



*SUSTAINABLY DEVELOPING THE OUTBACK*

DIAMANTINA SHIRE COUNCIL  
**ANNUAL FINANCIAL STATEMENTS**

For the Year Ended 30 June 2022

DIAMANTINA SHIRE COUNCIL

FINANCIAL REPORT

For the Year Ended 30 June 2022

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**DIAMANTINA SHIRE COUNCIL**

**Statement of Comprehensive Income**

For the Year Ended 30 June 2022

	Note	30 June 2022 \$	30 June 2021 Restated \$
<b>INCOME</b>			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3(a)	1,259,224	1,045,750
Fees and charges	3(c)	1,328,586	1,503,356
Rental income		564,676	605,904
Interest received	3(b)	77,283	102,966
Sales revenue	3(d)	12,933,515	15,529,713
Other income		257,301	194,884
Operating grants, subsidies and contributions	4(a)	8,280,735	10,403,077
<b>Total Recurrent Revenue</b>		<b>24,701,319</b>	<b>29,385,651</b>
Capital Revenue			
Capital grants, subsidies and contributions	4(b)	5,187,755	3,291,067
<b>Total Capital Revenue</b>		<b>5,187,755</b>	<b>3,291,067</b>
<b>TOTAL INCOME</b>		<b>29,889,075</b>	<b>32,676,718</b>
<b>EXPENSES</b>			
Recurrent Expenses			
Employee benefits	5	(6,680,520)	(7,235,310)
Materials and services	6	(17,233,170)	(12,507,908)
Finance costs		(14,392)	(83,309)
Depreciation	11	(5,698,778)	(4,901,176)
		<u>(29,626,859)</u>	<u>(24,727,703)</u>
Capital Expenses	7	<u>(220,375)</u>	<u>(2,927,602)</u>
<b>TOTAL EXPENSES</b>		<b>(29,847,234)</b>	<b>(27,655,306)</b>
<b>NET RESULT</b>		<b>41,841</b>	<b>5,021,413</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	16	13,176,812	7,648,902
<b>Total Other Comprehensive Income for the Year</b>		<b>13,176,812</b>	<b>7,648,902</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>13,218,653</b>	<b>12,670,315</b>

*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 2022

		30 June 2022	30 June 2021
	Note		Restated
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	15,991,414	14,067,543
Receivables	9	734,990	1,602,329
Contract assets	4 (d)	2,728,660	2,495,236
Inventories	10	1,818,695	1,908,575
<b>Total Current Assets</b>		<u>21,273,760</u>	<u>20,073,684</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	172,123,318	160,293,512
<b>Total Non-Current Assets</b>		<u>172,123,318</u>	<u>160,293,512</u>
<b>TOTAL ASSETS</b>		<u>193,397,078</u>	<u>180,367,195</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	1,313,777	694,892
Contract liabilities	4 (d)	372,662	1,980,805
Provisions	13	893,770	827,960
Borrowings	14	168,465	207,534
<b>Total Current Liabilities</b>		<u>2,748,674</u>	<u>3,711,191</u>
<b>Non-Current Liabilities</b>			
Provisions	13	252,359	310,039
Borrowings	14	2,616,839	1,785,413
<b>Total Non-Current Liabilities</b>		<u>2,869,197</u>	<u>2,095,452</u>
<b>TOTAL LIABILITIES</b>		<u>5,617,872</u>	<u>5,806,642</u>
<b>NET COMMUNITY ASSETS</b>		<u>187,779,206</u>	<u>174,560,553</u>
<b>COMMUNITY EQUITY</b>			
Asset revaluation surplus	16	95,810,383	82,633,571
Retained surplus		91,968,823	91,926,982
<b>TOTAL COMMUNITY EQUITY</b>		<u>187,779,206</u>	<u>174,560,553</u>

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 2022

		Asset Revaluation Surplus	Retained Surplus	Total Equity
		\$	\$	\$
	Note			
<b>Balance at 1 July 2021 (Restated)</b>		82,633,571	91,926,982	174,560,553
<b>Net result for the year</b>		-	41,841	41,841
Other comprehensive income for year				
Increase in asset revaluation surplus	16	13,176,812	-	13,176,812
<b>Total comprehensive income for year</b>		13,176,812	41,841	13,218,653
<b>Balance as at 30 June 2022</b>		95,810,383	91,968,823	187,779,206
<b>Balance at 1 July 2020</b>		74,984,669	86,608,469	161,593,137
Correction of prior period error (previously unrecognised assets)	11	-	297,100	297,100
<b>Restated balance at 1 July 2020</b>		74,984,669	86,905,569	161,890,237
<b>Net result for the year</b>		-	5,021,413	5,021,413
Other comprehensive income for year				
Increase in asset revaluation surplus	16	7,648,902	-	7,648,902
<b>Total comprehensive income for year</b>		7,648,902	5,021,413	12,670,315
<b>Balance as at 30 June 2021 (Restated)</b>		82,633,571	91,926,982	174,560,553

*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 2022

		30 June 2022	30 June 2021
	Note	\$	\$
<b>Cash flows from operating activities :</b>			
Receipts from customers		16,645,965	16,477,194
Payments to suppliers and employees		(23,221,054)	(19,564,704)
		(6,575,089)	(3,087,510)
Interest received	3(b)	77,283	102,966
Rental income		564,676	605,904
Non capital grants and contributions	4(a)	6,446,993	10,403,077
Borrowing costs		(79,828)	(83,309)
<b>Net cash inflow/(out flow) from operating activities</b>	21	<u>434,035</u>	<u>7,941,128</u>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	11	(4,482,304)	(12,566,576)
Proceeds from sale of property, plant and equipment	7	-	965,451
Capital grants, subsidies, contributions and donations	4(b)	5,179,930	2,556,155
<b>Net cash inflow/(outflow) from investing activities</b>		<u>697,626</u>	<u>(9,044,970)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	14	1,000,000	-
Repayment of borrowings	14	(207,790)	(199,729)
<b>Net cash inflow/(out flow) from financing activities</b>		<u>792,210</u>	<u>(199,729)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<u>1,923,871</u>	<u>(1,303,571)</u>
Cash and cash equivalents at beginning of financial year		14,067,543	15,371,114
<b>Cash and cash equivalents at end of financial year</b>	8	<u>15,991,414</u>	<u>14,067,543</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 2022

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#### 1 Information about these financial statements

##### 1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2021 to 30 June 2022 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).

Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards and interpretations as applicable to not-for-profit entities.

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 2021, 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 2022, 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

Provisions - Note 13

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 has been restated where necessary for reclassifications to align with current year presentation.

##### 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.

## **DIAMANTINA SHIRE COUNCIL**

### **Notes to the Financial Statements**

For the Year Ended 30 June 2022

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## **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 2022

## 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 2022														
Functions	Gross Program Income						Gross Program Expenses				Net Result From Recurrent Operations	Net Result	Assets	
	Recurrent			Capital			Total	Income	2022	Capital				
	Grants	Other	2022	Grants	Other	2022				2022				\$
Governance	3,666,857	3,114,104		4,027,767	-		10,808,728			(6,218,034)		\$	\$	
Community Services	116,707	587,486		55,000	-		759,193			(1,430,865)		(726,672)	26,173,668	
Water Works	-	225,312		-	-		225,312			(349,767)		(124,455)	5,752,431	
Sewerage Works	-	55,229		-	-		55,229			(107,365)		(52,136)	3,605,989	
Roads and Related Works	4,497,170	11,424,073		966,825	-		16,878,069			(19,049,972)		(3,128,729)	102,443,422	
Environment, Health and Planning	-	1,014,381		148,163	-		1,162,544			(2,470,856)		(1,456,475)	34,147,807	
Total Council	8,280,735	16,420,584		5,187,755	-		29,889,075			(29,626,859)		(220,375)	193,397,078	

Year Ended 30 June 2021														
Functions	Gross Program Income						Gross Program Expenses				Net Result From Recurrent Operations	Net Result	Assets	
	Recurrent			Capital			Total	Income	2021	Capital				
	Grants	Other	2021	Grants	Other	2021				2021				\$
Governance	3,120,444	3,402,557		2,513,008	-		9,036,008			(7,148,193)		(625,193)	22,719,384	
Community Services	401,073	1,652,798		(10,944)	-		2,042,927			(1,934,201)		119,670	20,850,502	
Water Works	-	205,238		-	-		205,238			(234,672)		(29,434)	5,516,724	
Sewerage Works	-	45,301		-	-		45,301			(125,937)		(80,636)	3,444,776	
Roads and Related Works	6,685,715	13,505,185		789,003	-		20,979,902			(14,256,758)		5,934,142	95,876,857	
Environment, Health and Planning	-	367,439		-	-		367,439			(1,028,037)		(660,599)	31,968,952	
Total Council	10,207,231	19,178,595		3,291,067	-		32,676,814			(24,727,797)		(2,927,602)	180,367,195	

# DIAMANTINA SHIRE COUNCIL

## Notes to the Financial Statements For the Year Ended 30 June 2022

	30 June 2022	30 June 2021
	\$	\$
<b>3 Revenue</b>		
<b>(a) Rates, Levies and Charges</b>		
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	1,096,600	895,111
Water	225,012	205,238
Sewerage	55,229	45,301
Garbage charges	34,086	39,881
Total rates and utility charge revenue	1,410,926	1,185,530
Less: discounts	(151,702)	(139,780)
Net rates, levies and charges	1,259,224	1,045,750
<b>(b) Interest Received</b>		
Interest from rates and charges	1,194	17,202
Interest earned from cash deposits	76,088	85,764
	77,283	102,966
<b>(c) Fees and Charges</b>		
Caravan park revenue	883,630	1,139,356
Private works	285,979	302,261
Other fees and charges	158,977	61,739
	1,328,586	1,503,356
Revenue arising from fees and charges are recognised at a point in time when the performance obligation is completed and the customer receives the benefit of the good/services being provided. The performance obligation relates to the specified 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, the customer is required to pay on arrival, for example caravan parks.		
<b>(d) Sales Revenue</b>		
Main Roads minor works performance contracts	8,732,797	6,390,160
Main Roads road maintenance performance contracts	4,087,539	4,429,900
NDRRA Main Roads contracts	-	4,555,016
Other sales revenue	113,179	154,636
	12,933,515	15,529,713
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. The contract work carried out is not subject to retentions.		

# DIAMANTINA SHIRE COUNCIL

## Notes to the Financial Statements For the Year Ended 30 June 2022

	30 June 2022	30 June 2021
	\$	\$
<b>4 Grants, Subsidies and Contributions</b>		
<b>(a) Operating</b>		
State Government subsidies and grants - operating	3,582,250	7,212,596
Commonwealth Government subsidies and grants - operating	4,611,175	2,994,635
Other subsidies and grants - operating	87,309	195,846
Total recurrent revenue	8,280,735	10,403,077
<b>(b) Capital</b>		
State Government subsidies and grants - capital	3,817,356	1,807,268
Commonwealth Government subsidies and grants - capital	1,370,399	1,483,798
Other subsidies and grants - capital	-	-
Total capital revenue	5,187,755	3,291,067
<b>Total for Grants, Subsidies and Contributions</b>	<b>13,468,490</b>	<b>13,694,144</b>

### 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 obligation is satisfied. The performance obligations are varied based on 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

	2022		2021	
	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	4,701,453	8,767,037	4,396,475	9,260,698

### (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 2022	30 June 2021
	\$	\$
Contract assets	2,728,660	2,495,236
Contract liabilities		
Funds received upfront to construct Council controlled assets	372,662	676,445
Non capital performance obligations	-	1,304,360
	372,662	1,980,805
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds received upfront to construct Council controlled assets	676,445	419,599
Non capital performance obligations	1,304,360	2,599,921
	1,980,805	3,019,520

# DIAMANTINA SHIRE COUNCIL

## Notes to the Financial Statements For the Year Ended 30 June 2022

	30 June 2022	30 June 2021
	\$	\$
<b>5 Employee Benefits</b>		
Employee benefit expenses are recorded when the service has been provided by the employee.		
Total staff wages and salaries	5,492,949	5,686,164
Councillors' remuneration	341,483	353,420
Annual, sick and long service leave entitlements	464,543	1,176,596
Superannuation	542,784	557,191
19	6,841,759	7,773,372
Other employee related expenses	49,535	151,818
	<u>6,891,295</u>	<u>7,925,190</u>
Less: capitalised employee expenses	<u>(210,775)</u>	<u>(689,879)</u>
	<u>6,680,520</u>	<u>7,235,310</u>

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

	2022	2021
Total Council employees at the reporting date:		
Elected members	5	5
Administration staff	28	26
Depot and outdoors staff	25	31
Total full time equivalent employees	<u>58</u>	<u>62</u>

## 6 Materials and Services

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

Advertising and Marketing	73	1,204
Audit of annual financial statements by the Auditor-General of Queensland	59,750	44,865
Other audit fees - Internal audit and other services	99,827	10,655
Communication and Information technology	252,255	241,948
Community Services	1,453,371	764,091
Donations Paid	124,735	51,952
Contract and Recoverable Works	4,308,268	2,456,203
Road Maintenance Services	626,945	220,929
Other Materials and Services	2,193,471	2,296,111
Fleet Services	2,275,054	2,304,586
Infrastructure Services	5,826,544	3,925,465
Revaluation of land held in inventory	12,875	189,900
	<u>17,233,170</u>	<u>12,507,908</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$60,000 (2021: \$58,000)

## 7 Capital Income/(Expenses)

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

Proceeds from the sale or write down of non-current assets

Less: book value of non-current assets disposed of

-	1,157,712
<u>(202,396)</u>	<u>(999,348)</u>
<u>(202,396)</u>	<u>158,364</u>

Proceeds from the sale of Council owned land

Less: carrying value of land held for sale

50,721	-
<u>(68,700)</u>	<u>-</u>
<u>(17,979)</u>	<u>-</u>

### Write off

Write off of infrastructure assets

-	(2,792,164)
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### Revaluation adjustments in the profit or loss

Revaluation downwards of land assets

-	(293,802)
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Total capital income/(expenses)

<u>(220,375)</u>	<u>(2,927,602)</u>
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## DIAMANTINA SHIRE COUNCIL

### Notes to the Financial Statements For the Year Ended 30 June 2022

	30 June 2022	30 June 2021
	\$	\$
<b>8 Cash and Cash Equivalents</b>		
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.		
Cash at bank and on hand	1,606,731	4,440,371
Deposits at call	14,384,683	9,627,172
Balance per Statement of Cash Flows	<u>15,991,414</u>	<u>14,067,543</u>
Less: externally imposed restrictions	(i) 372,662	1,980,805
Unrestricted cash	<u>15,618,752</u>	<u>13,391,098</u>
<i>Note that comparative balance of externally imposed restrictions has been restated to align with contract liabilities as at 30 June 2021.</i>		
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	<u>372,662</u>	<u>1,980,805</u>
<b>Trust funds held for outside parties</b>		
In accordance with the <i>Local Government Act 2009</i> and <i>Local Government Regulation 2012</i> , 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	<u>31,666</u>	<u>31,416</u>

## 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	(20,310)	188,900
Other debtors	755,300	1,478,865
Less loss allowance	-	(65,436)
	<u>734,990</u>	<u>1,602,329</u>

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

Stores and raw materials	1,408,570	1,176,075
Land held for resale	<u>410,125</u>	<u>732,500</u>
	<u>1,818,695</u>	<u>1,908,575</u>

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.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2022**

Additions comprise:											
Renewals	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	-	294,016	-	68,107	-	-	11,705	-	-	373,828	
Other additions	-	837,638	2,871,300	56,614	-	-	342,923	-	-	4,108,476	
Total additions	-	1,131,655	2,871,300	124,721	-	-	354,628	-	-	4,482,304	

# DIAMANTINA SHIRE COUNCIL

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 11(b) 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

Land	Buildings	Plant and Equipment	Road, Drainage and Bridge Network	Water Infrastructure	Sewerage Infrastructure	Other Structures	WIP	Total
Fair Value Level 2	Fair Value Level 3	Cost	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$
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)	-	-	-	-	-	-	-	(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	225,915,859
-	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	-	4,901,176
-	-	(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
-	19,355,758	7,068,471	29,848,937	3,190,397	1,260,796	4,897,990	-	65,622,346
2,645,700	34,564,136	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 2022

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#### 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 2022

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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 led by the 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 2022

### (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	Index applied
Land (level 2)	Market	30 June 2021	AssetVal	The following factors have influenced the fair value of Council's land assets: - Current zoning - Sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as property size	No indexation has been applied to this class in 2022
Buildings and other structures (level 3)	Current replacement cost	30 June 2021	AssetVal	Building and other infrastructure assets are considered of a specialist nature and did not meet the criteria for a Market approach, and Fair Value was measured on the basis of a Cost Approach (Level 3). Each asset has been disaggregated into significant components which exhibit different useful lives. For example, structure, roof, fit-out and services. Useful lives are based on typical asset lifecycles based on past experience and industry benchmarks. The most significant input into this valuation approach is unit rates for construction as at the comprehensive revaluation date (drawn from industry standard cost guides, costs from recent Council projects). Asset dimensions, construction materials and standards drive the resulting calculation of replacement cost which is then adjusted for differences in key attributes such as asset condition, physical and economic obsolescence. The remaining useful life has been determined with regard to physical deterioration, and functional and economic obsolescence. The remaining useful life has been determined with regard to potential of the asset.	Following an internal assessment Council have applied indexation of 14% to this class in 2022.
Road, drainage and bridge network (level 3)	Current replacement cost	30 June 2021	AssetVal	Road assets are differentiated by physical characteristics (i.e. Road, Culverts, Floodways, Footpaths, Kerb & Channel). Road segments are then compartmentalised into formation, pavement and seal (where applicable). Useful lives are based on typical asset lifecycles based on past experience and industry benchmarks. The most significant input into this valuation approach is unit rates for construction as at the comprehensive revaluation date (drawn from industry standard cost guides, costs from recent Council projects). Asset dimensions, construction materials and standards drive the resulting calculation of replacement cost which is then adjusted for differences in key attributes such as asset condition, physical and economic obsolescence. The remaining useful life has been determined with regard to physical deterioration, and functional and economic obsolescence. The remaining useful life has been determined with regard to potential of the asset. Where site inspections are not possible the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.	Following an internal assessment Council have applied indexation of 6% to this class in 2022.
Water infrastructure (level 3)	Current replacement cost	30 June 2021	AssetVal	Each asset has been disaggregated into significant components which exhibit different useful lives. For example pipework, structures, pumps and electrical components. Useful lives are based on typical asset lifecycles based on past experience and industry benchmarks. The most significant input into this valuation approach is unit rates for construction as at the comprehensive revaluation date (drawn from industry standard cost guides, costs from recent Council projects). Asset dimensions, construction materials and standards drive the resulting calculation of replacement cost which is then adjusted for differences in key attributes such as asset condition, physical and economic obsolescence. The remaining useful life has been determined with regard to physical deterioration, and functional and economic obsolescence, and management and the valuer's expectation of remaining service potential of the asset. Where site inspections are not possible the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.	Following an internal assessment Council have applied indexation of 7% to this class in 2022.
Sewerage infrastructure (level 3)	Current replacement cost	30 June 2021	AssetVal	Each asset has been disaggregated into significant components which exhibit different useful lives. For example pipework, structures, pumps and electrical components. Useful lives are based on typical asset lifecycles based on past experience and industry benchmarks. The most significant input into this valuation approach is unit rates for construction as at the comprehensive revaluation date (drawn from industry standard cost guides, costs from recent Council projects). Asset dimensions, construction materials and standards drive the resulting calculation of replacement cost which is then adjusted for differences in key attributes such as asset condition, physical and economic obsolescence. The remaining useful life has been determined with regard to physical deterioration, and functional and economic obsolescence, and management and the valuer's expectation of remaining service potential of the asset. Where site inspections are not possible the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.	Following an internal assessment Council have applied indexation of 7% to this class in 2022.

## DIAMANTINA SHIRE COUNCIL

### Notes to the Financial Statements For the Year Ended 30 June 2022

	30 June 2022	30 June 2021
	\$	\$
<b>12 Trade and Other Payables</b>		
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.		
<b>Current</b>		
Creditors	1,202,076	635,616
Prepaid rates	366	603
Accrued wages and salaries	76,090	46,636
Other creditors and accruals	35,245	12,037
	<u>1,313,777</u>	<u>694,892</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.

<b>Current</b>		
Annual leave	444,030	445,225
Long service leave - current	160,007	101,612
Sick leave	<u>289,733</u>	<u>281,123</u>
	<u>893,770</u>	<u>827,960</u>
<b>Non-Current</b>		
Long service leave - non-current	<u>252,359</u>	<u>310,039</u>
	<u>252,359</u>	<u>310,039</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 17 January 2023 to 15 June 2042. 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.

<b>Current</b>		
Loans Queensland Treasury Corporation - current	<u>168,465</u>	<u>207,534</u>
	<u>168,465</u>	<u>207,534</u>
<b>Non-Current</b>		
Loans Queensland Treasury Corporation - non-current	<u>2,616,839</u>	<u>1,785,413</u>
	<u>2,616,839</u>	<u>1,785,413</u>
<b>Queensland Treasury Corporation</b>		
Opening balance	1,992,947	2,192,676
Drawdown of new borrowings	1,000,000	-
Principal repayments	<u>(207,643)</u>	<u>(199,729)</u>
Book value at period end	<u>2,785,304</u>	<u>1,992,947</u>

The QTC loan market value at the reporting date was \$2,660,065 (2021: \$2,149,500). 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 2022

	30 June 2022 \$	30 June 2021 \$
<b>15 Leases</b>		
<b>Council as a lessee</b>		
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.		
<i>Leases at significantly below market value / concessionary leases:</i> 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.		
<b>Council as a lessor</b>		
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	565,665	605,904
Direct operating expenses from property that generated rental income	550,520	570,523
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 2021	Increases / (Decreases)	Balance 30 June 2022	Balance 30 June 2021
The closing balance of the asset revaluation surplus is comprised of the following asset classes:				
Land	-	-	-	-
Buildings	13,320,498	4,865,575	18,186,073	13,320,498
Other Structures	7,375,811	3,305,684	10,681,495	7,375,811
Road, drainage and bridge network	58,009,698	4,400,844	62,410,542	58,009,698
Water	2,272,910	376,998	2,649,908	2,272,910
Sewerage	1,654,654	227,710	1,882,364	1,654,654
	<u>82,633,571</u>	<u>13,176,812</u>	<u>95,810,383</u>	<u>74,984,669</u>

## DIAMANTINA SHIRE COUNCIL

### Notes to the Financial Statements For the Year Ended 30 June 2022

	30 June 2022	30 June 2021
	\$	\$
<b>17 Commitments For Expenditure</b>		
<b>Capital commitments</b>		
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
Road infrastructure	479,546	-
Plant acquisitions	726,130	-
	<u>1,205,676</u>	<u>967,782</u>
Council also engaged George Bourne and Associates (GBA Consulting Engineers) to provide ongoing engineering services to Council for the 2022-23 financial year. The exact contract value is unknown as the service is billed at hourly rates depending on the work performed.		
<b>18 Contingent Liabilities</b>		
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 2021 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 \$210,577 (2021: \$228,800).		
<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.		
<b>19 Superannuation</b>		
Council contributes to the LGIA Super previously known as the Local Government Superannuation Scheme (Qld) (the scheme). LGIA Super 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	<u>542,784</u> <u>557,191</u>

## DIAMANTINA SHIRE COUNCIL

### Notes to the Financial Statements For the Year Ended 30 June 2022

	30 June 2022	30 June 2021
	\$	\$
<b>20 Transactions with Related Parties</b>		
Council did not have any subsidiaries, transactions with associates or transactions with joint ventures.		
<b>(a) Transactions with key management personnel (KMP)</b>		
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	1,106,278	1,188,332
Long-term benefits	10,377	22,599
Post-employment benefits	96,890	102,483
	<u>1,213,545</u>	<u>1,313,414</u>
<b>(b) Transactions with related parties</b>		
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 53 staff of which 5 are close family members of key management personnel.		
Employee expenses for close family member of key management personnel	214,708	363,424
Purchases of materials and services from other related parties	808,207	582,703
	<u>1,022,915</u>	<u>946,127</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:		
<b>Details of materials and services purchased</b>		
Transport services	719,582	460,463
Supplies and materials	28,050	93,260
Plumbing services	-	10,336
Other	60,575	18,644
	<u>808,207</u>	<u>582,703</u>
<b>(c) Outstanding balances</b>		
There were no material balances outstanding at the end of the reporting period in relation to transactions with related parties (2021 nil).		
<b>21 Reconciliation of Net Result for the Year to Net Cash Inflow (Outflow) From Operating Activities</b>		
Net result	41,841	5,021,413
Non-cash items:		
Depreciation	5,698,778	4,901,176
Write off WIP to P&L	151,104	-
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	220,375	2,633,800
Capital grants and contributions	(5,179,930)	(2,556,155)
	<u>890,327</u>	<u>5,462,423</u>
Changes in operating assets and liabilities:		
(Increase) / decrease in receivables	867,339	(144,973)
(Increase) / decrease in inventory	(150,920)	527,907
(Increase) / decrease in contract assets	(233,424)	(1,532,590)
Increase / (decrease) in payables	618,885	(785,134)
Increase / (decrease) in contract liabilities	(1,608,143)	(854,035)
Increase / (decrease) in provisions	8,130	246,117
	<u>(498,133)</u>	<u>(2,542,708)</u>
<b>Net cash inflow from operating activities</b>	<u>434,035</u>	<u>7,941,128</u>
Refer Note 14 for reconciliation of liabilities arising from financing activities.		
<b>22 Events after the Reporting Period</b>		
There were no material adjusting events after reporting date.		

## DIAMANTINA SHIRE COUNCIL

### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 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 Arrangements 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
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and Other Payables	1,202,076	-	-	-	1,202,076
Loans QTC	263,129	923,288	2,538,067	3,724,483	2,785,304
	1,465,204	923,288	2,538,067	3,724,483	3,987,380
<b>2021</b>					
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

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.

#### 24 Correction of error

In November 2020 Council passed a policy amendment permitting the pay out of sick leave entitlements on a pro-rata basis upon termination. The accrued liability was not brought to account at 30 June 2021 which was an oversight during the financial statement preparation process. In preparing the financial statements for the year ended 30 June 2022 this oversight was identified and the liability recognised retrospectively.

Comparatives have been changed to reflect the corrected amounts and the impact on each item in the financial statements is shown below.

	Original balance as presented at 30 June 2021	Adjustment	Restated balance at 30 June 2021
	\$	\$	\$
<i>Statement of Financial Position</i>			
Provisions - Current	546,837	281,123	827,960
Liabilities - Current	3,430,068	281,123	3,711,191
Total Liabilities	5,525,519	281,123	5,806,642
Retained Surplus	92,208,105	(281,123)	91,926,982
<i>Statement of Comprehensive Income</i>			
Employee Benefits	6,954,188	281,123	7,235,311
Total Expenses	27,374,183	281,123	27,655,306
Net Result	5,302,536	(281,123)	5,021,413

**DIAMANTINA SHIRE COUNCIL**

**ANNUAL FINANCIAL STATEMENTS**

For the Year Ended 30 June 2022

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**MANAGEMENT CERTIFICATE**

For the Year Ended 30 June 2022

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 21, 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: 31 / 10 / 22



Interim Chief Executive Officer

Tim Rose

Date: 31 / 10 / 22



## DIAMANTINA SHIRE COUNCIL

### Current Year Financial Sustainability Statement

For the Year Ended 30 June 2022

Measures of Financial Sustainability - How the measure is calculated		Actual	Target
Council's Performance at 30 June 2022 against any key financial ratio's and targets:			
Operating Surplus Ratio	Net Result (excluding capital items) divided by total operating revenue (excluding capital items)	(19.9)%	Between 0% and 10%
Asset Sustainability Ratio	Capital Expenditure on the replacement of assets (Renewals) divided by depreciation expense	8.2%	Greater than 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (Excluding Capital Items)	(63.4)%	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 2022.

#### CERTIFICATE OF ACCURACY For the year ended 30th June 2022

This current year financial sustainability statement has been prepared pursuant to section 178 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: 31/10/22



Interim Chief Executive Officer  
Tim Rose

Date: 31/10/22

**Unaudited Long Term Financial Sustainability Statement**  
**Prepared as at 30 June 2022**

Diamantina Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

**CERTIFICATE OF ACCURACY**  
For the long-term financial sustainability statement prepared as at 30 June 2022

Sustainability statement has been prepared pursuant to section 178 of the Local Government

**This long-term financial sustainability statement has been prepared pursuant to section 178 of the Local Government**

**Regulation 2012 (the Regulation).**

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

in accordance with the section 212(j) of the  
accurately calculated.

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Robert Darr

Date: 31, 10, 2022

Date: 3/19/22

Date: 3/

Date: 3/19/22