



Annual Financial Statements

For the year ended 30 June 2025

Pormpuraaw Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2025

Table of contents	Page No.
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
1 Information about these financial statements	7
2 Analysis of results by function	9
3 Revenue	11
4 Grants, subsidies, contributions and donations	12
5 Capital income	13
6 Employee benefits	13
7 Materials and services	14
8 Finance cost	14
9 Capital expenses	14
10 Cash and cash equivalents	15
11 Receivables	15
12 Inventories	15
13 Property, plant and equipment	16
14 Fair value measurements	20
15 Contract balances	24
16 Leases	24
17 Payables	26
18 Provisions	26
19 Asset revaluation surplus	27
20 Commitments for expenditure	27
21 Contingent liabilities	27
22 Superannuation	28
23 Trust Funds	28
24 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities	28
25 Events after the reporting period	28
26 Transactions with related parties	29
27 Financial instruments and financial risk management	31
28 Tied Grants by Project	33
Management Certificate	36
Independent Auditor's Report (General purpose financial statements)	37
Current-year Financial Sustainability Statement (audited)	
Certificate of Accuracy (Current Year Financial Sustainability Statement)	
Independent Auditor's Report (Current-year Financial Sustainability Statement)	
Current-year Financial Sustainability Statement - contextual (unaudited)	
Certificate of Accuracy - contextual (Current Year Financial Sustainability Statement)	
Long-term Financial Sustainability Statement (unaudited)	
Certificate of Accuracy (Long-term Financial Sustainability Statement)	

Pormpuraaw Aboriginal Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Income			
Revenue			
Recurrent revenue			
Levies and charges	3(a)	531,999	519,245
Fees and charges	3(b)	502,010	332,599
Rental income	16	1,757,331	1,185,971
Interest received		3,350,793	2,694,577
Sales revenue	3(c)	7,711,858	7,840,163
Other income	3(d)	1,558,744	194,922
Grants, subsidies, contributions and donations	4(i)	13,850,980	6,079,591
Total operating revenue		29,263,715	18,847,068
Capital Income			
Grants, subsidies, contributions and donations	4(ii)	11,707,493	6,197,348
Capital income	5	28,076	188,380
Total capital income		11,735,569	6,385,728
Total income		40,999,284	25,232,796
Expenses			
Recurrent expenses			
Employee benefits	6	(5,413,182)	(4,963,699)
Materials and services	7	(7,385,444)	(8,677,942)
Finance costs	8	(239,460)	(127,568)
Depreciation			
Property, plant and equipment	13	(5,648,188)	(6,049,163)
Loss on revaluation of finance lease	16	-	(191,591)
		(18,686,274)	(20,009,963)
Capital expenses	9	(4,335,358)	(345,181)
Total expenses		(23,021,632)	(20,355,144)
Net result		17,977,652	4,877,652
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	19	44,152	28,889,633
Total other comprehensive income for the year		44,152	28,889,633
Total comprehensive income for the year		18,021,804	33,767,285

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

Pormpuraaw Aboriginal Shire Council
Statement of Financial Position
As at 30 June 2025

	Note	2025 \$	2024 \$
Current assets			
Cash and cash equivalents	10	89,541,399	66,177,359
Receivables	11	1,095,057	1,818,266
Inventories	12	536,213	583,646
Contract assets	15	2,035,877	761,141
Other assets		129,370	141,367
Lease receivable	16	588,332	527,653
Total current assets		93,926,248	70,009,432
Non-current assets			
Property, plant and equipment	13	165,047,306	161,933,102
Lease receivable	16	14,191,844	12,124,158
Total non-current assets		179,239,150	174,057,260
Total assets		273,165,398	244,066,692
Current liabilities			
Payables	17	2,280,471	2,658,320
Contract liabilities	15	22,734,264	11,456,066
Provisions	18	864,551	758,151
Total current liabilities		25,879,286	14,872,537
Non-current liabilities			
Provisions	18	259,641	189,488
Total non-current liabilities		259,641	189,488
Total liabilities		26,138,927	15,062,025
Net community assets		247,026,471	229,004,667
Community equity			
Asset revaluation surplus	19	140,293,283	140,249,131
Retained surplus		106,733,188	88,755,536
Total community equity		247,026,471	229,004,667

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

Pormpuraaw Aboriginal Shire Council
Statement of Changes in Equity
For the year ended 30 June 2025

	Asset revaluation surplus	Retained surplus	Total
	\$	\$	\$
Balance as at 1 July 2024	140,249,131	88,755,536	229,004,667
Net result	-	17,977,652	17,977,652
Increase in asset revaluation surplus	44,152	-	44,152
Total comprehensive income for the year	44,152	17,977,652	18,021,804
Balance as at 30 June 2025	140,293,283	106,733,188	247,026,471
Balance as at 1 July 2023	111,359,498	83,877,884	195,237,382
Net result	-	4,877,652	4,877,652
Increase in asset revaluation surplus	28,889,633	-	28,889,633
Total comprehensive income for the year	28,889,633	4,877,652	33,767,285
Balance as at 30 June 2024	140,249,131	88,755,536	229,004,667

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

Pormpuraaw Aboriginal Shire Council
Statement of Cash Flows
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers		10,817,266	9,733,498
Payments to suppliers and employees		(14,271,039)	(13,618,641)
		<u>(3,453,773)</u>	<u>(3,885,143)</u>
Interest received		3,343,672	2,536,331
Rental income		1,757,331	1,185,971
Non-capital grants, subsidies, and contributions		13,830,321	6,084,570
Net cash inflow from operating activities	24	<u>15,477,551</u>	<u>5,921,729</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(14,397,995)	(7,160,454)
Proceeds from sale of property plant and equipment		30,094	263,342
Finance lease receipts	16	529,625	541,581
Grants, subsidies, contributions and donations		21,724,765	15,556,878
Net cash inflow from investing activities		<u>7,886,489</u>	<u>9,201,347</u>
Net increase in cash and cash equivalents held		<u>23,364,040</u>	<u>15,123,076</u>
Cash and cash equivalents at the beginning of the financial year		66,177,359	51,054,283
Cash and cash equivalents at end of the financial year	10	<u>89,541,399</u>	<u>66,177,359</u>

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

1 Information about these financial statements

1.A Basis of preparation

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

The general purpose financial statements are for the period 1 July 2024 to 30 June 2025. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

These financial statements have been prepared under historical cost convention except for the revaluation of certain classes of property, plant and equipment.

1.B New and revised Accounting Standards adopted during the year.

Pormpuraaw Aboriginal Shire Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2024, none of the standards had a material impact on reported position, performance and cash flows.

The relevant standards for Pormpuraaw Aboriginal Shire Council were:

- AASB 101 Presentation of Financial Statements (amended by AASB 2020-1, AASB 2020-6, AASB 2022-6, AASB 2023-3) relating to current / non-current classification of liabilities.

- AASB 13 Fair Value Measurement (amended by AASB 2022-10)

1.C Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not mandatorily effective at 30 June 2025, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies the new Australian Accounting Standards that were issued but not yet effective at the time of preparing these financial statements that could be applicable to Council.

	Effective for reporting periods beginning on or after:
AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2026
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2028

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

1 Information about these financial statements

1.D Estimates and judgements

Council make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however, due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes.

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 13 and Note 14

Impairment of property, plant and equipment - Note 14

Contract assets and liabilities - Note 15

Provisions - Note 18

Contingent liabilities - Note 21

Revenue recognition - Note 3 and 4

1.E Rounding and comparatives

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard / Comparative information is prepared on the same basis as the prior year.

1.F Taxation

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

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 :

Community Services – The Way We Want To Live Together

The key objective is to promote outcomes which encourage a healthy, supportive, contributing and proactive community where appropriate services and facilities are available and accessible by all. This function advocates and supports: participation of men in community programs; sport, art & culture; aged community members are provided with quality of life; and community access to justice through an active Justice Group.

The community function includes:

- Work and support programs of education, training and rehabilitation;
- Increase community awareness and engagement in public activities and special events;
- Encouraging leadership and stewardship through regular community discussions; and
- Providing quality aged care facilities by highly trained staff.

Built Environment – Shaping Our Surroundings

The key objective is to plan for the future development of the community in ways which actively value the heritage and the character of our community with access for all.

This function manages and provides, to a standard that ensures a minimum legislative compliance and equitable standard:

- Development and maintenance of urban and rural roads;
- Maintain and extend the program for roads, drainage and pathways;
- Advocate and supports the development of housing & the refurbishment of existing housing.

Natural Environment – It Begins With Each Of Us

The key objective is to ensure the natural environment is protected in a way that is not compromised for future generations and is managed so as to minimise our impact on non renewable resources.

This function manages and provides:

- The Land & Sea Ranger programs;
- Supports and develops feral animal and plant pest control;
- Public Health programs;
- The development and monitoring of the West Coast Turtle Threat Abatement Program; and
- Water, waste and sewerage services.

Economy – Creating Our Future

The key objective is to facilitate a vibrant local economy which enjoys sustainable business investments and the benefits of a skilled and diverse workforce.

The goal of this function is to advocate and develop:

- Tourism infrastructure, a local tourism economy and employment opportunities;
- Diverse sustainable business opportunities;
- New businesses are established and/or developed in Pormpuraaw which generate a substantial flow of funds into the community; and
- the increase of training and employment opportunities for residents.

Organisation – Developing Our Capacity

The key objective is to strengthen the capacity of the council organisation and its people to serve our community and to pursue positive outcomes in partnership with community business and government bodies.

This function manages and provides:

- The longevity and sustainability of local government and its benefits to the community;
- Councillors that are actively engaged in the affairs of the community;
- Value the benefits of good financial management and accountability; and
- Community benefits which result from good governance.

The organisation function achieves its objectives by: transparency and accountability in business dealings, probity in purchasing; adhering to reporting timeframes and active communication to our stakeholders.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

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 2025													
Functions	Gross Program Income						Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital					Recurrent	Capital				
	Other		Grants	Other									
	Grants	\$		Other	\$								
Community Services	2,030,062	637,723		37,131	-		2,704,916	(2,256,186)	-	(2,256,186)	411,599	448,730	8,554,234
Built Environment	44,852	6,575,104		11,516,440	-		18,136,396	(11,143,807)	(4,335,358)	(15,479,165)	(4,523,851)	2,657,231	128,409,648
Natural Environment	1,386,612		776,375	-			2,162,987	(1,253,678)	-	(1,253,678)	909,309	909,309	23,964,519
Economy	10,040	2,714,858		153,922	-		2,878,820	(2,209,390)	-	(2,209,390)	515,508	669,430	19,042,041
Organisation	10,379,414	4,708,675		-	28,076		15,116,165	(1,823,213)	-	(1,823,213)	13,264,876	13,292,952	93,194,956
Total	13,850,980	15,412,735		11,707,493	28,076		40,999,284	(18,686,274)	(4,335,358)	(23,021,632)	10,577,441	17,977,652	273,165,398

Year ended 30 June 2024													
Functions	Gross Program Income						Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital					Recurrent	Capital				
	Other		Grants	Other									
	Grants	\$		Other	\$								
Community Services	2,335,279	425,200		36,000	-		2,796,479	(3,323,695)	-	(3,323,695)	(563,216)	(527,216)	8,471,013
Built Environment	135,060	6,066,480		5,776,625	-		11,978,165	(12,665,271)	(345,181)	(13,010,452)	(6,463,731)	(1,032,287)	122,746,975
Natural Environment	907,211		998,017	322,718	-		2,227,946	(1,296,892)	-	(1,296,892)	608,336	931,054	23,578,623
Economy	-	2,501,006		49,252	-		2,550,258	(2,360,682)	-	(2,360,682)	140,324	189,576	19,548,682
Organisation	2,702,041	2,776,774		12,753	188,380		5,679,948	(363,423)	-	(363,423)	5,115,392	5,316,525	69,721,399
Total	6,079,591	12,767,477		6,197,348	188,380		25,232,796	(20,009,963)	(345,181)	(20,355,144)	(1,162,895)	4,877,652	244,066,692

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

3 Revenue

Service levies are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the levy period to which they relate.

	2025	2024
	\$	\$
(a) Service charges		
Service levies	531,999	519,245
	<u>531,999</u>	<u>519,245</u>

(b) Fees and charges

Revenue arising from fees and charges is recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

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

	2025	2024
	\$	\$
Fees and charges	201,161	90,654
Airline fees and charges	300,849	241,945
	<u>502,010</u>	<u>332,599</u>

(c) Sales revenue

Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of goods and the cessation of all involvement in the goods.

The Council generates revenues from a number of services including private works in the form of housing maintenance, fuel sales and powercard sales. Revenue from housing maintenance generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. 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.

	2025	2024
	\$	\$
Rendering of services		
Private work revenue	4,173,905	5,056,721
Concrete batching revenue	1,219,752	331,305
Aged care	401,751	310,630
Plant and equipment services	242,078	188,112
Commissions	92,374	86,976
	<u>6,129,860</u>	<u>5,973,744</u>

Sale of goods

Fuel	753,968	693,397
Carbon credit sales	577,788	900,785
Admin store sales	159,003	191,216
Other	91,239	81,021
	<u>1,581,998</u>	<u>1,866,419</u>

Total sales revenue

	<u>7,711,858</u>	<u>7,840,163</u>
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(d) Other income

RISE community contribution	216,697	93,506
Other revenue	21,547	101,416
Gain on revaluation of finance leases	1,315,613	-
Insurance claim	4,887	-
	<u>1,558,744</u>	<u>194,922</u>

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

4 Grants, subsidies, contributions and donations

Grant income under AASB 15

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

The performance obligations vary in each agreement but include events, disability support services, etc. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income under AASB 1058

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

Capital grants

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

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

Contributions and donations

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

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.

	2025	2024
	\$	\$
(i) Operating		
Commonwealth government subsidies and grants	9,064,658	1,417,814
State government subsidies and grants	4,686,089	4,641,542
Other operating grants	81,415	13,630
Contributions	18,818	6,605
	<u>13,850,980</u>	<u>6,079,591</u>

In June 2025, Council received \$2,641,538, representing 50% of its 2025–26 Commonwealth Financial Assistance Grant allocation. As these are untied grants, the full amount was recognised as revenue upon receipt in the 2024–25 financial year, in accordance with the revenue standards.

Council also received its full 2024–25 Financial Assistance Grant allocation during 2024–25 financial year. In contrast, majority of the 2023–24 allocation had been received and recognised in the 2022–23 financial year. The timing difference contributed to a significant increase in operating grants in 2024–25 compared to the prior year.

(ii) Capital		
Commonwealth government subsidies and grants	658,932	492,055
State government subsidies and grants	11,048,561	5,692,540
Other capital grants	-	12,753
	<u>11,707,493</u>	<u>6,197,348</u>

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

4 Grants, subsidies, contributions and donations (continued)

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

	2025		2024	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
	\$	\$	\$	\$
Government grants and subsidies	13,728,543	11,729,697	6,141,198	6,102,753
Other operating grants	11,500	69,915	9,000	17,383
Contributions	18,818	-	6,605	-
	<u>13,758,861</u>	<u>11,799,612</u>	<u>6,156,803</u>	<u>6,120,136</u>

5 Capital income	2025	2024
	\$	\$
Gain on disposal of non-current assets		
Proceeds from sale property, plant & equipment	30,094	263,342
Less: Carrying value of disposed property, plant & equipment	(2,018)	(74,962)
Total capital income	<u>28,076</u>	<u>188,380</u>

6 Employee benefits	2025	2024
	\$	\$
Total staff wages, salaries and entitlements	4,442,840	4,106,323
Councillors' remuneration	411,441	365,625
Superannuation	460,447	451,038
	<u>5,314,728</u>	<u>4,922,986</u>
Other employee related expenses	232,597	199,404
	<u>5,547,325</u>	<u>5,122,390</u>
Less: Capitalised employee expenses	(134,143)	(158,691)
	<u>5,413,182</u>	<u>4,963,699</u>

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

Total Council employees at the reporting date:

	2025	2024
	Number	Number
Elected members	5	5
Administration staff	34	26
Depot and outdoors staff	41	42
Total Council employees	<u>80</u>	<u>73</u>

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

7	Materials and services	2025 \$	2024 \$
	Cost of fuel	616,845	571,828
	Cost of enterprise sales	66,087	52,271
	Freight	162,649	124,412
	Administration supplies and consumables	493,879	484,485
	Audit of annual financial statements by the Auditor-General of Queensland*	79,075	65,130
	Communications and IT	285,220	184,631
	Consultants	304,472	291,040
	Contractors	56,970	103,022
	Private works expenditure	2,490,310	3,080,199
	Insurance	863,083	989,657
	Vehicle operating costs	97,497	94,403
	Power and utility	226,911	260,985
	Repairs and maintenance	434,564	377,867
	Safety equipment and expenses	48,095	103,100
	Sport, community and recreational expenses	112,254	187,141
	Carbon Abatement Fee	-	112,000
	Travel cost	60,891	53,468
	Other materials and services	986,642	841,266
	Grants repaid	-	701,037
		7,385,444	8,677,942

* Total audit fees quoted by the Queensland Audit Office relating to the 2024-25 financial statements are \$79,075 (2024: \$63,630).

8	Finance cost	Note	2025 \$	2024 \$
	Bank charges		86,572	70,447
	Movement on provision for restoration of landfill	18	41,571	(26,703)
	Impairment of receivables		111,317	83,824
			239,460	127,568

9	Capital expenses	2025 \$	2024 \$
	Capital asset write-offs		
	Capital write-off	10,000	149,862
		10,000	149,862
	Loss on disposal of non-current assets		
	Proceeds from the sale of property, plant and equipment	-	-
	Less: Carrying value of disposed property, plant and equipment	189,293	195,319
		189,293	195,319
	Loss on transfer of assets via finance lease		
	Carrying value of housing assets written-off	5,478,442	-
	Less: Initial recognition of lease	(1,342,377)	-
		4,136,065	-
	Total capital expenses	4,335,358	345,181

In the 2024-25 financial year, a new finance lease agreement was signed into with the Department of Housing and Public Works for 40-year lease housing assets and an initial recognition of finance leases has been reported. Council had a signed agreement in place, and the Department commenced lease payments for these properties, hence, the lease receivable was recognised as at 30 June 2025. The construction costs of the leased assets were written off as a capital expense in the year ended 30 June 2025, with the finance lease arrangement reported as part of the initial recognition of lease receivables.

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

		2025 \$	2024 \$
10	Cash and cash equivalents		
	Cash at bank and on hand	18,661,807	1,610,280
	Deposits at call	70,879,592	64,567,079
	Balance per Statement of Cash Flows	<u>89,541,399</u>	<u>66,177,359</u>

The Council may be exposed to credit risk through its investments in the QTC Cash Fund or other financial institutions in Australia. 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. Other bank accounts are held with financial institutions, which are rated AA- based on rating agency Fitch Ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote. 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.

Unrestricted cash

Cash and cash equivalents	89,541,399	66,177,359
Less: Externally imposed restrictions on cash	<u>(24,081,547)</u>	<u>(12,325,669)</u>
Unrestricted cash	<u>65,459,852</u>	<u>53,851,690</u>

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

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

Unspent government grants and subsidies	<u>(24,081,547)</u>	<u>(12,325,669)</u>
Total externally imposed restrictions on cash assets	<u>(24,081,547)</u>	<u>(12,325,669)</u>

	Note	2025 \$	2024 \$
11	Receivables		
	Receivables	1,013,409	1,617,643
	Less: Loss allowance	(284,783)	(173,466)
	Accrued income	<u>366,431</u>	<u>374,089</u>
		<u>1,095,057</u>	<u>1,818,266</u>

Settlement of these amounts is required within 30 days from invoice date.

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

No interest is charged on receivables.

Expected credit loss assessment

Council reviews the expected credit losses of trade and other receivables from individual customers. Receivables comprise relatively small number of balances which can be reviewed and assessed on a case by case basis.

12 Inventories

Costs are assigned on the basis of weighted average.

	2025 \$	2024 \$
Inventories held for sale		
Fuel	283,972	305,055
Other trading stocks	<u>13,645</u>	<u>34,258</u>
	<u>297,617</u>	<u>339,313</u>
Inventories held for distribution		
Plant and equipment stores	<u>238,596</u>	<u>244,333</u>
	<u>238,596</u>	<u>244,333</u>
Total inventories	<u>536,213</u>	<u>583,646</u>

Pompuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

13 Property, plant and equipment

30 June 2025

Note	Furniture & Fittings	Buildings	Plant & Equipment	Infrastructure assets - Water	Infrastructure assets - Sewerage	Infrastructure assets - Other	Land	Work in Progress	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	\$
	416,116	78,160,117	7,626,177	11,336,897	17,238,491	133,398,853	491,000	935,725	249,603,376
	-	120,994	-	-	-	1,896,963	-	127,002	2,144,959
	-	8,679,376	1,450,537	-	614,741	1,363,446	-	144,936	12,253,036
	-	(6,000,948)	(67,960)	-	-	-	-	-	(6,068,908)
5, 9	-	1,909,836	-	266,417	394,762	4,055,325	46,596	-	6,672,936
19	-	-	-	-	-	(791,629)	-	-	(791,629)
(i)	-	-	-	-	-	(2,128,476)	-	-	(2,128,476)
(ii) /19	-	923,125	-	-	-	12,600	-	(935,725)	-
	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	(10,000)	-	-	(10,000)
	416,116	83,792,500	9,008,754	11,603,314	18,247,994	137,797,082	537,596	271,938	261,675,294

Closing gross value as at 30 June 2025

Accumulated depreciation and impairment

	416,116	45,552,207	4,721,853	2,785,238	4,485,604	29,709,256	-	-	87,670,274
	-	1,999,005	496,894	225,189	342,718	2,584,382	-	-	5,648,188
	-	(333,212)	(65,942)	-	-	-	-	-	(399,154)
5, 9	-	1,116,100	-	70,745	110,569	981,727	-	-	2,279,141
19	-	-	-	-	-	(791,629)	-	-	(791,629)
(i)	-	-	-	-	-	2,221,168	-	-	2,221,168
(ii) /19	-	-	-	-	-	-	-	-	-
	416,116	48,334,100	5,152,805	3,081,172	4,938,891	34,704,904	-	-	96,627,988
	-	35,458,400	3,855,949	8,522,142	13,309,103	103,092,178	537,596	271,938	165,047,306
	3 - 5	15 - 80	5 - 15	10 - 80	15 - 120	10 - infinite	-	-	-

Accumulated depreciation as at 30 June 2025

Carrying amount as at 30 June 2025

Range of estimated useful life in years

(i) In the 2024–25 financial year, Council incurred restoration costs totalling \$1,837,617 to return roads to their pre-disaster condition following weather events. This amount was recognised as asset additions. Of the total, \$791,629 was written off against accumulated depreciation as these costs did not increase the replacement cost but rather improved the asset condition. The remaining \$1,045,988 related to formation components, which have an indefinite useful life and no accumulated depreciation. Accordingly, these costs were capitalised as additions to the replacement cost, resulting in a corresponding increase in the asset's fair value.

(ii) As at 30 June 2025, a new weather event caused further damage to road assets, resulting in a total impairment of \$4,349,644. This amount was based on the draft estimate provided by the Queensland Reconstruction Authority and is consistent with the methodology applied in prior years. As the restoration works had not commenced by year-end, the impairment was recognised to reflect the reduced fair value of the affected assets. Of the total estimated impairment, \$2,128,476 was recognised against the replacement cost for road formation components, which have an indefinite useful life, while the remaining \$2,221,168 was recognised against accumulated depreciation for all other depreciable components, in line with prior year treatment.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

13 Property, plant and equipment (continued)

30 June 2024

Basis of measurement

Asset values

Opening gross value as at 1 July 2023

Additions

- Renewals

- Other additions

Disposals

Revaluation adjustment to asset revaluation surplus

Transfers from work in progress

Redclassification to operating expenses

Write off operating expenses capitalised

Closing gross value as at 30 June 2024

Accumulated depreciation and impairment

Opening balance as at 1 July 2023

Depreciation expense

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2024

Carrying amount as at 30 June 2024

Range of estimated useful life in years

Note	Furniture & Fittings	Buildings	Plant & Equipment	Infrastructure assets - Water	Infrastructure assets - Sewerage	Infrastructure assets - Other	Land	Work in Progress	Total
	Cost \$	Fair Value \$	Cost \$	Fair Value \$	Fair Value \$	Fair Value \$	Fair Value \$	Cost \$	\$
	416,116	74,967,312	8,196,419	10,462,620	16,403,430	105,333,624	421,926	739,160	216,940,607
	-	233,209	-	-	-	1,612,123	-	-	1,845,332
5,9	-	12,753	951,449	153,910	-	3,312,253	-	884,756	5,315,122
19	-	(737,700)	(1,521,691)	-	-	-	-	-	(2,259,391)
	-	3,684,544	-	469,772	726,672	22,971,230	69,074	-	27,921,291
	-	-	-	250,595	108,389	169,623	-	(528,607)	-
9	-	-	-	-	-	-	-	(9,722)	(9,722)
	-	-	-	-	-	-	-	(149,862)	(149,862)
	416,116	78,160,117	7,626,177	11,336,897	17,238,491	133,398,853	491,000	935,725	249,603,376
	416,116	41,997,700	5,732,963	2,462,291	3,972,331	29,997,162	-	-	84,578,563
5,9	-	1,923,858	435,620	203,263	322,990	3,163,432	-	-	6,049,163
19	-	(542,380)	(1,446,730)	-	-	-	-	-	(1,989,110)
	-	2,173,029	-	119,683	190,283	(3,451,338)	-	-	(968,343)
	416,116	45,552,207	4,721,853	2,785,238	4,485,604	29,709,256	-	-	87,670,274
	-	32,607,910	2,904,324	8,551,658	12,752,887	103,689,597	491,000	935,725	161,933,102
	3 - 5	15 - 80	5 - 15	10 - 80	15 - 120	10 - 1000	-	-	-

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

13 Property, plant and equipment (Continued)

(a) Recognition

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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.

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.

Expenditure incurred in accordance with Disaster Recovery Funding 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 rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Deed of Grant in Trust Land

The Council is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 34I of the Land Act 1994. It comprises an area of approximately 466,000 hectares.

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

(b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

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.

(c) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

The condition assessments performed as part of the annual valuation process for assets measured at depreciated 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 the first table to this note on page 16.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

13 Property, plant and equipment (Continued)

(c) Depreciation (Continued)

Key judgments and estimates:

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical or physical obsolescence that may change the utility of infrastructure assets.

(d) Impairment

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.

(e) Valuation

Key judgments and estimates:

Some of the Council's assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

Council's valuation policies and procedures are set by the executive management team. They are 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 this note. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

14 Fair value measurements

Council compares the carrying amount of its property, plant and equipment on an annual basis to current fair value and makes adjustment where these are materially different. At least once every five years, Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

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

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.

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.

(i) Recognised fair value measurements

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 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 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.

Accordingly all Council assets included in property, plant and equipment classes shown at fair value are categorised as level 3, with the exception of the Cairns land and office space. There were no transfers between categories during the year (2024: Nil). Council's policy is to recognise transfers in and out of the fair value hierarchy as at the end of the reporting period.

Pompuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

14 Fair value measurements (Continued)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Specific valuation techniques used to value Council assets comprise:

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)
Buildings (level 2 and 3)	Current replacement cost (CRC)	30-Jun-23	Australis Asset Advisory Group	The cost to replace the asset is calculated and then adjusted to take account of any obsolescence. Assets been componentised for which they consider the asset to meet the definition of "Complex asset". 'Complex assets' were disaggregated into the different parts with a different useful life and depreciated separately. The components were further split into the short-life and long-life parts. The value of each part was determined based on the inter-relationship between a range of factors which include set condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and useful life. Costs have been indexed to account for the location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed.	1.52%-8.49%

Pompuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

14 Fair value measurements (Continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)
Infrastructure assets - other (level 3)	Current replacement cost (CRC)	30-Jun-24	Australis Asset Advisory Group	There is no market for Council's water and sewerage assets and other infrastructure assets (including roads) as these are held to provide essential services to the community. For the purpose of assessing the fair value for financial reporting purposes value has been determined primarily by using the current replacement cost methodology. Considerations in the calculations have been the type and the size of the individual infrastructure assets, construction materials used, level of finish, fixtures installed within, and the location of the assets. As the subject assets are located in a regional area, somewhat removed from the nearest provincial city of Cairns, and far removed from Queensland's capital city of Brisbane, a cost increase over and above that applicable to the nearest provincial city or in relation to a Brisbane Cost Index is necessary to account for the increase in replacement cost due to transportation of labour and materials from the nearest supply centre, and also the cost of specialised labour and contractors necessary for the construction work. In determining the most appropriate replacement cost of an asset, the nature of the asset, the nature of available comparative cost data and the purpose of the valuation has been taken into consideration along with the application of Greenfield unit rates and project cost assumptions. Replacement cost has been calculated with reference to unit rates by the valuers in consultation with Council. The rates have been developed from a combination of sources, cost guides, contractor rates, future works and regional information. Costs have been indexed to account for the location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed.	3.04%
Infrastructure assets - water (level 3)	Current replacement cost (CRC)	30-Jun-23	Australis Asset Advisory Group	The water 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. Costs have been indexed to account for the location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed. The remaining useful life was used in the depreciation calculations are estimated using three different methods such as condition, known age and estimated age. The physical condition score combined with obsolesce factor to arrive an adopted remaining life.	2.35%

Pompuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

14 Fair value measurements (Continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)
Infrastructure assets - sewerage (level 3)	Current replacement cost (CRC)	30-Jun-23	Australis Asset Advisory Group	Reference asset replacement costs for the water and sewerage and other infrastructure assets have been compiled by reference to actual costs incurred for some of the subject assets, for similar asset improvements constructed within the North Queensland Region, and also supported by reference to available data prepared and provided by construction cost consultants and quantity surveyors. Costs have been indexed to account for the location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed. The 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. Consistent with roads, it is assumed that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date	2.29%
Land (level 2)	Fair Value Index model	30-Jun-24	Australis Asset Advisory Group	Land was acquired in the year ended 30 June 2019 and fair values were determined by reference to the market value during the previous comprehensive valuation. A desktop valuation has been performed independently by Australis Asset Advisory Group, registered valuers for the years ended 30 June 2025 with an assessment performed to ensure that material changes in the condition of assets have been captured and recorded. Level 2 valuation inputs were used to value land. Sales prices of comparable land are adjusted for differences in key attributes such as property size, location, topography, and other inherent attributes.	9.49%

Finance lease assets (Level 3)

Finance leases are recognised at the present value of the expected future lease payments receivable (fair value). Council's current policy for the valuation of finance leases is set out in Note 16.

Pompuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

15 Contract balances

	2025 \$	2024 \$
(a) Contract assets	<u>2,035,877</u>	<u>761,141</u>
(b) Contract liabilities		
Funds received upfront to construct or acquire Council controlled assets	22,734,264	11,388,918
Non-capital performance obligations not yet satisfied	<u>-</u>	<u>67,148</u>
	<u>22,734,264</u>	<u>11,456,066</u>
Current contract liabilities	<u>22,734,264</u>	<u>11,456,066</u>
	<u>22,734,264</u>	<u>11,456,066</u>
Revenue recognised that was included in the contract liability balance at the beginning of the prior year		
Funds to construct Council controlled assets	6,891,706	453,111
Non-capital performance obligations	<u>72,788</u>	<u>65,951</u>
	<u>6,964,494</u>	<u>519,062</u>

Satisfaction of contract liabilities

The contract liabilities that are in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets.

(c) Significant changes in contract balances

Significant movements in contract assets and contract liabilities that have occurred during the year were due to the change in the timing of the work performed and significant monies received in advance.

16 Leases

Council as a lessee

There are currently no existing leases in place.

Exception to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value - Concessionary / peppercorn leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Council as a lessor

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

Finance Lease:

Leases of property under which the Council as lessor transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases.

Council has leased 138 dwellings and 1 lot as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$4,172 (\$4,064 for 2023-24) and \$7,628 (\$7,431 for 2023-24) for the Pompuraaw Women's Centre. 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 (current 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).

Pompuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

16 Leases (continued)

	2025	2024
	\$	\$
Current		
Finance leases	588,332	527,653
	<u>588,332</u>	<u>527,653</u>
Non-current		
Finance leases	14,191,844	12,124,158
	<u>14,191,844</u>	<u>12,124,158</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:	17,018,954	15,482,358
Add: Estimated contingent rent	8,087,862	7,610,452
Less: Present value adjustment	(10,326,640)	(10,440,999)
Fair value of lease payments	<u>14,780,176</u>	<u>12,651,811</u>

The fair value of lease payments are receivable as follows:

Not later than one year	588,332	527,653
Between one and two years	577,502	519,920
Between two and three years	571,662	512,301
Between three and four years	565,880	504,793
Between four and five years	560,158	497,395
Later than five years	11,916,642	10,089,749
	<u>14,780,176</u>	<u>12,651,811</u>

Movements in finance leases were as follows:

Opening balance	12,651,811	13,384,983
Add: Initial recognition of new leases	1,342,377	-
Less: Lease receipts	(527,653)	(476,526)
Less: Lease receipts - pro-rata	(1,972)	-
Less: Lease receipts for backpay amount	-	(65,055)
Add/(Less): Gain/(Loss) on revaluation	1,315,613	(191,591)
Closing balance	<u>14,780,176</u>	<u>12,651,811</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.58% (2024: 2.67%) and a discount rate of 3.63% (2024: 4.20%).

Finance leases are to the State of Queensland, represented by the Department of Housing and Public Works. The likelihood of this counterparty not having capacity to meet its financial commitments is considered low.

Movements on revaluation of finance lease assets are recognised as other income/expenses.

Operating leases:

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases. Rent from Council's commercial buildings and offices is recognised as income on a periodic straight line basis over the lease term.

	2025	2024
	\$	\$
Property income (excluding variable lease payments not dependent on an index or rate)	174,283	190,628
Rent - Commercial Property	203,719	206,210
Rent - Community Housing	231,905	134,781
Rent - Residential Property	1,147,424	654,352
Accommodation Revenue	<u>1,757,331</u>	<u>1,185,971</u>

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

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

17 Payables

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.

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 as a payable.

	2025 \$	2024 \$
Current		
Creditors and accruals	2,277,675	2,449,825
Others	2,796	208,495
	<u>2,280,471</u>	<u>2,658,320</u>

18 Provisions

Annual leave

A liability for annual leave is recognised. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability. This liability represents an accrued expense and is reported as a provision.

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 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 or other associated 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 Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported as a provision.

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 provision. Otherwise it is classified as non-current.

Landfill restoration provision

A provision is made for the cost of rehabilitation of assets and other future restoration costs where it is probable Council will be liable, or required, to incur costs on the cessation of use of these facilities.

The provision represents the present value of the anticipated future costs associated with the closure of landfill sites in accordance with environmental licence conditions. 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 landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

The total projected cost of \$192,571 is expected to be incurred between 2037 and 2067. The figure excludes rehabilitating landfill cells on existing sites that are yet to be constructed or used.

	Note	2025 \$	2024 \$
Current			
Annual leave		481,949	392,224
Long service leave		382,602	365,927
		<u>864,551</u>	<u>758,151</u>
Non-current			
Landfill restoration		192,571	151,000
Long service leave		67,070	38,488
		<u>259,641</u>	<u>189,488</u>
Landfill restoration			
Balance at beginning of financial year		151,000	177,702
Increase/(decrease) due to change in discount rate	8	41,571	(26,702)
Balance at end of financial year		<u>192,571</u>	<u>151,000</u>

Pormpuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

19 Asset revaluation surplus

The closing balance of the revaluation surplus comprises the following asset categories:

	2025	2024
	\$	\$
Land	163,417	116,821
Furniture & Fittings	434,944	434,944
Buildings	45,436,221	44,642,485
Infrastructure assets - Other	84,533,203	85,809,248
Infrastructure assets - Water	2,244,752	2,049,080
Infrastructure assets - Sewerage	5,257,841	4,973,648
Plant & equipment	2,222,905	2,222,905
	<u>140,293,283</u>	<u>140,249,131</u>

20 Commitments for expenditure

Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

IT management services	48,634	57,811
Subcontractor services	642,664	363,673
	<u>691,298</u>	<u>421,484</u>

Capital commitments

Commitments for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:

Buildings	110,443	54,397
Motor vehicles and capital plant purchases	220,141	61,710
Airport upgrades	5,456,977	-
Bakery upgrades	-	204,380
Housing	-	8,295,793
	<u>5,787,561</u>	<u>8,616,280</u>

This expenditure is payable within one year.

21 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

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 2025 the financial results reported an accumulated surplus and it is not anticipated any liability will arise.

Pompuraaw Aboriginal Shire Council
Notes to the financial statements
For the year ended 30 June 2025

22 Superannuation

Council contributes to Brighter Super. Brighter Super is a Multiemployer Plan as defined in Australian Accounting Standard AASB 119 *Employee Benefits*. The scheme has a number of elements including defined benefits funds and an accumulated benefits fund. Council does not have any employees who are members of the defined benefits funds and so is not exposed to the obligations, assets or costs associated with these funds. Council has employees who are members of the accumulated benefits fund. The scheme is managed by the Brighter Super Trustee.

23 Trust Funds

Trust funds held for outside parties	360,871	29,467
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In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held of outside parties. The funds held in trust relate to building retention amounts and commercial lease bonds. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not brought to account in the financial statements since Council has no control over the assets.

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

	2025 \$	2024 \$
Net result	17,977,652	4,877,652
Non-cash items:		
Depreciation and amortisation	5,648,188	6,049,163
Landfill restoration revaluation	41,571	(26,702)
Loss on revaluation of finance leases	(1,315,613)	191,591
Impairment of non-current assets	-	-
Reclassification of WIP to operating expenses	-	9,723
	4,374,146	6,223,775
Investing and development activities (non-cash):		
Net (profit)/loss on disposal of non-current assets	4,307,282	156,801
Capital grants and contributions	(11,707,493)	(6,197,348)
	(7,400,211)	(6,040,547)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	723,210	355,406
(Increase)/decrease in inventories	47,433	(27,569)
(Increase)/decrease in contract assets	129,625	(412,058)
Increase/(decrease) in other assets	11,997	191,684
Increase/(decrease) in payables	(377,848)	608,155
Increase/(decrease) in contract liabilities relating to operating activities	(143,435)	(12,107)
Increase/(decrease) in provisions	134,982	157,338
	525,964	860,849
Net cash inflow from operating activities	15,477,551	5,921,729

25 Events after the reporting period

There has not been any event that occurred after the end of the reporting period that has significantly affected, or may significantly affect, the current or future financial results of the Council.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

26 Transactions with related parties

(a) Transactions with key management personnel (KMP)

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

KMP include the Mayor, Councillors, Council's Chief Executive Officer and executive management.

The compensation paid to KMP for 2024-25 comprises:

	2025 \$	2024 \$
Short-term employee benefits	1,350,650	1,004,690
Post-employment benefits	134,954	111,141
Long-term benefits	50,144	26,021
Termination benefits	151,677	8,906
Non-cash employment benefits	40,096	9,341
Total	1,727,521	1,160,099

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	Additional information	2025 \$	2024 \$
Sale of goods & services to related parties	26(b)(i)	33,952	29,057
Service levies to related parties	26(b)(i)	48,776	47,354
Contribution from entities controlled by KMP	26(b)(ii)	-	4,000
Employee expenses for close family members of key management personnel	26(b)(iii)	670,486	725,446
Non-cash employment benefits for close family members of key management personnel	26(b)(iv)	80,821	10,170
Subsidised housing benefit for a close family member	26(b)(v)	12,358	-
Rental income charged to a close family member	26(b)(v)	4,364	-

(i) Sales income and service levies charged to entities controlled by key management personnel and related parties were on an arm's length basis in accordance with the lease agreement, the terms of the sale or the Schedule of Fees & Charges.

(ii) Contributions received in 2023-24 include amounts from 'Ngokal Weendi Aboriginal Corporation' where a KMP acts as the secretary and 'Black Star Radio' where a KMP was a director.

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

(iv) Housing is provided as a non-cash employment benefit for most externally recruited positions. The non-cash benefit forms a part of an individual's employment contract with Council.

(v) Rental income charged to a close family member of the Mayor during the year was provided at a discounted rate, which is not at an arms length transaction. Of the total rental value, \$12,358 was subsidised by Council in accordance with Resolution 2024/10/12. The Mayor declared his conflict of interest in this matter and did not participate in any decisions related to this transaction.

Council employs 75 staff (68 for 2023-24) of which only 9 (12 for 2023-24) are close family members of key management personnel.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

26 Transactions with related parties (continued)

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Year ended 30 June 2025

There are no material outstanding balances at 30 June 2025 in relation to transactions with related parties.

Year ended 30 June 2024

There are no material outstanding balances at 30 June 2024 in relation to transactions with related parties.

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

Council does not have any commitments to/from related parties.

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

The majority of the entities and people that are related parties of Council live and operate within the Pormpuraaw community. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. The payment by community residents of utility charges, fees and charges and rental charges are considered to be an ordinary citizen transaction.

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

27 Financial instruments and financial risk management

(a) Financial assets and financial liabilities

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

Cash and cash equivalents (Note 10)
Receivables - measured at amortised cost (Note 11)
Lease receivables (Note 16)
Payables - measured at amortised cost (Note 17)

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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.

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk managements framework in relation to the risks faced by the Council. The Council's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Pormpuraaw 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 / commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

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

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

27 Financial instruments and financial risk management (Continued)

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.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Exposure to liquidity risk

Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 10.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows 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
	\$	\$	\$	\$	\$
2025					
Payables	2,277,675	-	-	2,277,675	2,277,675
	<u>2,277,675</u>	<u>-</u>	<u>-</u>	<u>2,277,675</u>	<u>2,277,675</u>
2024					
Payables	2,449,825	-	-	2,449,825	2,449,825
	<u>2,449,825</u>	<u>-</u>	<u>-</u>	<u>2,449,825</u>	<u>2,449,825</u>

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 indices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest rate risk

Pormpuraaw Aboriginal Shire Council is exposed to interest rate risk through investments with QTC.

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.

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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
	\$	\$	\$	\$	\$
2025					
Deposits at call	70,879,592	708,796	(708,796)	708,796	(708,796)
Total	<u>70,879,592</u>	<u>708,796</u>	<u>(708,796)</u>	<u>708,796</u>	<u>(708,796)</u>
2024					
Deposits at call	64,567,079	645,671	(645,671)	645,671	(645,671)
Total	<u>64,567,079</u>	<u>645,671</u>	<u>(645,671)</u>	<u>645,671</u>	<u>(645,671)</u>

(b) Fair value

The fair value of receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

28 Tied Grants by Project

	Balance 01/07/2024	Revenue	Council Contribution	Expense	Balance 30/06/2025
	\$	\$	\$	\$	\$
Commonwealth Government Grants					
Commonwealth Government Allocation					
Financial Assistance Grant	-	7,689,814	-	(7,689,814)	-
Total	-	7,689,814	-	(7,689,814)	-
Department of Infrastructure, Transport, Regional Development, Communications and The Arts					
Roads to Recovery	-	348,000	-	(321,920)	26,080
Local Roads & Community Infrastructure Program - Phase 3	(103,336)	103,336	-	-	-
Local Roads & Community Infrastructure Program - Phase 4	-	233,632	370	(343,905)	(109,902)
Total	(103,336)	684,968	370	(665,825)	(83,823)
Department of Health, Disability and Ageing					
CHSP Home Support Programme (HACC)	17,658	428,696	28,311	(418,614)	56,051
Support at Home & New Aged Care Act Transition Funding	-	10,000	-	-	10,000
Indigenous Employment Initiative (IEI) - Aged Care	713,794	557,221	-	(616,866)	654,149
Total	731,452	995,917	28,311	(1,035,480)	720,200
Department of Climate Change, Energy, the Environment and Water					
Indigenous Protected Areas (IPA) Program	-	329,128	-	(7,412)	321,716
Total	-	329,128	-	(7,412)	321,716
Services Australia					
Centrelink Agent	-	43,275	11,249	(54,524)	-
Total	-	43,275	11,249	(54,524)	-
Total - Commonwealth Govt Grants	628,116	9,743,102	39,930	(9,453,055)	958,093
State Government Grants					
Department of Environment, Tourism, Science and Innovation					
QIL&S Ranger Program	49,333	797,590	-	(728,366)	118,557
Total	49,333	797,590	-	(728,366)	118,557
Queensland Police Service					
State Emergency Services	-	14,011	-	(14,011)	-
Total	-	14,011	-	(14,011)	-
Department of Justice					
Community Justice Group	108,274	267,464	-	(250,677)	125,061
Total	108,274	267,464	-	(250,677)	125,061
State Library of Queensland					
Indigenous Libraries	-	23,000	16,527	(36,054)	3,473
First Five Forever Program	-	3,000	-	(1,003)	1,997
Total	-	26,000	16,527	(37,058)	5,470

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

28 Tied Grants by Project (continued)

	Balance 01/07/2024	Revenue	Council Contribution	Expense	Balance 30/06/2025
	\$	\$	\$	\$	\$
Department of Transport and Main Roads					
<i>ATSI TIDS Projects</i>	-	595,928	-	(595,928)	-
Total	-	595,928	-	(595,928)	-
Queensland Health					
<i>ATSI Public Health Program</i>	-	206,096	-	(206,096)	-
Total	-	206,096	-	206,096	-
Health and Wellbeing Queensland					
<i>Discrete Communities Planning Funding</i>	-	75,315	-	(24,445)	50,870
Total	-	75,315	-	(24,445)	50,870
Department of Agriculture, Fisheries & Forestry					
<i>Coastal Clean Up</i>	42,298	-	-	(42,298)	-
Total	42,298	-	-	(42,298)	-
Department of Trade, Employment and Training					
<i>First Start Program</i>	-	45,000	-	(45,000)	-
Total	-	45,000	-	(45,000)	-
Queensland Reconstruction Authority					
<i>DRFA 2023 Restoration - Kowanyama Rd</i>	(222,539)	1,014,168	-	(791,629)	-
<i>DRFA 2023 Restoration - BAAS Yard Rd</i>	50,983	80,859	-	(131,842)	-
<i>DRFA 2023 Restoration - Northern Rd</i>	533,775	367,771	-	(901,546)	-
<i>DRFA 2023 Restoration - Pormpuraaw Rd</i>	94,510	-	(88,870)	(5,640)	-
<i>DRFA - CAT B & D Betterment Program</i>	124,954	18,466	88,870	(232,290)	-
<i>Qld Resilience & Risk Reduction Fund</i>	-	61,928	-	(174,882)	(112,954)
<i>DRF Aerodrome Upgrade</i>	4,475,212	-	-	(1,833)	4,473,379
<i>DRFA 2025 Emergent Works</i>	-	-	-	(34,978)	(34,978)
<i>Get Ready Qld</i>	(1,356)	6,780	-	(6,780)	(1,356)
Total	5,055,539	1,549,972	-	(2,281,419)	4,324,092
Department of Women, Aboriginal and Torres Strait Islander Partnerships and Multiculturalism					
<i>Splash park</i>	(87,500)	350,000	-	(350,000)	(87,500)
<i>Qld Community Support Scheme</i>	-	60,571	-	(60,571)	-
<i>Community Transport</i>	-	40,379	15,733	(56,112)	-
<i>Service Enhancement Plan</i>	(45,000)	25,000	-	-	(20,000)
<i>Don't Buy Sly Grog Initiative</i>	(7,750)	60,000	-	(45,006)	7,244
Total	(140,250)	535,950	15,733	(511,689)	(100,256)
Department of Housing and Public Works					
<i>Forward Remote Capital Program - 7 Social Houses</i>	3,053,866	-	-	(3,213,257)	(159,390)
<i>Remote Capital Program - 3 Social Houses</i>	1,405,409	-	-	(1,389,049)	16,359
<i>Remote Capital Funding Schedule 4</i>	-	900,000	-	-	900,000
<i>Remote Capital Funding Schedule 5</i>	-	1,350,000	-	-	1,350,000
Total	4,459,275	2,250,000	-	(4,602,306)	2,106,969
Department of Sport, Racing and Olympic and Paralympic Games					
<i>Deadly Active Sport & Recreation Program</i>	-	63,000	-	(63,000)	-
Total	-	63,000	-	(63,000)	-
Department of State Development, Infrastructure and Planning					
<i>Residential Activation Fund</i>	-	14,821,108	-	-	14,821,108
Total	-	14,821,108	-	-	14,821,108
Department of Local Government, Water and Volunteers					
<i>Indigenous Council Funding</i>	-	2,649,230	-	(2,649,230)	-
<i>LGGSP - New Staff Duplex Complex</i>	392,110	-	914,647	(2,255,727)	(948,970)
<i>Works for Queensland 2021-2024</i>	800,000	640,000	191,823	(1,791,823)	(160,000)
<i>Works for Queensland 2024-2027</i>	-	1,200,000	-	(54,496)	1,145,504
<i>ICCIP</i>	458,099	-	-	(614,741)	(156,643)
Total	1,650,209	4,489,230	1,106,469	(7,366,016)	(120,108)
Total - State Govt Grants	11,224,677	25,736,664	1,138,729	(16,768,310)	21,331,760

Pormpuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025

28 Tied Grants by Project (continued)

	Balance 01/07/2024	Revenue	Council Contribution	Expense	Balance 30/06/2025
	\$	\$	\$	\$	\$
Other Grant Providers					
Local Government Association of Queensland - LGAQ					
<i>Rapid Low Earth Orbit (LEO) Program</i>	(17,383)	45,000	-	(27,617)	-
Total	(17,383)	45,000	-	(27,617)	-
Cape York Natural Resource Management					
<i>Nest to Ocean R8 (Turtle Program) CY411</i>	-	-	-	(20,000)	(20,000)
<i>Nest to Ocean (Turtle Program) CY397 R8</i>	5,395	11,500	-	(16,895)	-
Total	5,395	11,500	-	(36,895)	(20,000)
Total Other Grant Providers	(11,988)	56,500	-	(64,512)	(20,000)
Total Grants	11,840,805	35,536,267	1,178,659	(26,285,877)	22,269,854
Add back negative (unclaimed) grant balances	484,864				1,811,693
Unspent grant revenue	12,325,669				24,081,547
Revenue included above					
Contributions		18,818			
Movement due to contract balances		(9,996,613)			
Donated assets		-			
Revenue as per Note 4		25,558,472			

**Pompuraaw Aboriginal Shire Council
Notes to the Financial Statements
For the year ended 30 June 2025**

**Management Certificate
For the year ended 30 June 2025**

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, 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
Ralph Kendall Jnr

Date: 2 / 9 / 25



Chief Executive Officer
Janelle Menzies

Date: 02/09/2025

INDEPENDENT AUDITOR'S REPORT

To the councillors of Pormpuraaw Aboriginal Shire Council.

Report on the audit of the financial report

Opinion

I have audited the financial report of Pormpuraaw Aboriginal Shire Council.

The financial report comprises the statement of financial position as at 30 June 2025, 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 material accounting policy information and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2025, and of its financial performance for the year then ended; and
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

Basis for opinion

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

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

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

Other information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Pormpuraaw Aboriginal Shire Council's annual report for the year ended 30 June 2025 was the current year financial sustainability statement, unaudited current year financial sustainability statement - contextual ratios and unaudited 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 formed a separate opinion on the current year financial sustainability statement.

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

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

Prescribed requirements scope

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



Sri Narasimhan
as delegate of the Auditor-General

4 September 2025

Queensland Audit Office
Brisbane

Pormpuraaw Aboriginal Shire Council
Financial Statements
For the year ended 30 June 2025

Measures of Financial Sustainability

- 1 Current Year Financial Sustainability Statement
- 2 Current Year Certificate of Accuracy
- 3 Independent Auditors Report (Current Year Financial Sustainability Statement)
- 4 Current Year contextual Financial Sustainability Statement
- 5 Current Year Certificate of Accuracy
- 6 Unaudited Long Term Financial Sustainability Statement
- 7 Long Term Certificate of Accuracy

Porpuraaw Aboriginal Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2025

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Narrative
Audited ratios					
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	60 months	NA	Council has achieved a very strong liquidity position and, after recent years of good financial management, is well positioned to meet both the short and long term needs of the community. This ratio has also been impacted by the early receipt of Financial Assistance Grants allocation for 2025-26 financial year.
Operating Performance	Operating Surplus Ratio	N/A	36.15%	10.24%	Council achieved a strong operating result for the current year, contributing to a higher operating surplus ratio. This was further enhanced by the receipt of Financial Assistance Grants for both the 2024–25 and 2025–26 financial years during the current year. Refer to Note 4(i) for further details.
	Operating Cash Ratio	Greater than 0%	55.45%	40.39%	The current year ratio has been impacted by the early receipt and recognition of the 2025–26 Financial Assistance Grants in June 2025. Despite this timing impact, Council has achieved a strong operating cash ratio for both the current year and the five-year average
	Asset Sustainability Ratio	Greater than 90%	39.17%	41.00%	The asset sustainability ratio has remained consistent in recent years, primarily driven by the level of funding available to Council. This ratio is also influenced by weather events affecting the community, with recovery funding often provided to assist with repairs and restoration following weather-related damage. Council is currently reviewing and enhancing its asset management plan, with a focus on prioritising renewal expenditure to maintain asset condition over the long term.
Asset Management	Asset Consumption Ratio	Greater than 60%	63.79%	62.75%	The target has been achieved for both the current year end five year average. Council manages the consumption rate of assets appropriately.

The current year financial sustainability statement is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2024*. The amounts used to calculate the five 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 2025.

**Pompuraaw Aboriginal Shire Council
Current Year Certificate of Accuracy
For the year ended 30 June 2025**

**Certificate of Accuracy
For the year ended 30 June 2025**

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
Ralph Kendall Jnr

Date: 2.9.25



Chief Executive Officer
Janelle Menzies

Date: 02/09/2025

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Pormpuraaw Aboriginal Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Pormpuraaw Aboriginal Shire Council for the year ended 30 June 2025, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Pormpuraaw Aboriginal Shire Council for the year ended 30 June 2025 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2024 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

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial sustainability statement and our auditor's report thereon.

At the date of this auditor's report, the available other information in Pormpuraaw Aboriginal Shire Council's annual report for the year ended 30 June 2025 was the general-purpose financial statements, unaudited current-year financial sustainability statement - contextual ratios, and the unaudited long-term financial sustainability statement.

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 formed a separate opinion on the general-purpose financial report.

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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

4 September 2025

Queensland Audit Office
Brisbane

Pormpuraaw Aboriginal Shire Council
Unaudited Current-year Financial Sustainability Statement - Contextual Ratios
For the year ended 30 June 2025

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Narrative
Contextual ratios (unaudited)					
Financial Capacity	Council-Controlled Revenue	N/A	3.48%	3.47%	Council is unable to generate revenue through rates as valuations are not issued for rateable land in Indigenous local government areas.
	Population Growth	N/A	-0.63%	-3.12%	

The current year financial sustainability statement - Contextual Ratios is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2024*. 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 2025.

**Pompuraaw Aboriginal Shire Council
Unaudited Current Year Certificate of Accuracy - Contextual Ratios
For the year ended 30 June 2025**

**Certificate of Accuracy
For the year ended 30 June 2025**

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

Ralph Kendall Jnr

Date: 21/9/25



Chief Executive Officer

Janelle Menzies

Date: 02/09/2025

Pompuraaw Aboriginal Shire Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2025

Type	Measure	Target (Tier 8)	Actuals as at 30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034	30 June 2035
Financial Capacity	Council-Controlled Revenue	N/A	3.48%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
	Population Growth	N/A	-0.63%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Asset Management	Asset Renewal Funding Ratio	N/A	N/A for long-term sustainability statement										
Operating Performance	Operating Surplus Ratio	N/A	36.15%	-5%	-6%	-9%	-10%	-9%	-8%	-7%	-7%	-6%	-5%
	Operating Cash Ratio	Greater than 0%	55.45%	19%	18%	19%	19%	20%	20%	21%	21%	22%	22%
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	N/A for long-term sustainability statement										
Asset Management	Asset Sustainability Ratio	Greater than 90%	39.17%	95.0%	68.0%	56.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
	Asset Consumption Ratio	Greater than 60%	63.79%	60.0%	60.0%	59.0%	57.0%	54.0%	52.0%	50.0%	48.0%	46.0%	44.0%

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.

**Pormpuraaw Aboriginal Shire Council
Long Term Certificate of Accuracy
For the year ended 30 June 2025**

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2025

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
Ralph Kendall Jnr

Date: 2, 9, 25



Chief Executive Officer
Janelle Menzies

Date: 02/09/2025