## Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
17,361	Rates and annual charges		17,306	17,351
9,958	User charges and fees		15,718	15,749
471	Investment and interest revenue received		570	654
18,014	Grants and contributions		37,063	20,264
962	Other		6,102	7,710
<b>Payments:</b>				
(16,351)	Employee benefits and on-costs		(20,053)	(21,249)
(9,259)	Materials and services		(34,461)	(18,413)
-	Borrowing costs		(458)	(509)
-	Bonds, deposits and retention amounts refunded		(16)	(34)
(5,382)	Other		(4,780)	(9,039)
15,774	<b>Net cash flows from operating activities</b>	G1-1	<b>16,991</b>	<b>12,484</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
-	Sale of investment securities		-	79,462
-	Redemption of term deposits		27,115	-
-	Sale of real estate assets		-	4
-	Sale of infrastructure, property, plant and equipment		1,121	866
<b>Payments:</b>				
-	Purchase of investment securities		-	(73,347)
-	Acquisition of term deposits		(18,612)	-
(18,572)	Purchase of infrastructure, property, plant and equipment		(21,257)	(19,946)
-	Purchase of real estate assets		(9)	(1)
(18,572)	<b>Net cash flows from investing activities</b>		<b>(11,642)</b>	<b>(12,962)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
-	Proceeds from borrowings		736	500
<b>Payments:</b>				
(1,817)	Repayment of borrowings		(1,422)	(1,403)
(1,817)	<b>Net cash flows from financing activities</b>		<b>(686)</b>	<b>(903)</b>
(4,615)	<b>Net change in cash and cash equivalents</b>		<b>4,663</b>	<b>(1,381)</b>
10,619	Cash and cash equivalents at beginning of year		9,238	10,619
6,004	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>13,901</b>	<b>9,238</b>
32,619	plus: Investments on hand at end of year	C1-2	24,116	32,619
38,623	<b>Total cash, cash equivalents and investments</b>		<b>38,017</b>	<b>41,857</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Snowy Valleys Council

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## Snowy Valleys Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 07 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### Going Concern

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

#### Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (iii) estimated landfill and quarry remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4

#### Monies and other assets received by Council

##### The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service
- Domestic Waste Management

Due to their immaterial value and nature the following Committees, Entities and Operations have been excluded from consolidation:

- Batlow Development League
- Batlow Ciderfest
- Batlow Apple Blossom
- Talbingo Progress Association

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## A1-1 Basis of preparation (continued)

- Festival of the Falling Leaf
- Rock the Turf
- Tumut District Community Transport
- Tumut Community Gardens
- Glenroy and Pioneers Women Hut
- Khancoban United Volunteers Association
- Tumbarumba Men's Shed
- Tumbafest
- Tumbarumba Friends of the Library
- Tooma Recreation Reserve
- Tumbarumba Historical Society

Total income from continuing operations \$164,575

Total expenses from continuing operations \$86,319

Total net assets held (i.e. equity) \$174,962

### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

### COVID 19 Impacts

COVID 19 has caused a disruption to Council's operations with a number of staff working remotely from home or at other Council facilities away from the main administration building. Whilst this has caused some challenges for staff, it has not resulted in any significant additional costs to Council. There has however been a slight increase in some costs due to the purchase of additional PPE (ie gloves, sanitiser etc) which has increased during the COVID period. Cleaning of Council premises and Council facilities has also increased slightly.

Overall, Council does not see any major effect which are considered significant on its financial position due to COVID, and Council does not expect this to have any increase in future years.

Council is of the opinion that physical non-current assets will not experience any substantial declines in value due to Covid. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to Covid.

For assets where fair value is determined by market value, Council has no evidence of any material changes to these values.

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

### Volunteer services

Council has recognised volunteer services which is included in the financial statements based on the average salary and on costs Council would be required to pay if the services had not been donated.

### New accounting standards and interpretations issued not yet effective

#### New accounting standards and interpretations issued but not yet effective

continued on next page ...

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### A1-1 Basis of preparation (continued)

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Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

#### **New accounting standards adopted during the year**

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

Those newly adopted standards did not have an impact on the reported position or performance of Council.

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Snowy Valleys Council | Notes to the Financial Statements 30 June 2021

**B Financial Performance**  
**B1 Functions or activities**  
**B1-1 Functions or activities – income, expenses and assets**

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
Towns and Villages	15,150	5,296	17,016	7,172	(1,866)	(1,876)	12,988	2,123	12,986	20,569
Growth Through Innovation	2,368	2,240	4,006	3,747	(1,638)	(1,507)	383	938	27,584	11,525
Our Natural Environment	14,370	12,838	9,424	8,886	4,946	3,952	1,808	1,094	117,206	115,067
Communications and Engagement	21,720	24,758	14,922	14,068	6,798	10,690	11,643	13,914	66,005	73,432
Our Infrastructure	23,091	17,583	24,571	24,811	(1,480)	(7,228)	10,268	6,949	485,439	470,153
Other	—	—	—	—	—	—	—	2,006	—	—
<b>Total functions and activities</b>	<b>76,699</b>	<b>62,715</b>	<b>69,939</b>	<b>58,684</b>	<b>6,760</b>	<b>4,031</b>	<b>37,090</b>	<b>27,024</b>	<b>709,230</b>	<b>690,746</b>

## B1-2 Components of functions or activities

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Details relating to the Council's functions or activities as reported in B1-1 are as follows:

- **Towns and Villages**

A sense of community and belonging, where people are friendly and support each other  
 Retention of the local identity for each town and village  
 Fair resource allocation across the Snowy Valleys region  
 Services which support wellbeing for local people such as libraries, childcare and aged care  
 Preservation and celebration of local history and heritage  
 Promotion and support of arts and cultural activities  
 Events which bring people together and promote the offerings of the region

- **Growth Through Innovation**

Support for existing industries, as well as initiatives to attract new employment opportunities across the region  
 Tourism initiatives to attract more people to the area and in turn boost the local economy  
 Initiatives to attract young families to the area to create a more diverse demography  
 Sustainable tourism initiatives which boost the economy and promote sustainable living  
 Support for small business and a reduction in red tape when dealing with government agencies  
 Improved telecommunication services including mobile phone reception and high speed internet access

- **Our Natural Environment**

To protect the natural environment and promote its beauty to locals and visitors  
 Opportunities to make use of the natural environment for sustainable recreation activities  
 To ensure the cleanliness of local waterways, lakes and streams

- **Communications and Engagement**

Councillors, the Council executive and staff to be accessible and open to listening  
 To be communicated to in a timely manner on all Council decisions  
 Additional communication in the context of the recent merger and as the new Council becomes established  
 Opportunities to be actively involved in engagement activities which inform Council decision making  
 Opportunities to be involved in committees which provide direct advice to Council on local issues

- **Our Infrastructure**

Improved roads, amenities, infrastructure and facilities which meet community needs  
 Reliable waste and sewage services  
 Continuation of resource allocation towards sports grounds and facilities to enable recreation activities  
 Improvements to sustainable transport infrastructure including walking tracks and cycleways  
 Initiatives to encourage sustainable transport options for locals including public transport  
 Continued access to local swimming pools



**B2 Sources of income****B2-1 Rates and annual charges**

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	3,887	4,266
Farmland	4,152	4,036
Business	872	969
Less: pensioner rebates (mandatory)	(214)	(221)
<b>Rates levied to ratepayers</b>	<b>8,697</b>	<b>9,050</b>
Pensioner rate subsidies received	118	122
<b>Total ordinary rates</b>	<b>8,815</b>	<b>9,172</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	2,483	2,326
Stormwater management services	45	41
Water supply services	1,001	969
Sewerage services	4,134	4,011
Waste management services (non-domestic)	721	665
<b>Annual charges levied</b>	<b>8,384</b>	<b>8,012</b>
Pensioner subsidies received:		
– Water	55	55
– Sewerage	52	51
– Domestic waste management	68	64
Less: Pensioner Rebates	(323)	(309)
<b>Total annual charges</b>	<b>8,236</b>	<b>7,873</b>
<b>Total rates and annual charges</b>	<b>17,051</b>	<b>17,045</b>

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

**Accounting policy**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts. Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

## B2-2 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	2,811	2,486
Sewerage services	2	459	179
Trade waste services	2	37	20
<b>Total specific user charges</b>		<b>3,307</b>	<b>2,685</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services	2	9	–
Planning and building regulation	2	473	357
Private works – section 67	2	4,109	3,984
Section 10.7 certificates (EP&A Act)	2	37	26
Section 603 certificates	2	46	31
<b>Total fees and charges – statutory/regulatory</b>		<b>4,674</b>	<b>4,398</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Cemeteries	2	245	215
Library and art gallery	2	8	9
Refuse and effluent disposal	2	–	12
Transport for NSW works (state roads not controlled by Council)	2	7,014	6,781
Swimming centres	2	87	50
Aged related services	2	198	121
Gravel sales	2	73	57
Sporting facilities fees	2	34	26
Waste transfer station fees	2	124	22
Childrens services fees	2	439	353
Community transport	2	63	71
Medical services	2	323	166
Other	2	316	235
<b>Total fees and charges – other</b>		<b>8,924</b>	<b>8,118</b>
<b>Total user charges and fees</b>		<b>16,905</b>	<b>15,201</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		16,905	15,201
<b>Total user charges and fees</b>		<b>16,905</b>	<b>15,201</b>

### Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

**B2-3 Other revenue**

\$ '000	Timing	2021	2020
Assets first time recognition	2	519	210
Batlow Cannery demolition reimbursement	2	854	-
Blaze Aid Camps reimbursement	2	213	-
Diesel rebate	2	101	-
Fines	2	29	32
Insurance claims recoveries	2	580	43
Legal fees recovery – rates and charges (extra charges)	2	-	24
PY disaster management reimbursement	2	502	-
Other	2	207	240
Sale of Southern Phones Shares	2	-	786
Sales – general	2	440	383
Southern phone dividend received	2	-	20
Workers compensation rebate	2	260	84
<b>Total other revenue</b>		<b>3,705</b>	<b>1,822</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time (1)	-	-
Other revenue recognised at a point in time (2)	3,705	1,822
<b>Total other revenue</b>	<b>3,705</b>	<b>1,822</b>

**Accounting policy for other revenue**

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

Parking fees and fines are recognised as revenue when the fine has been paid.

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**B2-4 Grants and contributions**

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	2,140	2,201	–	–
Financial assistance – local roads component	2	688	706	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	3,026	3,081	–	–
<b>Other</b>					
Other grants	2	102	–	–	–
<b>Amount recognised as income during current year</b>		<b>5,956</b>	<b>5,988</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
Water supplies	2	–	–	14	–
Sewerage services	2	–	–	53	–
Bushfire and emergency services	2	11,419	1,567	–	20
Child care	2	1,489	1,629	–	–
Community care	2	983	926	63	549
Economic development	2	–	–	450	387
Heritage and cultural	2	10	106	–	13
Library	2	97	96	–	–
Noxious weeds	1	67	64	–	–
Street lighting	2	51	–	–	–
Stronger Communities and Implementation Funding	2	1,355	2,226	6,491	6,954
Domestic Waste Fund Grant	2	–	–	690	67
Transport (roads to recovery)	2	872	872	–	–
Transport (other roads and bridges funding)	2	970	103	969	3,451
<b>Previously contributions:</b>					
Bushfire services		455	–	–	–
Recreation and culture	2	298	–	1,796	50
Transport for NSW contributions (regional roads, block grant)	2	1,250	1,209	–	–
Other contributions	1	78	69	259	140
Insurance rebate	2	–	104	–	–
Rural fire service (zone HQ)	2	–	251	–	–
Diesel rebate	2	–	90	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>19,394</b>	<b>9,312</b>	<b>10,785</b>	<b>11,631</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>19,394</b>	<b>9,312</b>	<b>10,785</b>	<b>11,631</b>
<b>Total grants and non-developer contributions</b>		<b>25,350</b>	<b>15,300</b>	<b>10,785</b>	<b>11,631</b>
<b>Comprising:</b>					
– Commonwealth funding		8,749	8,363	1,001	549
– State funding		15,043	2,685	9,661	10,786
– Other funding		1,558	4,252	123	296
		<b>25,350</b>	<b>15,300</b>	<b>10,785</b>	<b>11,631</b>

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**B2-4 Grants and contributions (continued)****Developer contributions**

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	11	6
S 64 – water supply contributions		2	–	–	351	55
S 64 – sewerage service contributions		2	–	–	346	32
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>708</b>	<b>93</b>
<b>Non-cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	247	–
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>247</b>	<b>–</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>955</b>	<b>93</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>955</b>	<b>93</b>
<b>Total grants and contributions</b>			<b>25,350</b>	<b>15,300</b>	<b>11,740</b>	<b>11,724</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			25,350	15,300	11,740	11,724
<b>Total grants and contributions</b>			<b>25,350</b>	<b>15,300</b>	<b>11,740</b>	<b>11,724</b>

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## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	2,099	2,158	6,916	13,571
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
<b>Add:</b> Funds received and not recognised as revenue in the current year	711	1,478	9,914	546
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(1,628)	(1,537)	(8,528)	(7,201)
<b>Unspent funds at 30 June</b>	<b>1,182</b>	<b>2,099</b>	<b>8,302</b>	<b>6,916</b>
<b>Contributions</b>				
Unspent funds at 1 July	3,640	3,496	-	-
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	728	144	-	-
<b>Add:</b> contributions received and not recognised as revenue in the current year	-	-	-	-
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
<b>Unspent contributions at 30 June</b>	<b>4,368</b>	<b>3,640</b>	<b>-</b>	<b>-</b>

### Accounting policy

#### Accounting policy from 1 July 2019

##### Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include performance obligations within AASB 15 grants such as completion of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

##### Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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## B2-4 Grants and contributions (continued)

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

### Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

### Contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	28	83
– Cash and investments	407	432
<b>Total interest and investment income (losses)</b>	<b>435</b>	<b>515</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	15	35
General Council cash and investments	257	151
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	2	5
– Section 64	14	50
Water fund operations	50	96
Sewerage fund operations	69	123
Domestic waste management operations	24	44
Tumbarumba Retirement Village	4	11
<b>Total interest and investment income</b>	<b>435</b>	<b>515</b>

### Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

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**B2-6 Other income**

\$ '000	Notes	2021	2020
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		3	-
Lease income relating to variable lease payments not dependent on an index or a rate		-	-
<b>Total Investment properties</b>		<b>3</b>	<b>-</b>
<b>Other lease income</b>			
Operating Lease Income		1,388	983
Leaseback fees - council vehicles		122	125
<b>Total Other lease income</b>		<b>1,510</b>	<b>1,108</b>
<b>Total rental income</b>	C2-1	<b>1,513</b>	<b>1,108</b>
<b>Total other income</b>		<b>1,513</b>	<b>1,108</b>

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**B3 Costs of providing services****B3-1 Employee benefits and on-costs**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Salaries and wages	<b>16,911</b>	16,530
Employee termination costs	<b>3</b>	489
Travel expenses	<b>6</b>	6
Employee leave entitlements (ELE)	<b>1,438</b>	1,860
Superannuation	<b>1,739</b>	1,762
Workers' compensation insurance	<b>394</b>	325
Fringe benefit tax (FBT)	<b>80</b>	86
Payroll tax	<b>32</b>	49
Training costs (other than salaries and wages)	<b>320</b>	139
Protective clothing	<b>13</b>	9
Other	<b>276</b>	372
<b>Total employee costs</b>	<b>21,212</b>	<b>21,627</b>
Less: capitalised costs	<b>(966)</b>	(1,047)
<b>Total employee costs expensed</b>	<b>20,246</b>	<b>20,580</b>
Number of 'full-time equivalent' employees (FTE) at year end	<b>209</b>	209

**Accounting policy**

Employee benefit expenses are recorded when the service has been provided by the employee.

*Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

*Superannuation plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

**B3-2 Materials and services**

\$ '000	Notes	2021	2020
Raw materials and consumables		7,824	12,551
Contractor costs		19,655	3,093
Consultancy costs		2,720	2,371
Audit Fees	F2-1	78	115
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	181	232
Advertising		359	294
Bank charges		74	40
Electricity and heating		1,097	1,166
Insurance		780	820
Postage		66	56
Printing and stationery		155	166
Street lighting		7	23
Subscriptions and publications		161	170
Telephone and communications		252	309
Valuation fees		72	69
Travel expenses		36	37
Other expenses		434	823
Council Grant Programs		404	232
<b>Legal expenses:</b>			
– Legal expenses: debt recovery		19	157
– Legal expenses: other		78	90
Other		1	–
<b>Total materials and services</b>		<b>34,453</b>	<b>22,814</b>
<b>Total materials and services</b>		<b>34,453</b>	<b>22,814</b>

**Accounting policy**

Expenses are recorded on an accruals basis as the council receives the goods or services.

**B3-3 Borrowing costs**

\$ '000	2021	2020
<b>(i) Interest bearing liability costs</b>		
Interest on loans	473	503
<b>Total interest bearing liability costs</b>	<b>473</b>	<b>503</b>
<b>Total interest bearing liability costs expensed</b>	<b>473</b>	<b>503</b>
<b>Total borrowing costs expensed</b>	<b>473</b>	<b>503</b>

**Accounting policy**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

### B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		1,600	1,658
Office equipment		26	35
Furniture and fittings		1	4
Other Assets - Library Collection		-	1
<b>Infrastructure:</b>	C1-6		
- Buildings – non-specialised		1,025	952
- Buildings – specialised		379	368
- Other structures		362	332
- Roads		2,977	3,715
- Bridges		585	503
- Footpaths		187	217
- Other road assets		260	364
- Stormwater drainage		310	309
- Water supply network		1,250	1,239
- Sewerage network		1,573	1,432
- Other open space/recreational assets		357	311
Other assets		-	1
<b>Reinstatement, rehabilitation and restoration assets:</b>			
- Tip assets	C3-5, C1-6	48	52
- Quarry assets	C3-5, C1-6	74	53
Intangible assets	C1-8	158	158
<b>Total gross depreciation and amortisation costs</b>		<b>11,172</b>	<b>11,704</b>
<b>Total depreciation and amortisation costs</b>		<b>11,172</b>	<b>11,704</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>11,172</b>	<b>11,704</b>

#### Accounting policy

##### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPP&E assets and Note C1-8 for intangible assets.

##### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

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**B3-5 Other expenses**

\$ '000	2021	2020
<b>Other</b>		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	748	528
– Other contributions/levies	304	299
– Donations, contributions and assistance to other organisations	56	50
– Tumut Visitor Centre	182	178
<b>Total other</b>	<b>1,290</b>	<b>1,055</b>
<b>Total other expenses</b>	<b>1,290</b>	<b>1,055</b>

**Accounting policy**

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

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**B4 Gains or losses****B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		1,121	692
Less: carrying amount of plant and equipment assets sold/written off		<u>(857)</u>	<u>(1,007)</u>
<b>Gain (or loss) on disposal</b>		<u>264</u>	<u>(315)</u>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Proceeds from disposal – infrastructure		–	174
Less: carrying amount of infrastructure assets sold/written off		<u>(2,506)</u>	<u>(1,826)</u>
<b>Gain (or loss) on disposal</b>		<u>(2,506)</u>	<u>(1,652)</u>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>	C1-5		
Proceeds from disposal – real estate assets		–	4
Less: carrying amount of real estate assets sold/written off		<u>(63)</u>	<u>(65)</u>
<b>Gain (or loss) on disposal</b>		<u>(63)</u>	<u>(61)</u>
<b>Gain (or loss) on disposal of term deposits</b>	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		27,115	39,731
Less: carrying amount of term deposits sold/redeemed/matured		<u>(27,115)</u>	<u>(39,731)</u>
<b>Gain (or loss) on disposal</b>		<u>–</u>	<u>–</u>
<b>Net gain (or loss) on disposal of assets</b>		<u>(2,305)</u>	<u>(2,028)</u>

**Accounting policy**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 16 July 2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	17,361	17,051	(310)	(2)% <b>U</b>
<b>User charges and fees</b>	9,958	16,905	6,947	70% <b>F</b>
Private works additional work, Road Maintenance Council Contract expanded, Medical Centre and Swimming Pools revenue greater than expected				
<b>Other revenues</b>	962	3,705	2,743	285% <b>F</b>
Domestic Waste fees higher than budgeted, Septic fees budget omission, Insurance claims settled from prior year claims, Fuel rebate greater than budgeted, higher than usual Gravel sales				
<b>Operating grants and contributions</b>	10,705	25,350	14,645	137% <b>F</b>
Disaster recovery funding arrangements PY and CY, Winterbites events funding, New Council Implementation funding (NCIF) recognised on delivery of projects				
<b>Capital grants and contributions</b>	7,310	11,740	4,430	61% <b>F</b>
Additional grant funding for Local roads & community infrastructure grants (LRCl), Aerodrome stage 1, Wondalga Road, Batlow CVP PY (bushfire funding), Safer Communities funding (SCF) and Stronger Country Communities funding (SCCF) recognised on delivery of projects, Bushfire community recovery & resilience funding (BRRF) received, Sewer & Water fund contributions				
<b>Interest and investment revenue</b>	471	435	(36)	(8)% <b>U</b>
Falling interest rates in uncertain economic environment and limited investment opportunities				
<b>Other income</b>	-	1,513	1,513	∞ <b>F</b>
Lease income Caravan Park and other buildings budgeted elsewhere (user charges and fees)				

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**B5-1 Material budget variations (continued)**

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	16,497	20,246	(3,749)	(23)% <b>U</b>
Additional private works undertaken, correction of casual wages originally budgeted in materials and staff being engaged in delivery of additional projects for which funding was received during the year unable to be diverted to capital projects and required to perform overtime duties				
<b>Materials and services</b>	9,259	34,453	(25,194)	(272)% <b>U</b>
Additional costs incurred to deliver large amount of projects and bushfire recovery work (covered under recovery funding arrangements)				
<b>Borrowing costs</b>	477	473	4	1% <b>F</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b>	11,093	11,172	(79)	(1)% <b>U</b>
<b>Other expenses</b>	5,382	1,290	4,092	76% <b>F</b>
Budgeted other expense charged through materials and services				
<b>Net losses from disposal of assets</b>	-	2,305	(2,305)	∞ <b>U</b>
Disposal of assets is a capital item and not budgeted for unless contained in the operational plan				
<b>STATEMENT OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>	15,774	16,991	1,217	8% <b>F</b>
Additional revenue from private works, contract and grant income was offset by increased employee benefits and materials and contracts for private works and bushfire recovery works				
<b>Cash flows from investing activities</b>	(18,572)	(11,642)	6,930	(37)% <b>F</b>
Over budget capital purchases offset by redemption of term deposits and sale proceeds from disposal of IPPE				
<b>Cash flows from financing activities</b>	(1,817)	(686)	1,131	(62)% <b>F</b>
Drawdown of new loan for Streetlights LED replacement				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	3,062	1,038
Cash-equivalent assets		
– Deposits at call	10,839	8,200
<b>Total cash and cash equivalents</b>	<b>13,901</b>	<b>9,238</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,901	9,238
<b>Balance as per the Statement of Cash Flows</b>	<b>13,901</b>	<b>9,238</b>

#### Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	19,116	5,000	32,619	–
<b>Total</b>	<b>19,116</b>	<b>5,000</b>	<b>32,619</b>	<b>–</b>
<b>Total financial investments</b>	<b>19,116</b>	<b>5,000</b>	<b>32,619</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>33,017</b>	<b>5,000</b>	<b>41,857</b>	<b>–</b>

#### Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

continued on next page ...

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## C1-2 Financial investments (continued)

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

## C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
<b>Total cash, cash equivalents and investments</b>	<b>33,017</b>	<b>5,000</b>	<b>41,857</b>	<b>–</b>
<b>attributable to:</b>				
External restrictions	26,199	5,000	27,324	–
Internal restrictions	9,198	–	12,578	–
Unrestricted <sup>1</sup>	(2,380)	–	1,955	–
	<b>33,017</b>	<b>5,000</b>	<b>41,857</b>	<b>–</b>

(1) At 30 June Council recognised outstanding Disaster Recovery Funding Arrangements (DRFA) claims in excess of \$5.5M as receivables (Note C1-4) for work delivered during the financial year 2020/21. These claims were still being evaluated and payment was yet to be received from the State Government, resulting in Council holding a negative unrestricted cash balance at year end.

\$ '000	2021	2020
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### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	9,484	9,015
<b>External restrictions – included in liabilities</b>	<b>9,484</b>	<b>9,015</b>

#### External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	369	356
Developer contributions – water fund	1,365	1,009
Developer contributions – sewer fund	2,633	2,275
Water fund	5,890	5,406
Sewer fund	7,777	6,642
Domestic waste management	2,885	1,798
Retirement village	643	670
Specific purpose contributions	49	49
Urban stormwater	104	104
<b>External restrictions – other</b>	<b>21,715</b>	<b>18,309</b>

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**C1-3 Restricted cash, cash equivalents and investments (continued)**

\$ '000	2021	2020
<b>Total external restrictions</b>	<b>31,199</b>	<b>27,324</b>
<b>Internal restrictions</b>		
Council has internally restricted cash, cash equivalents and investments as follows:		
Aboriginal brungle reserve PW	45	45
Adelong showground reserve	10	10
Aerodrome	-	138
Asset renewals reserve	-	88
Batlow literary institute	51	51
Camp hudson	108	99
Caravan park	80	80
Carry over works	1,863	4,302
Community services	121	253
Community Transport	950	875
Contingencies	500	500
Employees leave entitlement	1,933	1,682
Insurance (risk management)	162	98
IT	96	102
Legal	50	50
Life long learner	2	2
Plant and vehicle replacement	1,281	1,929
Project development	394	884
Quarry rehab and capital works	1,113	946
Real estate asset management	-	8
Saleyards	37	37
Scholarship	6	6
Security deposits	9	9
Swimming pools	147	147
Talbingo reserve	118	118
Telecentre	26	26
Television translator/radio	32	32
Third age group	3	3
Tumut boys club	44	44
Xmas festivities	6	6
Youth council	11	8
<b>Total internal restrictions</b>	<b>9,198</b>	<b>12,578</b>
<b>Total restrictions</b>	<b>40,397</b>	<b>39,902</b>

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

Snowy Valleys Council | Notes to the Financial Statements 30 June 2021

**C1-4 Receivables**

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	889	11	1,122	11
Interest and extra charges	120	-	123	-
User charges and fees	4,711	-	4,080	-
Accrued revenues				
– Interest on investments	92	-	224	-
– Other income accruals	5,956	-	2,292	-
Net GST receivable	392	-	-	-
<b>Total</b>	<b>12,160</b>	<b>11</b>	<b>7,841</b>	<b>11</b>
<b>Less: provision of impairment</b>				
Other debtors	(31)	-	(31)	-
<b>Total provision for impairment – receivables</b>	<b>(31)</b>	<b>-</b>	<b>(31)</b>	<b>-</b>
<b>Total net receivables</b>	<b>12,129</b>	<b>11</b>	<b>7,810</b>	<b>11</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	51	-	-	-
– Other	190	-	219	-
<b>Sewerage services</b>				
– Rates and availability charges	240	-	321	-
– Other	50	-	17	-
<b>Domestic waste management</b>	<b>171</b>	<b>-</b>	<b>195</b>	<b>-</b>
<b>Total external restrictions</b>	<b>702</b>	<b>-</b>	<b>752</b>	<b>-</b>
<b>Unrestricted receivables</b>	<b>11,427</b>	<b>11</b>	<b>7,058</b>	<b>11</b>
<b>Total net receivables</b>	<b>12,129</b>	<b>11</b>	<b>7,810</b>	<b>11</b>
<b>Accounting policy</b>				

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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## C1-4 Receivables (continued)

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### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	13	147	67	147
Stores and materials	79	–	69	–
<b>Total inventories at cost</b>	<b>92</b>	<b>147</b>	<b>136</b>	<b>147</b>
<b>Total inventories</b>	<b>92</b>	<b>147</b>	<b>136</b>	<b>147</b>

### (i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(a) Details for real estate development</b>					
Residential		13	147	67	147
<b>Total real estate for resale</b>		<b>13</b>	<b>147</b>	<b>67</b>	<b>147</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition costs		13	147	24	147
Development costs		–	–	43	–
<b>Total costs</b>		<b>13</b>	<b>147</b>	<b>67</b>	<b>147</b>
<b>Total real estate for resale</b>		<b>13</b>	<b>147</b>	<b>67</b>	<b>147</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		67	147	131	147
– Purchases and other costs		9	–	(66)	67
– WDV of sales (expense)	B4-1	(63)	–	2	(67)
<b>Total real estate for resale</b>		<b>13</b>	<b>147</b>	<b>67</b>	<b>147</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	1,733	-	1,733	3,652	-	-	-	(1,509)	-	-	3,876	-	3,876
Plant and equipment	20,411	(9,387)	11,024	3,047	599	(754)	(1,600)	-	-	-	21,656	(9,340)	12,316
Office equipment	1,089	(952)	137	-	-	(32)	(26)	-	-	-	177	(98)	79
Furniture and fittings	484	(430)	54	-	-	(50)	(1)	-	-	-	10	(7)	3
<b>Land:</b>													
- Operational land	7,965	-	7,965	-	-	-	-	-	(426)	139	7,678	-	7,678
- Community land	13,342	-	13,342	-	-	-	-	-	-	377	13,719	-	13,719
<b>Infrastructure:</b>													
- Buildings – non-specialised	48,418	(20,674)	27,744	736	144	(268)	(1,025)	816	-	-	49,697	(21,550)	28,147
- Buildings – specialised	17,368	(6,514)	10,854	1,384	298	(357)	(379)	10	-	-	18,418	(6,608)	11,810
- Other structures	11,099	(4,679)	6,420	1,134	281	(60)	(362)	273	-	-	12,513	(4,827)	7,686
- Roads	181,959	(50,895)	131,064	3,879	81	(1,348)	(2,977)	273	(1,096)	-	182,345	(52,469)	129,876
- Bridges	67,546	(23,122)	44,424	40	138	-	(585)	-	-	-	67,723	(23,706)	44,017
- Footpaths	15,772	(3,684)	12,088	1,492	119	(352)	(187)	4	(53)	-	16,863	(3,752)	13,111
- Kerb and gutter	29,451	(8,535)	20,916	-	-	-	(260)	-	-	74	29,451	(8,721)	20,730
- Bulk earthworks (non-depreciable)	201,636	-	201,636	1,256	62	-	-	-	(51)	-	202,903	-	202,903
- Stormwater drainage	36,984	(15,864)	21,120	61	56	-	(310)	-	-	11,304	47,605	(15,374)	32,231
- Water supply network	77,596	(30,523)	47,073	-	609	-	(1,250)	-	-	145	78,920	(32,343)	46,577
- Sewerage network	98,414	(33,796)	64,618	173	143	(21)	(1,573)	-	-	579	99,523	(35,604)	63,919
- Other open space/recreational assets	20,198	(3,785)	16,413	1,493	67	(121)	(357)	133	-	-	21,725	(4,097)	17,628
<b>Other assets:</b>													
- Library books	25	(23)	2	-	-	-	-	-	-	-	25	(23)	2
<b>Reinstatement, rehabilitation and restoration assets (refer Note 16):</b>													
- Tip assets	764	(90)	674	-	-	(115)	(48)	-	-	-	647	(136)	511
- Quarry assets	668	(139)	529	-	428	-	(74)	-	-	-	1,097	(214)	883
<b>Total infrastructure, property, plant and equipment</b>	<b>852,922</b>	<b>(213,092)</b>	<b>639,830</b>	<b>18,347</b>	<b>3,025</b>	<b>(3,478)</b>	<b>(11,014)</b>	<b>-</b>	<b>(1,626)</b>	<b>12,618</b>	<b>876,571</b>	<b>(218,869)</b>	<b>657,702</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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## C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period								At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	1,511	–	1,511	1,733	–	–	–	(1,511)	–	–	–	1,733	–	1,733
Plant and equipment	20,466	(8,669)	11,797	1,365	259	(784)	(1,658)	–	45	–	–	20,411	(9,387)	11,024
Office equipment	871	(804)	67	20	–	(4)	(35)	–	89	–	–	1,089	(952)	137
Furniture and fittings	1,061	(785)	276	–	–	(219)	(4)	–	1	–	–	484	(430)	54
<b>Land:</b>														
– Operational land	6,832	–	6,832	–	–	–	–	–	1,133	–	–	7,965	–	7,965
– Community land	14,474	–	14,474	–	–	–	–	–	(1,132)	–	–	13,342	–	13,342
Land improvements – non-depreciable	375	–	375	–	–	–	–	–	(375)	–	–	–	–	–
<b>Infrastructure:</b>														
– Buildings – non-specialised	47,049	(20,137)	26,912	1,209	588	(391)	(952)	–	420	(42)	–	48,418	(20,674)	27,744
– Buildings – specialised	17,751	(6,533)	11,218	563	801	(259)	(368)	–	(1,075)	(26)	–	17,368	(6,514)	10,854
– Other structures	11,629	(4,534)	7,095	433	160	(72)	(332)	–	(864)	–	–	11,099	(4,679)	6,420
– Roads	254,795	(78,278)	176,517	2,377	894	(536)	(3,715)	1,511	(82,999)	–	37,015	181,959	(50,895)	131,064
– Bridges	56,264	(24,629)	31,635	423	1,662	(16)	(503)	–	–	–	11,223	67,546	(23,122)	44,424
– Footpaths	14,482	(5,539)	8,943	273	1,190	(132)	(217)	–	45	–	1,986	15,772	(3,684)	12,088
– Bulk earthworks (non-depreciable)	111,096	–	111,096	621	1,527	–	–	–	84,570	–	3,822	201,636	–	201,636
– Stormwater drainage	36,628	(15,560)	21,068	376	9	(9)	(309)	–	(15)	–	–	36,984	(15,864)	21,120
– Water supply network	76,744	(29,031)	47,713	96	40	(118)	(1,239)	–	139	–	442	77,596	(30,523)	47,073
– Sewerage network	97,374	(32,137)	65,237	82	–	(29)	(1,432)	–	153	–	607	98,414	(33,796)	64,618
– Other open space/recreational assets	18,221	(3,500)	14,721	1,460	853	(261)	(311)	–	(49)	–	–	20,198	(3,785)	16,413
– Kerb and gutter	28,020	(12,576)	15,444	265	5	(3)	(364)	–	1	–	5,568	29,451	(8,535)	20,916
<b>Other assets:</b>														
– Library books	25	(22)	3	–	–	–	(1)	–	–	–	–	25	(23)	2
– Other	107	(21)	86	–	–	–	–	–	(86)	–	–	–	–	–
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	220	(62)	158	–	568	–	(52)	–	–	–	–	764	(90)	674
– Quarry assets	577	(87)	490	–	92	–	(53)	–	–	–	–	668	(139)	529
<b>Total infrastructure, property, plant and equipment</b>	<b>816,572</b>	<b>(242,904)</b>	<b>573,668</b>	<b>11,296</b>	<b>8,648</b>	<b>(2,833)</b>	<b>(11,545)</b>	<b>–</b>	<b>1</b>	<b>(68)</b>	<b>60,663</b>	<b>852,922</b>	<b>(213,092)</b>	<b>639,830</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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## C1-6 Infrastructure, property, plant and equipment (continued)

### Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 20
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	50 to 120
Dams and reservoirs	40 to 100	Culverts	50 to 110
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	45 to 75		
Pumps and telemetry	15 to 205		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Bulk earthworks	Infinite
Sealed roads: surface	2 to 60	Swimming pools	60
Sealed roads: structure	60	Unsealed roads	20
Unsealed roads	7 to 30	Other open space/recreational assets	15 to 60
Bridge: concrete	100	Other infrastructure	50 to 200
Bridge: other	40 to 80		
Road subbase	200		
Kerb, gutter and footpaths	90		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.



## C1-6 Infrastructure, property, plant and equipment (continued)

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### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with *AASB 1051 Land Under Roads*.

Land under roads acquired after 1 July 2008 is recognised in accordance with *AASB 116 Property, Plant and Equipment*.

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

### Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These assets are under the control of RFS to enable that service to comply with the Service Delivery contract with Council and have not been recognised in these statements.

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

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Snowy Valleys Council | Notes to the Financial Statements 30 June 2021

## Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
Plant and equipment	533	100	433	539	88	451
WIP	5	-	5	-	-	-
Land						
- Operational land	797	-	797	866	-	866
- Community land	274	-	274	260	-	260
- Improvements – non-depreciable	16	-	16	16	-	16
Other Structures	89	56	33	114	61	53
Buildings	2,033	954	1,079	2,021	906	1,115
Infrastructure	78,918	32,343	46,575	77,595	30,523	47,072
<b>Total water supply</b>	<b>82,665</b>	<b>33,453</b>	<b>49,212</b>	<b>81,411</b>	<b>31,578</b>	<b>49,833</b>
<b>Sewerage services</b>						
Plant and equipment	625	181	444	586	122	464
WIP	31	-	31	-	-	-
Land						
- Operational land	365	-	365	226	-	226
- Community land	140	-	140	135	-	135
- Improvements – non-depreciable	125	-	125	125	-	125
- Improvements – depreciable	8	4	4	-	-	-
Other Structures	177	66	111	136	50	86
Buildings	1,230	396	834	1,220	382	838
Infrastructure	99,524	35,604	63,920	98,414	33,795	64,619
<b>Total sewerage services</b>	<b>102,225</b>	<b>36,251</b>	<b>65,974</b>	<b>100,842</b>	<b>34,349</b>	<b>66,493</b>
<b>Domestic waste management</b>						
Plant and equipment	18	6	12	18	4	14
Land						
- Operational land	408	-	408	436	-	436
- Improvements – non-depreciable	112	-	112	112	-	112
Buildings	1,434	335	1,099	1,379	303	1,076
Other structures	341	177	164	307	156	151
Other assets	382	58	324	1,116	137	979
<b>Total domestic waste management</b>	<b>2,695</b>	<b>576</b>	<b>2,119</b>	<b>3,368</b>	<b>600</b>	<b>2,768</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>187,585</b>	<b>70,280</b>	<b>117,305</b>	<b>185,621</b>	<b>66,527</b>	<b>119,094</b>

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**C1-7 Investment properties**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Owned investment property</b>		
Investment property on hand at fair value	340	340
<b>Total owned investment property</b>	<b>340</b>	<b>340</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	340	340
<b>Closing balance at 30 June</b>	<b>340</b>	<b>340</b>

**Accounting policy**

Investment property, principally comprising of residential building, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

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## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,579	1,579
Accumulated amortisation	(904)	(746)
Accumulated impairment	(69)	(69)
<b>Net book value – opening balance</b>	<b>606</b>	<b>764</b>
<b>Movements for the year</b>		
Amortisation charges	(158)	(158)
<b>Closing values at 30 June</b>		
Gross book value	1,579	1,579
Accumulated amortisation	(1,062)	(904)
Accumulated impairment	(69)	(69)
<b>Total software – net book value</b>	<b>448</b>	<b>606</b>
<b>Total intangible assets – net book value</b>	<b>448</b>	<b>606</b>

### Accounting policy

#### IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

## C2 Leasing activities

### C2-1 Council as a lessor

#### Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-7) and IPP&E in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	2021	2020
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#### (i) Assets held as investment property

Investment property operating leases relate to a residential premise at Tumberumba.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

Lease income (excluding variable lease payments not dependent on an index or rate)	3	–
<b>Total income relating to operating leases for investment property assets</b>	<b>3</b>	<b>–</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	3	2
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#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of emergency services, health services, State Government Organisations and community groups. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 Investment Property as they are held for strategic purposes.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,510	1,108
<b>Total income relating to operating leases for Council assets</b>	<b>1,510</b>	<b>1,108</b>

#### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

### C3 Liabilities of Council

#### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Prepaid rates	793	-	771	-
Goods and services – operating expenditure	2	-	-	-
Accrued expenses:				
– Borrowings	57	-	68	-
– Other expenditure accruals	2,513	-	973	-
Security bonds, deposits and retentions	479	-	495	-
ATO – net GST payable	-	-	75	-
Other	33	-	-	-
<b>Total payables</b>	<b>3,877</b>	<b>-</b>	<b>2,382</b>	<b>-</b>
<b>Total payables</b>	<b>3,877</b>	<b>-</b>	<b>2,382</b>	<b>-</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Water	91	-	63	-
Sewer	22	-	27	-
Payables relating to externally restricted assets	113	-	90	-
<b>Total payables relating to restricted assets</b>	<b>113</b>	<b>-</b>	<b>90</b>	<b>-</b>
<b>Total payables relating to unrestricted assets</b>	<b>3,764</b>	<b>-</b>	<b>2,292</b>	<b>-</b>
<b>Total payables</b>	<b>3,877</b>	<b>-</b>	<b>2,382</b>	<b>-</b>

#### Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

#### Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,407	-	6,843	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	-	1,591	-
<b>Total grants received in advance</b>		<b>8,407</b>	<b>-</b>	<b>8,434</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Other		222	-	-	-
Private Works Fees in advance		-	-	778	-
<b>Total user fees and charges received in advance</b>		<b>222</b>	<b>-</b>	<b>778</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>8,629</b>	<b>-</b>	<b>9,212</b>	<b>-</b>

#### Notes

(i) Council has received funding to construct assets and infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

#### Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	8,268	-	9,149	-
<b>Contract liabilities relating to externally restricted assets</b>	<b>8,268</b>	<b>-</b>	<b>9,149</b>	<b>-</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>8,268</b>	<b>-</b>	<b>9,149</b>	<b>-</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>361</b>	<b>-</b>	<b>63</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>8,629</b>	<b>-</b>	<b>9,212</b>	<b>-</b>

#### Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2021	2020
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	6,721	6,933
Operating grants (received prior to performance obligation being satisfied)	1,407	2,368
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>8,128</b>	<b>9,301</b>

#### Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

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**C3-3 Borrowings**

\$ '000	2021		2020	2020
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	1,285	6,284	1,418	6,837
<b>Total borrowings</b>	<b>1,285</b>	<b>6,284</b>	<b>1,418</b>	<b>6,837</b>

(1) Loans are secured over the general rating income of Council.  
Disclosures on liability interest rate risk exposures and security can be found in Note E1-1.

**Borrowings relating to restricted assets**

\$ '000	2021		2020	2020
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	624	1,649	593	2,271
Sewer	322	2,343	296	2,664
Borrowings relating to externally restricted assets	946	3,992	889	4,935
<b>Total borrowings relating to restricted assets</b>	<b>946</b>	<b>3,992</b>	<b>889</b>	<b>4,935</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>339</b>	<b>2,292</b>	<b>529</b>	<b>1,902</b>
<b>Total borrowings</b>	<b>1,285</b>	<b>6,284</b>	<b>1,418</b>	<b>6,837</b>

**Current borrowings not anticipated to be settled within the next twelve months**

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

**(a) Changes in liabilities arising from financing activities**

\$ '000	2020		Non-cash movements	2021
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	8,255	(686)	–	7,569
<b>Total liabilities from financing activities</b>	<b>8,255</b>	<b>(686)</b>	<b>–</b>	<b>7,569</b>

\$ '000	2019		Non-cash movements	2020
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	9,158	(903)	–	8,255
<b>Total liabilities from financing activities</b>	<b>9,158</b>	<b>(903)</b>	<b>–</b>	<b>8,255</b>

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**C3-3 Borrowings (continued)****(b) Financing arrangements**

\$ '000	2021	2020
<b>Total facilities</b>		
Credit cards/purchase cards	50	50
<b>Total financing arrangements</b>	<b>50</b>	<b>50</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	11	1
<b>Total drawn financing arrangements</b>	<b>11</b>	<b>1</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	39	49
<b>Total undrawn financing arrangements</b>	<b>39</b>	<b>49</b>

**Accounting policy**

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

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**C3-4 Employee benefit provisions**

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Annual leave	1,642	–	1,598	–
Long service leave	2,598	388	2,663	398
Other leave – TOIL	381	–	157	–
<b>Total employee benefit provisions</b>	<b>4,621</b>	<b>388</b>	<b>4,418</b>	<b>398</b>

**Employee benefit provisions relating to restricted assets**

There is an internally restricted reserve for employee liabilities of \$1.933M.

**Current employee benefit provisions not anticipated to be settled within the next twelve months**

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,943	2,776
	<b>2,943</b>	<b>2,776</b>

**Description of and movements in provisions**

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
<b>2021</b>				
At beginning of year	1,598	3,061	157	4,816
Additional provisions	1,274	393	713	2,380
Amounts used (payments)	(1,230)	(468)	(489)	(2,187)
Total ELE provisions at end of year	<b>1,642</b>	<b>2,986</b>	<b>381</b>	<b>5,009</b>
<b>2020</b>				
At beginning of year	1,638	3,345	203	5,186
Additional provisions	1,044	282	427	1,753
Amounts used (payments)	(1,084)	(566)	(473)	(2,123)
Total ELE provisions at end of year	<b>1,598</b>	<b>3,061</b>	<b>157</b>	<b>4,816</b>

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### C3-4 Employee benefit provisions (continued)

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#### Accounting policy

##### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

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### C3-5 Provisions

\$ '000	2021		2020	
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	509	1,770	1,966	–
<b>Sub-total – asset remediation/restoration</b>	<b>509</b>	<b>1,770</b>	<b>1,966</b>	<b>–</b>
<b>Total provisions</b>	<b>509</b>	<b>1,770</b>	<b>1,966</b>	<b>–</b>

#### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
<b>2021</b>		
At beginning of year	1,966	1,966
Unwinding of discount	26	26
Remeasurement effects	(26)	(26)
Revised cost recognised as remediation assets in IPP&E	313	313
Total other provisions at end of year	<b>2,279</b>	<b>2,279</b>
<b>2020</b>		
At beginning of year	807	807
Unwinding of discount	3	3
Revised cost recognised as remediation assets in IPP&E	660	660
Revised costs recognised in income statement	496	496
Total other provisions at end of year	<b>1,966</b>	<b>1,966</b>

#### Nature and purpose of provisions

##### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

##### Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

##### Asset remediation – tips and quarries

###### Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

###### Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

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### C3-5 Provisions (continued)

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Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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## D Council structure

### D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

#### D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
<b>Income from continuing operations</b>			
Rates and annual charges	11,733	1,038	4,280
User charges and fees	13,331	2,999	575
Interest and investment revenue	299	55	81
Other revenues	2,945	569	191
Grants and contributions provided for operating purposes	25,335	–	15
Grants and contributions provided for capital purposes	10,975	365	400
Other income	1,513	–	–
<b>Total income from continuing operations</b>	<b>66,131</b>	<b>5,026</b>	<b>5,542</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	18,938	675	633
Materials and services	29,758	2,148	2,547
Borrowing costs	167	170	136
Depreciation, amortisation and impairment of non-financial assets	8,211	1,318	1,643
Other expenses	778	320	192
Net losses from the disposal of assets	2,284	–	21
<b>Total expenses from continuing operations</b>	<b>60,136</b>	<b>4,631</b>	<b>5,172</b>
<b>Operating result from continuing operations</b>	<b>5,995</b>	<b>395</b>	<b>370</b>
<b>Net operating result for the year</b>	<b>5,995</b>	<b>395</b>	<b>370</b>
<b>Net operating result attributable to each council fund</b>	5,995	395	370
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(4,980)</b>	<b>30</b>	<b>(30)</b>

#### D1-2 Statement of Financial Position by fund

##### ASSETS

###### Current assets

Cash and cash equivalents	5,358	3,500	5,043
Investments	9,994	3,755	5,367
Receivables	11,598	241	290
Inventories	92	–	–
Other	344	–	–
<b>Total current assets</b>	<b>27,386</b>	<b>7,496</b>	<b>10,700</b>

###### Non-current assets

Investments	5,000	–	–
Receivables	11	–	–
Inventories	147	–	–
Infrastructure, property, plant and equipment	542,516	49,212	65,974
Investment property	340	–	–
Intangible assets	448	–	–
<b>Total non-current assets</b>	<b>548,462</b>	<b>49,212</b>	<b>65,974</b>

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**D1-2 Statement of Financial Position by fund (continued)**

\$ '000	General 2021	Water 2021	Sewer 2021
<b>TOTAL ASSETS</b>	<b>575,848</b>	<b>56,708</b>	<b>76,674</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	3,764	91	22
Contract liabilities	8,629	-	-
Borrowings	339	624	322
Employee benefit provision	4,621	-	-
Provisions	509	-	-
<b>Total current liabilities</b>	<b>17,862</b>	<b>715</b>	<b>344</b>
<b>Non-current liabilities</b>			
Borrowings	2,292	1,649	2,343
Employee benefit provision	388	-	-
Provisions	1,770	-	-
<b>Total non-current liabilities</b>	<b>4,450</b>	<b>1,649</b>	<b>2,343</b>
<b>TOTAL LIABILITIES</b>	<b>22,312</b>	<b>2,364</b>	<b>2,687</b>
<b>Net assets</b>	<b>553,536</b>	<b>54,344</b>	<b>73,987</b>
<b>EQUITY</b>			
Accumulated surplus	479,534	52,519	68,031
Revaluation reserves	74,002	1,825	5,956
<b>Council equity interest</b>	<b>553,536</b>	<b>54,344</b>	<b>73,987</b>
<b>Total equity</b>	<b>553,536</b>	<b>54,344</b>	<b>73,987</b>

**D2 Interests in other entities****Subsidiaries, joint arrangements and associates not recognised**

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal Activity/Type of entity	2021 Net Profit	2021 Net Assets
Riverina Regional Library	Provision of Library Services to member local government areas	\$177K	\$4.852M

**Reasons for non-recognition**

Council holds 10.36% equity share in Riverina Library and has assessed this as not material, hence not recognised.

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	13,901	9,238	13,901	9,238
Receivables	12,140	7,821	12,140	7,821
Investments				
– Debt securities at amortised cost	24,116	32,619	24,116	32,619
<b>Total financial assets</b>	<b>50,157</b>	<b>49,678</b>	<b>50,157</b>	<b>49,678</b>
<b>Financial liabilities</b>				
Payables	3,877	2,382	3,877	2,382
Borrowings	7,569	8,255	7,569	8,255
<b>Total financial liabilities</b>	<b>11,446</b>	<b>10,637</b>	<b>11,446</b>	<b>10,637</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) 'at fair value through profit and loss' or (ii) 'available-for-sale' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

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## E1-1 Risks relating to financial instruments held (continued)

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

### (a) Market risk – interest rate and price risk

\$ '000	2021	2020
---------	------	------

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	380	419

### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

#### Credit risk profile

##### Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

It is worth noting, that recent disaster declarations throughout the council area, together with the effects of COVID19 may have an effect on receivables moving forward.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	511	155	92	142	900
<b>2020</b>						
Gross carrying amount	1	711	220	132	69	1,133

##### Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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### E1-1 Risks relating to financial instruments held (continued)

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	6,411	3,350	11	1,190	309	11,271
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	10.00%	0.27%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>31</b>
<b>2020</b>						
Gross carrying amount	2,965	3,556	72	28	98	6,719
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	31.63%	0.46%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>31</b>

#### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2021</b>							
Trade/other payables	0.00%	479	2,192	-	-	2,671	3,084
Loans and advances	4.96%	-	1,285	2,941	3,344	7,570	7,569
<b>Total financial liabilities</b>		<b>479</b>	<b>3,477</b>	<b>2,941</b>	<b>3,344</b>	<b>10,241</b>	<b>10,653</b>
<b>2020</b>							
Trade/other payables	0.00%	495	1,116	-	-	1,611	1,611
Loans and advances	5.93%	-	1,418	5,671	1,166	8,255	8,255
<b>Total financial liabilities</b>		<b>495</b>	<b>2,534</b>	<b>5,671</b>	<b>1,166</b>	<b>9,866</b>	<b>9,866</b>

## E2-1 Fair value measurement

Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
<b>Recurring fair value measurements</b>									
<b>Infrastructure, property, plant and equipment</b> <span style="float: right;">C1-6</span>									
		30/06/18	30/06/18	–	–	12,316	11,024	12,316	11,024
		30/06/21	13/05/16	–	–	79	137	79	137
		30/06/21	13/05/16	–	–	3	54	3	54
		30/06/21	13/05/16	–	–	7,678	7,965	7,678	7,965
		30/06/21	13/05/16	–	–	13,719	13,342	13,719	13,342
		30/06/18	30/06/18	–	–	28,147	27,744	28,147	27,744
		30/06/18	30/06/18	–	–	11,810	10,854	11,810	10,854
		30/06/18	30/06/18	–	–	7,686	6,420	7,686	6,420
		30/06/20	30/06/20	–	–	129,876	131,064	129,876	131,064
		30/06/20	30/06/20	–	–	44,017	44,424	44,017	44,424
		30/06/20	30/06/20	–	–	13,107	12,088	13,107	12,088
		30/06/20	30/06/20	–	–	20,730	20,916	20,730	20,916
		30/06/20	30/06/20	–	–	202,903	201,636	202,903	201,636
		30/06/21	13/05/16	–	–	32,231	21,120	32,231	21,120
		30/06/18	30/06/18	–	–	46,577	47,073	46,577	47,073
		30/06/18	30/06/18	–	–	63,919	64,618	63,919	64,618
		30/06/18	30/06/18	–	–	17,628	16,413	17,628	16,413
		30/06/18	30/06/18	–	–	2	2	2	2
		30/06/21	30/06/20	–	–	1,394	1,203	1,394	1,203
				–	–	653,822	638,097	653,822	638,097

### Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

### Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

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## E2-1 Fair value measurement (continued)

### Infrastructure, property, plant and equipment (IPPE)

#### Plant and equipment, office equipment and furniture and fittings

Plant and equipment, office equipment and furniture and fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items (being readily sourced and replaceable). Typical assets within these classes include, plant/equipment - trucks, cars, mowers, graders, rollers, loaders, office equipment – computers, printers, furniture/fittings – work desks/chairs.

The key unobservable inputs to the valuation are the remaining useful life and remaining value. Council reviews these assets against replacement costs of similar assets. There has been no change to the valuation process during the reporting period.

A comprehensive review office equipment and furniture and fittings assets' fair values was undertaken internally resulting in a reduction in the fair value for these assets of \$1,386,000.

Council does not undertake indexation of this asset class and a comprehensive valuation of Council's plant and equipment assets is scheduled for the 2022/23 financial year.

#### Stormwater drainage assets

Stormwater drainage assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include pipes/conduits, pits, headwalls located in urban areas.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

A comprehensive valuation of stormwater drainage assets' fair values was determined by independent, external registered valuers as at 30 June 2021 using Level 3 inputs under the cost approach. The cost approach requires a number of inputs in order to determine Fair Value. There are also various techniques recommended (such as componentisation) that provide a more accurate assessment. The former Tumbarumba Shire stormwater assets were previously recorded in the asset register as bulk assets without any meaningful breakdown. These have been componentised as part of the 2020/21 revaluation.

The total fair value for stormwater assets increased by \$11,304,000.

#### Other structure assets

Other structure assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include retaining walls, shelters, swimming pools. Where possible larger assets such as swimming pools are componentised into significant parts.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

A valuation of other structure assets was undertaken by independent external valuers using Level 3 inputs effective 30 June 2018. Council applied indexation at 30 June 2021 based on a report by independent external valuers. The index movement since the last revaluation is 7.11%. The valuation applied as at 30 June 2018 remained unchanged due to the immaterial movement in current replacement costs to 30 June 2021.

A comprehensive valuation of Council's other structure assets is scheduled for the 2022/23 financial year.

#### Land improvement depreciable assets

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include playing fields, playground equipment, tables /seats. Council reclassified its non-depreciable land improvement assets during the 2019/20 financial year and moved these to the bulk earthworks asset class.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

A valuation of land improvement assets was undertaken by independent external valuers using Level 3 inputs effective 30 June 2018. Council applied indexation at 30 June 2021 based on a report by independent external valuers. The index movement since the last revaluation is 5.75%. The valuation applied as at 30 June 2018 remained unchanged due to the immaterial movement in current replacement costs to 30 June 2021.

## E2-1 Fair value measurement (continued)

### Operational and Community land assets

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include saleable Operational Land such as land associated with works depot, offices and non-saleable Community Land associated with town commons, parks.

A land valuation was undertaken by the NSW Valuer General effective 1 July 2020. Council aligns its revaluation with the Valuer General cycle and uses the most recent land valuation. At the same time, the former Tumbarumba Shire land assets have been componentised with sufficient detail as they were originally brought onto Council's asset register as vague and inconsistent assets on 1 July 2017.

The total fair value for land assets increased by \$89,801.

### Buildings – non-specialised and specialised assets

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include Council offices (non-specialised) and water/sewer treatment plant buildings (specialised).

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. Alternatively, quotations can be sourced from qualified professionals. Buildings are componentised into significant parts to assist in applying appropriate useful lives and replacement costs.

A valuation of building assets was undertaken by independent external valuers effective 30 June 2018. Council applied indexation at 30 June 2021 based on a report by independent external valuers. The index movement since the last revaluation is 7.11%. The valuation applied as at 30 June 2018 remained unchanged due to the immaterial movement in current replacement costs to 30 June 2021.

A comprehensive valuation of Council's land assets is scheduled for the 2022/23 financial year.

### Road, bridge and footpath network (Transport assets)

Transport assets are valued using the cost approach but are disclosed at fair value in the notes. Road assets typically include sealed/unsealed pavements, surfaces (bituminous seals, asphaltic concrete), kerb and gutter, safety barriers, culverts. Footpath assets are typically constructed using concrete, gravel, pavers. Bridge assets typically include concrete/steel bridges. Although some timber bridges are still in use, they are being progressively phased out.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. Where applicable contract rates are applied. Transport assets are segmented into manageable lengths and uniform specifications.

A valuation of transport assets was undertaken by independent external valuers effective 30 June 2020. Council applied indexation at 30 June 2021 based on a report by independent external valuers. The index movement since the last revaluation is 0.64%. The valuation applied as at 30 June 2020 remained unchanged due to the immaterial movement in current replacement costs to 30 June 2021.

A comprehensive valuation of Council's land assets is scheduled for the 2024/25 financial year.

### Water supply and Sewerage network assets

Water supply and Sewerage network assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include mains/conduits, pumping stations, reservoirs.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs were last compiled by Australis Advisory Group and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. The key reference industry document used is 2017 Australis Asset Advisory Group Valuation Report and data.

Mains are segmented into manageable lengths and uniform specifications.

Water supply and Sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water. There has been no change to the valuation process during the reporting period.

A comprehensive valuation of Council's water and sewer assets is scheduled for the 2021/22 financial year.

## E2-1 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

#### The valuation process for level 3 fair value measurements

Council assesses the expertise required for the valuation of all assets classes in determining who will undertake the valuations. A qualified external valuer is used where required. Operational and Community Land is valued using the Valuer General's valuation.

Management reviews valuation reports for consistency and accuracy and to ensure all valuation movements are fully explained.

#### Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
<b>I,PP&amp;E</b>		
Operational Land	Land values	Cost per sq metre, Valuer General's (VG) Valuation
Community Land	Land values	Cost per sq metre, VG's Valuation
Building and other Structures	Gross replacement cost	Cost per unit, pattern of consumption, useful life, asset condition
Road, bridges and footpaths	Gross replacement cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, residual value, asset condition
Bulk earthworks	Gross replacement cost	Cost per cubic metre
Stormwater Drainage	Gross replacement cost	Cost per unit per metre, pattern of consumption
Water supply network	Gross replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage network	Gross replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Plant and equipment	Cost	Useful life, residual value
Office equipment	Cost	Useful life, residual value
Furniture and fittings	Cost	Useful life, residual value
Other structure assets	Gross replacement cost	Useful life, condition, residual value
Tips and quarries	Obligation to make good, restore, rehabilitate and reinstate	Useful life, condition

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**E2-1 Fair value measurement (continued)**

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>11,024</b>	11,797	<b>137</b>	67	<b>54</b>	276	<b>7,965</b>	6,832
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	-	45	-	89	-	1	-	1,133
Purchases (GBV)	<b>3,646</b>	1,624	-	20	-	-	-	-
Disposals (WDV)	<b>(754)</b>	(784)	<b>(32)</b>	(4)	<b>(50)</b>	(219)	-	-
Depreciation and impairment	<b>(1,600)</b>	(1,658)	<b>(26)</b>	(35)	<b>(1)</b>	(4)	-	-
Revaluation increment/decrement to equity	-	-	-	-	-	-	<b>(287)</b>	-
<b>Closing balance</b>	<b>12,316</b>	11,024	<b>79</b>	137	<b>3</b>	54	<b>7,678</b>	7,965

\$ '000	Community Land		Land improvements		Buildings and other structures		Roads, bridges and footpaths	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>13,342</b>	14,474	-	375	<b>45,018</b>	45,225	<b>208,492</b>	232,553
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	-	(1,132)	-	(375)	<b>1,099</b>	(1,520)	<b>277</b>	571
Purchases (GBV)	-	-	-	-	<b>3,977</b>	3,754	<b>5,749</b>	8,586
Disposals (WDV)	-	-	-	-	<b>(685)</b>	(722)	<b>(1,700)</b>	(687)
Depreciation and impairment	-	-	-	-	<b>(1,766)</b>	(1,651)	<b>(4,009)</b>	(4,799)
Revaluation decrement to income statement	-	-	-	-	-	(68)	-	-
Revaluation increment/decrement to equity	<b>377</b>	-	-	-	-	-	<b>(1,075)</b>	(27,732)
<b>Closing balance</b>	<b>13,719</b>	13,342	-	-	<b>47,643</b>	45,018	<b>207,734</b>	208,492

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**E2-1 Fair value measurement (continued)**

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>201,636</b>	111,096	<b>21,120</b>	21,068	<b>47,073</b>	47,713	<b>64,618</b>	65,237
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	-	1,046	-	(15)	-	139	-	153
Purchases (GBV)	<b>1,318</b>	2,148	<b>117</b>	385	<b>609</b>	136	<b>316</b>	82
Disposals (WDV)	-	-	-	(9)	-	(118)	<b>(21)</b>	(29)
Depreciation and impairment	-	-	<b>(310)</b>	(309)	<b>(1,250)</b>	(1,239)	<b>(1,573)</b>	(1,432)
Revaluation increment/ decrement to equity	<b>(51)</b>	87,346	<b>11,304</b>	-	<b>145</b>	442	<b>579</b>	607
<b>Closing balance</b>	<b>202,903</b>	201,636	<b>32,231</b>	21,120	<b>46,577</b>	47,073	<b>63,919</b>	64,618

\$ '000	Other assets		Tips and quarries		Library books		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>16,413</b>	14,807	<b>1,203</b>	648	<b>2</b>	3	<b>638,097</b>	<b>572,171</b>
Transfers from/(to) another asset class	<b>133</b>	(135)	-	-	-	-	<b>1,509</b>	-
Purchases (GBV)	<b>1,560</b>	2,313	<b>428</b>	-	-	-	<b>17,720</b>	<b>19,048</b>
Disposals (WDV)	<b>(121)</b>	(261)	<b>(115)</b>	-	-	-	<b>(3,478)</b>	<b>(2,833)</b>
Depreciation and impairment	<b>(357)</b>	(311)	<b>(122)</b>	(105)	-	(1)	<b>(11,014)</b>	<b>(11,544)</b>
Revaluation decrement to income statement	-	-	-	-	-	-	-	<b>(68)</b>
Revaluation increment/ decrement to equity	-	-	-	660	-	-	<b>10,992</b>	<b>61,323</b>
<b>Closing balance</b>	<b>17,628</b>	16,413	<b>1,394</b>	1,203	<b>2</b>	2	<b>653,826</b>	<b>638,097</b>

**Highest and best use**

All of Council's non-financial assets are considered as being utilised for their highest and best use.



## E3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members. Nil for 180 Point Members
Division C	2.5% salaries
Division D	1.64 times member contributions

For 180 point members, Employers are required to contribute 7% of salaries to these members accumulation accounts, which are paid in addition to members defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned accordingly to each employer's share of the accrued liabilities as at 30 June 2019. These past services contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

##### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$200,981.76.

continued on next page ...

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### E3-1 Contingencies (continued)

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

\* excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around December 2021.

#### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

#### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

#### (iv) Other guarantees

Council has provided no other guarantees other than those listed above.

### 2. Other liabilities

#### (i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

continued on next page ...

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### E3-1 Contingencies (continued)

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#### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions have not been possible.

#### ASSETS NOT RECOGNISED

##### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

##### (ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

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## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. Specifically, KMP of Council are the:

- Mayor;
- Councillors;
- General Manager;
- Directors;
- Public Officer;
- Responsible Accounting Officer

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2021	2020 <sup>1</sup>
<b>Compensation:</b>		
Short-term benefits	1,275	1,089
Post-employment benefits	94	72
Other long-term benefits	24	14
Termination benefits	–	390
<b>Total</b>	<b>1,393</b>	<b>1,565</b>

(1) Comparative figures have been adjusted to only include those positions listed in Council's policy.

#### Other transactions with KMP and their related parties

There were no material transactions with KMP and their related parties during the financial year. All transactions were conducted at normal arm's length terms.

Snowy Valleys Council | Notes to the Financial Statements 30 June 2021

**F1-2 Councillor and Mayoral fees and associated expenses**

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Other Councillors' expenses (including Mayor)	181	232
<b>Total</b>	<b>181</b>	<b>232</b>

**F2 Other relationships****F2-1 Audit fees**

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	74	98
<b>Remuneration for audit and other assurance services</b>	<b>74</b>	<b>98</b>
<b>Total Auditor-General remuneration</b>	<b>74</b>	<b>98</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services	4	17
<b>Remuneration for audit and other assurance services</b>	<b>4</b>	<b>17</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>4</b>	<b>17</b>
<b>Total audit fees</b>	<b>78</b>	<b>115</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>6,760</b>	4,031
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	11,172	11,704
Net losses/(gains) on disposal of assets	2,305	2,028
Adoption of AASB 15/1058	–	(15,194)
Unwinding of discount rates on reinstatement provisions	26	3
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(4,319)	509
Increase/(decrease) in provision for impairment of receivables	–	31
Decrease/(increase) in inventories	(10)	(12)
Decrease/(increase) in other current assets	(335)	43
Increase/(decrease) in payables	2	(24)
Increase/(decrease) in accrued interest payable	(11)	(9)
Increase/(decrease) in other accrued expenses payable	1,540	(999)
Increase/(decrease) in other liabilities	(36)	375
Increase/(decrease) in contract liabilities	(583)	9,212
Increase/(decrease) in provision for employee benefits	193	(370)
Increase/(decrease) in other provisions	287	1,156
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>16,991</b>	12,484

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Plant and equipment	850	522
Open Space	–	160
Other Structures	–	2,284
Road infrastructure	2,264	–
<b>Total commitments</b>	<b>3,114</b>	<b>2,966</b>

#### These expenditures are payable as follows:

Within the next year	3,114	2,966
<b>Total payable</b>	<b>3,114</b>	<b>2,966</b>

#### Sources for funding of capital commitments:

Externally restricted reserve	2,264	2,444
Internally restricted reserves	850	522
<b>Total sources of funding</b>	<b>3,114</b>	<b>2,966</b>

#### Details of capital commitments

##### Plant & Equipment

Fleet purchases

##### Road Infrastructure

Replacement of various bridges

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### G3 Statement of developer contributions as at 30 June 2021

#### G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021
		Cash	Non-cash				
Roads	129	-	-	3	-	-	132
Other	13	11	-	(5)	-	-	19
Recreational Space	214	-	-	4	-	-	218
<b>S7.11 contributions – under a plan</b>	<b>356</b>	<b>11</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>369</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>356</b>	<b>11</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>369</b>
S64 contributions	3,284	697	-	17	-	-	3,998
<b>Total contributions</b>	<b>3,640</b>	<b>708</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>4,367</b>

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### G3-1 Summary of developer contributions (continued)

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

### G3-2 Developer contributions by plan

	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021
		Cash	Non-cash				
<b>CONTRIBUTION PLAN NUMBER (former Tumut)</b>							
Roads	129	-	-	3	-	-	132
Recreational Space	214	-	-	4	-	-	218
Other	13	11	-	(5)	-	-	19
<b>Total</b>	<b>356</b>	<b>11</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>369</b>

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## G4 Statement of performance measures

### G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(2,675)	(4.12)%	(11.11)%	1.84%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	64,959				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	39,609	51.64%	56.91%	60.94%	>60.00%
Total continuing operating revenue <sup>1</sup>	76,699				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	18,681	2.81x	3.35x	3.83x	>1.50x
Current liabilities less specific purpose liabilities	6,651				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	8,970	4.73x	3.43x	7.39x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,895				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	1,020	5.56%	7.02%	4.27%	<10.00%
Rates and annual charges collectable	18,335				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	38,017	7.46	9.92	13.84	>3.00
Monthly payments from cash flow of operating and financing activities	5,099	mths	mths	mths	mths

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

## G4-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(4.89)%</b>	(10.98)%	<b>0.64%</b>	(21.23)%	<b>(0.18)%</b>	(3.36)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>45.09%</b>	50.54%	<b>92.74%</b>	93.59%	<b>92.51%</b>	98.85%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>2.81x</b>	3.35x	<b>10.48x</b>	3.54x	<b>31.10x</b>	10.63x	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>3.61x</b>	2.86x	<b>8.82x</b>	3.12x	<b>12.74x</b>	9.58x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>5.35%</b>	6.83%	<b>6.74%</b>	6.96%	<b>5.93%</b>	7.62%	<10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>4.49</b>	7.28	<b>26.28</b>	21.02	<b>35.41</b>	32.83	>3.00
Monthly payments from cash flow of operating and financing activities	<b>mths</b>	mths	<b>mths</b>	mths	<b>mths</b>	mths	mths

(1) - (2) Refer to Notes at Note G4-1 above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## H Additional Council disclosures (unaudited)

### H1-1 Council information and contact details

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**Principal place of business:**  
76 Capper St Tumut NSW 2720

#### Contact details

**Mailing Address:**  
76 Capper St TUMUT NSW 2720

**Opening hours:**  
8:30am - 4:30pm  
Monday to Friday

**Telephone:** 1300 ASK SVC (1300 275 782)

**Internet:** [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au)  
**Email:** [info@svc.nsw.gov.au](mailto:info@svc.nsw.gov.au)

#### Officers

**General Manager**  
Matthew Hyde

**Responsible Accounting Officer**  
Susanne Andres

**Public Officer**  
Shelley Jones

**Auditors**  
NSW Audit Office  
Level 15, 1 Margaret St  
Sydney NSW 2000

#### Elected members

**Mayor**  
James Hayes

**Councillors**  
John Larter (Deputy Mayor)  
Andrianna Benjamin  
Cate Cross  
Julia Ham  
Margaret Isselman  
Geoff Pritchard  
Cor Smit  
Bruce Wright

#### Other information

**ABN:** 53 558 891 887

**Snowy Valleys Council**

**General Purpose Financial Statements**  
for the year ended 30 June 2021

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**Snowy Valleys Council**

**General Purpose Financial Statements**  
for the year ended 30 June 2021

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# Snowy Valleys Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021



## Snowy Valleys Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

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#### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).



## Snowy Valleys Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

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#### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial Reporting*,
- the NSW Office of Water Best-Practice *Management of Water and Sewerage Guidelines*.

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 07 October 2021.

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James Hayes  
Mayor  
07 October 2021

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John Larter  
Councillor  
07 October 2021

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Matthew Hyde  
General Manager  
07 October 2021

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Susanne Andres  
Responsible Accounting Officer  
07 October 2021

Snowy Valleys Council | Income Statement of water supply business activity | For the year ended 30 June 2021

## Snowy Valleys Council

## Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Access charges	1,038	1,006
User charges	2,998	2,733
Fees	1	2
Interest	55	96
Grants and contributions provided for non-capital purposes	–	209
Other income	569	–
<b>Total income from continuing operations</b>	<b>4,661</b>	<b>4,046</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	675	576
Borrowing costs	170	205
Materials and services	2,148	2,431
Depreciation, amortisation and impairment	1,318	1,311
Loss on sale of assets	–	112
Calculated taxation equivalents	18	18
Other expenses	320	382
<b>Total expenses from continuing operations</b>	<b>4,649</b>	<b>5,035</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>12</b>	<b>(989)</b>
Grants and contributions provided for capital purposes	365	54
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>377</b>	<b>(935)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>377</b>	<b>(935)</b>
Less: corporate taxation equivalent [based on result before capital]	(3)	–
<b>Surplus (deficit) after tax</b>	<b>374</b>	<b>(935)</b>
<b>Plus accumulated surplus</b>	<b>52,142</b>	<b>53,076</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	18	18
– Corporate taxation equivalent	3	–
<b>Less:</b>		
– Tax equivalent dividend paid	(18)	–
– Taxation equivalent payments	–	(18)
<b>Closing accumulated surplus</b>	<b>52,519</b>	<b>52,141</b>
<b>Return on capital %</b>	<b>0.4%</b>	<b>(1.6)%</b>
<b>Subsidy from Council</b>	<b>551</b>	<b>1,223</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	374	(935)
Less: capital grants and contributions (excluding developer contributions)	(365)	(54)
<b>Surplus for dividend calculation purposes</b>	<b>9</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>4</b>	<b>–</b>

Snowy Valleys Council | Income Statement of sewerage business activity | For the year ended 30 June 2021

## Snowy Valleys Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Access charges	4,280	4,159
User charges	539	238
Liquid trade waste charges	36	25
Interest	81	123
Grants and contributions provided for non-capital purposes	15	21
Other income	191	20
<b>Total income from continuing operations</b>	<b>5,142</b>	<b>4,586</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	633	465
Borrowing costs	136	155
Materials and services	2,547	2,405
Depreciation, amortisation and impairment	1,643	1,500
Loss on sale of assets	21	29
Calculated taxation equivalents	17	17
Other expenses	192	214
<b>Total expenses from continuing operations</b>	<b>5,189</b>	<b>4,785</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(47)</b>	<b>(199)</b>
Grants and contributions provided for capital purposes	400	32
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>353</b>	<b>(167)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>353</b>	<b>(167)</b>
<b>Surplus (deficit) after tax</b>	<b>353</b>	<b>(167)</b>
<b>Plus accumulated surplus</b>	<b>67,678</b>	<b>67,846</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	17	17
<b>Less:</b>		
– Tax equivalent dividend paid	(17)	–
– Tax Equivalent payments	–	(17)
<b>Closing accumulated surplus</b>	<b>68,031</b>	<b>67,679</b>
<b>Return on capital %</b>	<b>0.1%</b>	<b>(0.1)%</b>
<b>Subsidy from Council</b>	<b>894</b>	<b>629</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	353	(167)
Less: capital grants and contributions (excluding developer contributions)	(400)	(32)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

Snowy Valleys Council | Statement of Financial Position of water supply business activity | For the year ended 30 June 2021

## Snowy Valleys Council

## Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,500	2,660
Investments	3,755	3,755
Receivables	241	219
<b>Total current assets</b>	<b>7,496</b>	<b>6,634</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	49,212	49,838
<b>Total non-current assets</b>	<b>49,212</b>	<b>49,838</b>
<b>Total assets</b>	<b>56,708</b>	<b>56,472</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	91	63
Borrowings	624	593
<b>Total current liabilities</b>	<b>715</b>	<b>656</b>
<b>Non-current liabilities</b>		
Borrowings	1,649	2,271
<b>Total non-current liabilities</b>	<b>1,649</b>	<b>2,271</b>
<b>Total liabilities</b>	<b>2,364</b>	<b>2,927</b>
<b>Net assets</b>	<b>54,344</b>	<b>53,545</b>
<b>EQUITY</b>		
Accumulated surplus	52,519	52,141
Revaluation reserves	1,825	1,404
<b>Total equity</b>	<b>54,344</b>	<b>53,545</b>

Snowy Valleys Council | Statement of Financial Position of sewerage business activity | For the year ended 30 June 2021

## Snowy Valleys Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,043	3,547
Investments	5,367	5,367
Receivables	290	338
<b>Total current assets</b>	<b>10,700</b>	<b>9,252</b>
<b>Non-current assets</b>		
Investments	–	3
Infrastructure, property, plant and equipment	65,974	66,493
<b>Total non-current assets</b>	<b>65,974</b>	<b>66,496</b>
<b>Total assets</b>	<b>76,674</b>	<b>75,748</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	22	27
Borrowings	322	296
<b>Total current liabilities</b>	<b>344</b>	<b>323</b>
<b>Non-current liabilities</b>		
Borrowings	2,343	2,664
<b>Total non-current liabilities</b>	<b>2,343</b>	<b>2,664</b>
<b>Total liabilities</b>	<b>2,687</b>	<b>2,987</b>
<b>Net assets</b>	<b>73,987</b>	<b>72,761</b>
<b>EQUITY</b>		
Accumulated surplus	68,031	67,679
Revaluation reserves	5,956	5,082
<b>Total equity</b>	<b>73,987</b>	<b>72,761</b>

## Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### a. Snowy Valleys Council Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system, servicing the towns of Adelong, Batlow, Khancoban, Talbingo, Tumbarumba and Tumut.

##### b. Snowy Valleys Council Water Supply Service

Comprising the whole of the operations and assets of the water supply system servicing the towns of Adelong, Batlow, Khancoban, Talbingo, Tumbarumba and Tumut.

#### Category 2

(where gross operating turnover is less than \$2 million)

Nil

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

continued on next page ...

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## Note – Significant Accounting Policies (continued)

### Notional rate applied (%)

Corporate income tax rate – **27.5%**

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

continued on next page ...

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**Note – Significant Accounting Policies (continued)**

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**Operating result before capital income + interest expense**

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**Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.52% at 30/06/21.

**(iii) Dividends**

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

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**Snowy Valleys Council**

**Special Purpose Financial Statements**  
for the year ended 30 June 2021

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# Snowy Valleys Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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**Snowy Valleys Council****Special Schedules**

for the year ended 30 June 2021

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Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates (Merger Councils)	3
Report on infrastructure assets as at 30 June 2021	4

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## Snowy Valleys Council

## Permissible income for general rates

\$ '000	Notes	2020/21 Tumut Shire Council	2020/21 Tumbarumba Shire Council	2020/21 Snowy Valleys Council	2021/22 Snowy Valleys Council
<b>Notional general income calculation <sup>1</sup></b>					
Last year notional general income yield	a	6,825	2,584	9,409	9,038
Plus or minus adjustments <sup>2</sup>	b	8	2	10	32
<b>Notional general income</b>	c = a + b	<b>6,833</b>	<b>2,586</b>	<b>9,419</b>	<b>9,070</b>
<b>Permissible income calculation</b>					
Or rate peg percentage	e	2.60%	2.60%		2.00%
Less expiring special variation amount	g	(637)	-	(637)	-
Or plus rate peg amount	i = e × (c + g)	161	67	228	181
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>6,357</b>	<b>2,653</b>	<b>9,010</b>	<b>9,251</b>
Plus (or minus) last year's carry forward total	l	19	-	19	(9)
<b>Sub-total</b>	n = (l + m)	<b>19</b>	<b>-</b>	<b>19</b>	<b>(9)</b>
<b>Total permissible income</b>	o = k + n	<b>6,376</b>	<b>2,653</b>	<b>9,029</b>	<b>9,242</b>
Less notional general income yield	p	6,385	2,653	9,038	9,244
<b>Catch-up or (excess) result</b>	q = o - p	<b>(9)</b>	<b>-</b>	<b>(9)</b>	<b>(2)</b>
<b>Carry forward to next year <sup>3</sup></b>	t = q + r + s	<b>(9)</b>	<b>-</b>	<b>(9)</b>	<b>(2)</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring the assets agreed level of service set by Council	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000						1	2	3	4	5
<b>Buildings</b>	Council Offices/Administration	-	-	200	200	7,918	13,622	35.8%	49.5%	9.6%	5.0%	0.0%	
	Council Public Halls	-	-	37	37	1,674	4,571	3.5%	31.1%	56.7%	8.7%	0.0%	
	Council Works Depot	-	-	186	186	2,452	4,501	38.5%	36.4%	25.1%	0.0%	0.0%	
	Cultural Facilities	-	-	98	98	4,559	9,124	22.6%	31.4%	44.5%	1.5%	0.0%	
	Libraries	-	-	794	794	2,313	3,302	57.1%	36.4%	6.5%	0.0%	0.0%	
	Other Buildings	-	-	1,362	1,362	9,254	14,713	54.3%	33.3%	12.4%	0.0%	0.0%	
	Specialised Buildings	-	-	1,482	1,482	11,787	18,351	56.9%	17.3%	25.1%	0.7%	0.0%	
	<b>Sub-total</b>	-	-	<b>4,159</b>	<b>4,159</b>	<b>39,957</b>	<b>68,184</b>	<b>42.8%</b>	<b>32.2%</b>	<b>23.1%</b>	<b>2.0%</b>	<b>0.0%</b>	
<b>Other structures</b>	Other structures	-	-	266	266	7,686	12,513	54.1%	13.8%	24.3%	7.8%	0.0%	
	<b>Sub-total</b>	-	-	<b>266</b>	<b>266</b>	<b>7,686</b>	<b>12,513</b>	<b>54.1%</b>	<b>13.8%</b>	<b>24.3%</b>	<b>7.8%</b>	<b>0.0%</b>	
<b>Roads</b>	Unsealed roads	-	-	812	812	18,472	23,798	64.1%	30.0%	5.3%	0.6%	0.0%	
	Bridges	1,047	1,047	3	3	44,018	67,724	85.4%	10.3%	2.7%	1.6%	0.0%	
	Footpaths	-	-	56	56	10,627	14,141	63.6%	28.0%	8.4%	0.0%	0.0%	
	Other road assets	-	-	73	73	5,241	6,714	99.2%	0.0%	0.0%	0.8%	0.0%	
	Bulk earthworks	-	-	-	-	202,903	202,903	100.0%	0.0%	0.0%	0.0%	0.0%	
	Cycleways	-	-	13	13	2,475	2,713	86.6%	13.1%	0.0%	0.3%	0.0%	
	Kerb & Gutter	-	-	10	10	20,730	29,451	29.5%	40.0%	29.6%	0.9%	0.0%	
	Road Culverts	-	-	61	61	19,253	30,615	56.5%	43.0%	0.5%	0.0%	0.0%	
	Sealed Road Surface	-	-	957	957	17,558	29,159	58.0%	38.9%	3.0%	0.1%	0.0%	
	Sealed Road Structure	-	-	602	602	69,354	92,058	44.1%	51.2%	4.6%	0.1%	0.0%	
	<b>Sub-total</b>	<b>1,047</b>	<b>1,047</b>	<b>2,587</b>	<b>2,587</b>	<b>410,631</b>	<b>499,276</b>	<b>75.6%</b>	<b>20.4%</b>	<b>3.6%</b>	<b>0.3%</b>	<b>0.0%</b>	
<b>Water supply network</b>	Other	-	-	177	177	429	696	55.9%	26.7%	17.4%	0.0%	0.0%	
	Pumping Stations	-	-	222	222	1,581	4,044	13.1%	52.6%	16.3%	18.0%	0.0%	
	Reservoirs	-	-	41	41	5,949	10,748	37.0%	39.4%	14.7%	8.8%	0.0%	
	Treatment	-	-	1,976	1,976	14,889	27,456	45.3%	33.3%	17.9%	3.5%	0.0%	
	Mains	-	-	244	244	23,729	35,974	61.4%	34.8%	3.8%	0.1%	0.0%	
<b>Sub-total</b>	-	-	<b>2,660</b>	<b>2,660</b>	<b>46,577</b>	<b>78,918</b>	<b>49.9%</b>	<b>35.7%</b>	<b>11.0%</b>	<b>3.4%</b>	<b>0.0%</b>		

## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2021 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000						\$ '000	\$ '000	\$ '000	\$ '000	1
Sewerage network	Mains	–	–	468	468	37,142	56,581	31.2%	48.6%	19.4%	0.6%	0.2%	
	Other	–	–	26	26	774	1,048	92.0%	7.2%	0.8%	0.0%	0.0%	
	Pumping Stations	–	–	179	179	2,698	5,561	24.0%	43.7%	28.7%	3.6%	0.0%	
	Treatment	188	188	1,951	1,951	23,305	36,333	65.4%	19.9%	7.5%	7.2%	0.0%	
	<b>Sub-total</b>	<b>188</b>	<b>188</b>	<b>2,624</b>	<b>2,624</b>	<b>63,919</b>	<b>99,523</b>	<b>43.9%</b>	<b>37.4%</b>	<b>15.4%</b>	<b>3.2%</b>	<b>0.1%</b>	
Stormwater drainage	Head Walls	–	–	–	–	495	851	7.5%	52.8%	37.6%	1.7%	0.4%	
	Inlet and Junction Pits	–	–	–	–	5,186	7,974	28.5%	41.8%	29.6%	0.2%	0.0%	
	Stormwater Conduits	–	–	34	34	26,547	38,777	31.0%	59.8%	9.1%	0.0%	0.0%	
	Stormwater Converters	–	–	–	–	3	3	100.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>34</b>	<b>32,231</b>	<b>47,605</b>	<b>30.2%</b>	<b>56.7%</b>	<b>13.1%</b>	<b>0.1%</b>	<b>0.0%</b>	
Open space / recreational assets	Other Open Space/Recreation	–	–	1,288	1,288	14,296	15,573	96.3%	1.4%	1.0%	1.3%	0.0%	
	Swimming pools	–	–	755	755	3,332	5,939	38.3%	26.6%	33.5%	1.6%	0.0%	
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>2,043</b>	<b>2,043</b>	<b>17,628</b>	<b>21,512</b>	<b>80.3%</b>	<b>8.4%</b>	<b>9.9%</b>	<b>1.4%</b>	<b>0.0%</b>	
<b>Total – all assets</b>		<b>1,235</b>	<b>1,235</b>	<b>14,373</b>	<b>14,373</b>	<b>618,629</b>	<b>827,531</b>	<b>63.8%</b>	<b>26.6%</b>	<b>8.4%</b>	<b>1.2%</b>	<b>0.0%</b>	

(a) Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Snowy Valleys Council | Report on infrastructure assets as at 30 June 2021 | For the year ended 30 June 2021

## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) <sup>\*</sup>

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	18,347	198.02%	126.22%	135.24%	>=100.00%
Depreciation, amortisation and impairment	9,265				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	1,235	0.21%	0.23%	0.05%	<2.00%
Net carrying amount of infrastructure assets	597,905				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	14,373	100.00%	100.00%	100.00%	>100.00%
Required asset maintenance	14,373				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	1,235	0.15%	0.16%	0.04%	
Gross replacement cost	827,531				

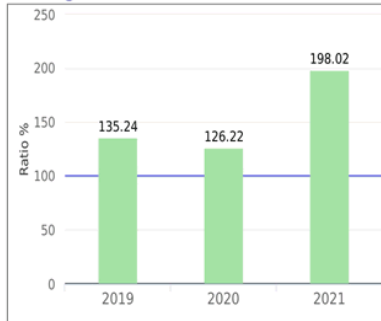
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

## Snowy Valleys Council

### Report on infrastructure assets as at 30 June 2021

#### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on result**  
20/21 ratio 198.02%

Council renews assets as required. The infrastructure renewal has increased from 2020 indicating Council's achievement to renewing assets at a higher rate than they are depreciating.

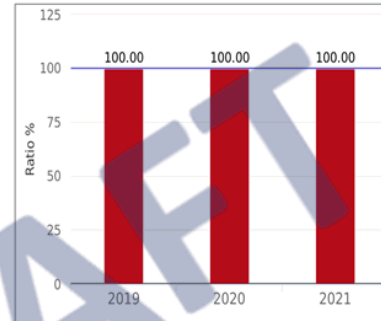
Benchmark: —  $\geq 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

#### Asset maintenance ratio



**Asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

**Commentary on result**  
20/21 ratio 100.00%

Council's commitment to maintain assets remains steady. Council continues to maintain its assets at a rate required to avoid creating an asset maintenance backlog.

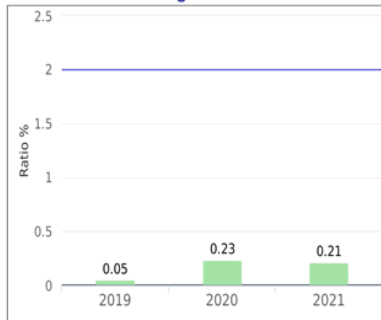
Benchmark: —  $> 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

#### Infrastructure backlog ratio



**Infrastructure backlog ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on result**  
20/21 ratio 0.21%

Assets are maintained at agreed levels with only a minor amount of backlog. Council aims to keep backlog to a minimum.

Benchmark: —  $< 2.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

#### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

**Commentary on result**  
20/21 ratio 0.15%

Council has maintained a low ratio. Council currently maintains its assets at the level requested by the community. This year remains similar to the past year and reflects Council's commitment to carry out works to reduce backlog to agreed service levels.



## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2021

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>	<b>282.12%</b>	171.38%	<b>0.00%</b>	7.75%	<b>11.00%</b>	5.73%	>=100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard	<b>0.21%</b>	0.24%	<b>0.00%</b>	0.00%	<b>0.29%</b>	0.29%	<2.00%
Net carrying amount of infrastructure assets							
<b>Asset maintenance ratio</b>							
Actual asset maintenance	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%	>100.00%
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>0.16%</b>	0.18%	<b>0.00%</b>	0.00%	<b>0.19%</b>	0.19%	
Gross replacement cost							

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.