

**10.6. DELEGATION OF AUTHORITY TO SIGN STATEMENT BY COUNCIL ON ITS OPINION OF THE ACCOUNTS FOR THE 2021/22 ANNUAL FINANCIAL STATEMENTS - ATTACHMENTS**

Attachment Titles:

1. Draft Annual Financial Statements 2021/22
2. Statement by Councillors and Management GP
3. Statement by Councillors and Management SP

## Attachment 1 - Draft annual Financial Statements 2021-22

# Snowy Valleys Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

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# Snowy Valleys Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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## Snowy Valleys Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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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 2022

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

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

- the *Local Government Act 1993 (NSW)* (as amended) 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 20 October 2022.**

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Ian Chaffey  
**Mayor**  
20 October 2022

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Trina Thomson  
**Councillor**  
20 October 2022

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Hamish McNulty  
**General Manager**  
20 October 2022

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Daryl Hagger  
**Responsible Accounting Officer**  
20 October 2022

Snowy Valleys Council | Income Statement | for the year ended 30 June 2022

## Snowy Valleys Council

## Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Income from continuing operations</b>				
18,502	Rates and annual charges	B2-1	18,000	17,051
16,273	User charges and fees	B2-2	19,307	16,905
827	Other revenues	B2-3	5,699	3,705
10,740	Grants and contributions provided for operating purposes	B2-4	15,085	25,350
19,053	Grants and contributions provided for capital purposes	B2-4	13,749	11,740
410	Interest and investment income	B2-5	316	435
-	Other income	B2-6	1,397	1,513
65,805	<b>Total income from continuing operations</b>		<b>73,553</b>	<b>76,699</b>
<b>Expenses from continuing operations</b>				
17,850	Employee benefits and on-costs	B3-1	20,823	20,246
13,556	Materials and services	B3-2	28,090	34,453
367	Borrowing costs	B3-3	398	473
10,825	Depreciation, amortisation and impairment of non-financial assets	B3-4	27,529	11,172
5,968	Other expenses	B3-5	1,109	1,290
-	Net loss from the disposal of assets	B4-1	2,582	2,305
48,566	<b>Total expenses from continuing operations</b>		<b>80,531</b>	<b>69,939</b>
17,239	<b>Operating result from continuing operations</b>		<b>(6,978)</b>	<b>6,760</b>
17,239	<b>Net operating result for the year attributable to Council</b>		<b>(6,978)</b>	<b>6,760</b>
(1,814)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(20,727)</b>	<b>(4,980)</b>

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

Snowy Valleys Council | Statement of Comprehensive Income | for the year ended 30 June 2022

## Snowy Valleys Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>(6,978)</b>	<b>6,760</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-7	<b>60,355</b>	10,992
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>60,355</b>	10,992
<b>Total other comprehensive income for the year</b>		<b>60,355</b>	10,992
<b>Total comprehensive income for the year attributable to Council</b>		<b>53,377</b>	17,752

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 2022

## Snowy Valleys Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	4,833	13,901
Investments	C1-2	32,501	19,116
Receivables	C1-4	10,608	12,129
Inventories	C1-5	45	92
Other		509	344
<b>Total current assets</b>		<b>48,496</b>	<b>45,582</b>
<b>Non-current assets</b>			
Investments	C1-2	8,000	5,000
Receivables	C1-4	11	11
Inventories	C1-5	147	147
Infrastructure, property, plant and equipment (IPPE)	C1-7	710,966	657,702
Investment property	C1-8	391	340
Intangible assets	C1-9	290	448
<b>Total non-current assets</b>		<b>719,805</b>	<b>663,648</b>
<b>Total assets</b>		<b>768,301</b>	<b>709,230</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	5,473	3,877
Contract liabilities	C3-2	13,837	8,629
Borrowings	C3-3	1,181	1,285
Employee benefit provisions	C3-4	4,589	4,621
Provisions	C3-5	1,781	509
<b>Total current liabilities</b>		<b>26,861</b>	<b>18,921</b>
<b>Non-current liabilities</b>			
Borrowings	C3-3	5,072	6,284
Employee benefit provisions	C3-4	374	388
Provisions	C3-5	750	1,770
<b>Total non-current liabilities</b>		<b>6,196</b>	<b>8,442</b>
<b>Total liabilities</b>		<b>33,057</b>	<b>27,363</b>
<b>Net assets</b>		<b>735,244</b>	<b>681,867</b>
<b>EQUITY</b>			
Accumulated surplus		593,106	600,084
IPPE revaluation reserve		142,138	81,783
<b>Council equity interest</b>		<b>735,244</b>	<b>681,867</b>
<b>Total equity</b>		<b>735,244</b>	<b>681,867</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 2022

## Snowy Valleys Council

Statement of Changes in Equity  
for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		600,084	81,783	681,867	593,324	70,791	664,115
Net operating result for the year		(6,978)	–	(6,978)	6,760	–	6,760
<b>Other comprehensive income</b>							
– Gain on revaluation of infrastructure, property, plant and equipment	C1-7	–	60,355	60,355	–	10,992	10,992
<b>Other comprehensive income</b>		–	60,355	60,355	–	10,992	10,992
<b>Total comprehensive income</b>		<b>(6,978)</b>	<b>60,355</b>	<b>53,377</b>	<b>6,760</b>	<b>10,992</b>	<b>17,752</b>
<b>Closing balance at 30 June</b>		<b>593,106</b>	<b>142,138</b>	<b>735,244</b>	<b>600,084</b>	<b>81,783</b>	<b>681,867</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 2022

## Snowy Valleys Council

## Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
18,502	Rates and annual charges		18,181	17,306
16,273	User charges and fees		19,803	15,718
410	Interest received		278	570
29,793	Grants and contributions		33,321	37,063
-	Bonds, deposits and retentions received		319	-
827	Other		10,326	6,102
<i>Payments:</i>				
(17,460)	Payments to employees		(20,600)	(20,053)
(13,556)	Payments for materials and services		(23,204)	(34,461)
-	Borrowing costs		(347)	(458)
-	Bonds, deposits and retentions refunded		-	(16)
(5,968)	Other		(6,525)	(4,780)
28,821	<b>Net cash flows from operating activities</b>	G1-1	<b>31,552</b>	<b>16,991</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
-	Redemption of term deposits		21,615	27,115
-	Sale of real estate assets		25	-
-	Proceeds from sale of IPPE		728	1,121
<i>Payments:</i>				
-	Acquisition of term deposits		(38,000)	(18,612)
-	Purchase of investment property		(51)	-
(35,411)	Payments for IPPE		(23,621)	(21,257)
-	Purchase of real estate assets		-	(9)
(35,411)	<b>Net cash flows from investing activities</b>		<b>(39,304)</b>	<b>(11,642)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
-	Proceeds from borrowings		-	736
<i>Payments:</i>				
(1,830)	Repayment of borrowings		(1,316)	(1,422)
(1,830)	<b>Net cash flows from financing activities</b>		<b>(1,316)</b>	<b>(686)</b>
(8,420)	<b>Net change in cash and cash equivalents</b>		<b>(9,068)</b>	<b>4,663</b>
-	Cash and cash equivalents at beginning of year		13,901	9,238
(8,420)	<b>Cash and cash equivalents at end of year</b>	G1-1	<b>4,833</b>	<b>13,901</b>
-	plus: Investments on hand at end of year	G1-2	40,501	24,116
(8,420)	<b>Total cash, cash equivalents and investments</b>		<b>45,334</b>	<b>38,017</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 dd MMMM yyyy. 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 (ACT)* and *Local Government (General) 2005 (Regulation)*, 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.

#### **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*, 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, Activities and Operations have been excluded from consolidation:

- Adelong Showground Committee
- Glenroy Heritage Reserve
- Tooma Recreation Reserve Committee

Total income from continuing operations \$51,414

Total expenses from continuing operations \$25,508

continued on next page ...

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## A1-1 Basis of preparation (continued)

Total net assets held (i.e. equity) \$61,338

### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, 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 but not yet effective

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 2022 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 2022.

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

**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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Functions or activities</b>										
Towns and Villages	5,181	15,150	8,604	17,016	(3,423)	(1,866)	3,012	12,988	14,627	12,996
Growth Through Innovation	2,590	2,368	3,542	4,006	(952)	(1,638)	1,264	383	31,108	27,584
Our Natural Environment	4,086	3,804	5,116	2,440	(1,030)	1,364	981	1,808	121,209	117,206
Communications and Engagement	18,338	21,720	3,794	14,922	14,544	6,798	7,211	11,643	72,259	66,005
Our Infrastructure	43,358	33,657	59,475	31,555	(16,117)	2,102	16,366	10,268	529,098	485,439
<b>Total functions and activities</b>	<b>73,553</b>	<b>76,699</b>	<b>80,531</b>	<b>69,939</b>	<b>(6,978)</b>	<b>6,760</b>	<b>28,834</b>	<b>37,090</b>	<b>768,301</b>	<b>709,230</b>

## B1-2 Components of functions or activities

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

- **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**

Communication and Engagement are essential for Snowy Valleys Council to establish trust with its communities and deliver on their aspirations.  
Opportunities to be actively involved in engagement activities that inform Council decision-making.  
Face to Face engagement with elected officials, Council staff, and customer service is important. A culture where our communities can actively participate in the decision-making process and are informed of how input is being used to make a decision that will lead to better outcomes for Council and our communities.

- **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



Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

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

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	4,047	3,887
Farmland	4,286	4,152
Mining	7	–
Business	801	872
Less: pensioner rebates	(211)	(214)
<b>Rates levied to ratepayers</b>	<b>8,930</b>	<b>8,697</b>
Pensioner rate subsidies received	97	118
<b>Total ordinary rates</b>	<b>9,027</b>	<b>8,815</b>
<b>Annual charges</b>		
<small>(pursuant to s 496, s 496A, s 496B, s 501 &amp; s 611)</small>		
Domestic waste management services	2,955	2,483
Stormwater management services	38	45
Water supply services	1,533	1,001
Sewerage services	4,247	4,134
Waste management services (not domestic)	317	721
<b>Annual charges levied</b>	<b>9,090</b>	<b>8,384</b>
Pensioner annual charges subsidies received:		
– Water	55	55
– Sewerage	51	52
– Domestic waste management	69	68
Less: Pensioner rebates	(292)	(323)
<b>Total annual charges</b>	<b>8,973</b>	<b>8,236</b>
<b>Total rates and annual charges</b>	<b>18,000</b>	<b>17,051</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 at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

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**B2-2 User charges and fees**

\$ '000	Timing	2022	2021
<b>User charges only</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	3,098	2,811
Sewerage services	2	756	459
Trade waste services	2	43	37
<b>Total user charges</b>		<b>3,897</b>	<b>3,307</b>
<b>Fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services	2	16	9
Planning and building - regulatory	2	436	473
Private works – section 67	2	6,230	4,109
Section 10.7 certificates (EP&A Act)	2	39	37
Section 603 certificates	2	35	46
<b>Total fees and charges – statutory/regulatory</b>		<b>6,756</b>	<b>4,674</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Cemeteries	2	243	245
Library and art gallery	2	5	8
Transport for NSW works (state roads not controlled by Council)	2	7,254	7,014
Swimming centres	2	83	87
Aged related services	2	125	198
Gravel sales	2	112	73
Sporting facilities fees	2	37	34
Waste transfer station fees	2	121	124
Childrens services fees	2	463	439
Community transport	2	84	63
Medical services	2	–	323
Other	2	127	316
<b>Total fees</b>		<b>8,654</b>	<b>8,924</b>
<b>Total other user charges and fees</b>		<b>15,410</b>	<b>13,598</b>
<b>Total user charges and fees</b>		<b>19,307</b>	<b>16,905</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)		19,307	16,905
<b>Total user charges and fees</b>		<b>19,307</b>	<b>16,905</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.

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**B2-3 Other revenues**

\$ '000	Timing	2022	2021
Assets first time recognition	2	38	519
Batlow Cannery demolition reimbursement	2	–	854
Blaze Aid Camps reimbursement	2	–	213
Diesel rebate	2	107	101
Fines	2	13	29
Insurance claims recoveries	2	1,118	580
Legal fees recovery – other		30	–
PY disaster management reimbursement	2	3,222	502
Other	2	595	207
Sales – general	2	307	440
Workers compensation rebate	2	269	260
<b>Total other revenue</b>		<b>5,699</b>	<b>3,705</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	5,699	3,705
<b>Total other revenue</b>	<b>5,699</b>	<b>3,705</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 2022	Operating 2021	Capital 2022	Capital 2021
<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	2,436	2,140	–	–
Financial assistance – local roads component	2	772	688	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	4,931	3,026	–	–
<b>Other</b>					
Other grants	2	–	102	–	–
<b>Amount recognised as income during current year</b>		<b>8,139</b>	<b>5,956</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	14
Sewerage services	2	11	–	1	53
Bushfire and emergency services	2	2,331	11,419	2,413	–
Child care	2	1,593	1,489	–	–
Community care	2	939	983	239	63
Economic development	2	4	–	–	450
Environmental programs	2	64	–	–	–
Heritage and cultural	2	31	10	–	–
Library	2	99	97	–	–
Noxious weeds	1	92	67	–	–
Recreation and culture	2	28	298	1,253	1,796
Street lighting	2	–	51	–	–
Stronger Communities and Implementation Funding	2	16	1,355	434	6,491
Domestic Waste Fund Grant	2	–	–	270	690
Transport (roads to recovery)	2	–	872	–	–
Transport (other roads and bridges funding)	2	1,270	970	8,504	969
<b>Previously contributions:</b>					
Bushfire services		368	455	–	–
Transport for NSW contributions (regional roads, block grant)	2	–	1,250	50	–
Other contributions	1	–	78	–	259
Other		100	–	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>6,946</b>	<b>19,394</b>	<b>13,178</b>	<b>10,785</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>6,946</b>	<b>19,394</b>	<b>13,178</b>	<b>10,785</b>
<b>Total grants and non-developer contributions</b>		<b>15,085</b>	<b>25,350</b>	<b>13,178</b>	<b>10,785</b>
<b>Comprising:</b>					
– Commonwealth funding		9,317	8,749	66	1,001
– State funding		4,489	15,043	12,750	9,661
– Other funding		1,279	1,558	362	123
		<b>15,085</b>	<b>25,350</b>	<b>13,178</b>	<b>10,785</b>

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## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	-	-	82	11
S 64 – water supply contributions		2	-	-	489	351
S 64 – sewerage service contributions		2	-	-	-	346
<b>Total developer contributions – cash</b>			-	-	<b>571</b>	<b>708</b>
<b>Non-cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	-	-	-	247
<b>Total developer contributions non-cash</b>			-	-	-	<b>247</b>
<b>Total developer contributions</b>			-	-	<b>571</b>	<b>955</b>
<b>Total contributions</b>			-	-	<b>571</b>	<b>955</b>
<b>Total grants and contributions</b>			<b>15,085</b>	<b>25,350</b>	<b>13,749</b>	<b>11,740</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)			<b>15,085</b>	<b>25,350</b>	<b>13,749</b>	<b>11,740</b>
<b>Total grants and contributions</b>			<b>15,085</b>	<b>25,350</b>	<b>13,749</b>	<b>11,740</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 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	1,182	2,099	8,302	6,916
<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	4,806	711	4,363	9,914
<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	(1,091)	(1,628)	(4,068)	(8,528)
<b>Unspent funds at 30 June</b>	<b>4,897</b>	<b>1,182</b>	<b>8,597</b>	<b>8,302</b>
<b>Contributions</b>				
Unspent funds at 1 July	4,368	3,640	-	-
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	594	728	-	-
<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>4,962</b>	<b>4,368</b>	<b>-</b>	<b>-</b>

**Accounting policy****Grants and Contributions - Enforceable agreement with sufficiently specific performance obligations.**

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.

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.

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## B2-4 Grants and contributions (continued)

### 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.

### Developer 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 (EP&A Act)*.

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	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	36	28
– Cash and investments	280	407
<b>Total interest and investment income (losses)</b>	<b>316</b>	<b>435</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	18	15
General Council cash and investments	204	257
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	2	2
– Section 64	21	14
Water fund operations	25	50
Sewerage fund operations	30	69
Domestic waste management operations	13	24
Tumbarumba Retirement Village	3	4
<b>Total interest and investment income (losses)</b>	<b>316</b>	<b>435</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	2022	2021
<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>-</b>	<b>3</b>
<b>Other lease income</b>			
Operating Lease Income		1,318	1,388
Leaseback fees - council vehicles		117	122
<b>Total other lease income</b>		<b>1,397</b>	<b>1,510</b>
Total rental income	C2-1	<b>1,397</b>	1,513
Total other income		<b>1,397</b>	1,513

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

\$ '000	2022	2021
Salaries and wages	17,464	16,911
Employee termination costs	39	3
Travel expenses	6	6
Employee leave entitlements	1,993	1,438
Superannuation	1,724	1,739
Workers' compensation insurance	375	394
FBT	61	80
Payroll tax	56	32
Training costs (other than salaries and wages)	258	320
Protective clothing	27	13
Other	230	276
<b>Total employee costs</b>	<b>22,233</b>	<b>21,212</b>
Less: capitalised costs	(1,410)	(966)
<b>Total employee costs expended</b>	<b>20,823</b>	<b>20,246</b>
Number of 'full-time equivalent' employees (FTE) at year end	189	209

**Accounting policy**

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

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.

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.

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**B3-2 Materials and services**

\$ '000	Notes	2022	2021
Raw materials and consumables		6,502	7,824
Contractor costs		15,895	19,655
Consultancy costs		1,710	2,720
Audit Fees	F2-1	143	78
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	291	181
Advertising		247	359
Bank charges		272	74
Electricity and heating		927	1,097
Fire control expenses		5	-
Insurance		686	780
Postage		57	66
Printing and stationery		136	155
Street lighting		(45)	7
Subscriptions and publications		271	161
Telephone and communications		252	252
Valuation fees		72	72
Travel expenses		30	36
Other expenses		292	434
Council Grant Programs		228	404
<b>Legal expenses:</b>			
- Legal expenses: debt recovery		30	19
- Legal expenses: other		89	78
Other		-	1
<b>Total materials and services</b>		<b>28,090</b>	<b>34,453</b>
<b>Total materials and services</b>		<b>28,090</b>	<b>34,453</b>

**Accounting policy**

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

**B3-3 Borrowing costs**

\$ '000	2022	2021
<b>(i) Interest bearing liability costs</b>		
Interest on loans	398	473
<b>Total interest bearing liability costs</b>	<b>398</b>	<b>473</b>
<b>Total interest bearing liability costs expensed</b>	<b>398</b>	<b>473</b>
<b>Total borrowing costs expensed</b>	<b>398</b>	<b>473</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.

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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		1,722	1,600
Office equipment		26	26
Furniture and fittings		1	1
Other Assets - Library Collection		-	-
<b>Infrastructure:</b>			
- Buildings – non-specialised	C1-7	1,037	1,025
- Buildings – specialised		405	379
- Other structures		386	362
- Roads		3,228	2,977
- Bridges		585	585
- Footpaths		216	187
- Other road assets		260	260
- Stormwater drainage		455	310
- Water supply network		1,276	1,250
- Sewerage network		1,436	1,573
- Other open space/recreational assets		380	357
<b>Reinstatement, rehabilitation and restoration assets:</b>			
- Tip assets	C1-C1-7	54	48
- Quarry assets	C1-5, C1-7	82	74
Intangible assets	C1-8	158	158
<b>Total depreciation and amortisation costs</b>		<b>11,707</b>	11,172
Total depreciation and amortisation costs		<b>11,707</b>	11,172
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>			
- Water supply network	C1-7	15,822	-
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>15,822</b>	-
Total IPPE impairment / revaluation decrement costs charged to Income Statement		<b>15,822</b>	-
Total depreciation, amortisation and impairment for non-financial assets		<b>27,529</b>	11,172

**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).

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

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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	2022	2021
<b>Other</b>		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	560	748
– Other contributions/levies	317	304
– Donations, contributions and assistance to other organisations	60	56
– Tumut Visitor Centre	172	182
<b>Total other</b>	<b>1,109</b>	<b>1,290</b>
<b>Total other expenses</b>	<b>1,109</b>	<b>1,290</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	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		(17)	–
<b>Gain (or loss) on disposal</b>		(17)	–
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-7		
Proceeds from disposal – plant and equipment		728	1,121
Less: carrying amount of plant and equipment assets sold/written off		(515)	(857)
<b>Gain (or loss) on disposal</b>		213	264
<b>Gain (or loss) on disposal of infrastructure</b>	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(2,809)	(2,506)
<b>Gain (or loss) on disposal</b>		(2,809)	(2,506)
<b>Gain (or loss) on disposal of real estate assets held for sale</b>	C1-5		
Proceeds from disposal – real estate assets		25	–
Less: carrying amount of real estate assets sold/written off		6	(63)
<b>Gain (or loss) on disposal</b>		31	(63)
<b>Gain (or loss) on disposal of term deposits</b>	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		21,615	27,115
Less: carrying amount of term deposits sold/redeemed/matured		(21,615)	(27,115)
<b>Gain (or loss) on disposal</b>		–	–
<b>Net gain (or loss) from disposal of assets</b>		<b>(2,582)</b>	<b>(2,305)</b>

**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.

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**B5 Performance against budget****B5-1 Material budget variations**

Council's original budget was adopted by the Council on 17 June 2021 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	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	18,502	18,000	(502)	(3)% U
<b>User charges and fees</b>	16,273	19,307	3,034	19% F
Private works and water usage income greater than expected				
<b>Other revenues</b>	827	5,699	4,872	589% F
Disaster Recovery budget omission, additional income was recognised for insurance claims relating to the Cyber attack and Riverina Highlands Building flooding event.				
<b>Operating grants and contributions</b>	10,740	15,085	4,345	40% F
Financial Assistance Grant received in advance additional grant funding recognised during the financial year				
<b>Capital grants and contributions</b>	19,053	13,749	(5,304)	(28)% U
The construction and delivery of the 2021/22 Capital Works Program did not progress as originally budgeted for including the Aerodrome project which was delayed due to the approval process.				
<b>Interest and investment revenue</b>	410	316	(94)	(23)% U
Falling interest rates in an uncertain economic environment and limited investment opportunities				
<b>Other income</b>	-	1,397	1,397	∞ F
Lease income Caravan Park and other buildings budgeted elsewhere (user charges and fees)				

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	17,850	20,823	(2,973)	(17)% U
Original budget had anticipated an allowance for capitalised wages of \$3.4M. The actual capitalised wages was \$1.4M. Additional overtime was also not budgeted for.				
<b>Materials and services</b>	13,556	28,090	(14,534)	(107)% U
Materials and services are unfavourable to budget due to the reclassification of costs from Other Expenses and additional non-budgeted works including private works which income is reflected as unbudgeted in User Fees and Charges.				
<b>Borrowing costs</b>	367	398	(31)	(8)% U
<b>Depreciation, amortisation and impairment of non-financial assets</b>	10,825	27,529	(16,704)	(154)% U
Water supply network was revalued during 2021/22 which resulted in a decrement to the Income Statement of \$15.8M				
<b>Other expenses</b>	5,968	1,109	4,859	81% F
Budgeted other expense charged through materials and services				
<b>Net losses from disposal of assets</b>	-	2,582	(2,582)	∞ U
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>	28,821	31,552	2,731	9% F
<b>Cash flows from investing activities</b>	(35,411)	(39,304)	(3,893)	11% U
<b>Cash flows from financing activities</b>	(1,830)	(1,316)	514	(28)% F

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**C Financial position****C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	1,255	3,062
Cash equivalent assets		
– Deposits at call	3,578	10,839
<b>Total cash and cash equivalents</b>	<b>4,833</b>	<b>13,901</b>

**Reconciliation of cash and cash equivalents**

Total cash and cash equivalents per Statement of Financial Position	4,833	13,901
<b>Balance as per the Statement of Cash Flows</b>	<b>4,833</b>	<b>13,901</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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	32,501	8,000	19,116	5,000
<b>Total</b>	<b>32,501</b>	<b>8,000</b>	<b>19,116</b>	<b>5,000</b>
<b>Total financial investments</b>	<b>32,501</b>	<b>8,000</b>	<b>19,116</b>	<b>5,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>37,334</b>	<b>8,000</b>	<b>33,017</b>	<b>5,000</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**

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.

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Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

## C1-2 Financial investments (continued)

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 and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>45,334</b>	38,017
Less: Externally restricted cash, cash equivalents and investments	<b>(37,663)</b>	(31,199)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>7,671</b>	6,818
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	13,248	9,484
<b>External restrictions – included in liabilities</b>	<b>13,248</b>	9,484
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	454	369
Developer contributions – water fund	1,622	1,365
Developer contributions – sewer fund	2,885	2,633
Water fund	6,497	5,890
Sewer fund	9,861	7,777
Domestic waste management	2,378	2,885
Retirement village	565	643
Specific purpose contributions	49	49
Urban stormwater	104	104
<b>External restrictions – other</b>	<b>24,415</b>	21,715
<b>Total external restrictions</b>	<b>37,663</b>	31,199

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2022	2021
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>7,671</b>	6,818
Less: Internally restricted cash, cash equivalents and investments	<b>(7,196)</b>	(9,198)

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>475</b>	<b>(2,380)</b>

**Internal allocations**

At 30 June, Council has internally allocated funds to the following:

Aboriginal brungle reserve PW	45	45
Adelong showground reserve	10	10
Batlow literary institute	51	51
Camp hudson	73	108
Caravan park	80	80
Carry over works	1,305	1,863
Community services	312	121
Community Transport	1,056	950
Contingencies	250	500
Employees leave entitlement	1,633	1,933
Insurance (risk management)	100	162
IT	96	96
Legal	50	50
Life long learner	2	2
Plant and vehicle replacement	382	1,281
Project development	-	394
Quarry rehab and capital works	1,274	1,113
Saleyards	37	37
Scholarship	6	6
Security deposits	50	9
Swimming pools	147	147
Talbingo reserve	120	118
Telecentre	26	26
Television translator/radio	32	32
Third age group	3	3
Tumut boys club	44	44
Xmas festivities	-	6
Youth council	12	11
<b>Total internal allocations</b>	<b>7,196</b>	<b>9,198</b>

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
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**(c) Unrestricted and unallocated**

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>475</b>	<b>(2,380)</b>
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Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

## C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	656	11	889	11
Interest and extra charges	85	–	120	–
User charges and fees	6,501	–	4,711	–
Accrued revenues				
– Interest on investments	165	–	92	–
– Other income accruals	2,969	–	5,956	–
Net GST receivable	232	–	392	–
<b>Total</b>	<b>10,608</b>	<b>11</b>	<b>12,160</b>	<b>11</b>
<b>Less: provision for impairment</b>				
Other debtors	–	–	(31)	–
<b>Total provision for impairment – receivables</b>	<b>–</b>	<b>–</b>	<b>(31)</b>	<b>–</b>
<b>Total net receivables</b>	<b>10,608</b>	<b>11</b>	<b>12,129</b>	<b>11</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	55	–	51	–
– Other	518	–	190	–
<b>Sewerage services</b>				
– Rates and availability charges	141	–	240	–
– Other	–	–	50	–
<b>Domestic waste management</b>	<b>149</b>	<b>–</b>	<b>171</b>	<b>–</b>
<b>Total external restrictions</b>	<b>863</b>	<b>–</b>	<b>702</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>9,745</b>	<b>11</b>	<b>11,427</b>	<b>11</b>
<b>Total net receivables</b>	<b>10,608</b>	<b>11</b>	<b>12,129</b>	<b>11</b>

## Accounting policy

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)

### 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.

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## C1-5 Inventories

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	19	147	13	147
Stores and materials	26	–	79	–
<b>Total inventories at cost</b>	<b>45</b>	<b>147</b>	<b>92</b>	<b>147</b>
<b>Total inventories</b>	<b>45</b>	<b>147</b>	<b>92</b>	<b>147</b>

### (i) Other disclosures

\$ '000	Notes	2022		2021	
		Current	Non-current	Current	Non-current
<b>(a) Details for real estate development</b>					
Residential		19	147	13	147
<b>Total real estate for resale</b>		<b>19</b>	<b>147</b>	<b>13</b>	<b>147</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition costs		19	147	13	147
<b>Total costs</b>		<b>19</b>	<b>147</b>	<b>13</b>	<b>147</b>
<b>Total real estate for resale</b>		<b>19</b>	<b>147</b>	<b>13</b>	<b>147</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		13	147	67	147
– Purchases and other costs		–	–	9	–
– WDV of sales (expense)	341	6	–	(63)	–
<b>Total real estate for resale</b>		<b>19</b>	<b>147</b>	<b>13</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 Contract assets and Contract cost assets

Contract assets and contract cost assets is NIL. Council can choose to print NIL lines or make this note not applicable.

To print NIL lines, add some N/A text or to EXCLUDE this Note completely, just go to the Home page & choose one of the alternatives for this Note.

### Contract assets

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## C1-6 Contract assets and Contract cost assets (continued)

### **Significant changes in contract assets**

A contract asset has been recognised for works completed for operating grants. The work is yet to achieve the next milestone for billing purposes.

### **(i) Externally restricted assets**

#### **Accounting policy**

##### **Contract assets**

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

##### **Contract cost asset – costs to fulfil a contract**

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	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	3,876	–	3,876	10,858	–	–	–	–	(2,523)	–	–	–	12,211	–	12,211
Plant and equipment	21,656	(9,340)	12,316	2,187	824	(486)	(1,722)	–	138	–	–	177	23,564	(10,130)	13,434
Office equipment	177	(98)	79	–	–	–	(26)	–	–	–	–	3	182	(126)	56
Furniture and fittings	10	(7)	3	–	–	–	(1)	–	–	–	–	–	9	(7)	2
<b>Land:</b>															
– Operational land	7,678	–	7,678	70	–	(33)	–	–	–	–	–	2,052	9,767	–	9,767
– Community land	13,719	–	13,719	–	–	–	–	–	–	–	–	5,154	18,873	–	18,873
<b>Infrastructure:</b>															
– Buildings – non-specialised	49,697	(21,550)	28,147	267	66	(81)	(1,037)	–	9	–	–	3,825	57,030	(25,834)	31,196
– Buildings – specialised	18,418	(6,608)	11,810	78	–	(12)	(405)	–	14	–	–	1,519	20,999	(7,995)	13,004
– Other structures	12,513	(4,827)	7,686	38	23	(13)	(386)	–	10	(314)	–	892	13,797	(5,861)	7,936
– Roads	182,345	(52,469)	129,876	6,991	115	(2,170)	(3,228)	–	1,820	–	–	13,386	207,008	(59,977)	147,031
– Bridges	67,723	(23,706)	44,017	917	–	(606)	(585)	–	–	–	–	4,625	74,716	(26,348)	48,368
– Footpaths	16,863	(3,752)	13,111	13	15	–	(216)	–	230	–	–	1,346	18,895	(4,396)	14,499
– Kerb and gutter	29,451	(8,721)	20,730	101	25	(25)	(260)	–	–	–	–	2,214	32,735	(9,950)	22,785
– Bulk earthworks (non-depreciable)	202,903	–	202,903	527	67	–	–	–	197	–	–	23,627	227,321	–	227,321
– Stormwater drainage	47,605	(15,374)	32,231	187	116	(17)	(455)	–	75	–	–	2,878	52,268	(17,253)	35,015
– Water supply network	78,920	(32,343)	46,577	–	–	–	(1,276)	(15,822)	–	8	–	–	101,972	(72,485)	29,487
– Sewerage network	99,523	(35,604)	63,919	49	–	(18)	(1,436)	–	14	33	(12,054)	8,459	106,344	(47,378)	58,966
– Other open space/recreational assets	21,725	(4,097)	17,628	25	–	–	(380)	–	16	–	–	2,252	24,651	(5,110)	19,541
<b>Other assets:</b>															
– Library books	25	(23)	2	–	–	–	–	–	–	–	–	–	25	(23)	2
<b>Reinstatement, rehabilitation and restoration assets (refer Note 16):</b>															
– Tip assets	647	(136)	511	–	79	–	(54)	–	–	–	–	–	726	(190)	536
– Quarry assets	1,097	(214)	883	–	135	–	(82)	–	–	–	–	–	1,232	(296)	936
<b>Total infrastructure, property, plant and equipment</b>	<b>876,571</b>	<b>(218,869)</b>	<b>657,702</b>	<b>22,308</b>	<b>1,465</b>	<b>(3,461)</b>	<b>(11,549)</b>	<b>(15,822)</b>	<b>–</b>	<b>(32)</b>	<b>(12,054)</b>	<b>72,409</b>	<b>1,004,325</b>	<b>(293,359)</b>	<b>710,966</b>

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

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## C1-7 Infrastructure, property, plant and equipment (continued)

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
<b>\$ '000</b>													
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	–	–	49,897	(21,550)	28,347
– 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
– 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	–	809	–	(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
– Kerb and gutter	29,451	(8,535)	20,916	–	–	–	(260)	–	–	74	29,451	(8,721)	20,730
<b>Other assets:</b>													
– Library books	25	(23)	2	–	–	–	–	–	–	–	25	(23)	2
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</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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## C1-7 Infrastructure, property, plant and equipment (continued)

### Accounting policy

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

#### Useful Lives of IPPE

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:

Plant and equipment	Years	Other equipment	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.

#### Revaluation model

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.

## C1-7 Infrastructure, property, plant and equipment (continued)

### 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.

Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

### 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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## Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/22			as at 30/06/21		
	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	603	128	475	533	100	433
WIP	241	–	241	5	–	5
Land						
– Operational land	797	–	797	797	–	797
– Community land	274	–	274	274	–	274
– Improvements – non-depreciable	16	–	16	16	–	16
Other Structures	89	57	32	89	56	33
Buildings	2,033	996	1,037	2,033	954	1,079
Infrastructure	78,924	33,619	45,305	78,918	32,343	46,575
<b>Total water supply</b>	<b>82,977</b>	<b>34,800</b>	<b>48,177</b>	<b>82,665</b>	<b>33,453</b>	<b>49,212</b>
<b>Sewerage services</b>						
Plant and equipment	706	218	488	625	181	444
WIP	128	–	128	31	–	31
Land						
– Operational land	365	–	365	365	–	365
– Community land	140	–	140	140	–	140
– Improvements – non-depreciable	125	–	125	125	–	125
– Improvements – depreciable	8	5	3	8	4	4
Other Structures	177	70	107	177	66	111
Buildings	1,230	425	805	1,230	396	834
Infrastructure	99,563	37,002	62,561	99,524	35,604	63,920
<b>Total sewerage services</b>	<b>102,442</b>	<b>37,720</b>	<b>64,722</b>	<b>102,225</b>	<b>36,251</b>	<b>65,974</b>
<b>Domestic waste management</b>						
WIP	1,720	–	1,720	–	–	–
Plant and equipment	550	37	513	18	6	12
Land						
– Operational land	408	–	408	408	–	408
– Improvements – non-depreciable	112	–	112	112	–	112
Buildings	1,434	367	1,067	1,434	335	1,099
Other structures	341	191	150	341	177	164
Other assets	382	64	318	382	58	324
<b>Total domestic waste management</b>	<b>4,947</b>	<b>659</b>	<b>4,288</b>	<b>2,695</b>	<b>576</b>	<b>2,119</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>190,366</b>	<b>73,179</b>	<b>117,187</b>	<b>187,585</b>	<b>70,280</b>	<b>117,305</b>

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**C1-8 Investment properties**

\$ '000	2022	2021
<b>Owned investment property</b>		
Investment property on hand at fair value	391	340
<b>Total owned investment property</b>	<b>391</b>	<b>340</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	340	340
Other movements	51	–
<b>Closing balance at 30 June</b>	<b>391</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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Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

## C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,579	1,579
Accumulated amortisation	(1,062)	(904)
Accumulated impairment	(69)	(69)
<b>Net book value – opening balance</b>	<b>448</b>	<b>606</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	(1,220)	(1,062)
Accumulated impairment	(69)	(69)
<b>Total software – net book value</b>	<b>290</b>	<b>448</b>
<b>Total intangible assets – net book value</b>	<b>290</b>	<b>448</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	2022	2021
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#### (i) Assets held as investment property

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

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>-</b>	<b>3</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	-	3
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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)	1,397	1,510
<b>Total income relating to operating leases for Council assets</b>	<b>1,397</b>	<b>1,510</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.

Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

**C3 Liabilities of Council****C3-1 Payables**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepaid rates	701	–	793	–
Goods and services – operating expenditure	(1)	–	2	–
Accrued expenses:				
– Borrowings	108	–	57	–
– Salaries and wages	269	–	–	–
– Other expenditure accruals	3,276	–	2,513	–
Security bonds, deposits and retentions	798	–	479	–
Other	322	–	33	–
<b>Total payables</b>	<b>5,473</b>	<b>–</b>	<b>3,877</b>	<b>–</b>

**Payables relating to restricted assets**

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Externally restricted assets</b>				
Water	261	–	91	–
Sewer	75	–	22	–
Payables relating to externally restricted assets	336	–	113	–
<b>Total payables relating to restricted assets</b>	<b>336</b>	<b>–</b>	<b>113</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>5,137</b>	<b>–</b>	<b>3,764</b>	<b>–</b>
<b>Total payables</b>	<b>5,473</b>	<b>–</b>	<b>3,877</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.



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## C3-2 Contract Liabilities

\$ '000	Notes	2022	2022	2021	2021
		Current	Non-current	Current	Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (funds to construct Council controlled assets)	(ii)	12,793	–	8,407	–
<b>Total grants received in advance</b>		<b>12,793</b>	<b>–</b>	<b>8,407</b>	<b>–</b>
<b>User fees and charges received in advance:</b>					
Other		130	–	222	–
Private Works Fees in advance		914	–	–	–
<b>Total user fees and charges received in advance</b>		<b>1,044</b>	<b>–</b>	<b>222</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>13,837</b>	<b>–</b>	<b>8,629</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	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	13,248	–	8,268	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>13,248</b>	<b>–</b>	<b>8,268</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>13,248</b>	<b>–</b>	<b>8,268</b>	<b>–</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>589</b>	<b>–</b>	<b>361</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>13,837</b>	<b>–</b>	<b>8,629</b>	<b>–</b>

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

\$ '000	2022	2021
	<b>Grants and contributions received in advance:</b>	
Capital grants (funds to construct Council controlled assets)	8,065	6,721
Operating grants (funds received prior to performance obligation being satisfied)	5,771	1,407
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>13,836</b>	<b>8,128</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	2022		2021	2021
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	1,181	5,072	1,285	6,284
<b>Total borrowings</b>	<b>1,181</b>	<b>5,072</b>	<b>1,285</b>	<b>6,284</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	2022		2021	2021
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	655	993	624	1,649
Sewer	270	2,072	322	2,343
Borrowings relating to externally restricted assets	925	3,065	946	3,992
<b>Total borrowings relating to restricted assets</b>	<b>925</b>	<b>3,065</b>	<b>946</b>	<b>3,992</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>256</b>	<b>2,007</b>	<b>339</b>	<b>2,292</b>
<b>Total borrowings</b>	<b>1,181</b>	<b>5,072</b>	<b>1,285</b>	<b>6,284</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	2021		Non-cash movements	2022
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	7,569	(1,316)	–	6,253
<b>Total liabilities from financing activities</b>	<b>7,569</b>	<b>(1,316)</b>	<b>–</b>	<b>6,253</b>

\$ '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>

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## C3-3 Borrowings (continued)

**(b) Financing arrangements**

\$ '000	2022	2021
<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	7	11
<b>Total drawn financing arrangements</b>	<b>7</b>	<b>11</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	43	39
<b>Total undrawn financing arrangements</b>	<b>43</b>	<b>39</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	2022		2021	
	Current	Non-current	Current	Non-current
Annual leave	1,635	–	1,642	–
Long service leave	2,570	374	2,598	388
Other leave – TOIL	384	–	381	–
<b>Total employee benefit provisions</b>	<b>4,589</b>	<b>374</b>	<b>4,621</b>	<b>388</b>

**Employee benefit provisions relating to restricted assets**

There is an internally restricted reserve for employee liabilities of \$1.633M.

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,283	2,943
	<b>2,283</b>	<b>2,943</b>

**Description of and movements in provisions**

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
<b>2022</b>				
At beginning of year	1,642	2,986	381	5,009
Other	(7)	(42)	3	(46)
Total ELE provisions at end of year	<b>1,635</b>	<b>2,944</b>	<b>384</b>	<b>4,963</b>
<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>

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

**Accounting policy**

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

**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.

**On-Costs**

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

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### C3-5 Provisions

\$ '000	2022		2021	
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	1,781	750	509	1,770
<b>Sub-total – asset remediation/restoration</b>	<b>1,781</b>	<b>750</b>	<b>509</b>	<b>1,770</b>
<b>Total provisions</b>	<b>1,781</b>	<b>750</b>	<b>509</b>	<b>1,770</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
<b>2022</b>		
At beginning of year	2,279	2,279
Other	252	252
Revised cost recognised as remediation assets in IPPE	-	-
Total other provisions at end of year	2,531	2,531
<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 IPPE	313	313
Total other provisions at end of year	2,279	2,279

### 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)

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 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>			
Rates and annual charges	11,972	1,615	4,413
User charges and fees	15,224	3,297	786
Interest and investment income	239	33	44
Other revenues	5,594	38	67
Grants and contributions provided for operating purposes	15,074	–	11
Grants and contributions provided for capital purposes	13,247	264	238
Other income	1,397	–	–
<b>Total income from continuing operations</b>	<b>62,747</b>	<b>5,247</b>	<b>5,559</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	18,839	921	1,063
Materials and services	24,791	1,699	1,600
Borrowing costs	106	173	119
Depreciation, amortisation and impairment of non-financial assets	8,851	17,170	1,508
Other expenses	614	289	206
Net losses from the disposal of assets	2,569	(5)	18
<b>Total expenses from continuing operations</b>	<b>55,770</b>	<b>20,247</b>	<b>4,514</b>
<b>Operating result from continuing operations</b>	<b>6,977</b>	<b>(15,000)</b>	<b>1,045</b>
<b>Net operating result for the year</b>	<b>6,977</b>	<b>(15,000)</b>	<b>1,045</b>
<b>Net operating result attributable to each council fund</b>	<b>6,977</b>	<b>(15,000)</b>	<b>1,045</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(6,270)</b>	<b>(15,264)</b>	<b>807</b>

**D1-2 Statement of Financial Position by fund****ASSETS****Current assets**

Cash and cash equivalents	(6,910)	4,364	7,379
Investments	23,379	3,755	5,367
Receivables	9,839	628	141
Inventories	45	–	–
Other	509	–	–
<b>Total current assets</b>	<b>26,862</b>	<b>8,747</b>	<b>12,887</b>

**Non-current assets**

Investments	8,000	–	–
Receivables	11	–	–
Inventories	147	–	–
Infrastructure, property, plant and equipment	616,720	32,836	61,410
Investment property	391	–	–
Intangible assets	290	–	–
<b>Total non-current assets</b>	<b>625,559</b>	<b>32,836</b>	<b>61,410</b>

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

\$ '000	General 2022	Water 2022	Sewer 2022
<b>Total assets</b>	652,421	41,583	74,297
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	5,270	128	75
Income received in advance	(133)	133	–
Contract liabilities	13,837	–	–
Borrowings	256	655	270
Employee benefit provision	4,551	17	21
Provisions	1,781	–	–
<b>Total current liabilities</b>	25,562	933	366
<b>Non-current liabilities</b>			
Borrowings	2,007	993	2,072
Employee benefit provision	374	–	–
Provisions	750	–	–
<b>Total non-current liabilities</b>	3,131	993	2,072
<b>Total liabilities</b>	28,693	1,926	2,438
<b>Net assets</b>	623,728	39,657	71,859
<b>EQUITY</b>			
Accumulated surplus	486,543	37,502	69,061
Revaluation reserves	137,185	2,155	2,798
<b>Council equity interest</b>	623,728	39,657	71,859
<b>Total equity</b>	623,728	39,657	71,859

## 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	2022 Net Profit	2022 Net Assets
Riverina Regional Library	Provision of Library Services to member local government areas	\$ (100K) Loss	\$4.953M

**Reasons for non-recognition**

Council holds 10.29% 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 2022	Carrying value 2021	Fair value 2022	Fair value 2021
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	4,833	13,901	4,833	13,901
Receivables	10,619	12,140	8,580	12,140
Investments				
– Debt securities at amortised cost	40,501	24,116	40,501	24,116
<b>Total financial assets</b>	<b>55,953</b>	<b>50,157</b>	<b>54,014</b>	<b>50,157</b>
<b>Financial liabilities</b>				
Payables	5,473	3,877	5,526	3,877
Borrowings	6,253	7,569	6,253	7,569
<b>Total financial liabilities</b>	<b>11,726</b>	<b>11,446</b>	<b>11,779</b>	<b>11,446</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 these 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.
- **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.

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	2022	2021
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	453	380

### (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	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2022</b>				
Gross carrying amount	–	621	46	667
<b>2021</b>				
Gross carrying amount	–	758	142	900

##### 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	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2022</b>						
Gross carrying amount	4,499	3,239	1,361	330	523	9,952
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	—	—	—	—	—	—
<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%
ECL provision	—	—	—	—	31	31

**(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>2022</b>							
Payables	0.00%	798	4,728	—	—	5,526	5,473
Borrowings	5.04%	—	1,181	2,104	2,968	6,253	6,253
<b>Total financial liabilities</b>		<b>798</b>	<b>5,909</b>	<b>2,104</b>	<b>2,968</b>	<b>11,779</b>	<b>11,726</b>
<b>2021</b>							
Payables	0.00%	479	2,192	—	—	2,671	3,877
Borrowings	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>11,446</b>

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## 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.

Fair value hierarchy

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).

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
<b>Recurring fair value measurements</b>									
<b>Infrastructure, property, plant and equipment</b>									
		30/06/2018	30/06/18	-	-	13,434	12,316	13,434	12,316
		30/6/2021	30/06/21	-	-	56	79	56	79
		30/06/2021	30/06/21	-	-	2	3	2	3
		30/6/2021	30/06/21	-	-	9,767	7,678	9,767	7,678
		30/06/2021	30/06/21	-	-	18,873	13,719	18,873	13,719
		30/06/2018	30/06/18	-	-	31,196	28,147	31,196	28,147
		30/06/2018	30/06/18	-	-	13,004	11,810	13,004	11,810
		30/06/2018	30/06/18	-	-	7,936	7,686	7,936	7,686
		30/06/2020	30/06/20	-	-	147,031	129,876	147,031	129,876
		30/06/2020	30/06/20	-	-	48,368	44,017	48,368	44,017
		30/06/2020	30/06/20	-	-	14,499	13,107	14,499	13,107
		30/06/2020	30/06/20	-	-	22,785	20,730	22,785	20,730
		30/06/2020	30/06/20	-	-	227,321	202,903	227,321	202,903
		30/06/2021	30/06/21	-	-	35,015	32,231	35,015	32,231
		30/06/2022	30/06/18	-	-	29,487	46,577	29,487	46,577
		30/06/2022	30/06/18	-	-	58,966	63,919	58,966	63,919
		30/06/2018	30/06/18	-	-	19,541	17,628	19,541	17,628
		30/06/2018	30/06/18	-	-	2	2	2	2
		30/06/2022	30/06/21	-	-	1,522	1,394	1,522	1,394
				-	-	698,805	653,822	698,805	653,822

### 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.

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.

Council applied indexation at 30 June 2022 based on a report by independent external valuers. The index movement since the last revaluation is 8.95%. The total fair value for Stormwater Assets increased by \$2.9 million as a result.

A comprehensive valuation of Council's drainage assets, by independent, external valuers, is scheduled for the 2022/23 financial year.

#### 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 2022 based on a report by independent external valuers. The index movement since the last revaluation is 11.61%. The total fair value for Other Structure Assets increased by \$0.9 million as a result.

A comprehensive valuation of Council's other structure assets by independent, external valuers, 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.

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 2022 based on a report by independent external valuers. The index movement since the last revaluation is 12.2%. The total fair value of land improvement assets as at 30 June 2022 rose by \$2.3 million as a result.

The next comprehensive valuation of land improvement assets by independent, external valuers, is in the 2022/23 financial year.

#### 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.

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## E2-1 Fair value measurement (continued)

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. The next land valuation by independent, external valuers will be in 2023/24.

Council applied indexation at 30 June 2022 based on a report by independent external valuers. The index movement since the last revaluation is 33.62%. The total fair value for Land Assets increased by \$7.2 million as a result.

### **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 2022 based on a report by independent external valuers. The index movement since the last revaluation is 13.74%. The total fair value for Building Assets increased by \$5.3 million as a result.

The next comprehensive valuation of buildings assets by independent, external valuers is scheduled for the 2024/25 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 2022 based on a report by independent external valuers. The index movement since the last revaluation is 10.73%. The total fair value for Transport Assets increased by \$21.6 million as a result.

A comprehensive valuation of Council's land assets by independent, external valuers 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.

Mains are segmented into manageable lengths and uniform specifications.

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

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. In 2021/22 a comprehensive valuation was performed on water and sewer assets by external valuers. Fair value reduced by \$19 million.

## 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 Generals 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>IPPE</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	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Balance at 1 July</b>	<b>12,316</b>	11,024	<b>79</b>	137	<b>3</b>	54	<b>7,678</b>	7,965
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>138</b>	–	–	–	–	–	–	–
Purchases (GBV)	<b>3,011</b>	3,646	–	–	–	–	<b>70</b>	–
Disposals (WDV)	<b>(486)</b>	(754)	–	(32)	–	(50)	–	–
Depreciation and impairment	<b>(1,722)</b>	(1,600)	<b>(26)</b>	(26)	<b>(1)</b>	(1)	<b>(33)</b>	–
Revaluation increment/decrement to equity	<b>177</b>	–	<b>3</b>	–	–	–	<b>2,052</b>	(287)
<b>Balance at 30 June</b>	<b>13,434</b>	12,316	<b>56</b>	79	<b>2</b>	3	<b>9,767</b>	7,678

\$ '000	Community Land		Buildings and other structures		Roads, bridges and footpaths		Bulk earthworks	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Balance at 1 July</b>	<b>13,719</b>	13,342	<b>47,643</b>	45,018	<b>207,734</b>	208,492	<b>202,903</b>	201,636
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	<b>(281)</b>	1,099	<b>2,291</b>	277	<b>197</b>	–
Purchases (GBV)	–	–	<b>472</b>	3,977	<b>8,177</b>	5,749	<b>594</b>	1,318
Disposals (WDV)	–	–	<b>(106)</b>	(685)	<b>(2,801)</b>	(1,700)	–	–
Depreciation and impairment	–	–	<b>(1,828)</b>	(1,766)	<b>(4,289)</b>	(4,009)	–	–
Revaluation increment/decrement to equity	<b>5,154</b>	377	<b>6,236</b>	–	<b>21,571</b>	(1,075)	<b>23,627</b>	(51)
<b>Balance at 30 June</b>	<b>18,873</b>	13,719	<b>52,136</b>	47,643	<b>232,683</b>	207,734	<b>227,321</b>	202,903

continued on next page ...

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Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

## E2-1 Fair value measurement (continued)

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Other assets	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Balance at 1 July</b>	<b>32,231</b>	21,120	<b>46,577</b>	47,073	<b>63,919</b>	64,618	<b>17,628</b>	16,413
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	75	–	8	–	32	–	16	133
Purchases (GBV)	303	117	–	609	49	316	25	1,560
Disposals (WDV)	(17)	–	–	–	(18)	(21)	–	(121)
Depreciation and impairment	(455)	(310)	(1,275)	(1,250)	(1,421)	(1,573)	(380)	(357)
Revaluation decrement to income statement	–	–	(15,822)	–	(3,595)	–	–	–
Revaluation increment/decrement to equity	2,878	11,304	–	145	–	579	2,252	–
<b>Balance at 30 June</b>	<b>35,015</b>	32,231	<b>29,488</b>	46,577	<b>58,966</b>	63,919	<b>19,541</b>	17,628

\$ '000	Tips and quarries		Library books		Total	
	2022	2021	2022	2021	2022	2021
<b>Balance at 1 July</b>	<b>1,394</b>	1,203	<b>2</b>	2	<b>653,826</b>	<b>638,097</b>
Transfers from/(to) another asset class	–	–	–	–	2,476	1,509
Purchases (GBV)	214	428	–	–	12,915	17,720
Disposals (WDV)	–	(115)	–	–	(3,428)	(3,478)
Depreciation and impairment	(136)	(122)	–	–	(11,566)	(11,014)
Revaluation decrement to income statement	–	–	–	–	(19,417)	–
Revaluation increment/decrement to equity	–	–	–	–	63,950	10,992
<b>Balance at 30 June</b>	<b>1,472</b>	1,394	<b>2</b>	2	<b>698,756</b>	<b>653,826</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 31 December 2021, apportioned accordingly to each employer's share of the accrued liabilities as at 30 June 2021. 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 2022 was \$162,999.16.

### E3-1 Contingencies (continued)

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

\* 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	5.5% 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 2022.

#### (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.

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### E3-1 Contingencies (continued)

#### (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	2022	2021 <sup>1</sup>
<b>Compensation:</b>		
Short-term benefits	1,430	1,275
Post-employment benefits	80	94
Other long-term benefits	15	24
<b>Total</b>	<b>1,525</b>	<b>1,393</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 2022

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

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillors' fees	123	145
Councillors (including Mayor) expenses	168	36
<b>Total</b>	<b>291</b>	<b>181</b>

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

\$ '000	2022	2021
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	121	74
<b>Remuneration for audit and other assurance services</b>	<b>121</b>	<b>74</b>
<b>Total Auditor-General remuneration</b>	<b>121</b>	<b>74</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services	22	4
<b>Remuneration for audit and other assurance services</b>	<b>22</b>	<b>4</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>22</b>	<b>4</b>
<b>Total audit fees</b>	<b>143</b>	<b>78</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>(6,978)</b>	6,760
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	11,707	11,172
(Gain) / loss on disposal of assets	2,582	2,305
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to Income Statement	15,822	–
Unwinding of discount rates on reinstatement provisions	–	26
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	1,552	(4,319)
Increase / (decrease) in provision for impairment of receivables	(31)	–
(Increase) / decrease of inventories	53	(10)
(Increase) / decrease of other current assets	(165)	(335)
Increase / (decrease) in payables	(3)	2
Increase / (decrease) in accrued interest payable	51	(11)
Increase / (decrease) in other accrued expenses payable	1,032	1,540
Increase / (decrease) in other liabilities	516	(36)
Increase / (decrease) in contract liabilities	5,208	(583)
Increase / (decrease) in employee benefit provision	(46)	193
Increase / (decrease) in other provisions	252	287
<b>Net cash flows from operating activities</b>	<b>31,552</b>	16,991



## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Sewerage and water infrastructure	708	–
Buildings	2,241	–
Plant and equipment	234	850
Open Space	2,180	–
Road infrastructure	1,241	2,264
<b>Total commitments</b>	<b>6,604</b>	<b>3,114</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	6,604	3,114
<b>Total payable</b>	<b>6,604</b>	<b>3,114</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	235	–
Externally restricted reserve	5,662	2,264
Internally restricted reserves	707	850
<b>Total sources of funding</b>	<b>6,604</b>	<b>3,114</b>

### Details of capital commitments

#### Buildings

- Batlow Itinerant Workers Accommodation
- Ourmie Community Hall
- FOGO
- Evacuation and Multipurpose Centre

#### Open Space

- Batlow Pool
- Tumut Pool
- Khancoban Pool

#### Roads

- Tumut Aerodrome
- Bombowlee Creek Road and Bridge

#### Water and Sewer

- Relining
- SCADA system renewals

#### Plant and Equipment

- Technology One uplift

### G3-1 Events occurring after the reporting date

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Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

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## G4 Statement of developer contributions as at 30 June 2022

## G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022
		Cash	Non-cash				
Other	369	82	-	2	-	-	453
<b>S7.11 contributions – under a plan</b>	369	82	-	2	-	-	453
<b>Total S7.11 and S7.12 revenue under plans</b>	369	82	-	2	-	-	453
S64 contributions	3,998	489	-	21	-	-	4,508
<b>Total contributions</b>	4,367	571	-	23	-	-	4,961

continued on next page ...

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#### G4-1 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.

#### G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022
		Cash	Non-cash				
<b>CONTRIBUTION PLAN NUMBER (former Tumut)</b>							
Other	369	82	-	2	-	-	453
<b>Total</b>	<b>369</b>	<b>82</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>453</b>

Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

**G5 Statement of performance measures****G5-1 Statement of performance measures – consolidated results**

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(2,323)</b>	<b>(3.88)%</b>	(4.12)%	(11.11)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>59,804</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>44,719</b>	<b>60.80%</b>	51.64%	56.91%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>73,553</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>17,970</b>	<b>1.79x</b>	2.81x	3.35x	> 1.50x
Current liabilities less specific purpose liabilities	<b>10,031</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>9,782</b>	<b>5.71x</b>	4.73x	3.43x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,714</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>752</b>	<b>3.95%</b>	5.56%	7.02%	< 10.00%
Rates and annual charges collectable	<b>19,056</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>45,334</b>	<b>10.46</b>	7.46	9.92	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>4,333</b>	<b>mths</b>	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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>56.44%</b>	(4.89)%	<b>(623.84)%</b>	0.64%	<b>15.50%</b>	(0.18)%	> 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>54.86%</b>	45.09%	<b>94.97%</b>	92.74%	<b>95.52%</b>	92.51%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>1.79x</b>	2.81x	<b>1.88x</b>	10.48x	<b>7.88x</b>	31.10x	> 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>10.61x</b>	3.61x	<b>2.49x</b>	8.82x	<b>6.26x</b>	12.74x	> 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>3.51%</b>	5.35%	<b>4.02%</b>	6.74%	<b>5.21%</b>	5.93%	< 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>6.49</b>	4.49	<b>27.33</b>	26.28	<b>48.45</b>	35.41	> 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.

**End of the audited financial statements**

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## 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**  
Hamish McNulty

**Responsible Accounting Officer**  
Daryl Hagger

**Public Officer**  
Hamish McNulty

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

**Elected members**  
**Mayor**  
Ian Chaffey

**Councillors**  
Trina Thomson (Deputy Mayor)  
Hansie Armour  
Julia Ham  
James Hayes  
Sam Hughes  
Mick Ivill  
John Larter  
Brent Livermore

**Other information**  
**ABN:** 53 558 891 887



Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

## Snowy Valleys Council

### General Purpose Financial Statements

for the year ended 30 June 2022

#### Independent Auditor's Reports:

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On the Financial Statements (Sect 417 [2])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

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Snowy Valleys Council | Notes to the Financial Statements 30 June 2022

## Snowy Valleys Council

### General Purpose Financial Statements

for the year ended 30 June 2022

#### Independent Auditor's Reports: (continued)

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On the Financial Statements (Sect 417 [3])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

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## Snowy Valleys Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022



## Snowy Valleys Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
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Statement of Financial Position of water supply business activity	7
Statement of Financial Position of sewerage business activity	8
<b>Note – Significant Accounting Policies</b>	<b>9</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>12</b>

#### 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 2022

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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 20 October 2022.

---

Ian Chaffey  
**Mayor**  
20 October 2022

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Trina Thomson  
**Councillor**  
20 October 2022

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Hamish McNulty  
**General Manager**  
20 October 2022

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Daryl Hagger  
**Responsible Accounting Officer**  
20 October 2022

Snowy Valleys Council | Income Statement of water supply business activity | for the year ended 30 June 2022

## Snowy Valleys Council

## Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Access charges	1,615	1,038
User charges	3,296	2,998
Fees	1	1
Interest and investment income	33	55
Other income	38	569
<b>Total income from continuing operations</b>	<b>4,983</b>	<b>4,661</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	921	675
Borrowing costs	173	170
Materials and services	1,699	2,148
Depreciation, amortisation and impairment	17,170	1,318
Net loss from the disposal of assets	(5)	-
Calculated taxation equivalents	18	18
Other expenses	289	320
<b>Total expenses from continuing operations</b>	<b>20,265</b>	<b>4,649</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(15,282)</b>	<b>12</b>
Grants and contributions provided for capital purposes	264	365
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(15,018)</b>	<b>377</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(15,018)</b>	<b>377</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	-	(3)
<b>Surplus (deficit) after tax</b>	<b>(15,018)</b>	<b>374</b>
<b>Opening accumulated surplus</b>	<b>52,520</b>	<b>52,142</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)	(18)
- Taxation equivalent payments	-	-
<b>Closing accumulated surplus</b>	<b>37,502</b>	<b>52,519</b>
<b>Return on capital %</b>	<b>(46.0)%</b>	<b>0.4%</b>
<b>Subsidy from Council</b>	<b>16,311</b>	<b>551</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(15,018)	374
Less: capital grants and contributions (excluding developer contributions)	(264)	(365)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>9</b>
<b>Dividend calculated from surplus</b>	<b>-</b>	<b>5</b>

Snowy Valleys Council | Income Statement of sewerage business activity | for the year ended 30 June 2022

## Snowy Valleys Council

## Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Access charges	4,413	4,280
User charges	743	539
Liquid trade waste charges	43	36
Interest and investment income	44	81
Grants and contributions provided for operating purposes	11	15
Other income	67	191
<b>Total income from continuing operations</b>	<b>5,321</b>	<b>5,142</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,063	633
Borrowing costs	119	136
Materials and services	1,600	2,547
Depreciation, amortisation and impairment	1,508	1,643
Net loss from the disposal of assets	18	21
Calculated taxation equivalents	17	17
Other expenses	206	192
<b>Total expenses from continuing operations</b>	<b>4,531</b>	<b>5,189</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>790</b>	<b>(47)</b>
Grants and contributions provided for capital purposes	238	400
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,028</b>	<b>353</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,028</b>	<b>353</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(198)	-
<b>Surplus (deficit) after tax</b>	<b>830</b>	<b>353</b>
<b>Opening accumulated surplus</b>	<b>68,033</b>	<b>67,678</b>
<b>Plus adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	17	17
- Corporate taxation equivalent	198	-
<b>Less:</b>		
- Tax equivalent dividend paid	(17)	(17)
- Tax Equivalent payments	-	-
<b>Closing accumulated surplus</b>	<b>69,061</b>	<b>68,031</b>
<b>Return on capital %</b>	<b>1.5%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>1,339</b>	<b>894</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	831	353
Less: capital grants and contributions (excluding developer contributions)	(238)	(400)
<b>Surplus for dividend calculation purposes</b>	<b>593</b>	<b>-</b>
<b>Dividend calculated from surplus</b>	<b>296</b>	<b>-</b>

Snowy Valleys Council | Income Statement of | for the year ended 30 June 2022

**Snowy Valleys Council**

**Income Statement of**  
for the year ended 30 June 2022

**Surplus (deficit) after tax**

-	-
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**Plus adjustments for amounts unpaid:**

**Add:**

**Less:**

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Snowy Valleys Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2022

## Snowy Valleys Council

## Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,364	3,500
Investments	3,755	3,755
Receivables	628	241
<b>Total current assets</b>	<b>8,747</b>	<b>7,496</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	32,836	49,212
<b>Total non-current assets</b>	<b>32,836</b>	<b>49,212</b>
<b>Total assets</b>	<b>41,583</b>	<b>56,708</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	128	91
Income received in advance	133	–
Borrowings	655	624
Employee benefit provisions	17	–
<b>Total current liabilities</b>	<b>933</b>	<b>715</b>
<b>Non-current liabilities</b>		
Borrowings	993	1,649
<b>Total non-current liabilities</b>	<b>993</b>	<b>1,649</b>
<b>Total liabilities</b>	<b>1,926</b>	<b>2,364</b>
<b>Net assets</b>	<b>39,657</b>	<b>54,344</b>
<b>EQUITY</b>		
Accumulated surplus	37,502	52,519
Revaluation reserves	2,155	1,825
<b>Total equity</b>	<b>39,657</b>	<b>54,344</b>

Snowy Valleys Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2022

## Snowy Valleys Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	7,379	5,043
Investments	5,367	5,367
Receivables	141	290
<b>Total current assets</b>	<b>12,887</b>	<b>10,700</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	61,410	65,974
<b>Total non-current assets</b>	<b>61,410</b>	<b>65,974</b>
<b>Total assets</b>	<b>74,297</b>	<b>76,674</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	75	22
Borrowings	270	322
Employee benefit provisions	21	–
<b>Total current liabilities</b>	<b>366</b>	<b>344</b>
<b>Non-current liabilities</b>		
Borrowings	2,072	2,343
<b>Total non-current liabilities</b>	<b>2,072</b>	<b>2,343</b>
<b>Total liabilities</b>	<b>2,438</b>	<b>2,687</b>
<b>Net assets</b>	<b>71,859</b>	<b>73,987</b>
<b>EQUITY</b>		
Accumulated surplus	69,061	68,031
Revaluation reserves	2,798	5,956
<b>Total equity</b>	<b>71,859</b>	<b>73,987</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 ...

2021/22 DRAFT FINANCIAL STATEMENTS | Page 9 of 12

## Note – Significant Accounting Policies (continued)

### Notional rate applied (%)

Corporate income tax rate – 25%

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 relevant 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 ...

2021/22 DRAFT FINANCIAL STATEMENTS | Page 10 of 12

**Note – Significant Accounting Policies (continued)****Operating result before capital income + interest expense****Written down value of IPPE 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 2022 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 2022

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## Snowy Valleys Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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## Snowy Valleys Council

### Special Schedules

for the year ended 30 June 2022

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Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	5

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Snowy Valleys Council | Permissible income for general rates | for the year ended 30 June 2022

## Snowy Valleys Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	9,038	9,244
Plus or minus adjustments <sup>2</sup>	b	32	18
<b>Notional general income</b>	$c = a + b$	<b>9,070</b>	<b>9,262</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	0.00%	15.00%
Or rate peg percentage	e	2.00%	0.70%
Plus special variation amount	$h = d \times (c + g)$	—	1,389
Or plus rate peg amount	$i = e \times (c + g)$	181	65
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>9,251</b>	<b>10,716</b>
Plus (or minus) last year's carry forward total	l	(9)	(2)
<b>Sub-total</b>	$n = (l + m)$	<b>(9)</b>	<b>(2)</b>
<b>Total permissible income</b>	$o = k + n$	<b>9,242</b>	<b>10,714</b>
Less notional general income yield	p	9,244	10,713
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>(2)</b>	<b>2</b>
<b>Carry forward to next year <sup>6</sup></b>	$(r = q) + s$	<b>(2)</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 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (6) 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 Act. 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.

### Permissible income for general rates

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Snowy Valleys Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					\$ '000	\$ '000	1	2	3
<b>Buildings</b>	Buildings – specialised	–	–	1,118	1,118	12,980	20,918	60.5%	19.4%	19.7%	0.4%	0.0%
	Council Offices/Administration	–	–	1,023	1,023	8,901	15,777	41.6%	54.1%	4.4%	0.0%	0.0%
	Council Public Halls	–	–	23	23	1,721	4,938	3.7%	41.6%	54.7%	0.0%	0.0%
	Council Works Depot	–	–	185	185	2,710	5,174	38.5%	36.4%	25.1%	0.0%	0.0%
	Cultural Facilities	–	–	322	322	5,108	10,490	48.9%	37.1%	13.7%	0.3%	0.0%
	Libraries	–	–	969	969	2,670	4,045	52.6%	41.4%	6.0%	0.0%	0.0%
	Other Buildings	–	–	1,478	1,478	10,110	16,756	56.8%	33.4%	9.9%	0.0%	0.0%
	Specialised Buildings	–	–	–	–	–	–	48.9%	35.4%	15.5%	0.2%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>5,118</b>	<b>5,118</b>	<b>44,200</b>	<b>78,098</b>	<b>48.9%</b>	<b>35.4%</b>	<b>15.5%</b>	<b>0.1%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	–	–	233	233	7,936	13,849	53.2%	14.1%	24.8%	8.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>233</b>	<b>233</b>	<b>7,936</b>	<b>13,849</b>	<b>53.2%</b>	<b>14.1%</b>	<b>24.8%</b>	<b>8.0%</b>	<b>0.0%</b>
<b>Roads</b>	Unsealed roads	–	–	892	892	20,018	26,392	65.2%	29.0%	5.3%	0.6%	0.0%
	Bridges	1,047	1,047	29	29	48,367	74,716	85.8%	10.3%	2.3%	1.6%	0.0%
	Footpaths	–	–	75	75	11,812	15,893	64.2%	27.6%	8.2%	0.0%	0.0%
	Other road assets	–	–	20	20	8,212	9,954	99.4%	0.0%	0.0%	0.6%	0.0%
	Bulk earthworks	–	–	–	–	227,659	227,744	99.8%	0.0%	0.0%	0.2%	0.0%
	Cycleways	–	–	–	–	2,687	3,001	29.8%	39.8%	29.5%	0.9%	0.0%
	Kerb & Gutter	–	–	48	48	22,785	32,735	56.7%	42.8%	0.5%	0.0%	0.0%
	Road Culverts	–	–	54	54	21,203	34,076	62.1%	35.3%	2.6%	0.1%	0.0%
	Sealed Road Surface	–	–	1,181	1,181	19,618	33,234	46.3%	49.3%	4.3%	0.1%	0.0%
	Sealed Road Structure	–	–	30	30	77,640	102,927	76.4%	19.7%	3.5%	0.4%	0.0%
		<b>Sub-total</b>	<b>1,047</b>	<b>1,047</b>	<b>2,329</b>	<b>2,329</b>	<b>437,219</b>	<b>560,672</b>	<b>82.6%</b>	<b>14.9%</b>	<b>2.0%</b>	<b>0.4%</b>
<b>Water supply network</b>	Pumping Stations	–	–	41	41	1,541	4,383	13.1%	52.6%	16.3%	18.0%	0.0%
	Reservoirs	–	–	17	17	4,923	14,591	37.0%	39.4%	14.7%	8.8%	0.0%
	Treatment	188	188	180	180	15,528	39,545	45.3%	33.3%	17.9%	3.5%	0.0%
	Mains	–	–	462	462	7,179	42,750	61.4%	34.8%	3.8%	0.1%	0.0%
		<b>Sub-total</b>	<b>188</b>	<b>188</b>	<b>948</b>	<b>948</b>	<b>29,487</b>	<b>101,970</b>	<b>49.5%</b>	<b>35.5%</b>	<b>11.5%</b>	<b>3.4%</b>

Snowy Valleys Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Sewerage network	Mains	–	–	508	508	37,502	59,808	31.3%	48.6%	19.4%	0.6%	0.2%
	Other	–	–	–	–	492	1,113	92.0%	7.2%	0.8%	0.0%	0.0%
	Pumping Stations	–	–	121	121	1,522	6,052	24.0%	43.7%	28.7%	3.6%	0.0%
	Treatment	–	–	594	594	19,450	39,370	65.5%	19.8%	7.5%	7.2%	0.0%
	<b>Sub-total</b>	–	–	<b>1,223</b>	<b>1,223</b>	<b>58,966</b>	<b>106,343</b>	<b>44.2%</b>	<b>37.2%</b>	<b>15.3%</b>	<b>3.2%</b>	<b>0.1%</b>
Stormwater drainage	Head Walls	–	–	19	19	568	968	11.9%	50.1%	35.9%	1.6%	0.4%
	Inlet and Junction Pits	–	–	89	89	5,640	8,778	29.4%	41.2%	29.3%	0.2%	0.0%
	Stormwater Conduits	–	–	6	6	28,804	42,424	31.5%	59.5%	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>114</b>	<b>114</b>	<b>35,015</b>	<b>52,173</b>	<b>30.7%</b>	<b>56.2%</b>	<b>13.0%</b>	<b>0.1%</b>	<b>0.0%</b>
Open space / recreational assets	Other Open Space/Recreation	–	–	2,398	2,398	15,881	17,228	90.9%	3.5%	2.3%	3.3%	0.0%
	Swimming pools	–	–	760	760	3,660	6,825	38.3%	26.6%	33.5%	1.6%	0.0%
	<b>Sub-total</b>	–	–	<b>3,158</b>	<b>3,158</b>	<b>19,541</b>	<b>24,053</b>	<b>76.0%</b>	<b>10.0%</b>	<b>11.2%</b>	<b>2.8%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>1,235</b>	<b>1,235</b>	<b>13,123</b>	<b>13,123</b>	<b>632,364</b>	<b>937,158</b>	<b>68.4%</b>	<b>23.6%</b>	<b>6.9%</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 2022 | for the year ended 30 June 2022

## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2022	2022	2021	2020	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	20,051	207.48%	198.02%	126.22%	>= 100.00%
Depreciation, amortisation and impairment	9,664				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	1,235	0.19%	0.21%	0.23%	< 2.00%
Net carrying amount of infrastructure assets	644,575				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	13,123	100.00%	100.00%	100.00%	> 100.00%
Required asset maintenance	13,123				
<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	0.13%	0.15%	0.16%	
Gross replacement cost	937,158				

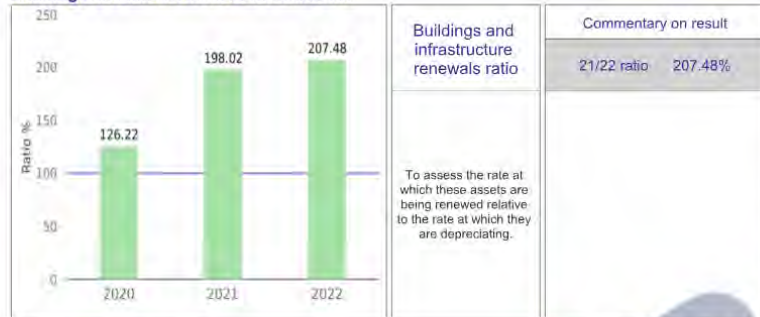
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2022

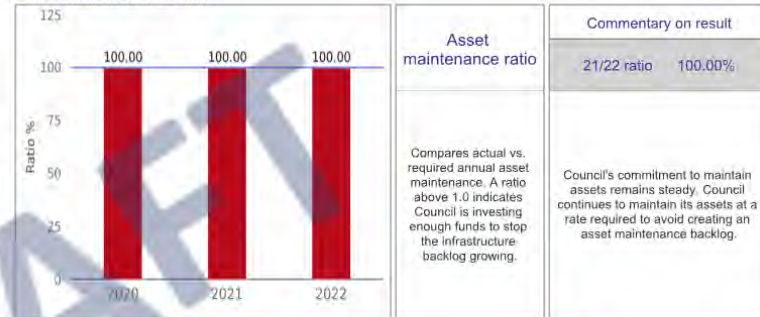
**Buildings and infrastructure renewals ratio**



Buildings and infrastructure renewals ratio	Commentary on result
	21/22 ratio 207.48%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	

Benchmark: —  $\geq 100.00\%$  ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

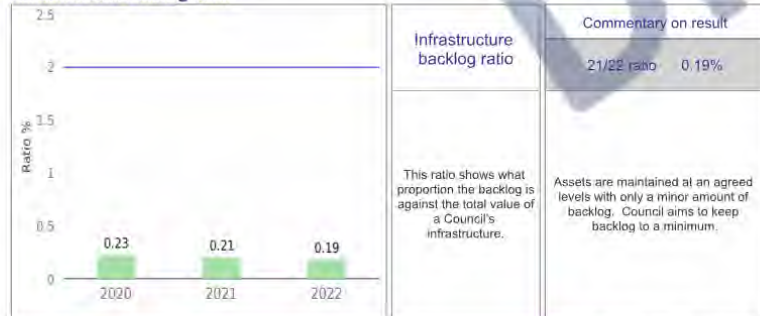
**Asset maintenance ratio**



Asset maintenance ratio	Commentary on result
	21/22 ratio 100.00%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	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

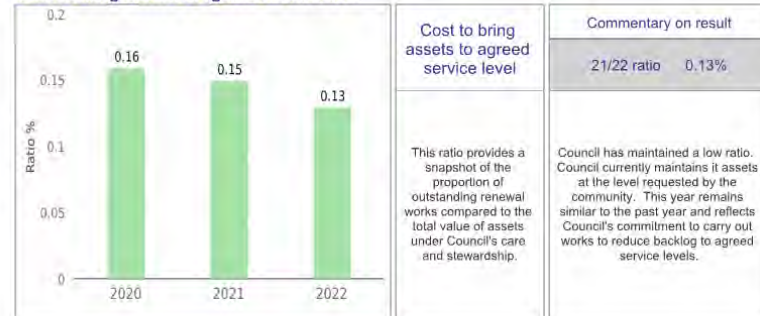
**Infrastructure backlog ratio**



Infrastructure backlog ratio	Commentary on result
	21/22 ratio 0.19%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	Assets are maintained at an 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	Commentary on result
	21/22 ratio 0.13%
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.	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 2022 | for the year ended 30 June 2022

## Snowy Valleys Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>	<b>287.72%</b>	282.12%	<b>0.00%</b>	0.00%	<b>3.41%</b>	11.00%	>= 100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard	<b>0.19%</b>	0.21%	<b>0.64%</b>	0.00%	<b>0.00%</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>0.14%</b>	0.16%	<b>0.18%</b>	0.00%	<b>0.00%</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.

## Attachment 2 - Statement by Councillors and Management GP

### Snowy Valleys Council

#### General Purpose Financial Statements

for the year ended 30 June 2022

#### Statement by Councillors and Management

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

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

- the *Local Government Act 1993* (NSW) (as amended) 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 20 October 2022.

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Ian Chaffey  
**Mayor**  
20 October 2022

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Trina Thomson  
**Councillor**  
20 October 2022

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Hamish McNulty  
**General Manager**  
20 October 2022

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Daryl Hagger  
**Responsible Accounting Officer**  
20 October 2022



**Attachment 3 - Statement by Councillors and Management SP**

## Snowy Valleys Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

## Statement by Councillors and Management

## 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 20 October 2022.**

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Ian Chaffey  
**Mayor**  
20 October 2022

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Trina Thomson  
**Councillor**  
20 October 2022

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Hamish McNulty  
**General Manager**  
20 October 2022

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Daryl Hagger  
**Responsible Accounting Officer**  
20 October 2022