



SUSTAINABLY DEVELOPING THE OUTBACK

DIAMANTINA SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

FINANCIAL REPORT

For the Year Ended 30 June 2021

Note

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DIAMANTINA SHIRE COUNCIL

Statement of Comprehensive Income

For the Year Ended 30 June 2021

		30 June 2021	30 June 2020
	Note	\$	\$
INCOME			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3(a)	1,045,750	1,107,003
Fees and charges	3(c)	1,436,875	1,100,405
Rental income		605,904	586,551
Interest received	3(b)	102,966	207,323
Sales revenue	3(d)	15,529,713	8,013,579
Other income		298,512	270,302
Operating grants, subsidies and contributions	4(a)	10,366,106	6,438,473
Total Recurrent Revenue		<u>29,385,827</u>	<u>17,723,637</u>
Capital Revenue			
Capital grants, subsidies and contributions	4(b)	3,291,067	1,739,852
Total Capital Revenue		<u>3,291,067</u>	<u>1,739,852</u>
TOTAL INCOME		<u>32,676,893</u>	<u>19,463,489</u>
EXPENSES			
Recurrent Expenses			
Employee benefits	5	(6,833,364)	(5,913,161)
Materials and services	6	(12,628,905)	(9,735,031)
Finance costs		(83,309)	(83,783)
Depreciation	11	(4,901,176)	(4,468,729)
		<u>(24,446,754)</u>	<u>(20,200,704)</u>
Capital Expenses	7	<u>(2,927,602)</u>	<u>(2,144)</u>
TOTAL EXPENSES		<u>(27,374,357)</u>	<u>(20,202,848)</u>
NET RESULT		<u>5,302,536</u>	<u>(739,361)</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	16	7,648,902	-
Total Other Comprehensive Income for the Year		<u>7,648,902</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>12,951,438</u>	<u>(739,361)</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

DIAMANTINA SHIRE COUNCIL

Statement of Financial Position

As at 30 June 2021

		30 June 2021	30 June 2020
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	8	14,067,543	15,371,114
Receivables	9	1,602,329	1,457,357
Contract assets	4 (d)	2,495,236	962,646
Inventories	10	1,908,575	1,609,782
Total Current Assets		20,073,684	19,400,900
Non-Current Assets			
Property, plant and equipment	11	160,293,512	149,591,693
Total Non-Current Assets		160,293,512	149,591,693
TOTAL ASSETS		180,367,195	168,992,593
LIABILITIES			
Current Liabilities			
Trade and other payables	12	694,892	1,480,026
Contract liabilities	4 (d)	1,980,805	2,834,840
Provisions	13	546,837	649,437
Borrowings	14	207,534	202,449
Total Current Liabilities		3,430,068	5,166,752
Non-Current Liabilities			
Trade and other payables			
Provisions	13	310,039	242,476
Borrowings	14	1,785,413	1,990,227
Total Non-Current Liabilities		2,095,452	2,232,704
TOTAL LIABILITIES		5,525,519	7,399,455
NET COMMUNITY ASSETS		174,841,676	161,593,137
COMMUNITY EQUITY			
Asset revaluation surplus	16	82,633,571	74,984,669
Retained surplus		92,208,105	86,608,469
TOTAL COMMUNITY EQUITY		174,841,676	161,593,137

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

DIAMANTINA SHIRE COUNCIL

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Note	Asset Revaluation Surplus \$	Retained Surplus \$	Total Equity \$
Balance at 1 July 2020		74,984,669	86,608,469	161,593,137
Correction of prior period error (previously unrecognised assets)	11	-	297,100	297,100
Restated balance at 1 July 2020		<u>74,984,669</u>	<u>86,905,569</u>	<u>161,890,237</u>
Net result for the year		-	5,302,536	5,302,536
Other comprehensive income for year				
Increase/(decrease) in asset revaluation surplus	16	7,648,902	-	7,648,902
Total comprehensive income for year		<u>7,648,902</u>	<u>5,302,536</u>	<u>12,951,438</u>
Balance as at 30 June 2021		<u>82,633,571</u>	<u>92,208,105</u>	<u>174,841,676</u>
Balance at 1 July 2019		74,984,669	87,228,402	162,213,071
Adjustment on initial application of AASB 15 / AASB 1058		-	119,427	119,427
Restated balance at 1 July 2019		<u>74,984,669</u>	<u>87,347,829</u>	<u>162,332,498</u>
Net result for the year		-	(739,361)	(739,361)
Other comprehensive income for year				
Increase/(decrease) in asset revaluation surplus		-	-	-
Total comprehensive income for year		<u>-</u>	<u>(739,361)</u>	<u>(739,361)</u>
Balance as at 30 June 2020		<u>74,984,669</u>	<u>86,608,469</u>	<u>161,593,137</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

DIAMANTINA SHIRE COUNCIL

Statement of Cash Flows

For the Year Ended 30 June 2021

		30 June 2021	30 June 2020
	Note	\$	\$
Cash flows from operating activities :			
Receipts from customers		16,477,194	13,435,193
Payments to suppliers and employees		(19,564,704)	(15,411,487)
		(3,087,510)	(1,976,294)
Interest received	3(b)	102,966	207,323
Rental income		605,904	586,551
Non capital grants and contributions	4(a)	10,403,077	6,438,473
Borrowing costs		(83,309)	(83,783)
Net cash inflow/(out flow) from operating activities	21	<u>7,941,128</u>	<u>5,172,270</u>
Cash flows from investing activities:			
Payments for property, plant and equipment	11	(12,566,576)	(8,668,437)
Proceeds from sale of property, plant and equipment	7	965,451	787,767
Capital grants, subsidies, contributions and donations	4(b)	<u>2,556,155</u>	<u>1,739,852</u>
Net cash inflow/(outflow) from investing activities		<u>(9,044,970)</u>	<u>(6,140,818)</u>
Cash flows from financing activities:			
Repayment of borrowings	14	<u>(199,729)</u>	<u>(192,261)</u>
Net cash inflow/(out flow) from financing activities		<u>(199,729)</u>	<u>(192,261)</u>
Net increase/(decrease) in cash and cash equivalents held		<u>(1,303,571)</u>	<u>(1,160,809)</u>
Cash and cash equivalents at beginning of financial year		15,371,114	16,531,922
Cash and cash equivalents at end of financial year	8	<u><u>14,067,543</u></u>	<u><u>15,371,114</u></u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Information about these financial statements

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021 and have been prepared in compliance with the requirements of the *Local Government Act 2009*, the *Local Government Regulation 2012*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

These financial statements have been prepared under the historical cost convention, except for the following:

- certain classes of property, plant and equipment which are measured at fair value;
- assets held for sale which are measured at fair value less cost of disposal.

1.B Constitution

The Diamantina Shire Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

1.C New and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning 1 July 2020, none of the standards had a material impact on the reported position, performance and cashflows.

Standards that are not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, those standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact on the financial report.

1.D Estimates and Judgements

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Revenue recognition - Note 3 and Note 4

Valuation of property, plant and equipment - Note 11

Impairment of property, plant and equipment - Note 11

Depreciation - Note 11

Contingent Liabilities - Note 18

Financial Instruments - Note 23

1.E Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1.

Comparative information is prepared on the same basis as prior year.

1.F Taxation

Council is exempt from income tax, however council is subject to Fringe Benefits Tax, Goods and Services Tax ('GST') and payroll tax on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

1.G COVID-19

Council's operations for the year ended 30 June 2021 have been impacted by the COVID-19 pandemic. Material impacts have been identified as follows:

- Cancellation of major tourism events such as Beloota, Birdsville and Bedourie Races and the Bedourie Camel Races has resulted in a loss of revenue for tourism and accommodation venues operated by Council.

- Concessions were granted to commercial ratepayers who were impacted by the decline in tourism activity.

The State and Commonwealth Governments provided additional capital funding to Council as a result of the pandemic. This has enabled Council to undertake community infrastructure projects and community projects to assist with stimulating the local economy.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Analysis of Results by Function

(a) Components of Council Functions

The activities relating to the Council's components reported on in Note 2 (b) are as follows:

Governance

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes.

This function includes strategic and operational planning, risk management, finance, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

Community Services

The goal of community services is to ensure Diamantina Shire Council is a healthy, vibrant, contemporary and connected community. Community services provides well managed and maintained community facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

This function includes:

Libraries

Entertainment venues

Public health services including vaccination clinics

Tourism

Water, Sewerage and Roads & Related Works

The objective of the Works program is to ensure the community is serviced by a high quality and effective road network, sustainable water and sewerage services. The function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network. It includes road construction and maintenance, depots, plant operation and maintenance, water and sewerage.

Environment, Health and Planning

This function facilitates the shires growth and prosperity through well planned and quality development. The objective of planning and development is to ensure the Diamantina Shire is well designed, efficient and facilitates growth yet also preserves the character and natural environment of the Shire. This function includes activities and services related to towns, neighbourhood and regional planning, and management of development approval processes. It includes health and building, animal control, cemeteries, public conveniences, aerodromes, parks and gardens, reserves, stock routes, refuse collections and disposal, caravan parks, television facilities, radio, and street lighting.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Analysis of Results by Function (continued)

(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year Ended 30 June 2021

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result From Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2021 \$	2021 \$	2021 \$	2021 \$							
Governance	3,120,444	3,402,557	2,513,008	-	9,036,008	(6,867,070)	-	(6,867,070)	(344,070)	2,168,938	22,719,384
Community Services	401,073	1,652,798	(10,944)	-	2,042,927	(1,934,201)	-	(1,934,201)	119,670	108,726	20,850,502
Water Works	-	205,238	-	-	205,238	(234,672)	-	(234,672)	(29,434)	(29,434)	5,516,724
Sewerage Works	-	45,301	-	-	45,301	(125,937)	-	(125,937)	(80,636)	(80,636)	3,444,776
Roads and Related Works	6,685,715	13,505,264	789,003	-	20,979,981	(14,256,838)	(2,927,602)	(17,184,440)	5,934,141	3,795,541	95,876,857
Environment, Health and Planning	-	367,439	-	-	367,439	(1,028,037)	-	(1,028,037)	(660,599)	(660,599)	31,958,952
Total Council	10,207,231	19,178,595	3,291,067	-	32,676,893	(24,446,754)	(2,927,602)	(27,374,357)	4,939,072	5,302,536	180,367,195

Year Ended 30 June 2020

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result From Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2020 \$	2020 \$	2020 \$	2020 \$							
Governance	3,160,523	3,285,862	168,231	-	6,614,616	(5,906,281)	-	(5,906,281)	540,103	708,335	22,833,401
Community Services	164,666	1,199,545	107,520	-	1,471,732	(2,385,874)	-	(2,385,874)	(1,021,663)	(914,143)	17,421,112
Water Works	-	229,530	-	-	229,530	(216,731)	-	(216,731)	12,799	12,799	5,315,839
Sewerage Works	-	54,103	-	-	54,103	(105,352)	-	(105,352)	(51,249)	(51,249)	3,921,570
Roads and Related Works	3,113,284	6,513,194	1,464,100	-	11,090,579	(10,818,354)	(2,144)	(10,820,498)	(1,191,875)	270,081	89,625,503
Environment, Health and Planning	-	2,928	-	-	2,928	(768,111)	-	(765,182)	(765,182)	(765,182)	29,875,168
Total Council	6,438,473	11,285,163	1,739,852	-	19,463,488	(20,200,704)	(2,144)	(20,202,848)	(2,477,068)	(739,360)	168,992,593

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

	30 June 2021	30 June 2020
	\$	\$
3 Revenue		
(a) Rates, Levies and Charges		
Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is 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.		
General rates	895,111	910,398
Water	205,238	229,530
Sewerage	45,301	54,103
Garbage charges	39,881	45,435
Total rates and utility charge revenue	1,185,530	1,239,466
Less: discounts	(139,780)	(132,464)
Net rates, levies and charges	1,045,750	1,107,003
(b) Interest Received		
Interest from rates and charges	17,202	23,113
Interest earned from cash deposits	85,764	184,210
	102,966	207,323
(c) Fees and Charges		
Caravan park revenue	1,071,006	839,119
Private works	302,261	192,854
Other fees and charges	63,608	68,432
	1,436,875	1,100,405
(d) Sales Revenue		
Main Roads minor works performance contracts	6,390,160	1,484,629
Main Roads road maintenance performance contracts	4,429,900	5,746,937
NDRRA Main Roads contracts	4,555,016	621,302
Other sales revenue	154,636	160,711
	15,529,713	8,013,579

Sale of goods revenue is recognised at a point in time when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. For contracts still in progress at year end there are no amounts owed to Council, nor any amounts paid in advance of associated performance obligations being satisfied. The contract work carried out is not subject to retentions.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

	30 June 2021	30 June 2020
	\$	\$
4 Grants, Subsidies and Contributions		
(a) Operating		
State Government subsidies and grants - operating	7,212,596	3,034,684
Commonwealth Government subsidies and grants - operating	2,994,635	3,337,358
Other subsidies and grants - operating	158,875	66,431
Total recurrent revenue	10,366,106	6,438,473
(b) Capital		
State Government subsidies and grants - capital	1,807,268	733,887
Commonwealth Government subsidies and grants - capital	1,483,798	1,005,465
Total capital revenue	3,291,067	1,739,852
Total for Grants, Subsidies and Contributions	13,657,173	8,178,325

Grant income under AASB 15

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

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable. When an amount of 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.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils 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.

Capital grants

Capital grants received to enable Council to acquire or construct an item of 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. Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

(c) Timing of revenue recognition for grants, subsidies, contributions and donations

	2021		2020	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grants and subsidies	4,396,475	9,260,698	3,586,493	4,591,832

(d) Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that Council has invoiced the customer or grantor. Where Council has invoiced the customer or the grantor amounts in excess of that it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

	30 June 2021	30 June 2020
	\$	\$
(i) Contract assets	2,495,236	962,646
(ii) Contract liabilities		
Funds received upfront to construct Council controlled assets	676,445	654,519
Non capital performance obligations	1,304,360	2,180,321
	1,980,805	2,834,840
(iii) Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds received upfront to construct Council controlled assets	419,599	680,216
Non capital performance obligations	2,599,921	-
	3,019,520	680,216

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

	30 June 2021	30 June 2020
	\$	\$
5 Employee Benefits		
Employee benefit expenses are recorded when the service has been provided by the employee.		
Total staff wages and salaries	5,875,050	4,552,652
Councillors' remuneration	353,420	225,963
Annual, sick and long service leave entitlements	708,962	1,044,930
Superannuation	19 557,191	517,561
	7,494,624	6,341,106
Other employee related expenses	28,620	-
	7,523,244	6,341,106
Less: capitalised employee expenses	(689,879)	(427,945)
	<u>6,833,364</u>	<u>5,913,161</u>

Councillor remuneration represents salary, and other allowances paid in respect of carrying out of their duties.

Total Council employees at the reporting date:

Elected members	5	5
Administration staff	26	17
Depot and outdoors staff	31	43
Total full time equivalent employees	<u>62</u>	<u>65</u>

6 Materials and Services

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

Advertising and Marketing	1,204	1,182
Audit of annual financial statements by the Auditor-General of Queensland	44,865	47,199
Other audit fees - Internal audit and other services	10,655	-
Communication and Information technology	294,380	283,001
Community Services	856,867	1,578,535
Donations Paid	6,209	14,627
Contract and Recoverable Works	6,087,657	2,962,846
Road Maintenance Services	230,205	452,332
Other Materials and Services	836,292	207,329
Fleet Services	2,312,791	1,863,201
Infrastructure Services	1,757,881	2,324,778
Revaluation of land held in inventory	189,900	-
	<u>12,628,905</u>	<u>9,735,031</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$58,000 (2020: \$57,000)

7 Capital Income/(Expenses)

Gain (loss) on the disposal of non-current assets

Proceeds from the sale or write down of non-current assets	1,157,712	787,767
Less: book value of non-current assets disposed of	(999,348)	(789,911)
	<u>158,364</u>	<u>(2,144)</u>

Write off

Write off of infrastructure assets	(2,792,164)	-
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Revaluation adjustments in P&L

Revaluation downwards of land assets	(293,802)	-
Total capital income/(expenses)	<u>(2,927,602)</u>	<u>(2,144)</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

8 Cash and Cash Equivalents

Cash and cash equivalents in the statement of cashflows includes cash on hand, all cash and cheques receipted but not banked at the year end, 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.

	30 June 2021	30 June 2020
	\$	\$
Cash at bank and on hand	4,440,371	960,422
Deposits at call	9,627,172	14,410,692
Balance per Statement of Cash Flows	14,067,543	15,371,114
Less: externally imposed restrictions	(i) 676,445	2,834,840
Unrestricted cash	13,391,098	12,536,274

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

(i) Externally imposed expenditure restrictions at reporting date relate to the following cash assets:

Unspent government grants and subsidies	676,445	2,834,840
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Trust funds held for outside parties

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	31,416	169,422
	31,416	169,422

9 Receivables

Receivables are amounts owed to Council at year end. They are recognised as the amounts due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment.

If an amount is recovered in a subsequent period it is recognised as revenue.

As Council has the power under the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council will only impair rate receivables when outstanding debt exceeds unimproved capital values.

Current

Rateable revenue and utility charges	188,900	322,037
Other debtors	1,478,865	1,200,756
Less loss allowance	(65,436)	(65,436)
	1,602,329	1,457,357

Interest is charged on outstanding rates at a rate of 8% per annum. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable. No interest is charged on other Debtors.

10 Inventories

Current

Inventories held for distribution:

Stores and raw materials	1,176,075	1,436,182
Land held for resale	732,500	173,600
	1,908,575	1,609,782

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset for the portion expected to be sold within the next 12 months.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

11(a) Property, Plant and Equipment

30 June 2021

Basis of Measurement

Fair value category

Asset Values

Opening gross value as at 1 July 2020

Adjustment to opening balances

Revised opening balance at 1 July 2020

Additions at cost

Disposals

Transfer from Inventory

Transfer to Inventory

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to P&L

Transfers from WIP

Other transfers and adjustments

Closing gross value as at 30 June 2021

Accumulated Depreciation and Impairment

Opening balance as at 1 July 2020

Depreciation expense

Accumulated depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Transfer between classes

Accumulated depreciation as at 30 June 2021

Written down value 30 June 2021

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

Note

Land	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water Infrastructure	Sewerage Infrastructure	Other Structures	WIP	Total
Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Level 2	Level 3		Level 3	Level 3	Level 3	Level 3		
\$	\$	\$	\$	\$	\$	\$	\$	\$
3,432,502	45,554,229	17,505,820	103,483,481	8,013,630	4,994,906	22,324,912	3,882,615	209,192,095
297,100	-	-	-	-	-	-	-	297,100
3,729,602	45,554,229	17,505,820	103,483,481	8,013,630	4,994,906	22,324,912	3,882,615	209,489,195
-	-	4,195,473	-	-	-	-	8,298,952	12,494,425
(26,000)	-	(2,375,647)	(2,892,640)	-	-	-	-	(5,294,287)
78,000	-	-	-	-	-	-	-	78,000
(842,100)	-	-	-	-	-	-	-	(842,100)
-	6,834,257	-	1,181,281	674,447	(289,333)	1,890,987	-	10,291,639
(293,802)	-	-	-	-	-	-	-	-
-	1,531,408	179,036	5,598,972	19,044	-	1,532,592	(8,861,051)	-
-	-	(7,212)	-	-	-	-	-	(7,212)
2,645,700	53,919,894	19,497,471	107,371,093	8,707,121	4,705,572	25,748,492	3,320,516	226,216,873
-	14,615,385	7,336,842	28,973,248	2,697,791	1,073,336	4,903,801	-	59,600,402
-	806,288	1,136,012	2,249,481	110,580	76,341	522,476	-	4,901,177
-	-	(1,402,299)	(100,476)	-	-	-	-	(1,502,775)
-	3,892,858	-	(1,266,187)	384,508	111,119	(509,603)	-	2,612,695
-	41,227	(2,085)	(7,129)	(2,482)	-	(18,684)	-	10,847
-	19,355,757	7,068,471	29,848,937	3,190,396	1,260,796	4,897,989	-	65,611,500
2,645,700	34,564,137	12,429,000	77,522,156	5,516,724	3,444,776	20,850,502	3,320,516	160,293,512
Not Depreciated	25-100 yrs	1 - 50 yrs	10 - infinite yrs	20-100 yrs	15-150 yrs	10-150 yrs		
\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	9,142	-	-	188,779	-	197,921
-	1,554,995	4,374,509	3,335,516	19,133	-	3,182,552	-	12,466,704
-	1,554,995	4,374,509	3,344,658	19,133	-	3,371,330	-	12,664,625

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

11(a) Property, Plant and Equipment

30 June 2020

Basis of Measurement

Fair value category

Asset Values

Opening gross value as at 1 July 2019

Additions at cost

Disposals

Transfer between classes

Other adjustments

Closing gross value as at 30 June 2020

Note

Land	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water Infrastructure	Sewerage Infrastructure	Other Structures	WIP	Total
<i>Fair Value</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>	<i>Fair Value</i>	<i>Fair Value</i>	<i>Fair Value</i>	<i>Cost</i>	
<i>Level 2</i>	<i>Level 3</i>		<i>Level 3</i>	<i>Level 3</i>	<i>Level 3</i>	<i>Level 3</i>		
\$	\$	\$	\$	\$	\$	\$	\$	\$
3,419,700	44,490,148	16,644,873	102,903,135	7,598,673	4,994,906	21,582,032	1,661,052	203,294,518
40,602	-	3,459,467	-	-	-	-	5,168,369	8,668,437
(27,800)	-	(2,624,980)	-	-	-	(45,900)	-	(2,698,680)
-	1,064,081	26,461	580,345	414,957	-	788,781	(2,874,626)	-
-	-	-	-	-	-	-	(72,180)	(72,180)
3,432,502	45,554,229	17,505,820	103,483,481	8,013,630	4,994,906	22,324,912	3,882,615	209,192,095

Accumulated Depreciation and Impairment

Opening balance as at 1 July 2019

Depreciation expense

Accumulated depreciation on disposals

Other adjustments

Accumulated depreciation as at 30 June 2020

Written down value 30 June 2020

7

-	13,801,549	8,475,623	26,776,195	2,586,227	996,597	4,464,933	-	57,101,123
-	813,836	812,435	2,197,053	111,564	76,739	457,102	-	4,468,729
-	-	(1,962,419)	-	-	-	(18,234)	-	(1,980,653)
		11,203						11,203
-	14,615,385	7,336,842	28,973,248	2,697,791	1,073,336	4,903,801	-	59,600,402
3,432,502	30,938,845	10,168,978	74,510,233	5,315,839	3,921,570	17,421,112	3,882,615	149,591,693

Range of estimated useful life in years

Not Depreciated	25-100 yrs	1 - 50 yrs	10 - infinite yrs	20-100 yrs	15-150 yrs	10-150 yrs
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DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Property, Plant and Equipment (continued)

(c) Recognition

Plant and equipment with a total value of less than \$5,000, and infrastructure assets (road, stormwater, bridge, water and sewerage assets), other structures and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council officers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a rebuild of the full width of the road is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Land under the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government pursuant to the relevant legislation. This land is not recognised in these financial statements.

(d) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table above) less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including inwards freight, architect's fees and engineering design fees and all other establishment costs. Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

(e) Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Where assets have separately identifiable significant components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of Council's asset management processes, for assets measured at depreciated current replacement cost may be used to estimate the useful lives of these assets at each reporting date.

(f) Impairment

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

(g) Capital work in progress

The cost of property, plant and equipment being constructed by Council includes the cost of purchased services, materials, direct labour and an appropriate portion of labour on-costs.

(h) Valuation

(i) Valuation Processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer and the Deputy Chief Executive Officer. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging professionally qualified external valuers or suitably qualified internal staff to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process may involve physically sighting a representative sample of Council's assets and making assessments of the condition of the assets at the date of inspection.

In the intervening years, Council will assess the assets by utilising a combination of internal and external sources of information, as appropriate, in a structured manner in order to determine if there has been any potential material movement in the fair value of assets. Where movement is indicated the relevant assets will be revalued by indexation or do a desktop valuation as appropriate.

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

There have been no transfers between levels of the hierarchy during the year.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period if and when necessary.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements

For the Year Ended 30 June 2021

(ii) Valuation techniques used to derive fair values

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates
Land (level 2)	Market	30 June 2021	AssetVal	The following factors have influenced the fair value at 30 June 2021: - Current zoning - Sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as property size)
Buildings (level 3)	Current replacement cost	30 June 2021	AssetVal	Unit rates have been derived with reference to current costs of construction, built from published cost guides, actual Council projects and other published information. Attributes such as size and composition of each asset, current condition and remaining service capacity have influenced the fair value at 30 June 2021. In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.
Other structures (level 3)	Current replacement cost	30 June 2021	AssetVal	Unit rates have been derived with reference to current costs of construction, built from published cost guides, actual Council projects and other published information. Attributes such as size and composition of each asset, current condition and remaining service capacity have influenced the fair value at 30 June 2021. In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.
Road, drainage and bridge network (level 3)	Current replacement cost	30 June 2021	AssetVal	Unit rates have been derived with reference to current costs of construction, built from published cost guides, actual Council projects and other published information. Attributes such as size and composition of each asset, current condition and remaining service capacity have influenced the fair value at 30 June 2021. In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.
Water infrastructure (level 3)	Current replacement cost	30 June 2021	AssetVal	Unit rates have been derived with reference to current costs of construction, built from published cost guides, actual Council projects and other published information. Attributes such as size and composition of each asset, current condition and remaining service capacity have influenced the fair value at 30 June 2021. In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.
Sewerage infrastructure (level 3)	Current replacement cost	30 June 2021	AssetVal	Unit rates have been derived with reference to current costs of construction, built from published cost guides, actual Council projects and other published information. Attributes such as size and composition of each asset, current condition and remaining service capacity have influenced the fair value at 30 June 2021. In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

	30 June 2021	30 June 2020
	\$	\$
12 Trade and Other Payables		
Creditors are recognised upon receipt of the goods or services ordered as the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.		
As Council does not have an unconditional right to defer settlement of annual leave beyond 12 months, annual leave is classified as a current liability.		
Current		
Creditors	635,616	1,397,008
Prepaid rates	603	5,731
Accrued wages and salaries	46,636	49,722
Other creditors and accruals	12,037	27,565
	<u>694,892</u>	<u>1,480,026</u>

13 Provisions

Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date.

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wages and salary levels which are expected to be paid and includes related employee on-costs. As Council does not have an unconditional right to defer settlement of annual leave beyond 12 months, annual leave is classified as a current liability.

The provision for long service leave represents the present value of the estimate future cash outflows to be made in respect of the services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increase in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employments which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimate future cash outflows to their present value.

Current		
Annual leave	445,225	542,225
Long service leave - current	101,612	107,212
	<u>546,837</u>	<u>649,437</u>
Non-Current		
Long service leave - non-current	310,039	242,476
	<u>310,039</u>	<u>242,476</u>

14 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost at date of reporting. Principal and interest repayments are made quarterly in arrears.

All borrowings are in Australian dollar denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary between 15 June 2022 to 15 June 2036. There have been no defaults or breaches of the loan agreement during the period.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next ten years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Current		
Loans Queensland Treasury Corporation - current	207,534	202,449
	<u>207,534</u>	<u>202,449</u>
Non-Current		
Loans Queensland Treasury Corporation - non-current	1,785,413	1,990,227
	<u>1,785,413</u>	<u>1,990,227</u>
Queensland Treasury Corporation		
Opening balance	2,192,676	2,384,937
Principal repayments	(199,729)	(192,261)
Book value at period end	<u>1,992,947</u>	<u>2,192,676</u>

The QTC loan market value at the reporting date was \$2,149,500.25 This represents the value of the debt if the Council repaid it at that date. As it is the intention of the Council to hold the debt for its term, no provision is required to be made in these accounts.

Unsecured borrowings are provided by the Queensland Treasury Corporation.

The Council does not have a bank overdraft facility.

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

30 June 2021	30 June 2020
\$	\$

15 Leases

Council as a lessee

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term. Council has not identified any other leases in scope of AASB 16 which are not covered by the aforementioned exceptions.

Leases at significantly below market value / concessionary leases:

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Council as a lessor

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.

The lease income is recognised on a straight-line basis over the lease term.

Council derives rental income from houses leased to staff and members of the community. These houses are classified as property, plant and equipment in Note 11 as the assets are not held predominately for rental or capital growth purposes, rather to provide essential accommodation to Council staff and members of the community.

Property income	605,904	586,551
Direct operating expenses from property that generated rental income	570,523	840,138

Due to the high occupancy rates and minimal variability in rental amounts, the property income disclosed above approximates the expected minimum rent receipts in a 12 month cycle.

16 Asset Revaluation Surplus

The asset revaluation surplus comprises of adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets. Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

Movements in the asset revaluation surplus were as follows:

	Balance 1 July 2020	Increases / (Decreases)	Balance 30 June 2021	Balance 30 June 2020
The closing balance of the asset revaluation surplus is comprised of the following asset classes:				
Land	-	-	-	-
Buildings	10,445,905	2,874,593	13,320,498	10,445,905
Other Structures	4,938,456	2,437,355	7,375,811	4,938,456
Road, drainage and bridge network	55,562,231	2,447,467	58,009,698	55,562,231
Water	1,982,970	(328,316)	1,654,654	1,982,970
Sewerage	2,055,107	217,803	2,272,910	2,055,107
	<u>74,984,669</u>	<u>7,648,902</u>	<u>82,633,571</u>	<u>74,984,669</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

	30 June 2021	30 June 2020
	\$	\$
17 Commitments For Expenditure		
Capital commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows. Contractual commitments are expected to be settled within 12 months.		
Infrastructure and asset management	967,782	1,443,322
	<u>967,782</u>	<u>1,443,322</u>
18 Contingent Liabilities		
Details and estimates of maximum amounts of contingencies and agreements are as follows:		
<u>Local Government Mutual</u>		
The Diamantina Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.		
As at 30 June 2020 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.		
<u>Local Government Workcare</u>		
The Diamantina Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$228,799.98.		
<u>Department of Communities, Housing and Digital Economy</u>		
Diamantina Shire Council has a Capital Funding Agreement with the Department of Communities, Housing and Digital Economy for 12 properties in Bedourie and Birdsville. Under the Agreement, Council acquires a portion of equity in each property each year. Council then has the option of either paying out the Contingent Liability amount or pooling equity on a particular property to acquire full ownership. It would not be practical to make an assessment of the potential financial impact of this contingent liability as any future liability would be dependent on the market value of the property at the time of disposal to the council.		
19 Superannuation		
Council contributes to the LGIASuper previously known as the Local Government Superannuation Scheme (Qld) (the scheme). LGIASuper is a Multiemployer Plan as defined in Australian Accounting Standard AASB 119 <i>Employee Benefits</i> . The scheme has a number of elements including defined benefits funds and an accumulated benefits fund. Council does not have any employees who are members of the defined benefits fund and so it is not exposed to the obligations, assets or costs associated with these funds. Council has employees who are members of the accumulated benefits fund.		
The amount of superannuation contributions paid by Diamantina Shire Council to the superannuation scheme in this period for the benefit of employees was:	5	517,561
		<u>557,191</u>

DIAMANTINA SHIRE COUNCIL

Notes to the Financial Statements For the Year Ended 30 June 2021

	30 June 2021	30 June 2020
	\$	\$
20 Transactions with Related Parties		
Council did not have any subsidiaries, transactions with associates or transactions with joint ventures.		
(a) Transactions with key management personnel (KMP)		
KMP include the Mayor, Councillors, Council's Chief Executive Officer, Deputy Chief Executive Officer, Infrastructure Manager and Tourism and Events Manager. The compensation paid to KMP comprises:		
Short-term employee benefits	1,188,332	1,197,590
Long-term benefits	22,599	26,189
Post-employment benefits	102,483	108,559
	<u>1,313,414</u>	<u>1,332,337</u>
(b) Transactions with related parties		
Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse. Details of transactions between Council and other related parties are disclosed below.		
(i) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The council employs 65 staff of which 7 are close family members of key management personnel.		
Employee expenses for close family member of key management personnel	363,424	343,309
Purchases of materials and services from other related parties	582,703	641,716
	<u>946,127</u>	<u>985,025</u>
(ii) The Council purchased the following material and services from entities that are controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of council operations:		
Details of materials and services purchased		
Transport services	460,463	444,092
Supplies and materials	93,260	139,798
Accounting and information technology consulting	-	12,183
Cleaning services	-	3,016
Tours sold at a commission on behalf of local touring supply entity	-	8,390
Plumbing services	10,336	34,037
Other	18,644	200
	<u>582,703</u>	<u>641,716</u>
(c) Outstanding balances		
There were no material balances outstanding at the end of the reporting period in relation to transactions with related parties (2020 \$73,523.78).		
21 Reconciliation of Net Result for the Year to Net Cash Inflow (Outflow) From Operating Activities		
Net result	5,302,536	(739,361)
Non-cash items:		
Depreciation	4,901,176	4,468,729
Write off WIP to P&L	-	11,498
Inventory land revaluation decrement	189,800	-
Land revaluation decrement	293,802	-
Investing and development activities (non-cash):		
Net loss on disposal of plant and equipment	2,633,800	2,144
Capital grants and contributions	(2,556,155)	(1,739,852)
	<u>5,462,423</u>	<u>2,742,519</u>
Changes in operating assets and liabilities:		
(Increase) / decrease in receivables	(144,973)	950,139
(Increase) / decrease in inventory	527,907	(320,027)
(Increase) / decrease in contract assets	(1,532,590)	(163,003)
Increase / (decrease) in payables	(785,134)	223,380
Increase / (decrease) in contract liabilities	(854,035)	2,154,624
Increase / (decrease) in provisions	(35,006)	323,999
	<u>(2,823,831)</u>	<u>3,169,112</u>
Net cash inflow from operating activities	<u>7,941,128</u>	<u>5,172,270</u>

Refer Note 14 for reconciliation of liabilities arising from financing activities.

22 Events after the Reporting Period

There were no material adjusting events after reporting date.

23 Financial Instruments

Diamantina Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.

The Council minimised its exposure to financial risk in the following ways:

- Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia.
- The Council does not invest in derivatives or other high risk investments.
- When the Council borrows, it borrows from the Queensland Treasury Corporation (QTC) unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Agreements Act 1982*.

Diamantina Shire Council measures risk exposure using a variety of methods as follows:

Credit Risk

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of these debts.

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Council is exposed to credit risk through its investments with the QTC and deposits held with banks or other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated and regulated banks and whilst not capital guaranteed, the likelihood of a credit failure is remote.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security relating to the financial assets held by the Council.

The carrying amount of financial assets at the end of the reporting period represent the maximum exposure to credit risk.

Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the QTC for capital works.

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flow. These facilities are disclosed in the borrowings Note 14. There are no additional facilities or lines of credit available.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date.

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
2021					
Trade and Other Payables	635,616	-	-	635,616	635,616
Loans QTC	268,357	650,108	1,540,437	2,458,901	1,992,947
	903,973	650,108	1,540,437	3,094,517	2,628,563
2020					
Trade and Other Payables	1,397,008	-	-	1,397,008	1,397,008
Loans QTC	268,357	764,421	1,694,480	2,727,258	2,192,676
Totals	1,665,365	764,421	1,694,480	4,124,266	3,589,684

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

Interest rate risk

The Council is exposed to interest rate risk through its borrowings from the QTC and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing from financial institutions which provide access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

DIAMANTINA SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

MANAGEMENT CERTIFICATE

For the Year Ended 30 June 2021

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with Section 212(5) of the Regulation we certify that

(i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects, and

(ii) the general purpose financial statements, as set out on pages 1 to 22, present a true and fair view, in accordance with the Australian Accounting Standards, of the Council's transaction for the financial year and financial position at the end of the year,



Mayor
Robert Dare

Date: 29, 10, 2021



Chief Executive Officer
Leon Love

Date: 29, 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Diamantina Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Diamantina Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Diamantina Shire Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Michael Claydon
as delegate of the Auditor-General

30 October 2021

Queensland Audit Office
Brisbane

DIAMANTINA SHIRE COUNCIL

Current Year Financial Sustainability Statement For the Year Ended 30 June 2021

Measures of Financial Sustainability - How the measure is calculated		Actual	Target
Council's Performance at 30 June 2021 against any key financial ratio's and targets:			
Operating Surplus Ratio	Net Result (excluding capital items) divided by total operating revenue (excluding capital items)	16.8%	Between 0% and 10%
Asset Sustainability Ratio	Capital Expenditure on the replacement of assets (Renewals) divided by depreciation expense	5.3%	Greater than 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (Excluding Capital Items)	(49.5)%	Not Greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.

CERTIFICATE OF ACCURACY For the year ended 30th June 2021

This current year financial sustainability statement has been prepared pursuant to section 173 of the *Local Government Regulation 2012* (the Regulation).

In accordance with the section 212(5) of the Regulation we certify that this current year financial sustainability statement has been accurately calculated.



Mayor
Robert Dare

Date: 29/10/2021



Chief Executive Officer
Leon Love

Date: 29/10/2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Diamantina Shire Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Diamantina Shire Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Diamantina Shire Council for the year ended 30 June 2021 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current-year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Diamantina Shire Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the current-year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the current-year financial sustainability statement

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

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

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

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

M. Claydon

Michael Claydon
as delegate of the Auditor-General

30 October 2021

Queensland Audit Office
Brisbane

DAMANTHA SEAGE COUNCIL

Approved Long Term Financial Sustainability Statement

Prepared as at 30 June 2021

Measure of Financial Sustainability	How the Measure is Calculated	Target	Actual 30 June 2020	Projected for the years ended								
				30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029
Current Ratio	For each year, the ratio of current assets to current liabilities, excluding provisions for contingencies	Greater than 1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Debt to Equity Ratio	For each year, the ratio of total debt to total equity	Less than 1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Long Term Debt to Total Assets Ratio	For each year, the ratio of long term debt to total assets	Less than 0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5

Damantha Seage Council's Financial Management Strategy

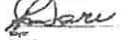
The Council's Financial Management Strategy is to ensure that the Council has sufficient funds to meet its obligations and to ensure that the Council's financial position is sustainable over the long term. The Council will monitor its financial position regularly and will take action to ensure that it remains sustainable.


CERTIFICATE OF ACCURACY

For the Long Term Financial Sustainability Statement prepared as at 30 June 2021

The Long Term Financial Sustainability Statement has been prepared in accordance with the requirements of the Local Government Act 2002.

I, the Mayor, certify that the Long Term Financial Sustainability Statement is a true and accurate representation of the Council's financial position as at 30 June 2021.


Mayor
Date: 29/10/2021


Chief Executive Officer
Date: 29/10/2021