



Doomadgee Aboriginal Shire Council

ANNUAL REPORT 2017-2018



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INTRODUCTION

Our Vision

Council's vision for their community is based on core life style values. This vision focuses on the people and empowering them as future leaders and the importance of respect within the community

Our Mission

As a Council it is important to understand our role and purpose. Council exist to both lead and serve our community in an efficient and effective manner

Our Community Values

Council have a number of values which are important to our community. They define and guide our community. They need to be upheld in all Council decisions on behalf of the Community.

Respect underpins our society. Respect for ourselves, our families, others and our Country. Respect is critical to our communities at so many levels. It is about what we say and how we behave. It is important for our leaders to lead by example when it comes to respect. We must respect each other in our culture, achievements and successes.

Leadership takes our community forward. Our community needs good leadership. An important role of leaders is to nurture the next generation of leaders in our community. Without leadership, our future will not be as positive.

Empowerment of individuals to make choices and to transform those choices into positive actions and outcomes will benefit the entire community of Doomadgee.

Family is crucial to the future of our community and to maintaining our community values.

OUR SHIRE

Doomadgee is located on the Nicholson River in the semi-arid region of the Carpentaria Plain. Doomadgee is 100km from Burketown in the Gulf Savannah region of North Queensland and 104kms from the Northern Territory border. It is 500km northwest of Mt Isa – the nearest large town, with mostly sealed roads (about a 6-hour drive) – a 4WD is strongly recommended. Roads are often impassable in the wet season.

The community is primarily made up of Gangalidda and Waanyi and Garawa people.

According to the most recent census, English was the only language spoken at home by 94% of Aboriginal and/or Torres Strait Islander people in Doomadgee (Indigenous Locations). Other Australian Indigenous Languages – 0.4%, Garrawa 0.2% and Lardi 0.2% were the only other responses for languages spoken at home.

The population of Doomadgee is estimated to be approximately 1,492 according to the latest estimated resident population figures.

In 1983, the community was gazetted as a Deed of Grant in Trust (DOGIT) community under the Community Services Act (Queensland), and in 1987 a Deed of Grant in Trust was issued with land covering 186,300 hectares.

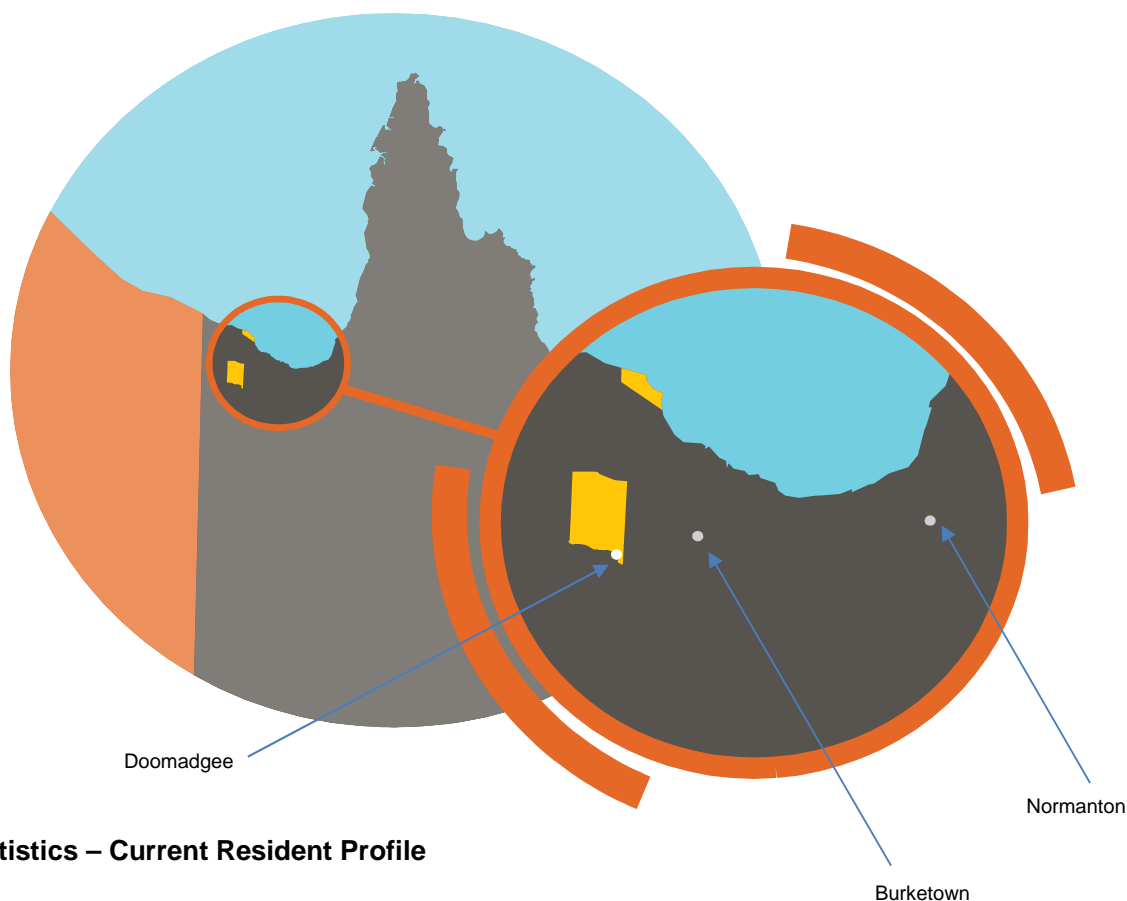
The Doomadgee Aboriginal Shire Council was begun as a Community Council in 1985 but is now a fully constituted local government entity under the *Local Government Act 2009*.

The Council consists of a Mayor, a Deputy Mayor and three Councillors, with a Chief Executive Officer and other Council staff delivering municipal services to the community.

The Council is also the Trustee for the DOGIT land and meets separately to discuss issues concerning the DOGIT land.

LOCALITY MAP & STATISTICS

Below is an area locality map of Doomadgee Aboriginal Shire Council.



Statistics – Current Resident Profile



People	1,492
Male	50.5%
Female	49.5%
Median age	21.4



Families	292
Couple family with no children	40
Couple family with children	159
One parent family	86



All private dwellings	268
Average people per household	4.5
Median weekly household income	\$1,082
Median personal income	\$15,496

ELECTED MEMBERS



MAYOR EDRIC WALDEN

Portfolio: Health

Edric Walden was born in Doomadgee and his family come from all over the Gulf region. He has worked for the Council in different positions over the years. He is also a former Chairperson of the Doomadgee CDEP Aboriginal Corporation. Mayor Walden is passionate about keeping culture strong within the community and younger generation and enjoys traditional fishing and hunting.

DEPUTY MAYOR JASON NED

Portfolio: Education

Jason Ned is a Ganggalidda and Garrwa man who was elected for his second term on the Doomadgee Shire Council in March 2016. Councillor Ned was born and bred in Doomadgee and currently runs a cattle property 45km from the Community and also undertakes contract mustering for other stations in the gulf area. He has also spent time working as a mechanic and fencing contractor. Councillor Ned chose to run for council as a way of supporting people in the community and to make sure they receive good quality services.



COUNCILLOR SCHARRAYNE FOSTER

Portfolios: Youth, Women's Group

Scharrayne Foster is a Ganggalidda woman elected to the Doomadgee Aboriginal Shire Council in March 2016. Councillor Foster was born in Doomadgee and went to Doomadgee State School before attending boarding school at St. John's College in Darwin where she completed year 12. She went on to complete a Certificate III in Childcare and worked locally as a childcare worker. For the past five years Councillor Foster has worked as a local housing officer.



COUNCILLOR TONY KEVIN CHONG

Portfolios: Police, Justice

Tony Kevin Chong was born on Mornington Island but moved to Doomadgee as an infant. Since then he has lived most of his life in Doomadgee but has also spent some years living in Mount Isa. Councillor Chong has run his own concreting business for the past seven years and is also involved in the community in youth justice providing support and advice for those facing court locally and in Mount Isa. He has prior governance experience as Chairperson of Doomadgee CDEP Aboriginal Corporation. Councillor Chong hopes in his role as a Councillor he will help the community gain a better understanding of what the Council does and is doing.



COUNCILLOR DEAN JUPITER

Portfolios: Main Roads, Men's Group

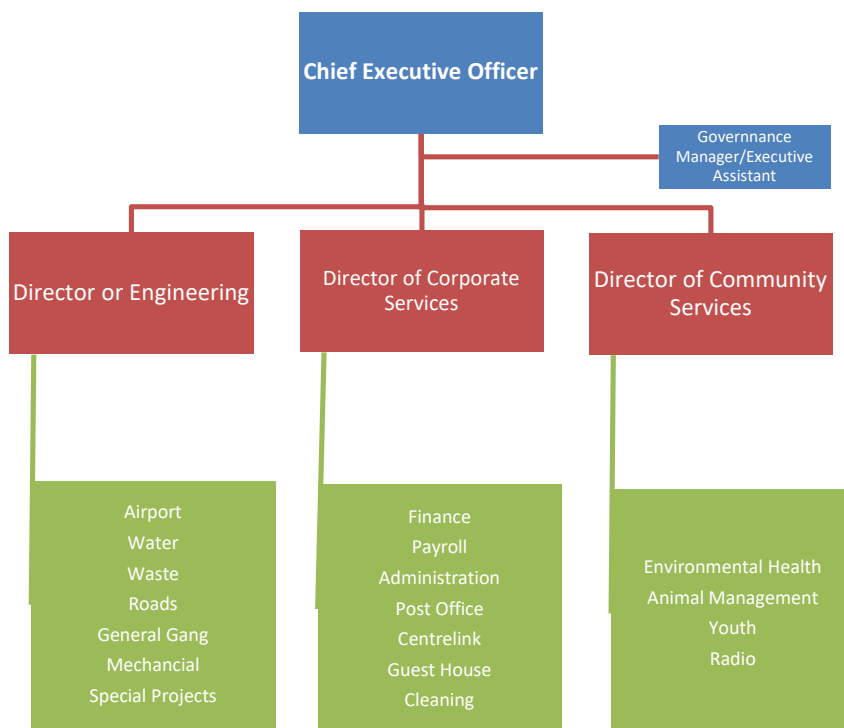
Dean Jupiter is a Ganggalidda man who was elected to the Doomadgee Aboriginal Shire Council in March 2016. Councillor Jupiter was born and raised in Doomadgee and has worked as a supervisor for My Pathways as well as an attendance officer at Doomadgee State School. He is currently developing a cattle property in the area. He has a passion for fishing and hunting as well as horses and stock work. Councillor Jupiter is a proud father of four children and has one grandchild.

OUR COUNCIL

Organisational Structure

The operational arm of a local government authority consists of the Chief Executive Officer (CEO) and other staff. They are charged with implementing Council's resolutions (decisions) and reporting on the outcomes of those resolutions. The CEO also provides executive leadership to the Organisation. It is important to note that individual councillors do not have the authority to make decisions. They are made collectively when sitting as a Council.

Council receives its authority from the community through its elected members. Council's administration is led by the CEO, followed by three Directors as our leadership team, delivering services through the 3 streams of operations.



KEY PRIORITIES

There are many important goals, however, Council realise that it is important to look to the future with open eyes. As such Council is realistic and realise that it will take many years to achieve all of these goals and not all can be achieved immediately. However, there are some priorities that stand out and these have been the main focus over the upcoming year.

Rebuilding Respect in our Community – Council need to refocus on growing respect in our community. This is more than just about respect for law and order. It is about restoring pride within our community and respect for each other and how we look after ourselves. If this is achieved in the community, there will be a much better future.

Leadership – Our community needs strong leadership. Without good leadership, we will not achieve our vision for our future. However, an important part of leadership is to nurture our future leaders. We need to prepare the next generation so that they can lead our community into the future.

Diversifying Councils Revenue Stream – In order to be able to achieve the Corporate Plan Goals, Council need resources. The Council are committed to finding extra revenue in order to apply resources to the Corporate Plan and Operational Plan. The Council will continue to look at businesses and other opportunities to gain revenue that can be applied to the Community.

Developing Local Employment – Develop more opportunities for local people to gain employment within Community. We need to ensure in the future that there are more opportunities for employment for local people.

PERFORMANCE SUMMARY

Council reports according to the Corporate Plan 2014-2019, which focuses on Key Priorities. Our Corporate Plan identifies our Councillor's long-term vision and priority areas over a five-year period. We deliver on our priorities by implementing our Annual Operational Plan, which includes key projects and measures that directly respond to the priority areas from the Corporate Plan.

We focus on developing meaningful performance measures in all areas and creating key performance indicators at the organisational level. This will continue over the coming years as we strive to continuously improve both our internal and external reporting processes and accountability.

The goals in the current Corporate Plan reflect the vision for the Community. The goals highlight the future direction of Council and the Community. Each Key Priority provides a measure to review Council's performance.

GOAL 1: FINANCIAL MANAGEMENT

1.1 - Effective and efficient management of all financial matters

Activity: Facilitate Sustainable Financial Management

Performance Measure: Internal Audit Completed – Risks Identified and Resolved

Council has incorporated strategies to reduce outstanding internal audit risks.

1.2 - Effective grants management

Activity: Source additional funding opportunities

Performance Measure: Monthly report to Council on outcomes

Council has sourced additional funding for specific programs. This will be ongoing as more detailed future planning has been put in place. Council is also working on strategies for effective grants management and reporting.

1.3 - Accurate and timely financial reporting

Activity: Facilitate Sustainable Financial Management

Performance Measure: Timeliness, Quality, Free from Error Reporting

Council has entered into a shared services agreement with Burke Shire Council (3-year contract) to assist with the implementation of sustainable financial management. Ongoing Management of this project will be reported. This agreement is due to expire in 2019.

1.4 - Maximise revenues in accordance with Council's Revenue Policy

Activity: Effective Policy and Revenue Raising Strategy

Performance Measure: Monthly report to Council on outcomes

Council continues to strive for continual improvement in this area. This will be an ongoing Strategy.

1.6 - Effective and appropriate Council enterprises

Activity: Review all leasing arrangements to ensure they are in order

Performance Measure: Ongoing

Leasing arrangements are being reviewed.

GOAL 2: ADMINISTRATION & CORPORATE SERVICES

2.1 - Review Council's Policies and Procedures and ensure they meet community expectations and legislative requirements

Activity: Review all Council's Policies and Procedures

Performance Measure: Full Review to be Completed by November 2017

Council engaged The Mead Perry Group to undertake a full Governance Review.

2.2 - Effective policy implementation

Activity: Implementation of Council's Policies and Procedures

Performance Measure: Policy and Procedure Manuals to be distributed to all staff and Councillors by December 2017

As policies and procedures are reviewed, updated and adopted, policies are distributed to staff. Policies are updated on Council website and intranet.

2.3 - Decisive Councillor Leadership

Activity: Fortnightly sessions to be held for Councillors

Performance Measure: Councillors to attend 70% of internal training sessions

Councillors are updated on all Governance requirements at Council Meetings or informal sessions. This will be an ongoing Strategy.

2.4 - Effective legislative requirements

Activity: Complete Internal Audit on Legislative Requirements Performance Measure: Completed by October 2017 Monthly reports to Council

Council engaged The Mead Perry Group to undertake a full Governance review.

2.5 - Enhance Council's communication and decision making through appropriate public relations and community consultation process

Activity: Newsletters to inform Community of Councils processes and projects

Performance Measure: Quarterly Newsletter

3 newsletters were completed at a Governance Level. This Strategy will be implemented in 2018/2019.

2.6 - Review and enforce Local Laws and Regulations to address local issues

Activity: Summarise Local Laws Implementation of Local Laws

Performance Measure: Local Laws Summarised and distributed throughout the Community – Completed by December 2017

All Local Laws have been summarised ready for Community distribution.

GOAL 3: HUMAN RESOURCES

3.1 - Ensure workforce make-up best fits Council's priorities, workloads and budget

Activity: Complete full review of Corporate Structure

Performance Measure: Completed by August 2017

Corporate Structure has been reviewed and updated.

3.2 - Endorse and foster cross skilling in order to minimise need for specialists and to ensure full utilisation of staff

Activity: Performance Appraisals completed for all staff

Performance Measure: Completed by June 2018

Council engaged The Mead Perry Group to assist with the implementation of HR Activities. Performance Appraisals have been performed on a number of staff and a more robust structure has been implemented. This Strategy will be ongoing.

3.4 - Maintain accurate and confidential staff records

Activity: Human Resources Officer engaged

Performance Measure: Human Resources Officer on site at Doomadgee Office by September 2017

Council has worked hard to recruit a number of high level staff. Due to the unavailability of staff housing, this has proved difficult. Council has been provided with assistance from the Mead Perry Group on a number of HR Issues. This Strategy will be ongoing.

3.5 - Ensure all staff have access to appropriate training

Activity: Training Needs Analysis Completed

Performance Measure: Analysis Completed by December 2017 Training Needs Identified

Due to limited resources this Strategy has been postponed until 2018/2019.

3.6 - Maintain a safe and healthy workplace for all employees and other persons affected by Council operations

Activity: Engage Work Place Health and Safety Consultant

Performance Measure: Council Safe Plan commenced by December 2017

Council has engaged a Work Place Health and Safety Consultant. All policies and procedures have been reviewed and ready for adoption. The Consultant has started on site visits.

STATUTORY REPORTING REQUIREMENTS

Pursuant to the *Local Government Act 2009* (the Act) and the *Local Government Regulation 2012* (the Regulation), Council is required to report on particular resolutions and other statutory reporting requirement.

Beneficial Enterprises

Section 41 of the Act requires that the Annual Report contain a list of all beneficial enterprises conducted during the year. Doomadgee Aboriginal Shire Council has had no beneficial enterprises that the Council conducted during 2017-2018.

Code of Competitive Conduct

Business activities

As required under section 45 of the Act, listed in the following schedule are business activities conducted during the year. None of these activities were deemed "significant" according to the Regulation. It was resolved by Council not to apply the code of competitive conduct to any business activities.

Business activities by type	Competitive neutrality principle applied	Conducted in previous financial year
Significant		
Nil	N/A	N/A
Prescribed		
Nil	N/A	N/A
Other		
Guest house	No	Yes
Airport	No	Yes
Post office	No	Yes
Water supply and sewerage	No	Yes
Waste management	No	Yes
Roads	No	Yes
Building certification	No	Yes

Competitive Neutrality Complaints

Section 49 of the Regulation - there were no investigation notices for competitive neutrality complaints.

Section 52(3) of the Regulation - there were no required responses to the Queensland Competition Authority regarding competitive neutrality complaints.

Remuneration Packages – Senior Executive Staff

Remuneration levels for Council executives take many factors into account, including work value and the complexity of the job. This ensures remuneration levels for executives are appropriate and that Council is well placed to retain and attract executives with skills necessary to help deliver value for money services to the community. In accordance with section 201 of the Act, the total number of remuneration packages available to senior management during the period was:

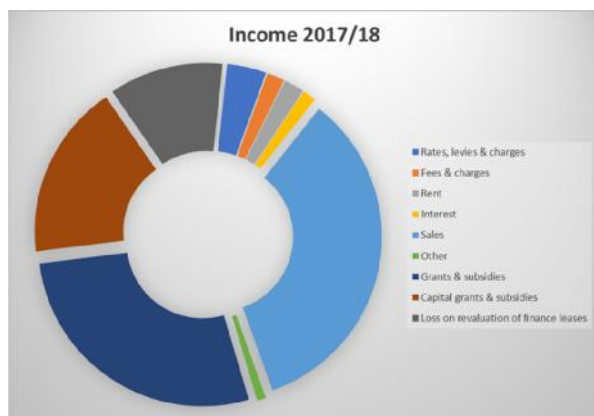
Package Band	Number of Employees
\$100,000 to \$199,999	4
\$200,000 to \$299,999	1

COMMUNITY FINANCIAL REPORT

1 July 2017 to 30 June 2018

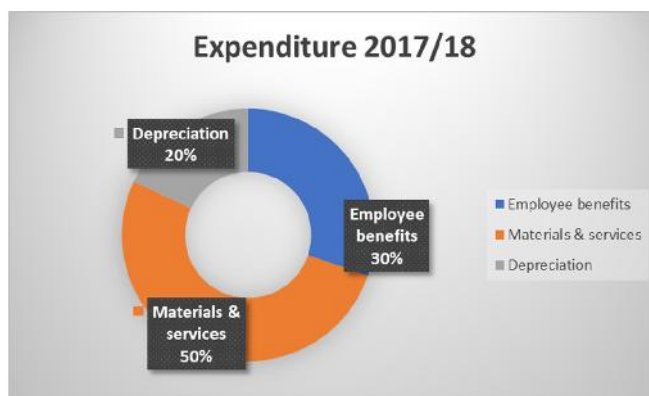
Income

Council income from operations for the 2017/18 financial year was \$11,758,866. Including capital grants and loss on revaluations, total income was \$12,728,782. Council's reliance on external funding is clear with operational and capital grants representing 58% of revenue.



Expenditure

Council operational expenditure is made up of Employee benefits 30%, Materials and services 50% and Depreciation 20%.



Assets & Liabilities

Council has total assets of \$127,713,002 made up of \$10,864,537 in Cash and other current assets \$1,670,948 and \$115,177,517 is non-current assets. Of the \$4,305,182 in liabilities, \$2,048,334 relates to provisions.



PARTICULAR RESOLUTIONS

As required by section 185 of the Regulation, the Annual Report must contain a copy of the resolutions made during the financial year under section 250(1) and section 206(2).

No resolutions were passed during the period in relation to section 250 of the regulation which deals with Councillor expenses reimbursement.

No resolutions were passed during the period in relation to section 206(2) of the regulation which deals with setting an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.

COUNCILLOR REMUNERATION

In accordance with section 186 of the Regulation, the Annual Report must contain particulars of the total remuneration, including superannuation contributions, paid to each Councillor during the financial year as well as expenses incurred by, and the facilities provided to, each Councillor during the financial year under the Council Expense Reimbursement Policy.

In accordance with the recommendation of the Local Government Remuneration and Discipline Tribunal, unless otherwise resolved, Council authorise the payment of remuneration to a Councillor of the Doomadgee Aboriginal Shire Council, for carrying out the duties of the office as undermentioned at the rate of remuneration as detailed in the Remuneration Schedule for the Category of Local Government to which Doomadgee Aboriginal Shire Council belongs:

Total Councillor Remuneration 2017 - 2018

Councillor	Remuneration	Superannuation (9.5%)	Superannuation (2.5%)	Expenses
CR EDRIC WALDEN	\$106,765.11	\$10,142.59	\$2,669.08	\$13,485.97
CR JASON NED	\$62,145.74	\$5,903.96	\$1,553.70	\$8,925.93
CR SCHARRAYNE FOSTER	\$50,679.99	\$4,577.43	\$1,204.55	\$3,121.30
CR DEAN JUPITER	\$50,679.99	\$4,701.12	\$1,237.00	\$8,683.27
CR TONY CHONG	\$42,645.13	\$3,958.44	\$1,041.67	\$10,742.10

Local Government Meetings attended by Councillors

Councillor	Ordinary	Special
CR EDRIC WALDEN	11	7
CR JASON NED	10	6
CR SCHARRAYNE FOSTER	9	7
CR DEAN JUPITER	10	5
CR TONY CHONG	4	3

CONDUCT & PERFORMANCE		
Legislation	Reference	Number of Complaints
LGR 2012: S186 – COUNCILLORS (D) (I)	Orders and recommendations made under S180(2) or (4);	
LGR 2012: S186 – COUNCILLORS (D) (II)	Orders made under S181; and	
LGR 2012: S186 – COUNCILLORS (E) (I)	The name of each Councillor for whom an order or recommendation was made under S180 of the Act or an order was made under S181 of the Act;	
LGR 2012: S186 – COUNCILLORS (E) (II)	A description of the misconduct or inappropriate conduct engaged in by each of the Councillors;	
LGR 2012: S186 – COUNCILLORS (E) (III)	A summary of the order or recommendation made for each Councillor;	
LGR 2012: S186 – COUNCILLORS (F) (I)	Complaints about the conduct or performance of councillors for which no further action was taken under S176C (2) of the Act;	
LGR 2012: S186 – COUNCILLORS (F) (II)	Complaints referred to the Departments by the Chief Executive Officer	
LGR 2012: S186 – COUNCILLORS (F) (III)	Complaints referred to the Mayor under S176C(3)(a) of the Act	
LGR 2012: S186 – COUNCILLORS (F) (IV)	Complaints referred to the department's Chief Executive under S176C(4)(a) of the Act;	
LGR 2012: S186 – COUNCILLORS (F) (V)	Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the Crime and Corruption Act;	
LGR 2012: S186 – COUNCILLORS (F) (VI)	Complaints heard by a Regional Conduct Review Panel;	
LGR 2012: S186 – COUNCILLORS (F) (VII)	Complaints heard by the Tribunal;	
LGR 2012: S186 – COUNCILLORS (F) (VIII)	Complaints to which S176C (6) of the Act applied;	

Administrative Action Complaints

Section 187 of the Regulation requires that an Administrative Action Complaints Process is to be developed and implemented which is designed to assist Council manage complaints efficiently, effectively, objectively and fairly.

Doomadgee Aboriginal Shire Council has a commitment to dealing fairly with any administrative complaint it receives and has developed appropriate strategies to deal with any complaints.

Administrative Complaints

Complaints Made	Resolved	Not Resolved
2015-2016	0	0
2016-2017	0	0
2017-2018	0	0

Overseas Travel

In accordance with section 188 of the Regulation, no Councillor or Employee undertook any work related overseas travel during 2017-2018.

Expenditure on Grants to Community Organisations

In accordance with section 189 of the Regulation, an Annual Report must contain a summary of the expenditure for the financial year on grants to community groups. During 2017-2018 Council paid \$40,507 in sponsorships to community organisations.

Councillor Discretionary Fund

In accordance with section 189 of the Regulation, the Annual Report must contain a summary of the expenditure from each Councillor's discretionary fund. Doomadgee Aboriginal Shire Council does not have discretionary funds and therefore there is no report for 2017-2018 for the purpose of allocation as community grants.

Reserves and Controlled Roads

Doomadgee Aboriginal Shire Council is a Deed of Grant in Trust. The DOGIT is 186,300 hectares of which 9.5 hectares is held as Reserve by Government Departments. Council as Trustee of the DOGIT own and control all roads in the DOGIT.

Details of Special Rates and Charges

In accordance with section 190(d)(i) of the Regulation, no special rates and charges were levied during the financial year and there were no services supplied by another local government or joint ventures.

Contracts

Pursuant to section 190(1) of the Regulation, there were no invitations to change tenders under section 228(7) during the financial year.

Council Registers - Records

In accordance with section 190(1)(f) of the Regulation, below is a list of registers kept of Council:

-) Minutes of Council Meetings
-) Council Resolution Register
-) Personal Interest of Councillors
-) Conflict of Interest Register – Councillors and Executive Staff
-) Material Personal Interest Register – Councillors and Executive Staff
-) Delegation Register
-) Local Law Register
-) Policy Register
-) Road Register
-) Asset register
-) Fees and charges

Public Sector Ethics

Pursuant to the provisions of the *Public Sector Ethics Act 1994*, Council is required to report on actions taken regarding implementation of the legislation.

During the reporting period, Council provided training and education to its workforce through inductions of new staff members, together with re-inductions of all existing staff. Council supports its ongoing procedures and practices to ensure employees abide by and embrace the principles of the legislation.

Council's Code of Conduct is provided to all new employees upon commencement and is provided to all of Council if and when it is reviewed.

Internal Audit

During the reporting period Council retained Pacifica to provide internal audit services. The internal audit plan focused on fraud and ethical conduct, including a fraud risk assessment. Not all of the internal audit plan activities were completed. Activities that were completed are:

-) Preparation of (or critique existing) Fraud and Corruption Policy and Fraud and Corruption Control Plans.
-) Development of a Fraud Risk Assessment and register.
-) Review of Council Risk Management Policy and Framework.

Doomadgee Aboriginal Shire Council
Financial Statements
for the year ended 30 June 2018

Doomadgee Aboriginal Shire Council

Financial Statements

for the year ended 30 June 2018

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**Doomadgee Aboriginal Shire Council
Statement of Comprehensive Income
for the year ended 30 June 2018**

		2018	Restated 2017
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Rates, levies & charges	3(a)	637,661	672,085
Fees and charges	3(b)	284,919	435,201
Rental income		326,985	647,692
Interest received		220,214	153,140
Sales revenue	3(c)	5,599,750	631,429
Other revenue	3(d)	143,838	965,403
Grants, subsidies and contributions	4(a)	4,545,499	4,241,542
		<u>11,758,866</u>	<u>7,746,492</u>
Capital revenue			
Grants, subsidies and contributions	4(b)	2,865,952	2,714,187
Total revenue		<u>14,624,818</u>	<u>10,460,679</u>
Total income		<u>14,624,818</u>	<u>10,460,679</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(4,578,398)	(3,663,631)
Materials and services	6	(7,842,594)	(2,974,568)
Finance costs	7	(12,067)	(11,014)
Depreciation and amortisation	12,13	(2,733,146)	(2,749,081)
Loss on revaluation of finance leases	11	(1,896,036)	(1,246,279)
		<u>(17,062,241)</u>	<u>(10,644,572)</u>
Capital expenses			
Loss on asset disposal	8(a)	(144,201)	(311,605)
Restoration costs	8(c), 16	42,491	(1,950,864)
Total capital expense		<u>(101,710)</u>	<u>(2,262,469)</u>
Total expenses		<u>(17,163,951)</u>	<u>(12,907,042)</u>
Net result		<u>(2,539,133)</u>	<u>(2,446,363)</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	17	3,228,696	7,733,665
Total other comprehensive income for the year		<u>3,228,696</u>	<u>7,733,665</u>
Total comprehensive income for the year		<u>689,563</u>	<u>5,287,302</u>

The above statement should be read in conjunction with the accompanying notes and significant accounting policies. The comparative figures have been restated to correct a number of errors as set out in Note 25.

Doomadgee Aboriginal Shire Council
Statement of Financial Position
as at 30 June 2018

			Restated	
	Note	2018	2017	2016
		\$	\$	\$
Current assets				
Cash and cash equivalents	9	10,864,537	9,133,943	8,474,333
Trade and other receivables	10	850,716	653,738	1,120,813
Inventories		109,074	50,709	67,522
Other financial assets	11	711,158	699,137	686,482
Total current assets		12,535,486	10,537,526	10,349,151
Non-current assets				
Other financial assets	11	19,733,010	22,340,204	24,285,619
Intangible assets	12	125,969	182,167	204,884
Property, Plant and Equipment	13	95,318,537	92,229,895	84,672,316
Total non-current assets		115,177,517	114,752,266	109,162,819
Total assets		127,713,002	125,289,793	119,511,970
Current liabilities				
Trade and other payables	15	2,256,848	544,333	1,976,523
Provisions	16	109,138	49,865	50,156
Total current liabilities		2,365,986	594,198	2,026,679
Non-current liabilities				
Provisions	16	1,939,196	1,977,340	77,050
Total non-current liabilities		1,939,196	1,977,340	77,050
Total liabilities		4,305,182	2,571,537	2,103,730
Net community assets		123,407,820	122,718,258	117,408,240
Community equity				
Accumulated surplus		77,327,640	79,866,776	82,290,422
Asset revaluation surplus	17	46,080,179	42,851,483	35,117,818
Total community equity		123,407,820	122,718,258	117,408,240

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

Council has made a retrospective restatement as a consequence of the correction of error and therefore in accordance of AASB 101 has presented a statement of financial position as at the beginning of the comparative period, ie as at 1 of July 2016. No corrections were made in the 2016 figures. Details are disclosed in Note 25.

**Doomadgee Aboriginal Shire Council
Statement of Changes in Equity
for the year ended 30 June 2018**

	Asset revaluation surplus 17	Accumulated surplus	Total
Note	\$	\$	\$
Balance as at 1 July 2016	35,117,818	82,290,422	117,408,240
Net result as originally presented	-	(2,355,580)	(2,355,580)
Effect of correction of error		(68,067)	(68,067)
Restated net result		(2,423,647)	(2,423,647)
Other comprehensive income for the year	-	-	-
Increase / (decrease) in asset revaluation surplus	7,733,665	-	7,733,665
Balance as at 30 June 2017	42,851,483	79,866,776	122,718,258
Balance as at 1 July 2017	42,851,483	79,866,776	122,718,258
Net result	-	(2,539,133)	(2,539,133)
Other comprehensive income for the year	-	-	-
Increase / (decrease) in asset revaluation surplus	3,228,696	-	3,228,696
Balance as at 30 June 2018	46,080,179	77,327,643	123,407,820

The above statement should be read in conjunction with the accompanying notes and significant accounting policies.

Doomadgee Aboriginal Shire Council
Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		6,410,824	3,188,006
Payments to suppliers and employees		(10,656,922)	(8,132,267)
		(4,246,099)	(4,944,262)
Interest received		220,214	153,140
Rental income		328,985	647,692
Operating grants, subsidies, and contributions		4,545,499	4,241,542
Net cash inflow /(outflow) from operating activities	21	<u>846,600</u>	<u>98,111</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,771,094)	(2,839,171)
Proceeds from sale of property plant and equipment		90,000	-
Finance lease receipts		699,137	686,482
Capital Grants, subsidies, and contributions		2,865,952	2,714,187
Net cash inflow /(outflow) from investing activities		<u>883,995</u>	<u>561,498</u>
Net increase /(decrease) in cash held		<u>1,730,594</u>	<u>659,609</u>
Cash and Cash Equivalents at the beginning of the financial year		9,133,943	8,474,334
Cash and Cash Equivalents at end of the financial year	9	<u>10,864,537</u>	<u>9,133,943</u>

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

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

1 Significant Accounting Policies

1.A Basis of Preparation

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

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment and other financial assets (finance leases) which are measured at fair value.

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from funding bodies.

Disposals of non current assets are classified as either "Capital income" or "Capital expenses" depending on whether they result in accounting gains or losses.

All other revenue and expenses have been classified as recurrent.

1.B Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non- reciprocal grant revenue.

1.C Currency

The Council uses the Australian dollar as its functional currency and its presentation currency.

1.D Adoption of New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

This year Council has applied *AASB 124 Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 22.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. These standards have not been applied in these financial statements. Council will implement them when they are effective.

Future impact of Accounting Standards not yet effective

Council is still reviewing the way that revenue is measured and recognised to identify whether *AASB 15 Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified. *AASB 15* is effective from 1 January 2019 and will replace *AASB 118 Revenue*, *AASB 111 Construction Contracts* and a number of interpretations. *AASB 2016-8* provides Australian requirements and guidance for not-for-profit entities in applying *AASB 9* and *AASB 15*, and *AASB 1058* will replace *AASB 1004 Contributions*. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

1 Significant Accounting Policies (cont.)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets in AASB 139 will be replaced with two measurement categories; fair value and amortised cost and financial assets will only be able to be measured at cost where very specific conditions are met.

AASB 16 Leases becomes effective from 1 January 2019 and in essence requires a lessee to:

- recognise all lease assets and liabilities (including those currently classed as operating leases) on the statement of financial position, initially measured at the present value of unavoidable lease payments;
- recognise amortisation of lease assets and interest on lease liabilities as expenses over the lease term; and
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (which entities can choose to present within operating or financing activities consistent with presentation of any interest paid) in the statement of cash flows.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards and interpretations with future commencement dates are not likely to have a material impact on the financial statements.

1.E Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - (Note 1.M and Notes 13 and 14)

Provisions - (Note 16)

Valuation of finance leases - (Note 1.P and Notes 11 and 14)

Contingent liabilities - (Note 19)

Restoration commitment - (Note 16)

1.F Revenue

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Restrictions that have been placed on Council's cash and cash equivalents are disclosed in Note 9.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Rental income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest

Interest received from term deposits is accrued over the term of the investment.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

1 Significant Accounting Policies(cont.)

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The Council generates revenues from a number of services including water, sewerage, sanitation and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. 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.

Fees and charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

1.G Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Doomadgee Aboriginal Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 1.H)

Receivables - measured at amortised cost (Note 1.I)

Other financial assets (finance leases) - measured at fair value (Note 1.P and Note 11)

Financial liabilities

Payables - measured at amortised cost (Note 1.Q)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 24.

1.H Cash and cash equivalents

Cash and cash equivalents 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.

1.I Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

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. The loss is recognised in materials and services. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts are written-off at 30 June.

1.J Other financial assets

Refer to Note 1.P for the accounting policy relating to finance lease assets.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

1 Significant Accounting Policies(cont.)

1.K Community housing

Doomadgee Aboriginal Shire Council does not hold any investment property, however Council does provide social housing as a service to community members. As the Council area is situated on Deed of Grant in Trust (DOGIT) there is a prohibition on the sale of any land within the area designated under DOGIT. Refer to Note 1.M for details of DOGIT land.

1.L Inventories

Stores and raw materials held for resale are valued at the lower of cost and net realisable value. 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. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

1.M Property, plant and equipment

Each class of property, plant and equipment is stated at amortised cost or fair value. All assets with a total value of less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

- Buildings
- Houses
- Plant and equipment
- Furniture and equipment
- Other structures
- Road and drainage network
- Water
- Sewerage
- Work in progress

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

1 Significant Accounting Policies(cont.)

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 Engineers 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 kerb to kerb is treated as capital. Expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Valuation

Buildings, houses, other structures and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. Furniture and equipment, plant and equipment and work in progress are measured at amortised cost.

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 independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation for those assets at fair value. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful lives, residual value and condition rating and the valuer then determines suitable indices applied to each of these asset classes.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Depreciation

Depreciation on 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.

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.

Where assets have separately identifiable 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.

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 the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 13.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

1 Significant Accounting Policies(cont.)

Deed of Grant in Trust land

The Council is located on land assigned to it under various Deeds of Grant in Trust (DOGIT) pursuant to Section 34I of the Land Act 1994. It comprises an area approximately 468km north west of Mount Isa and 100km west of Burketown.

The land is administered by the Department of Natural Resources and Mines and the Council has restricted use of this land for the benefit of its inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

A portion of DOGIT land comprising of 230 properties is leased to the State Government pursuant to the Indigenous Housing Arrangement (40 year lease).

1.N Intangible assets

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Costs associated with the development of computer software are capitalised and are amortised on a straight line basis over the period expected to benefit the Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

1.O Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1.P Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Finance leases as lessee

Where Council enters into a finance lease as lessee, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

Finance leases as lessor

Council has leased 230 dwellings as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the first year was \$2,800. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (depreciated replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains or losses on revaluation of finance lease assets are recognised as other income.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

1 Significant Accounting Policies(cont.)

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.Q Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

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

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 month are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

1.R Provisions

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases 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 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 Australian Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

Restoration of Refuse Dump

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$2,050,226 and this cost is expected to be incurred in 2020.

A provision is made for the cost of restoring refuse dumps where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2020 and that the restoration will occur progressively over the subsequent three years.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

1 Significant Accounting Policies(cont.)

As refuse dumps are on DOGIT land which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

1.S Asset revaluation surplus

The asset revaluation surplus comprises 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.

1.T Rounding and comparatives

The financial statements have been rounded to the nearest \$1. Council uses the Australian dollar as it's functional currency and presentation currency.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.U Taxation

Council is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST receivable from ATO or payable to the ATO is shown as an asset or liability respectively.

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

2 Analysis of Results by Function

2(a) Components of Council Functions

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

Corporate 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, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

Finance and information

Finance and information provides professional finance and information services across all of Council. This function includes internal audit, budget support, financial accounting, the taxation unit, marketing and communication and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

Community services

The goal of community services is to ensure 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:

Environment health

Animal management program

Enterprises

The goal of Council's enterprises is to provide the community with the following services:

Guesthouse

Post Office

Airport

Centrelink

Housing

The goal of this activity is the provision of public housing within the Deed of Grant in Trust (DOGIT) area.

Transport infrastructure

The objective of the transport infrastructure program is to ensure the community is serviced by a high quality and effective road network. The function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network

Water infrastructure

The goal of this program is to support a healthy, safe community through sustainable water services. This function includes all activities relating to water including flood and waterways management.

Sewerage and waste management infrastructure

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse and sewerage infrastructure. The function provides refuse collection and disposal services, mosquito and other pest management programs.

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

2 Analysis of Results by Function

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

Year ended 30 June 2018

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							
	2018	2018	2018	2018							
	\$	\$	\$	\$							
Corporate governance	-	543,286	-	-	543,286	(1,805,834)	-	(1,805,834)	(1,262,548)	\$	-
Finance & information	3,616,731	1,478,291	-	-	5,095,022	(4,863,137)	-	(4,863,137)	231,885	231,885	11,943,251
Community services	510,198	20,376	1,304,000	-	1,834,575	(2,428,491)	-	(2,428,491)	(1,897,916)	(593,916)	24,115,271
Enterprises	-	377,760	-	-	377,760	453,343	-	453,343	831,103	831,103	5,726,661
Housing	-	4,114,772	107,892	-	4,222,664	(4,258,683)	-	(4,258,683)	(143,912)	(36,020)	29,478,918
Transport infrastructure	418,570	41,221	397,015	-	856,806	(2,787,252)	(144,201)	(2,931,453)	(2,327,461)	(2,074,647)	29,969,442
Water infrastructure	-	315,316	727,045	-	1,042,361	(817,568)	-	(817,568)	(502,253)	224,793	21,607,431
Sewerage & waste management infrastructure	-	322,345	330,000	-	652,345	(554,619)	42,491	(512,128)	(232,274)	140,217	4,872,027
Total	4,545,499	7,213,367	2,865,952	-	14,624,818	(17,062,241)	(101,710)	(17,163,951)	(5,303,376)	(2,539,133)	127,713,002

Year ended 30 June 2017

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	Grants	Other											
														2017	2017	2017	2017
Corporate governance	-	588,832	-	-	588,832	(940,690)	-	(940,690)	(351,858)	(351,858)	-	-					
Finance & information	3,518,903	1,240,429	-	-	4,759,332	(4,685,140)	-	(4,685,140)	74,192	74,192	10,395,950	-					
Community services	668,935	44,574	1,015,500	-	1,729,009	(1,241,343)	-	(1,241,343)	(527,834)	(527,834)	487,666	22,836,460					
Enterprises	-	374,661	-	-	374,661	(203,610)	-	(203,610)	171,051	171,051	4,938,025	-					
Housing	-	647,692	-	-	647,692	(319,607)	-	(319,607)	328,085	328,085	31,824,030	-					
Transport infrastructure	37,500	1,124	451,379	-	490,003	(2,051,800)	(311,605)	(2,363,405)	(2,013,176)	(1,873,402)	28,970,086	-					
Water infrastructure	16,204	300,219	1,247,308	-	1,563,731	(805,082)	-	(805,082)	(488,659)	758,649	21,410,481	-					
Sewerage & waste management infrastructure	-	307,419	-	-	307,419	(397,301)	(1,950,864)	(2,348,165)	(89,882)	(2,040,746)	4,914,760	-					
Total	4,241,542	3,504,949	2,714,187	-	10,460,678	(10,644,572)	(2,262,469)	(12,907,041)	(2,898,081)	(2,446,363)	125,289,793	-					

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

	Note	2018 \$	2017 \$
3 Revenue analysis			
(a) Rates and service charges			
Water		315,316	364,666
Sewerage		152,939	146,944
Garbage charges		169,407	160,475
		<u>637,661</u>	<u>672,085</u>
(b) Fees & charges			
Expenses reimbursement		1,588	64,678
Airport turnaround fees		74,690	72,534
Airport landing fees		208,641	297,989
		<u>284,919</u>	<u>435,201</u>
(c) Sales revenue			
Sale of services			
Contract & recoverable works		4,962,647	42,431
Guest house accommodation		428,031	390,559
Guest house other revenue		21,799	10,812
Centrelink commissions		32,218	105,741
Post office sales		4,119	1,998
Post office commissions		53,148	68,577
Sales of batching plant		93,660	-
		<u>5,595,621</u>	<u>620,118</u>
Sale of goods			
Guest house meals		3,973	11,145
Airport vending machine sales		156	166
		<u>4,129</u>	<u>11,310</u>
Total sales revenue		<u>5,599,750</u>	<u>631,429</u>
The amount recognised as revenue for contract and recoverable works revenue during the financial year is the amount receivable in respect of invoices issued during the period work was completed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.			
(d) Other revenue			
Burial assistance		1,100	1,300
Other income		142,738	477,322
Income from insurance claims		-	486,781
		<u>143,838</u>	<u>965,403</u>
4 Grants, subsidies, and contributions			
(a) Recurrent			
State Government subsidies and grants		2,860,917	2,652,534
Commonwealth Government subsidies and grants		1,684,582	1,587,508
Other		-	1,500
		<u>4,545,499</u>	<u>4,241,541</u>

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

4 Grants, subsidies, and contributions(cont.)

	2018	2017
Note	\$	\$
(b) Capital		
State Government subsidies and grants	2,865,952	2,459,823
Commonwealth Government subsidies and grants	-	254,364
	<u>2,865,952</u>	<u>2,714,187</u>

Conditions over contributions

Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

Non-reciprocal grants for expenditure on infrastructure	3,486,683	-
	<u>3,486,683</u>	<u>-</u>

Grants and subsidies

Grants and subsidies are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

All grants, subsidies and contributions are non-reciprocal in nature and are recognised as revenue in the year in which Council obtains control over them.

5 Employee benefits

Total staff wages and salaries	3,607,424	2,777,133
Councillors' remuneration	312,916	305,221
Annual, sick and long service leave entitlements	398,067	161,046
Superannuation	376,668	341,518
	<u>4,695,075</u>	<u>3,584,918</u>
Staff recruitment costs	-	6,500
Workcover	-	28,140
Isolation leave airfares	13,575	32,216
Other employee related expenses	126,310	80,529
	<u>4,834,959</u>	<u>3,732,303</u>
Less: Capitalised employee expenses	(256,562)	(68,672)
	<u>4,578,398</u>	<u>3,663,631</u>

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

Total Council employees at the reporting date:

	2018	2017
	No:	No:
Elected members	4	5
Administration staff	23	26
Depot and outdoors staff	46	43
Total full time equivalent employees	<u>73</u>	<u>74</u>

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

	Note	2018 \$	2017 \$
6 Materials and services			
Administration supplies & consumables		67,971	74,342
Audit of annual financial statements by the Auditor-General of Queensland		127,500	64,353
Accounting services by other parties		156,785	152,270
Bad debts		12,476	20,097
Communications & IT		625,963	430,453
Consultants		380,388	117,625
Electricity		223,108	195,292
Equipment hire		27,635	18,900
Fire equipment & servicing		9,916	8,136
Freight & postage		279,389	59,163
Guest House food purchases		8,771	5,541
Housing construction		38,982	8,192
Insurance		383,124	337,153
Legal fees		105,358	99,826
Private works expenses		3,872,142	14,571
Repairs & maintenance - buildings		141,346	58,451
Repairs & maintenance - plant & equipment		215,790	65,956
Running costs - Plant & equipment		131,884	120,073
Staff training		16,442	45,935
Subscription & Advertising		22,810	67,244
Tools & consumables		8,317	12,946
Travel		385,020	326,919
Water expenses		17,063	12,569
Other materials & services		342,094	195,848
Parts & repairs, and freight		7,066	145,476
Council donation and contribution		45,507	40,000
Operating costs - airport		15,809	39,807
Operating costs - rodeo		16,317	5,961
Operating costs - feral domestic animals		54,909	98,152
Operating costs - guest house		7,509	15,094
Operating costs - water		48,591	59,710
Youth services		46,613	58,513
		<u>7,842,594</u>	<u>2,974,568</u>
7 Finance costs			
Finance costs charged by the Queensland Treasury Corporation		-	4,124
Bank charges		12,067	6,890
		<u>12,067</u>	<u>11,014</u>
8 Capital expenses			
(a) Loss on disposal of non-current assets			
Proceeds from the sale of property, plant & equipment		90,000	-
Less: book value of property, plant & equipment disposed of		(234,201)	(311,605)
Total loss on disposal of non-current assets		<u>(144,201)</u>	<u>(311,605)</u>
(b) Restoration costs		<u>42,491</u>	<u>(1,950,864)</u>
9 Cash and cash equivalents			
Cash on hand		1,731	53
Cash at bank		2,645,107	2,082,560
QTC - sport precinct		93,330	91,171
QTC - investment account		8,124,369	6,960,159
Balance per Statement of Cash Flows		<u>10,864,537</u>	<u>9,133,943</u>

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

9 Cash and cash equivalents(cont.)

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

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

	Note	2018 \$	2017 \$
Unspent government grants and subsidies		3,517,806	-
Total unspent restricted cash		3,517,806	-

Cash and cash equivalents are held at Commonwealth Bank of Australia (CBA) and Queensland Treasury Corporation (QTC) in normal interest-bearing cheque accounts (CBA) and a mix of at-call and fixed-term deposit accounts (QTC).

Commonwealth Bank of Australia (CBA) currently has a short-term credit rating of A-1+ and long term rating of AA-.

Queensland Treasury Corporation (QTC) currently has a short-term credit rating of A-1+ and long term rating of AA+.

10 Trade and other receivables

Current

Rates debtors	196,656	329,811
Avdata	21,849	50,228
Contractor debtors	744,109	298,810
Housing rental	194,453	194,453
Less impairment	(410,834)	(401,726)
Accrued revenue	16,069	122,718
ATO receivables	-	58,694
Prepayments	88,415	750
	<u>850,716</u>	<u>653,738</u>

No interest is charged on debtors.

Movement in accumulated impairment losses (housing and other debtors) is as follows:

Opening balance at 1 July	(401,726)	(584,130)
Provisions derecognised during the year	-	389,677
Additional impairments recognised	(9,108)	(207,273)
Closing balance at 30 June	<u>(410,834)</u>	<u>(401,726)</u>

11 Other financial assets

Current assets

Finance leases	711,158	699,137
	<u>711,158</u>	<u>699,137</u>

Non-current assets

Finance leases	19,733,010	22,340,204
	<u>19,733,010</u>	<u>22,340,204</u>

A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows:

Gross minimum lease payments receivable:

Not later than one year	711,158	699,137
Later than one year but not later than five years	2,844,631	2,796,546
Later than five years	20,944,017	21,288,286
	<u>24,499,806</u>	<u>24,783,969</u>
Add: Estimated contingent rent	13,733,110	14,422,608
Less: Present value adjustment	(17,788,747)	(16,167,236)
Fair value of lease payments	<u>20,444,168</u>	<u>23,039,340</u>

The fair value of lease payments is receivable as follows:

Not later than one year	711,158	699,137
Later than one year but not later than five years	2,766,599	2,766,790
Later than five years	16,966,412	19,573,413
	<u>20,444,168</u>	<u>23,039,340</u>

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

11 Other financial assets(cont.)

	2018	2017
Note	\$	\$
Movements in finance leases were as follows:		
Opening balance	23,039,340	24,972,101
Add: Initial recognition of new leases		
Less: Lease receipts	(699,137)	(686,482)
Add: Loss on revaluation	(1,896,036)	(1,246,279)
Closing balance	<u>20,444,168</u>	<u>23,039,340</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% for the current year, and 2.5% for the prior year being the RBA's target inflation rate. The discount rate applied to the current year is based on the Queensland Treasury Corporation's (QTC) Longest Bond Rate of 3.65%. This is a change from prior years discount rate of 2.94% which was based on the average QTC debt pool rate. The change is due to the availability of information and selection of an appropriate basis.

12 Intangible assets

Software		
Opening gross carrying value	209,948	209,948
Additions	<u>-</u>	<u>-</u>
	<u>209,948</u>	<u>209,948</u>
Accumulated amortisation		
Opening value	27,781	5,065
Amortisation in the period	<u>56,199</u>	<u>22,716</u>
	<u>83,979</u>	<u>27,781</u>
Net carrying value at 30 June	<u>125,969</u>	<u>182,167</u>

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

13 Property, Plant and Equipment

(a) Council - 30 June 2018

Note

	Building	Houses	Plant & equipment	Furniture & equipment	Other structures	Road & drainage network	Water	Sewerage	Work in Progress	TOTAL
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2017	32,317,618	13,260,073	4,419,936	1,032,396	5,928,958	40,446,864	27,394,389	7,272,189	833,592	132,905,817
Additions	-	-	338,187	-	-	-	-	-	2,432,908	2,771,094
Disposals	(113,555)	-	(119,698)	(3,499)	-	-	-	-	-	(236,752)
Revaluation Adjustment to Asset Revaluation Surplus	1,501,409	742,644	-	-	392,042	1,499,298	650,913	106,878	-	4,893,183
WIP Transfer	774,600	-	-	-	-	49,325	-	-	(823,925)	-
Transfer between classes	389,058	-	-	(389,058)	-	-	-	-	-	-
Closing Gross Value as at 30 June 2018	34,869,130	14,002,717	4,638,425	639,838	6,321,000	41,995,288	28,045,302	7,379,067	2,442,574	140,333,342

Accumulated Depreciation

Opening balance as at 1 July 2017	9,639,116	4,535,617	2,250,133	507,308	1,887,244	13,497,294	6,001,780	2,357,429	-	40,875,922
Depreciation provided in period	503,816	206,283	405,975	45,981	148,830	890,016	358,955	117,092	-	2,676,947
Depreciation on disposals	-	-	(1,604)	(946)	-	-	-	-	-	(2,551)
Revaluation Adjustment to Asset Revaluation Surplus	670,277	276,724	-	-	136,733	407,805	140,630	32,518	-	1,664,488
Transfer between classes	14,533	-	-	(14,533)	-	-	-	-	-	-
Accumulated Depreciation as at 30 June 2018	10,827,742	5,018,624	2,654,504	537,810	2,172,807	14,794,915	6,501,365	2,507,039	-	45,014,805

Total Written Down Value as at 30 June 2018

Residual Value	24,041,388	8,984,093	1,983,921	102,029	4,148,193	27,200,373	21,543,937	4,872,027	2,442,574	95,318,537
Range of Estimated Useful Life in Years	15-50	54-79	3-10	2-46	15-180	20-120	20-100	15-150	-	558,000

Additions Comprise:

Renewals	105,200	5,219	338,187	-	-	970,250	45,622	-	-	1,464,478
Other Additions	1,306,617	-	-	-	-	-	-	-	-	1,306,617
Total Additions	1,411,816	5,219	338,187	-	-	970,250	45,622	-	-	2,771,094

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

13 Property, Plant and Equipment(cont.)

Note

Basis of measurement
Asset values

Opening gross value as at 1 July 2016

Additions
Disposals
Revaluation Adjustment to Asset Revaluation
WIP Transfer
Transfer between classes
Closing Gross Value as at 30 June 2017

Accumulated Depreciation

Opening balance as at 1 July 2016
Opening balance adjustment
Depreciation provided in period
Depreciation on disposals
Transfer between classes
Accumulated Depreciation as at 30 June 2017

Total Written Down Value as at 30 June 2017

Additions Comprise:
Renewals
Other Additions
Total Additions

Building	Houses	Plant & equipment	Furniture & equipment	Other structures	Road & drainage network	Water	Sewerage	Work in Progress	TOTAL
Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
30,651,996	12,750,070	4,078,015	1,057,844	6,107,110	38,938,550	24,691,646	7,034,710	179,157	125,489,096
-	-	341,921	119,798	-	-	-	-	2,377,452	2,839,171
(228,218)	-	-	(145,245)	(122,363)	-	-	-	-	(495,826)
1,831,560	430,258	-	-	(84,808)	1,146,451	1,634,841	95,072	-	5,073,374
62,280	79,745	-	-	9,019	361,664	1,067,902	142,407	(1,723,017)	-
-	-	-	-	-	-	-	-	-	-
32,317,618	13,260,073	4,419,936	1,032,396	5,928,958	40,446,664	27,394,389	7,272,189	833,592	132,905,817
9,392,877	4,361,168	1,854,711	487,012	1,993,198	13,212,126	7,183,487	2,332,201	-	40,816,780
-	-	-	(22,715)	-	-	-	-	-	(22,715)
497,538	206,282	395,422	108,154	151,806	890,016	360,054	117,093	-	2,726,365
(35,260)	-	-	(65,143)	(83,819)	-	-	-	-	(184,221)
(216,039)	(31,833)	-	-	(173,941)	(604,848)	(1,541,761)	(91,865)	-	(2,660,288)
9,639,116	4,535,617	2,250,133	507,308	1,887,244	13,497,294	6,001,780	2,357,429	-	40,675,922
22,678,501	8,724,456	2,169,803	525,087	4,041,714	26,949,370	21,392,609	4,914,760	833,592	92,229,895
591,908	79,745	-	-	-	292,992	1,078,790	142,407	-	2,185,842
137,154	45,438	341,921	119,798	9,019	-	-	-	-	653,329
729,062	125,183	341,921	119,798	9,019	292,992	1,078,790	142,407	-	2,839,171

The comparative property, plant, and equipment has been restated to correct a number of errors as set out in Note 25.

Doomadgee Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2018

14 Fair value measurements

(a) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

Property, plant and equipment

- Buildings
- Houses
- Other structures
- Road and drainage network
- Water
- Sewerage
- Other financial assets (finance leases)

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

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)

The following table categorises fair value measurements as level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1 or level 2.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council buildings, houses and infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents the Council's assets measured and recognised at fair value at 30 June 2018.

	Note	Level 2		Level 3	
		(Significant other observable inputs)		(Significant unobservable inputs)	
		2018	2017	2018	2017
Recurring fair value measurements					
Buildings					
- Commercial buildings	13	-	-	22,042,765	20,735,179
- Residential buildings	13	-	-	1,998,623	1,943,322
Houses	13	-	-	8,984,093	8,724,456
Other structures	13	-	-	4,148,193	4,041,714
Road and drainage network	13	-	-	27,200,373	26,949,370
Water	13	-	-	21,543,937	21,392,609
Sewerage	13	-	-	4,872,027	4,914,760
Other financial assets	11	-	-	20,444,168	23,039,340

There were no transfers between levels 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.

(b) Valuation techniques used to derive fair values for level 3 valuations

Specific valuation techniques used to value Council assets

Council obtains independent valuations at least every 3 years. The latest comprehensive valuation was undertaken by APV Valuers & Asset Management as at 30 June 2016. Council also undertaken a desktop valuation for all infrastructure assets from independent valuer APV as at 30 June 2018.

Doomadgee Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2018

14 Fair value measurements(cont.)

(i) Buildings and houses (level 3)

A desktop valuation of buildings were determined by independent valuer, APV Valuers & Asset Management effective 30 June 2018.

As all Council buildings are of a specialist nature and there is no active market for the assets, the fair value has been determined using written down current replacement cost on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. Construction costs are based on published construction cost guides and construction costs of homes built within the community in recent years. Due to accessibility issues limiting the ability to measure each residential building, the replacement costs are reflective of the modern equivalent cost to replace the service potential based on the number of accommodation rooms rather than strictly the square metres of floor area.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

(ii) Infrastructure assets (level 3)

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

Road and drainage network

Current replacement cost

Council categorises its road and drainage infrastructure into segments by road name. All road segments are then componentised into base, pavement, surface and kerb (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council also assumes that all raw materials can be sourced from local pits with the work completed with a mixture of local labour and contractors. The unit rates applied are based on greenfield project costs and include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, unit rate databases, indices, Rawlinson's Construction Handbook and quotations.

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

The traffic numbers on Council roads are not high enough to use published condition assessment techniques. The roads were visually inspected by the valuer. No testing or measurement of defects or condition was undertaken. An assessment of remaining useful life was made by the valuer taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Estimated useful lives are disclosed in Note 13.

Sensitivity of valuation to unobservable inputs

As detailed above Council's road and drainage network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon past experience, different judgements could result in a different valuation.

Doomadgee Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2018

14 Fair value measurements(cont.)

Water, and sewer

Current replacement cost

Water and sewerage infrastructure desktop valuation were determined by independent valuers, APV Valuers & Asset Management as of 30 June 2018 using written down current replacement cost. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity, deterioration and estimated remaining life.

The environmental conditions have been assumed consistent across the Council area.

The water and sewer assets were segregated into active and passive assets; passive assets were not further componentised and consisted primarily of mains and pipes. Unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction rates and quotations.

The remaining active assets consisted of treatment, pumping and storage assets. These assets were componentised and valued independently, with allowances for complexity, size, function and site factors. As a check these components are generally combined into a lump sum item and compared against recent similar projects.

Accumulated depreciation

The remaining lives used in the depreciation calculations are estimated using three different methods:

- Condition;
- Known age; and
- Estimated age.

Where the condition was able to be determined from the valuer's inspection or where detailed condition reports have been prepared, the remaining life is dependent on the recorded condition, using a sliding scale. Where detailed condition is not available however the age of the asset is known, the remaining life is estimated using the current age of the asset, adjusted for obsolescence after visual inspection where possible.

Where neither the condition nor the age are known, assumptions are made as to the age and condition of the assets in collaboration with Council staff, in order to obtain a depreciated replacement cost which reasonably reflects the value of the asset.

With passive assets, which are inherently difficult and expensive to inspect (and the inspection of which falls outside the scope of the independent valuation), an accepted basis for estimating the condition, and hence remaining life, of the assets is that of by exception i.e. if a section of pipework does not have a history of maintenance, then it can be assumed to be in average condition for its age.

While generally pipework will last as designed, there are situations which can greatly increase the rate of deterioration. These include soil conditions, surrounding flora, quality of the pipe and quality of the installation. Any of these will affect a region. For instance, if poor quality pipe has been used, then it will have been used in an entire subdivision. Similarly, particularly poor soil conditions will affect a geographic area.

Other structures

Other structures includes airport and recreation facilities has undertaken a desktop valuation as of 30 June 2018 as independently determined by APV Valuers & Asset Management.

The replacement cost of all assets which as a group represent other structures have been estimated through first principles, namely summing together the costs of materials, labour and overhead which were established through contact with suppliers, Council, by having reference to recently constructed project costs and publicly available reference material, having regard to the location and conditions.

An assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Sensitivity of valuation to unobservable inputs

The method used to value Councils' other structures assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon past experience, different judgements could result in a different valuation.

(iii) Finance leases (level 3)

Finance leases are recognised at the present value of the expected future lease payment receivable (*fair value*). The calculation of the present value of the expected future lease income has included an estimate of average annual Consumer Price Index "CPI" increases of 2.5% and a discount rate of 3.65%.

Doomadgee Aboriginal Shire Council
Notes to the financial statements
for the year ended 30 June 2018

14 Fair value measurements(cont.)

The estimate of Consumer Price Index and discount rate comprise unobservable inputs (level 3).

(iv) Valuation processes

Council's valuation policies and procedures are set by the finance committee of the executive management team which comprises the Chief Executive Officer, Manager of Corporate Services and Manager of Finance. This is reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 1.L or 1.M. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

	Note	2018 \$	2017 \$
15 Trade and other payables			
Current			
Creditors & accruals		1,795,864	377,808
ATO Payable		239,117	-
Annual Leave		221,867	166,525
		<u>2,256,848</u>	<u>544,333</u>
16 Provisions			
Current			
Long service leave		109,138	49,865
Restoration of refuse dump		-	-
		<u>109,138</u>	<u>49,865</u>
Non-current			
Long service leave		30,824	26,476
Restoration of refuse dump		1,908,373	1,950,864
		<u>1,939,196</u>	<u>1,977,340</u>
Details of movements in provisions:			
Restoration of refuse dump			
Balance at beginning of financial year		1,950,864	-
Initial recognition of provision		-	1,950,864
Net increase/(decrease) due to change in discount rate		(42,491)	-
Balance at end of financial year		<u>1,908,373</u>	<u>1,950,864</u>
Long service leave			
Balance at beginning of financial year		76,342	127,206
Long service leave entitlement arising		68,166	-
Long service leave entitlement paid		(4,547)	(50,864)
Balance at end of financial year		<u>139,961</u>	<u>76,342</u>
17 Asset revaluation surplus			
Balance at beginning of financial year			
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		42,851,483	35,117,818
Buildings		831,133	2,047,599
Houses		465,919	462,091
Other structures		255,309	109,134
Road & drainage network		1,091,693	1,751,302
Water		510,283	3,176,602
Sewerage		74,360	186,937
		<u>3,228,696</u>	<u>7,733,665</u>
Balance at end of financial year		<u>46,080,179</u>	<u>42,851,483</u>
Asset revaluation surplus analysis			
The closing balance of the revaluation surplus comprises the following asset categories:			
Buildings		16,676,014	15,844,882
Houses		6,041,448	5,575,528
Other structures		1,178,131	922,822
Road & drainage network		13,385,862	12,294,169
Water		6,817,204	6,306,922
Sewerage		1,981,519	1,907,160
		<u>46,080,179</u>	<u>42,851,483</u>

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

18 Commitments for expenditure

	2018	2017
Note	\$	\$
Operating leases		
Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.		
Within one year	26,164	25,765
One to five years	130,822	103,060
Later than five years	-	-
	<u>156,986</u>	<u>128,825</u>
Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
IT Vision Annual Subscription	209,561	169,076
	<u>209,561</u>	<u>169,076</u>
Capital commitments		
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:		
Property, Plant and Equipment		
Road, drainage and bridge network	1,000,000	3,050,000
Buildings	2,260,000	1,476,000
Water	400,000	-
Sewerage	500,000	-
Other	5,800,000	-
	<u>9,960,000</u>	<u>4,526,000</u>

19 Contingent liabilities

Local Government Mutual

The 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 2018 the financial statements of the pool reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The 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.

20 Superannuation

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

20 Superannuation(cont.)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either defined benefit fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that at the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date.

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Doomadgee Aboriginal Shire Council made less than 4% of the total contributions to the plan in the 2016-17 financial year.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

	Note	2018 \$	2017 \$
Superannuation contributions paid by Council to the scheme for the benefit of employees was:	5	376,668	341,518
		<u>376,668</u>	<u>341,518</u>

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees.

21 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

Net result	(2,539,133)	(2,446,363)
Non-cash items:		
Depreciation and amortisation	2,733,146	2,749,081
Loss on revaluation of finance leases	1,896,036	1,246,279
	<u>4,629,181</u>	<u>3,995,360</u>
Investing and development activities:		
Loss on disposal of non-current assets	144,201	311,605
Capital grants and contributions	(2,865,952)	(2,714,187)
	<u>(2,721,751)</u>	<u>(2,402,582)</u>

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

21 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities(cont.)

	Note	2018 \$	2017 \$
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(196,978)	467,075
(Increase)/decrease in inventories		(58,365)	16,813
Increase/(decrease) in payables		1,712,516	(1,432,190)
Increase/(decrease) in provision		21,129	1,899,999
		<u>1,478,301</u>	<u>951,697</u>
Net cash inflow/(outflow) from operating activities		<u>846,600</u>	<u>98,111</u>

22 Related parties

(a) Transactions with key management personnel(KMP)

KMP are the Mayor, Deputy Mayor, Councillors, Chief Executive Officer, Director of Corporate Services , Director of Communities, Director of Engineering, and Governance Officer. The compensation paid to KMP for 2017/18 was as follows:

Details of transaction	2018 \$	2017 \$
Short-term employee benefits	1,140,906	745,047
Post-employment benefits	128,049	88,190
Long-term benefits	-	-
Termination benefits	-	-
Total	<u>1,268,955</u>	<u>833,236</u>
* Detailed remuneration disclosures are provided in the annual report		

(b) Transactions with other 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:

Details of transaction	Add'l info	2018 \$	2017 \$
Purchase of materials and services from entities controlled by close family members of KMP	22(b)(i)	-	-
Employee expenses	22(b)(ii)	517,270	238,041
Total		<u>517,270</u>	<u>238,041</u>

(i) Council purchased the following material and services from entities that are controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations:

	2018 \$	2017 \$
Contracting services (machinery hire and trade services)	-	-
Goods/supplies	-	-
Total	<u>-</u>	<u>-</u>

(ii) All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform:

The council employs 69 staff of which 17 are close family members of key management personnel. Close family members includes a spouse, child, dependent of the KMP or their spouse.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

22 Related parties(cont.)

(c) Outstanding balances of related parties

Receivables	Amounts owed by entities controlled by close family members to KMP	
	2018	2017
	\$	\$
Past due 31-60 days	-	-
Past due 61-90 days	-	-
More than 90 days overdue	10,791	10,791
Total	10,791	10,791

Receivables	Amounts owed by KMP	
	2018	2017
	\$	\$
Past due 31-60 days	-	137
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total	-	137

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect to amounts owed by related parties.

(d) Loans and guarantees to/from related parties

Council does not make loans or receive loans from related parties. No guarantees have been provided.

(e) Commitments to/from other related parties

(f) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Doomadgee Aboriginal Shire Council. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of the Community Halls
- Borrowing of books from the Council libraries

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

23 Events after the reporting period

Since 30 June 2018 the following significant events have occurred that have an impact on the governance of Council and impacted on its ability to meet its statutory financial reporting deadlines.

- 1) Council continued to incur implementation and operational issues with its chosen financial software. Additional external resources were brought in by Council to try to resolve the difficulties being encountered. These issues have taken a significant amount of time to address and resulted in delays to the completion of these financial statements.
- 2) In July 2018 a bi-election was held to replace Cr Tony Kevin Chong with Cr Vernon Ned elected.
- 3) In October 2018, Lothar Siebert was stood down by Council and replaced by Acting Chief Executive Officer Juanita Holden who was previously the Director of Corporate Services.
- 4) In December 2018, Acting Chief Executive Officer Juanita Holden was stood down and was replaced as Acting Chief Executive Officer by Rod Richardson who was previously the Chief Executive Officer until Rod Richardson stepped down due to ill health in April 2016.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

23 Events after the reporting period(cont.)

5) In April 2019, Acting Chief Executive Officer Rod Richardson passed away due to illness. Rod was replaced by Stephen Wilton in June 2019 who then resigned in October 2019 and Stephen was replaced by Mr Garry Jeffries as CEO.

6) Management are currently in the process of reconciling the FY19 financial data. There have been no significant changes in the activities of the Council and to date no subsequent events have been identified in the reconciliation procedures.

There does not appear to be an apparent going concern risk as Council appears to be able to pay its debts as and when they fall due and have a significant cash balance.

Management have confirmed that Council is not seeking protection from creditors pursuant to laws and regulations and that assets and liabilities are recorded on the basis that Council can realise its assets and discharge its liabilities in the normal course of business.

We have not identified any external factors that cast doubts over Council's ability to continue as a going concern. No other material adjusting events have taken place since the end of the year.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

24 Financial instruments

Doomadgee Aboriginal Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial risk management

Doomadgee Aboriginal Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Doomadgee Aboriginal Shire Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state or commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

Financial assets	Note	2018 \$	2017 \$
Cash and cash	9	10,864,537	9,133,943
Trade and other receivables	10	762,302	652,988
Other financial assets	11	20,444,168	23,039,340
Total Financial Assets		<u>32,071,007</u>	<u>32,826,271</u>

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the Queensland Treasury Corporation (QTC). The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Trade and other receivables

The Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

**Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018**

24 Financial instruments(cont.)

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. This is due to economic issues e.g. low employment and various cultural issues all of which have a great economic impact.

Ageing of receivables and the amount of any impairment is disclosed in the following table:

	2018 \$	2017 \$
Not past due	557,959	292,390
Past due 31-60 days	12,083	25,732
Past due 61-90 days	4,080	1,004
More than 90 days	599,282	735,587
Impaired	(410,834)	(401,726)
Total	762,572	652,988

Other financial assets

Finance leases are to the State of Queensland by the Department of Communities.

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
2018					
Trade and other payables	2,256,848	-	-	2,256,848	2,256,848
	2,256,848	-	-	2,256,848	2,256,848
2017					
Trade and other payables	544,333	-	-	544,333	544,333
	544,333	-	-	544,333	544,333

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest rate risk

Doomadgee Aboriginal Shire Council is exposed to interest rate risk through investments

Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

24 Financial instruments(cont.)

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2018					
QTC cash fund	8,217,699	82,177	(82,177)	82,177	(82,177)
	<u>8,217,699</u>	<u>82,177</u>	<u>(82,177)</u>	<u>82,177</u>	<u>(82,177)</u>
2017					
QTC cash fund	7,051,330	70,513	(70,513)	70,513	(70,513)
	<u>7,051,330</u>	<u>70,513</u>	<u>(70,513)</u>	<u>70,513</u>	<u>(70,513)</u>

25 Correction of errors

(a) Furniture and Equipment Asset Class

In the process of migrating to Synergysoft, Council was manually calculating depreciation of non-current assets. It was determined that Furniture and Equipment asset class' depreciation as of the 30th June 2017 was overstated as it included depreciation of assets that were moved to another asset class and also some furniture and equipment assets are still being charged with a full year depreciation expense even if the asset was already fully written down. To correct the error, the balance was adjusted as at the 30th June 2017. The adjustments are as follows

	As at 30 June 2017	As at 1 July 2016
	\$	\$
Increase property, plant and equipment	179,091	-
Increase retained surplus	179,091	-
	Year ended 30 June 2018	Year ended 30 June 2017
	\$	\$
Decrease in depreciation expense	-	179,091
Increase net result	-	179,091

(b) Rates debtors

At the end of the financial year 30th June 2017, it was determined that an amount related to the 2017 rates billings was not recorded as rates revenue and rates receivable as at 30th June 2017. To correct and recognise the revenue and receivables the adjustment are as follows:

	As at 30 June 2017	As at 1 July 2016
	\$	\$
Increase receivables	64,447	-
Increase retained surplus	64,447	-
	Year ended 30 June 2018	Year ended 30 June 2017
	\$	\$
Increase in rates, levies and charges	-	64,447
Increase net result	-	64,447

Doomadgee Aboriginal Shire Council
Notes to the Financial Statements
for the year ended 30 June 2018

25 Correction of errors(cont.)

(c) Disposal of assets

During the financial year 2016/17, Doomadgee Aboriginal Shire Council had a fire that resulted in the destruction of its playdround structure and covers. There was also two computer servers that were damaged. One was damaged by water while the other malfunctioned. The receipt from the insurance claim was recieved and receipted as other income but there was no corresponding disposal of assets recorded. To record disposal the adjustments are as follows:

	As at 30 June 2017	As at 1 July 2016
	\$	\$
Decrease property, plant and equipment	311,605	-
Decrease retained surplus	311,605	-
	Year ended 30 June 2018	Year ended 30 June 2017
	\$	\$
Increase in loss on asset disposal	-	311,605
Decrease in net result	-	311,605

The total impact of the above adjustments is as follows

- No impact on the opening balances as at 1 July 2016
- Decrease in property, plant, and equipment of \$490,696 as at 30 June 2017
- Increase in trade and other receivables of \$64,447 at 30 June 2017
- Decrease in net result of \$68,067 at 30 June 2017

Doomadgee Aboriginal Shire Council
Financial Statements
for the year ended 30 June 2018

Management Certificate
For the year ended 30 June 2018

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 3 to 37, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor



Chief Executive Officer

Date: 19/12/19

Date: 19/12/19

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Doomadgee Aboriginal Shire Council

Report on the audit of the financial report

Qualified opinion

I have audited the accompanying financial report of Doomadgee Aboriginal Shire Council.

In my opinion, except for the possible effects of the matters described in the *Basis for qualified opinion* section of my report, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2018, and 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 2018, 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 Acting Mayor and Chief Executive Officer.

Basis for qualified opinion

Sufficient appropriate evidence has not been presented by Doomadgee Aboriginal Shire Council to confirm:

Recoverability of amounts owing from the Australian Taxation Office (ATO) – prior year

In the prior year, trade and other receivables reported in note 10 included an amount owing from the ATO of \$58,694 at 30 June 2017. Evidence was identified that this balance was overstated by \$184,000, resulting in Council having a liability to the ATO instead of a receivable. As Council has not corrected the amounts previously reported, I remain unable to form an opinion on the 2017 comparative balances as reported in the financial report for the year ended 30 June 2018.

I obtained sufficient appropriate audit evidence that the amounts reported in the statement of financial position at 30 June 2018 in relation to the ATO are fairly stated.

Completeness and existence of property, plant and equipment – prior year

In the prior year, I was unable to obtain sufficient appropriate audit evidence about the completeness and accuracy of property, plant and equipment as a result of the absence of a current asset register for that period. Consequently, I am unable to form an opinion on whether property, plant and equipment at 30 June 2017 reported as \$92,229,895 in note 13, asset revaluation surplus at 30 June 2017 reported as \$42,851,483 in note 17, depreciation expense for the years ended 30 June 2018 and 30 June 2017 reported as \$2,676,947 and \$2,726,365 respectively in note 13 and the increase in asset revaluation surplus for the years ended 30 June 2018 and 30 June 2017 reported as \$3,228,696 and \$7,733,665 respectively in the statement of comprehensive income are fairly stated in accordance with Australian Accounting Standards. The impact of these matters on the financial report is unable to be quantified due to the absence of reliable data.

Council has rectified the absence of an asset register as at 30 June 2018 and the amounts reported in the statement of financial position at 30 June 2018 are fairly stated.

Conditional unexpended grant contributions not quantified – prior year

In the prior year, Council was unable to determine the amount of unexpended grant funding received up to 30 June 2017 that was required to be expended in a manner specified by the contributor. As Council has not amended the previous disclosures, I remain unable to form an opinion on the 2017 comparative amounts reported in the financial report for the year ended 30 June 2018, being \$ nil in note 4(b) and \$ nil in note 9.

For the current year, I have obtained sufficient appropriate audit evidence that Council has accurately quantified the conditional unexpended grant contributions as at 30 June 2018 reported note 4(b) and note 9.

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in Doomadgee Aboriginal Shire Council's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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 council for the financial report

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

The council is 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.

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*, except for the matters described in the *Basis of qualified opinion* section of my report, for the year ended 30 June 2018:

- a) I received all the information and explanations I required.

- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Sri Narasimhan
as delegate of the Auditor-General

19 December 2019
Queensland Audit Office
Brisbane

Doomadgee Aboriginal Shire Council
Current-year Financial Sustainability Statement
for the year ended 30 June 2018

Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2018 against key financial ratios and targets:			
Operating Surplus Ratio	Net result (excluding capital) divided by total operating revenue (excluding capital)	-45%	0% to 10%
Asset Sustainability Ratio	Capital expenditure on replacement of assets (renewals) divided by depreciation expense.	51%	> 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-70%	< 60%

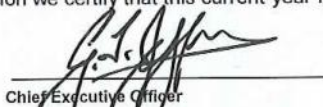
Note 1 - Basis of Preparation

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 2018.

Certificate of Accuracy
For the year ended 30 June 2018

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation). In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.


Mayor


Chief Executive Officer

Date: 19/12/19

Date: 19/12/19

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Doomadgee Aboriginal Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Doomadgee Aboriginal Shire Council for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Acting Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Doomadgee Aboriginal Shire Council for the year ended 30 June 2018 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Doomadgee Aboriginal Shire Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements, the long-term financial sustainability statement and the annual report.

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 council for the current year financial sustainability statement

The council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines 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

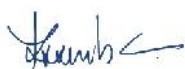
My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, 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.



Sri Narasimhan
as delegate of the Auditor-General

19 December 2019

Queensland Audit Office
Brisbane

**Doomadgee Aboriginal Shire
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2018**

Measures of Financial Sustainability	Measure	Target	Actuals	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
			30 June 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Operating Surplus Ratio	Net result divided by total operating revenue	0% to 10%	-45.1%	9.30%	8.20%		6.90%	7.60%	7.20%	6.70%	5.20%	6.00%	5.70%
Asset Sustainability Ratio	Capital expenditure on renewals divided by depreciation expense.	> 90%	51%	124.40%	93.00%		93.70%	94.40%	95.10%	95.80%	96.50%	97.30%	98.00%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	< 60%	-70%	-69.30%	-69.25%		-59.37%	-85.70%	-70.10%	-90.10%	-81.10%	-80.60%	-88.70%

Doomadgee Aboriginal 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 year ended 30 June 2018

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

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


Mayor

Date: 19/12/19


Chief Executive Officer

Date: 19/12/19