7.9. FINANCIAL STATEMENTS 2025-26

REPORT AUTHOR Acting Manager Financial Services

EXECUTIVE General Manager Corporate and Communities

DEPARTMENT Corporate and Communities

TEAM Financial Services

DATE 27 October 2026

RECOMMENDATION

That Council receive the audited Financial Statements for the financial year ended 30 June 2026.

EXECUTIVE SUMMARY

Council's audited Financial Statements for the year ended 30 June 2026 discloses a $3.6m operating surplus. This result arises from the following:

- Advanced payment of the 2026/27 Financial Assistance Grant
- Council's successful pursuit of insurance proceeds and funding for previous years disaster responses
- Higher interest revenue due to Council's elevated cash balance, debt-free balance sheet, and stronger commercial income

From a Balance Sheet perspective, asset values increased by more than $56.3m following the application of rolling asset revaluation and indexation. This result reflects higher costs to replace and deliver essential public infrastructure and is also anticipated to have a material impact on depreciation expense in 2026/27.

PREVIOUS COUNCIL CONSIDERATIONS / RESOLUTIONS

At the Ordinary Meeting held 16 June 2026, it was resolved that;

> *"Council receives and notes the Statement of Estimated Financial Position of the Council in respect of Financial Year 2025/26, pursuant to Section 205 of the Local Government Regulation 2012."*

Within agenda item 3.10. STATEMENT OF ESTIMATED FINANCIAL POSITION 2025/26), it was noted that;

"The Estimated Statement of Comprehensive Income for 2025/26 shows a $2.6m operating surplus, primarily due to an accounting timing variance related to the Federal Budget

announcement that there will be an 80 percent prepayment of the Financial Assistance Grant, rather than a budgeted 50 percent prepayment."

REPORT/BACKGROUND

Queensland local governments must prepare audited general-purpose financial statements and financial sustainability statements annually by 31 October to satisfy the Local *Government Regulation 2012* under the *Local Government Act 2009*.

Council's Financial Statements for year ended 30 June 2026 have been prepared in accordance with the requirements of Sections 176 to 178 of the *Local Government Regulation 2012* (the Regulation).

FINANCIAL AND RESOURCE IMPLICATIONS

Council's Statement of Comprehensive Income discloses $77.8m in total recurrent revenue and $74.2m in total recurrent expenditure, resulting in a $3.6m operating surplus.

Council's $3.6m operating surplus is mainly driven by $5.4m in improved revenue results, offset by a net ($1.3m) operating cost to Council in response to 2025/26 weather events.

The primary revenue items include:

- $2.2m due to an 80 percent pre-payment of the 2026/27 Financial Assistance Grant received in 2025/26
- $2.0m reimbursement of prior year operational recovery work due to Council pursuing insurance claims and advocating for further financial support under Disaster Recovery Funding Arrangements
- $0.9m higher-than-anticipated interest earned due to Council's strong cash position and debt-free balance sheet
- $0.3m higher-than-expected commercial income due to Council seeking out work for other government agencies

Council's strong financial performance has supported it in navigating weather events in 2025/26 which have had a significant financial impact on both operating position and balance sheet.

The net operational impact of weather events in 2025/26 is ($1.3m). Council conducted urgent counter disaster operations, emergent works and experienced lost revenue, totaling ($2.7m). This is only partially offset by an expected $1.4m reimbursement under Disaster Recovery Funding Arrangements.

Furthermore, a significant portion of unsealed roads were damaged by the weather events resulting in $14.3m of asset impairment.

Another significant outcome reflected in the 2025/26 financial statements is the significant increase in fair value of Council assets. Reflecting higher costs to replace and deliver essential public infrastructure, Council's existing assets increased by more than $56.3m following a

comprehensive revaluation process and the application of indexation. This increase is expected to materially affect depreciation expense in 2026/27.

Financial Sustainability Ratios

Council's audited financial sustainability ratios for 2025/26 can be found on page 32 of the financial statements. Council achieved all the key financial ratios and targets over the five (5) year average in the 2026 financial year.

Table 1- Douglas Shire Council Measures of Financial Sustainability

Ratio	Revised Budget	Actual	5 Year Average	Target	Target Achieved?	Improvement over Budget?
Operating Surplus	-0.6%	4.96%	0.43%	Greater than – 2%	Yes	Yes
Operating Cash	24.7%	28.61%	24.44%	Greater than 0%	Yes	Yes
Unrestricted Cash Expense Cover	6.1 months	8.98 months	N/A	Greater than 4 months	Yes	Yes
Asset Sustainability	622.3%	313.74%	172.61%	Greater than 90%	Yes	No
Asset Consumption	75.4%	62.8%	61.9%	Greater than 60%	Yes	No

Basis of Preparation- the current year financial sustainability ratios are prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024.

- The Operating Surplus Ratio improved from budget expectation due to Council recording a surplus operating result as discussed above.
- The Operating Cash Ratio improved from budget expectation due to the timing of cash received and payments made.
- The Asset Sustainability and Asset Consumption ratios did not meet the revised budget expectations as not all capital works relating to the Restoration of Essential Public Assets post Tropical Cyclone Jasper were completed by 30 June 2026. However, these ratios still exceeded sustainability targets for a five (5) year average.

RISK MANAGEMENT IMPLICATIONS

The outcome of this report mitigates the strategic risk of Financial Sustainability and the corporate risk of Financial Management by providing oversight of Council's Financial Statements.

This supports identification of financial pressures, including the impacts of weather events, asset impairment, revaluation and future depreciation, while confirming and explaining Council's operating result.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

SOCIAL IMPLICATIONS

Maintaining financial sustainability enables Council to continue to deliver important public infrastructure and services to the community.

CORPORATE AND OPERATIONAL PLAN

This report has been prepared in accordance with the following:

Corporate Plan 2025-2030 Initiatives:

Theme 3 - Service Delivery
We deliver Council services effectively and efficiently to meet community expectations, focusing on the wellbeing of both the community and our employees.
3.1 - *Deliver the Corporate Plan, Operational Plan and Budget.*

Operational Plan 2026-2027 Actions:

Legislative requirement.

LEGISLATION AND POLICY

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- AASB Accounting Standards

CONSULTATION

Internal Consultation:

- Financial Services
- Douglas Shire Council Audit and Risk Committee

External Consultation:

- Queensland Audit Office

CONCLUSION

That Council receive the audited Financial Statements for the financial year ended 30 June 2026.

ATTACHMENTS

1. 2026 Douglas Shire Council Financial statements - signed [**7.9.1** - 39 pages]

Douglas Shire Council
Financial Statements
for the year ended 30 June 2026

Douglas Shire Council
Financial statements
For the year ended 30 June 2026

Table of contents

		Page
Statement of Comprehensive Income		3
Statement of Financial Position		4
Statement of Changes in Equity		5
Statement of Cash Flows		6
Notes to the financial statements		
1	Information about these financial statements	7
2	Analysis of results by function	8
3	Revenue	10
4	Grants, subsidies, contributions and donations	11
5	Other capital income	12
6	Employee benefits	12
7	Materials and services	13
8	Finance costs	13
9	Capital expenses	13
10	Cash and cash equivalents	14
11	Investments	14
12	Trade and other receivables	15
13	Property, plant and equipment	16
14	Intangible assets	21
15	Contract balances	22
16	Leases	22
17	Trade and other payables	23
18	Provisions	23
19	Asset revaluation surplus	24
20	Commitments for expenditure	25
21	Contingent liabilities	25
22	Superannuation	26
23	Reconciliation of net result for the period to net cash inflow (outflow) from operating activities	26
24	Events after the reporting period	26
25	Financial instruments and financial risk management	27
26	Transactions with related parties	29
Management Certificate		31
Independent Auditor's Report (General Purpose Financial Statements)		32
Current Year Financial Sustainability Statement - Audited Ratios		35
Certificate of Accuracy - for the Current Year Financial Sustainability Statement - Audited Ratios		35
Independent Auditor's Report (Current Year Financial Sustainability Statement)		36
Current Year Financial Sustainability Statement - Unaudited Contextual Ratios		39
Certificate of Accuracy - for the Current Year Financial Sustainability Statement - Contextual Ratios		39
Long Term Financial Sustainability Statement - Unaudited		40
Certificate of Accuracy - for the Long Term Financial Sustainability Statement		40

Douglas Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2026

	Note	2026 $	2025 $
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	47,839,410	43,921,119
Fees and charges	3(b)	8,188,304	7,962,247
Rental income		321,552	341,102
Interest income	3(c)	3,276,924	2,704,324
Other revenue	3(d)	1,693,300	1,334,024
Grants, subsidies, contributions and donations	4(a)	16,521,392	11,312,777
Total recurrent revenue		77,840,882	67,575,593
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	67,865,108	47,529,589
Other capital income	5	1,364,709	-
Total capital revenue		69,229,817	47,529,589
Total income		147,070,699	115,105,182
Expenses			
Recurrent expenses			
Employee benefits	6	(22,277,989)	(20,545,411)
Materials and services	7	(33,301,635)	(28,096,182)
Finance costs	8	(286,991)	(450,329)
Depreciation and amortisation	13&14&16	(18,352,775)	(17,644,227)
Total Recurrrent Expenditure		(74,219,390)	(66,736,149)
Capital expenses	9	(3,183,929)	(1,676,530)
Total expenses		(77,403,319)	(68,412,679)
Net result		69,667,380	46,692,503
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	19	42,041,675	10,328,079
Total other comprehensive income for the year		42,041,675	10,328,079
Total comprehensive income for the year		111,709,055	57,020,582

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

Douglas Shire Council
Statement of Financial Position
as at 30 June 2026

	Note	2026 $	2025 $
Current assets			
Cash and cash equivalents	10	66,555,130	63,701,155
Trade and other receivables	12	9,048,570	6,712,729
Prepayments		558,765	494,168
Contract assets	15(a)	8,790,771	8,563,329
Inventories		94,110	139,492
Non-current assets held for sale	13	490,000	-
Total current assets		85,537,346	79,610,873
Non-current assets			
Property, plant and equipment	13	672,924,140	572,595,985
Right of use assets	16	173,024	222,540
Intangible assets	14	24,653	32,876
Total non-current assets		673,121,817	572,851,402
Total assets		758,659,163	652,462,274
Current liabilities			
Trade and other payables	17	14,986,993	11,408,971
Lease liabilities	16	153,124	163,037
Provisions	18	5,628,728	5,224,303
Contract liabilities	15(b)	24,790,164	35,894,661
Total current liabilities		45,559,009	52,690,972
Non-current liabilities			
Provisions	18	5,811,086	4,163,170
Unearned revenue		167,777	195,896
Total non-current liabilities		5,978,863	4,359,066
Total liabilities		51,537,872	57,050,039
Net community assets		707,121,290	595,412,235
Community equity			
Asset revaluation surplus	19	175,281,917	133,240,242
Retained surplus		531,839,373	462,171,993
Total community equity		707,121,290	595,412,235

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

Douglas Shire Council
Statement of Changes in Equity
For the year ended 30 June 2026

	Note	Asset revaluation surplus	Retained Surplus	Total
		$	$	$
Balance as at 1 July 2025		133,240,242	462,171,993	595,412,235
Net result		-	69,667,380	69,667,380
Other comprehensive income for the year				
Increase in asset revaluation surplus	19	42,041,675	-	42,041,675
Total comprehensive income for the year		42,041,675	69,667,380	111,709,055
Balance as at 30 June 2026		175,281,917	531,839,373	707,121,290
Balance as at 1 July 2024		122,912,163	415,479,490	538,391,653
Net result		-	46,692,503	46,692,503
Other comprehensive income for the year				
Increase in asset revaluation surplus	19	10,328,079	-	10,328,079
Total comprehensive income for the year		10,328,079	46,692,503	57,020,582
Balance as at 30 June 2025		133,240,242	462,171,993	595,412,235

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

Douglas Shire Council

Statement of Cash Flows
For the year ended 30 June 2026

	Note	2026 $	2025 $
Cash flows from operating activities			
Receipts from customers		56,687,933	51,366,924
Payments to suppliers and employees		(52,427,051)	(53,321,730)
		4,260,882	(1,954,806)
Interest received		2,980,089	2,485,938
Rental income		321,552	341,102
Non capital grants and contributions		12,929,086	11,503,170
Bank charges		(89,914)	(84,152)
Net cash (outflow) inflow from operating activities	23	20,401,695	12,291,251
Cash flows from investing activities			
Payments for property, plant and equipment		(76,461,794)	(58,255,031)
Payments for assets donated		(57,799)	(78,960)
Proceeds from sale of property plant and equipment		166,445	55,354
Movement in investments		-	5,000,000
Capital grants, subsidies, contributions and donations		58,995,471	75,941,971
Net cash (outflow) inflow for investing activities		(17,357,676)	22,663,334
Cash flows from financing activities			
Repayment of borrowings		(190,044)	(326,851)
Net cash inflow (outflow) from financing activities		(190,044)	(326,851)
Net (decrease)/increase in cash and cash equivalent held		2,853,975	34,627,735
Cash and cash equivalents at the beginning of the financial year		63,701,155	29,073,420
Cash and cash equivalents at the end of the financial year	10	66,555,130	63,701,155

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

1 Information about these financial statements

1.1 Basis of preparation

Douglas Shire Council (the Council) is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the year from 1 July 2025 to 30 June 2026. They are prepared in compliance with the requirements of 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 the historical cost convention except for the revaluation of certain classes of property, plant and equipment.

1.2 New and revised Accounting Standards

There were no relevant new accounting standards mandatorily effective for the year ended 30 June 2026.

1.3 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 2026. These standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact on Council's financial statements.

1.4 Estimates and judgements

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

- Revenue recognition - Note 3
- Receivables - Note 12
- Valuation, impairment and depreciation of property, plant and equipment - Note 13
- Provisions - Note 18
- Contingent liabilities - Note 21
- Financial instruments and financial risk management - Note 25

1.5 Rounding and comparatives

The financial statements are in Australian dollars and have been rounded to the nearest $1, unless otherwise stated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

1.6 Taxation

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

1.7 Impacts of Tropical Cyclone Jasper, associated rainfall and flooding event

In December 2023, Douglas Shire and surrounding Local Government Authorities experienced Tropical Cyclone Jasper which was followed by a severe rainfall and flooding event with intense and continued rainfall causing flash flooding and landslides throughout Far North Queensland. Council has been working with the community to identify and repair the widespread damage across the Shire and provide support to those who need it most. Material impacts incurred to date of the Tropical Cyclone Jasper and flooding event ("Disaster") on the consolidated financial statements are provided in the relevant note:

- Grants, subsidies, contributions and donations - Note 4
- Materials and services - Note 7
- Property, plant and equipment - Note 13

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

2. Analysis of Results by Function

2(a) Components of Council functions

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

Corporate and Community
The objective of Corporate and Community is to provide efficient, effective and accountable financial and administrative services to Council and the communities it serves. The core functions include Governance, Finance, Libraries, Information Services, Community and Economic Development. A Disaster Management Unit is now operating to assist with community recovery & resilience.

Infrastructure
The objective of Infrastructure is to provide essential transport, drainage and parks infrastructure, maintenance, construction and operational services to Council's communities. An Infrastructure Recovery unit is now operating to oversee the reconstruction of essential public assets that were damaged by natural disasters.

Development and Environment
The objective of Development and Environment is to encourage sustainable development whilst protecting the character and natural environment of the Council area. This function includes Development Assessment, Environmental Assessment, Planning Strategies and Local Laws administration.

Water and Waste
The objective of Water and Waste is to manage the treatment and provision of water, wastewater and solid waste services to consumers throughout the Council area.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

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 2026

Functions	Gross program income				Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital					
	Grants	Other	Grants	Other								
	2026 $	2026 $	2026 $	2026 $	2026 $	2026 $	2026 $	2026 $	2026 $	2026 $	2026 $	2026 $
Corporate and Community	8,759,513	25,256,465	36,701	214,883	34,267,562	(15,717,793)	(79,492)		(15,797,286)	18,298,185	18,470,276	130,773,245
Infrastructure	6,996,678	7,276,175	61,286,210	2,973,158	78,532,221	(37,913,913)	(688,584)		(38,602,497)	(23,641,059)	39,929,725	430,288,085
Development and Environment	715,200	1,151,447	-	67,425	1,934,073	(2,907,267)	-		(2,907,267)	(1,040,619)	(973,194)	-
Water and Waste	50,000	27,635,402	4,273,039	378,402	32,336,843	(17,680,416)	(2,415,852)		(20,096,269)	10,004,986	12,240,574	197,597,833
Total Council	16,521,392	61,319,490	65,595,950	3,633,867	147,070,699	(74,219,390)	(3,183,929)	-	(77,403,318)	3,621,493	69,667,381	758,659,163

Year ended 30 June 2025

Functions	Gross program income				Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital					
	Grants	Other	Grants	Other								
	2025 $	2025 $	2025 $	2025 $	2025 $	2025 $	2025 $	2025 $	2025 $	2025 $	2025 $	2025 $
Corporate and Community	9,427,113	22,664,430	-	-	32,091,543	(15,035,325)	(39,990)		(15,075,315)	17,056,218	17,016,228	111,815,748
Infrastructure	1,750,969	7,030,019	46,066,522	-	54,847,509	(32,276,415)	(356,412)		(32,632,827)	(23,495,427)	22,214,683	355,773,537
Development and Environment	104,815	923,181	-	-	1,027,995	(2,403,200)	-		(2,403,200)	(1,375,204)	(1,375,204)	-
Water and Waste	29,880	25,645,186	1,463,067	-	27,138,134	(17,021,210)	(1,280,127)		(18,301,337)	8,653,856	8,836,796	184,872,990
Total Council	11,312,777	56,262,816	47,529,589	-	115,105,182	(66,736,149)	(1,676,530)	-	(68,412,679)	839,443	46,692,502	652,462,274

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

	2026 $	2025 $

3 Revenue

Rates, levies and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

(a) Rates, levies and charges

General rates	22,393,755	20,286,006
Water	10,238,265	9,615,883
Sewerage	9,500,958	8,762,820
Waste	6,435,214	5,934,219
Less: Pensioner remissions, concessions and financial assistance	(728,781)	(677,809)
Net rates, levies and utility charges	47,839,410	43,921,119

(b) Fees and charges

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

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

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

Building and property fees	609,443	402,961
Caravan Parks and Camping Grounds	644,513	647,316
Ferry	4,476,432	4,519,041
Communication towers	154,763	216,379
Permits, licences & registrations	595,574	608,793
Markets	296,535	308,798
Refuse & transfer stations	724,820	699,414
Water & sewerage applications	96,471	64,114
Other fees and charges	589,752	495,430
	8,188,304	7,962,247

(c) Interest income

Investments	2,980,089	2,485,938
Overdue rates and utility charges	296,835	218,385
	3,276,924	2,704,324

(d) Other revenue

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. The contract work carried out is not subject to retentions.

Contract and recoverable works	1,074,339	936,744
Commissions	34,033	33,875
Sundry revenue	584,929	363,405
	1,693,300	1,334,024

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

4 Grants, subsidies, contributions and donations

Grant income under AASB 15 *Revenue from Contracts with Customers*
Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.
The performance obligations are varied in each agreement but include events and employment terms. 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 *Income of Not-for-Profit Entities*
Where Council receives an asset for significantly below fair value, the asset is recognised at fair value. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.
Once the assets and liabilities have been recognised then income is recognised for any residual amount at the time that the asset is received.

Capital grants
Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses.

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

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Non-cash contributions with a value in excess of the asset capitalisation recognition thresholds, as per Note 13, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to Council by developers in the form of roadworks, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and value of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Developers pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB 1058 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

		2026 $	2025 $
(a)	**Operating**		
	General purpose grants	8,383,471	8,886,021
	Government subsidies and grants non disaster related	1,813,605	1,545,571
	Government subsidies and grants -Queensland Reconstruction Authority	6,324,316	881,185
		16,521,392	11,312,777
(b)	**Capital**		
	Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.		
	Government/statutory authority subsidies and grants	65,595,950	47,229,776
	Donations and contributions	1,139,156	79,267
	Assets contributed by developers at fair value	1,130,002	220,546
		67,865,108	47,529,589

In the 2026 financial year, Council has recognised significant capital grant revenue for the reconstruction of essential public assets that were damaged under Tropical Cyclone Jasper, associated rainfall and flooding event. Revenue has been received by the Queensland Reconstruction Authority and recognised as construction progresses.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

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

	2026		2025	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grants and subsidies	15,193,095	66,924,247	10,710,752	47,831,801
Donations and Contributions	1,139,156	-	79,267	-
Assets contributed by developers at fair value	1,130,002	-	220,546	-
	17,462,253	66,924,247	11,010,565	47,831,801

	Note	2026 $	2025 $
5 Other capital income			
Provision for restoration of land			
Decrease in restoration provision - Sanitary Depot	18	67,425	-
		67,425	-
Revaluations			
Revaluation up of property, plant and equipment reversing previous revaluation expense	13	440,071	-
		440,071	-
Capital insurance proceeds & reimbursements			
Insurance proceeds		857,213	-
		857,213	-
Total capital income		1,364,709	-

6 Employee benefits

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

Staff wages and salaries		18,137,572	17,021,416
Councillors' remuneration		437,772	424,046
Termination benefits		162,405	180,078
Annual, sick and long service leave entitlements		3,768,322	3,261,624
Superannuation	22	2,424,461	2,255,029
		24,930,532	23,142,192
Other employee related expenses		84,328	94,772
		25,014,860	23,236,964
Less: Capitalised employee expenses		(2,736,871)	(2,691,553)
		22,277,989	20,545,411

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

Total Council employees at the reporting date:

	No. of employees	No. of employees
Elected members	5	5
Administration staff	107	96
Depot and outdoors staff	109	100
Total full time equivalent employees	221	201

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

		Note	2026 $	2025 $
7	**Materials and services**			
(a)	**Materials and services non Disaster related**			
	Audit expenses*		253,483	176,114
	Doubtful debt expense		25,035	-
	Consultancy		1,487,888	1,167,174
	Contractors		9,155,047	5,777,932
	Communications and IT		1,445,585	1,451,079
	Donations		740,943	796,399
	Electricity		1,146,191	1,157,228
	Insurances		1,358,802	1,325,358
	Legal		334,169	355,778
	Repairs and maintenance		11,069,995	9,638,779
	Other materials and services		1,689,903	1,527,903
			28,707,041	23,373,745
(b)	**Materials and services Disaster**			
	Contractors		3,941,886	3,854,011
	Consultancy		9,309	338,708
	Other materials and services		643,399	529,717
			4,594,594	4,722,437
	Total Materials and services		33,301,635	28,096,182

* Audit fees include both internal and external audit fees. Total audit fees quoted by the Queensland Audit Office relating to the 2025-26 financial statements are $180,000 (2025: $180,000)

8	**Finance costs**			
	Bank charges		83,067	68,264
	Interest on leases		6,847	15,889
	Landfill sites - change in present value over time		197,077	366,177
			286,991	450,329
9	**Capital expenses**			
	Property restoration: Landfill sites			
	Adjustment to refuse restoration provision - Killaloe	18	1,268,467	279,780
	Adjustment to refuse restoration provision - Sanitary Depot	18	-	32,353
	Adjustment to refuse restoration provision - Newell Beach	18	644,746	20,773
			1,913,213	332,906
	Gain / Loss on disposal of non-current assets			
	Proceeds from the sale of property, plant and equipment		(166,445)	(55,354)
	Less: Carrying value of property, plant and equipment disposed of		1,379,362	1,320,018
			1,212,917	1,264,664
	Total loss on disposal of non-current assets		1,212,917	1,264,664
	Donated assets			
	Donated assets		57,799	78,960
	Total capital expenses		3,183,929	1,676,530

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

		2026 $	2025 $
10	**Cash and cash equivalents**		
	Cash at bank and on hand	66,555,130	63,701,155
	Balance per Statement of Cash Flows	66,555,130	63,701,155
	Cash and cash equivalents	66,555,130	63,701,155
	Less: Externally imposed restrictions on cash	(24,957,941)	(36,090,557)
	Unrestricted cash	41,597,189	27,610,598

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

Externally imposed expenditure restrictions at the reporting date:		
Unspent government grants and subsidies	24,790,164	35,894,661
Waste levy refund received in advance	167,777	195,896
Total unspent externally restricted cash	24,957,941	36,090,557
Internally imposed expenditure restrictions at the reporting date:		
Future constrained works	527,326	992,686
Total unspent internally restricted cash	527,326	992,686
Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	1,329,781	1,004,941
	1,329,781	1,004,941

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

11 Investments

Council held no investments at 30 June 2026.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

	2026	2025
	$	$

12 Trade and other receivables

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

All known bad debts were written-off at 30 June 2026. If an amount is recovered in a subsequent period then it is recognised as income.

As Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Current		
Rateable revenue and utility charges	4,487,631	4,298,781
Other debtors	2,204,496	1,316,342
Less impairment	(73,869)	(47,954)
Accrued revenue	1,850,325	948,022
GST recoverable	579,988	197,538
	9,048,570	6,712,729

Interest is charged on outstanding rates (12.12% per annum from 1 July 2025, previously 12.35% per annum). No interest is charged on other debtors.

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

Subject to impairment		
Not past due	2,019,661	1,251,039
Past due 31-60 days	11,788	1,373
Past due 61-90 days	35,479	16,548
More than 90 days	71,568	36,382
Total gross carrying amount	2,138,496	1,305,342
Impairment	(73,869)	(47,954)
	2,064,627	1,257,388
Not subject to impairment		
Rates and Charges	4,487,631	4,298,781
Grants	66,000	11,000
GST recoverable/accrued income (less contract assets)	2,430,312	1,145,560
	6,983,943	5,455,341
	9,048,570	6,712,729

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

13 Property, plant and equipment

30 June 2026	Note	Land and land improvements	Buildings and other structures	Plant and equipment	Office furniture and fittings	Transport assets	Water, Sewerage and Solid waste disposal	Drainage	Marine	Work in Progress	Total
Basis of measurement		Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair value category		Level 2 & 3	Level 3			Level 3	Level 3	Level 3	Level 3		
Asset values		$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2025		37,827,316	77,217,866	10,529,181	89,745	302,073,656	312,857,538	57,430,484	9,326,582	39,369,737	846,722,106
Additions		-	-	-	-	-	-	-	-	77,830,673	77,830,673
Disposals	9	(93,088)	(734,660)	(1,283,157)	-	(119,297)	(871,795)	(50,436)	-	-	(3,152,433)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	19	12,606,761	6,801,956	-	-	30,216,231	34,027,508	5,233,060	-	-	88,885,516
Revaluation adjustment to income (capital income)	5	-	-	-	-	-	1,058,468	-	850,584	-	1,909,053
Transfers between classes		(30,318)	(134,949)	(14,878)	-	-	180,146	-	-	-	-
Assets classified as held for sale		(490,000)	-	-	-	-	-	-	-	-	(490,000)
Contributed assets		214,883	-	-	-	98,294	179,856	636,970	-	(1,130,002)	-
Internal transfers from work in progress		2,454,284	7,390,793	1,700,760	-	38,430,671	3,726,663	1,346,047	98,874	(55,148,092)	-
Closing gross value as at 30 June 2026		52,489,837	90,541,005	10,931,906	89,745	370,699,556	351,158,385	64,596,125	10,276,040	60,922,316	1,011,704,915
Accumulated depreciation											
Opening balance as at 1 July 2025		3,714,303	31,539,464	4,993,628	55,983	77,198,704	133,819,317	16,982,755	5,821,966	-	274,126,120
Depreciation expense		477,425	2,683,074	826,878	4,711	5,686,222	6,911,772	654,062	870,760	-	18,114,903
Depreciation on disposals	9	(55,908)	(371,569)	(832,542)	-	(53,535)	(440,632)	(18,885)	-	-	(1,773,070)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	19	45,284	4,128,814	-	-	8,463,478	18,279,208	1,606,313	-	-	32,523,098
Revaluation adjustment to income (capital income)	5	-	-	-	-	-	859,923	-	609,058	-	1,468,981
Impairment adjustment to asset revaluation surplus of assets damaged by natural disaster	19	-	-	-	-	14,320,743	-	-	-	-	14,320,743
Transfers between classes		(35,691)	(20,623)	(9,506)	-	-	65,820	-	-	-	-
Accumulated depreciation as at 30 June 2026		4,145,413	37,959,161	4,978,457	60,694	105,615,612	159,495,408	19,224,246	7,301,784	-	338,780,774
Total written down value as at 30 June 2026		48,344,424	52,581,844	5,953,449	29,052	265,083,944	191,662,977	45,371,879	2,974,256	60,922,316	672,924,140
Residual value		-	-	1,983,013	-	-	-	-	-	-	1,983,013
Range of estimated useful life in years		10 - 100	5 - 60	3 - 20	8 - 10	10 - 100	10 - 150	10 - 100	4 - 60	-	-

Additions comprise:	$	$	$	$	$	$	$	$	$	$
Renewals	-	-	-	-	-	-	-	-	54,225,207	54,225,207
Other additions	-	-	-	-	-	-	-	-	23,605,466	23,605,466
Total additions	-	-	-	-	-	-	-	-	77,830,673	77,830,673

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

13 Property, plant and equipment

Assets classified as held for sale pertains to a parcel of land that was auctioned prior to 30 June 2026. An Executed Auction Contract was executed on 27 June 2026 . Settlement of this sale occurred on 3 August 2026.

30 June 2025	Note	Land and land improvements	Buildings and other structures	Plant and equipment	Office furniture and fittings	Transport assets	Water, Sewerage and Solid waste disposal	Drainage	Marine	Work in Progress	Total
Basis of measurement		Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair value category		Level 2 & 3	Level 3			Level 3	Level 3	Level 3	Level 3		
Asset values		$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2024		35,983,046	75,390,655	9,684,315	89,745	286,593,882	307,638,873	54,964,063	9,248,124	15,813,902	795,406,605
Additions		-	-	-	-	-	-	-	-	58,475,577	58,475,577
Disposals	9	-	(220,677)	(378,600)	-	(269,490)	(1,969,704)	(114,496)	-	-	(2,952,968)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	19	-	-	-	-	(4,207,108)	-	-	-	-	(4,207,108)
Transfers between classes		1,123,627	-	-	-	(1,896,420)	31,132	741,662	-	-	-
Contributed assets		-	159,796	-	-	37,581	9,067	14,102	-	(220,546)	-
Internal transfers from work in progress		720,643	1,888,092	1,223,466	-	21,815,213	7,148,170	1,825,154	78,459	(34,699,196)	-
Closing gross value as at 30 June 2025		37,827,316	77,217,866	10,529,181	89,745	302,073,656	312,857,538	57,430,484	9,326,582	39,369,737	846,722,106
Accumulated depreciation											
Opening balance as at 1 July 2024		2,976,550	29,281,056	4,504,831	51,273	86,860,406	128,002,921	16,279,896	4,982,569	-	272,939,501
Depreciation expense		409,910	2,418,227	744,939	4,711	5,454,869	6,828,257	654,446	839,397	-	17,354,757
Depreciation on disposals	9	-	(159,819)	(256,142)	-	(158,391)	(1,023,393)	(35,204)	-	-	(1,632,950)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	19	-	-	-	-	(14,535,187)	-	-	-	-	(14,535,187)
Accumulated depreciation as at 30 June 2025		3,714,303	31,539,464	4,993,628	55,983	77,198,704	133,819,317	16,982,755	5,821,966	-	274,126,120
Total written down value as at 30 June 2025		34,113,013	45,678,402	5,535,553	33,762	224,874,953	179,038,221	40,447,729	3,504,617	39,369,737	572,595,985
Residual value		-	-	1,822,322	-	-	-	-	-	-	1,822,322
Range of estimated useful life in years		10 - 100	5 - 60	3 - 20	8 - 10	10 - 100	10 - 150	10 - 100	4 - 60	0	0
Additions comprise:		$	$	$	$	$	$	$	$	$	$
Renewals		-	-	-	-	-	-	-	-	43,892,625	43,892,625
Other additions		-	-	-	-	-	-	-	-	14,582,952	14,582,952
Total additions		-	-	-	-	-	-	-	-	58,475,577	58,475,577

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

13 Property, plant and equipment

a) Recognition

The capitalisation thresholds for Council are set at $1 for land, $1 for network assets, $5,000 for plant and equipment and $10,000 for all other assets. Any expenditure below these thresholds is expensed in the period in which it is incurred.

Network assets are an aggregate of interrelated assets that perform a specific service and which individually are likely to be below the capitalisation threshold levels but collectively are above the capitalisation threshold for their class. Network assets include components of infrastructure assets.

Land under roads and reserve land under the Land Act 1994 or Land Title Act 1994 is controlled by Queensland State Government and not recognised in the Council financial statements.

b) Measurement

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. 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.

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

c) Valuation

Land and improvements, buildings and all infrastructure assets are measured at fair value. Plant and equipment, office furniture and fittings, other assets and work in progress are measured at historic cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, management performs a desktop valuation on each asset class. A desktop valuation involves management assessing the condition and cost assumptions associated with each asset class and considering the movements in the Road and Bridge Construction Index, Other Heavy and Civil Engineering Construction Queensland Index and the Non-residential Building Construction Queensland Index as published by the Australian Bureau of Statistics (June rates of the relevant financial year have been used for 2026 indexation purposes). Together these are used to form the basis of the desktop valuation.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.
On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any changes in the estimated remaining useful life.

(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)

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

(ii) Valuation techniques used to derive fair values

Excluding land assets, valuation unit rates (for current replacement costs) include 20% to allow for Council project overheads including survey, environmental and investigation (6%), engineering design (5%), engineering supervision (3%) and project management (6%).

Accumulated depreciation

In determining the level of accumulated depreciation, the assets were disaggregated into significant components which exhibit different useful lives. Remaining useful lives were calculated based on condition assessments. The condition assessments were made using a five point scale with 1 being the lowest and 5 being the highest. A condition assessment of 1 indicates an asset with a very high level of remaining service potential (95%). A condition assessment of 5 represents an asset that is unserviceable with a limited remaining useful life (5%).

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

Valuation - dates of revaluations and reviews

Asset Class	Valuation Approach	Last Full Valuation date	Valuer Engaged	Key Assumptions and Estimates	Index applied (change in index recognised this year)	Index applied
Land (level 2)	Market value	30 June 2026	Stantec Pty Ltd	Sales prices of comparable land sites in close proximity were adjusted for differences in key attributes such as property size and zoning.		Nil - revaluation performed
Land improvements (level 3)	Current replacement cost	30 June 2026	Stantec Pty Ltd	Replacement costs calculated primarily by reference to actual costs for similar construction in the Far North Queensland region.		Nil - revaluation performed
Buildings and Other Structures (level 3)	Current replacement cost	30 June 2026	Stantec Pty Ltd	Replacement costs calculated primarily by reference to actual costs for similar construction in the Far North Queensland region. The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.		Nil - revaluation performed
Transport Assets						
- Road assets (level 3)	Current replacement cost	30 June 2025	Stantec Pty Ltd	Council categorises its road assets into geographical regions and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	10.24%	ABS PPI 3101 Road and bridge construction Queensland
- Bridge assets (level 3)	Current replacement cost	30 June 2025	Stantec Pty Ltd	Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.	10.24%	ABS PPI 3101 Road and bridge construction Queensland

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

- Other transport assets (level 3)	Current replacement cost	30 June 2025	Stantec Pty Ltd	Construction estimates were determined on a similar basis to roads.	10.24%	ABS PPI 3101 Road and bridge construction Queensland
Water, Sewerage and Solid Waste Disposal						
- Water (level 3)	Current replacement cost	30 June 2026	Stantec Pty Ltd	Unit rates were based on a combination of actual contract data obtained from various Queensland local governments and water utilities over recent years as well as actual supply/installation costs from suppliers and contractors. The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.		Nil - revaluation performed
- Sewerage (level 3)	Current replacement cost	30 June 2023	Stantec Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data. The valuation process involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates, application of adjustment factors as well as the review of asset useful and remaining useful lives.	9.12%	ABS PPI 3109 Other heavy and civil engingeering construction Australia
- Solid Waste Disposal (level 3)	Current replacement cost	30 June 2022	Stantec Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	9.12%	ABS PPI 3109 Other heavy and civil engingeering construction Australia
Drainage (level 3)	Current replacement cost	30 June 2022	Stantec Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	9.12%	ABS PPI 3109 Other heavy and civil engingeering construction Australia
Marine (level 3)	Current replacement cost	30 June 2022	Stantec Pty Ltd	Unit rates for construction were developed using: Industry standard cost guides, project costs from recently completed projects, manufactured specifications and other data.	9.12%	ABS PPI 3109 Other heavy and civil engingeering construction Australia

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

d) Capital and operating expenditure

Wages and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of a non-current asset are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

e) Capital work in progress

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

f) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis to write-off the value of each depreciable asset, less its estimated residual value (where applicable), progressively over its estimated useful life to Council. The straight-line basis is considered to appropriately reflect the pattern of consumption of all Council assets.

Council 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.

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

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

The condition assessments performed as part of the comprehensive revaluation process for assets measured at current replacement cost are used to estimate the remaining useful lives of these assets at each reporting date. Generally the majority of above ground assets are individually inspected during a revaluation and a statistically significant sample of below ground assets are inspected in accordance with industry standards. Details of the range of estimated characteristic useful lives for each class of asset are shown in the table earlier in this note.

g) Impairment of non-current assets

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. In the 2026 financial year, Council experienced weather events that impaired unsealed roads. The impairment of these roads has been recognised in notes 13 and 19.

	2026 $	2025 $
14 Intangible assets		
Software		
Opening gross carrying value	201,991	201,991
Additions	-	-
Disposals	-	-
Closing gross carrying value	201,991	201,991
Accumulated amortisation		
Opening balance	169,114	146,992
Amortisation in the year	8,224	22,122
Disposals	-	-
Closing balance	177,339	169,114
Net carrying value at the end of the financial year	24,653	32,876

Software has a finite life estimated at 5 years. Straight line amortisation has been used with no residual value.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

15 Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that Council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability. Revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses by percentage of project completion.

		2026	2025
		$	$
(a)	Contract assets	8,790,771	8,563,329
(b)	Contract liabilities		
	Funds received upfront to construct Council controlled assets	23,802,398	35,493,203
	Non-capital performance obligations not yet satisfied	987,765	401,458
		24,790,164	35,894,661

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

Funds to construct Council controlled assets	30,965,233	1,731,890
Non-capital performance obligations (including deposits received in advance)	229,595	142,778
	31,194,828	1,874,668

Satisfaction of contract liabilities

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets. Council expects to recognise the contract liability as income in the next 1 year.

16 Leases

Council as a lessee

Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.
The right-of-use asset is measured using the cost model and is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

Council has leases in place over buildings, vehicles and equipment.

Buildings

Council leases one building which is used as an office for the disaster recovery works relating to Tropical Cyclone Jasper. The lease term was for 24 months at a fixed lease payment. During the year Council exercised a 1*1 year extension option at an agreed fixed increase.

Vehicles

Council leased vehicles which are used for the disaster recovery works relating to Tropical Cyclone Jasper. These leases had a term of 24 months. The lease payments were fixed for the term of the lease. These leases expired in the year and at balance date the vehicles are managed under a month by month agreement.

Equipment

Council leases one asset which is used in Civil Operations. The lease term is 36 months and payments are fixed. During the year this lease expired and another lease was entered into, under the same terms and conditions. Council leases a number of other items of equipment that are considered low value and are therefore not subject to lease accounting.

Right of use assets

	Buildings	Vehicles	Other	Total
	$	$	$	$
Balance at 1 July 2025	134,575	70,040	17,925	222,540
Additions to right-of-use assets	94,844	-	85,288	180,132
Adjustments to right-of-use assets due to	-	-	-	-
Depreciation charge	(134,575)	(70,040)	(25,033)	(229,648)
Impairment of right-of-use assets	-	-	-	-
Balance at 30 June 2026	94,844	-	78,180	173,024
Balance at 1 July 2024	-	-	-	-
Additions to right-of-use assets	269,150	140,079	80,659	489,888
Adjustments to right-of-use assets due to	-	-	-	-
Depreciation charge	(134,575)	(70,039)	(62,734)	(267,348)
Impairment of right-of-use assets	-	-	-	-
Balance at 30 June 2025	134,575	70,040	17,925	222,540

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

Lease liabilities
The table below shows the maturity analysis of the lease liabilities based on contractual cash flows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

	< 1 year	1–5 years	> 5 years	Total	Total per statement of financial position
	$	$	$	$	$
2026	157,344	-	-	157,344	153,124
2025	167,090	-	-	167,090	163,037

Amounts included in the statement of comprehensive income related to leases
The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee

	2026	2025
	$	$
Interest on lease liabilities	6,847	15,889
Depreciation of right to use assets	229,648	267,348
Expenses relating to short-term leases	22,560	31,960
Expenses relating to low-value assets	47,040	47,040
	306,095	362,237
Total cash outflows for leases	266,690	421,740

17 Trade and other payables

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

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense.

	2026	2025
Current	$	$
Creditors and accruals	12,075,856	9,046,276
Accrued wages and salaries	650,270	523,422
Unearned revenue	381,214	180,550
Prepaid rates	1,478,931	1,263,886
Sick leave	316,751	305,781
Other entitlements	83,971	89,055
	14,986,993	11,408,971

18 Provisions

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

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

As Council does not have an unconditional right to defer settlement of annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

Restoration Provision
A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current Queensland Treasury Corporation ("QTC") lending rate is considered an appropriate rate.

Restoration on land not controlled by Council
Where the restoration site is on State reserves which Council does not control, the cost of the provision for restoration of these sites has to be treated as an expense in the reporting period the provision is first recognised. Changes in the provision due to time, discount rate or expected future cost are treated as an expense or income in the reporting period in which they arise.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

Restoration on land controlled by Council

Where the restoration site is on Council controlled land, the cost of the restoration provision is added to the cost of the land as an improvement and amortised over the expected useful life. Changes in the provision, not arising from the passing of time, are added to or deducted from the asset revaluation surplus for solid waste disposal. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases, if any. Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The current Queensland Treasury Corporation ("QTC") lending rates are used to discount the estimated future cash outflows to their present value.

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer settlement of long service leave beyond twelve months after the reporting date, long service leave is classified as current. Otherwise it is classified as non-current.

	2026 $	2025 $
Current		
Landfill restoration	765,893	757,122
Annual leave	2,538,542	2,359,410
Long service leave	2,324,294	2,107,771
	5,628,728	5,224,303
Non-current		
Landfill restoration	5,251,193	3,659,223
Long service leave	559,894	503,948
	5,811,086	4,163,170

Details of movements in provisions:

	2026 $	2025 $
Property restoration: Landfill sites		
Balance at the beginning of the financial year	4,416,343	4,334,167
Increase in provision due to unwinding of discount	197,077	366,177
Increase / (decrease) in provision for future cost	1,845,788	332,906
Provision expended to date	(442,125)	(616,908)
Balance at the end of the financial year	6,017,083	4,416,343

Council has two landfill sites located at Newell Beach and Killaloe and a Sanitary Depot. The provision is stated at the present value of the estimated cost of restoring the landfill sites to a standard required under licensing conditions. The Killaloe and Newell sites are undergoing final capping with post closure monitoring to continue for 30 years after closure.The Sanitary Depot remediation works are finalised and submission has been made to the regulator for the removal or amendment of licensing requirements in 2027. Post closure monitoring is expected for the Sanitary Depot for 30 years after closure. Additional upfront capping costs are required which has increased the landfill provision in the 2026 financial year.

19 Asset revaluation surplus

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

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

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

	Note	2026 $	2025 $
Movements in the asset revaluation surplus were as follows:			
Balance at the beginning of the financial year		133,240,242	122,912,163
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and land improvements		12,561,477	-
Buildings and other structures		2,673,142	-
Transport assets		21,752,753	10,328,079
Water, Sewerage and Solid waste		15,748,299	-
Drainage		3,626,747	-
Fair value decrement:			
Transport assets	13	(14,320,743)	-
Balance at the end of the financial year		175,281,917	133,240,242
Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land and land improvements		15,972,938	3,411,461
Buildings and other structures		30,488,253	27,815,112
Transport assets		34,652,860	27,220,850
Water, Sewerage and Solid waste disposal		88,194,850	72,446,551
Drainage		5,973,015	2,346,268
		175,281,917	133,240,242

20 Commitments for expenditure

Capital Commitments		
Land and Land Improvements	46,000	107,899
Buildings and other structures	125,879	1,310,175
Transport assets	30,033,278	71,558,587
Water, Sewerage and Solid Waste disposal	2,039,970	1,513,725
Plant and Equipment	-	367,613
Marine	6,842,358	9,023,351
These expenditures are payable as follows:		
Not later than 1 year	37,195,127	74,741,093
Later than 1 year but not later than 5	1,892,358	9,140,258
	39,087,485	83,881,351

21 Contingent liabilities

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

Local Government Mutual

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 being 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 to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2026 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is $1,006,334

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

22 Superannuation

Council contributes to the Brighter Super Regional Defined Benefits Fund (the scheme), at the rate of 12% for each standard permanent employee who is a defined benefit member. This rate is set in accordance with the Brighter Super trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009. The scheme is managed by the Brighter Super trustee.
The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Technically Council can be liable to the scheme for a portion of another local government's obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and, in accordance with the Brighter Super trust deed, changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2024. The actuary indicated that “At the valuation date of 1 July 2024, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.
The next triennial actuarial review is not due until 1 July 2027.

The most significant risks that may result in Brighter Super increasing the contribution rate, on the advice of the actuary, are:
Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.
Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	Note	2026 $	2025 $
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	2,424,461	2,255,029

23 Reconciliation of net result for the period to net cash inflow (outflow) from operating activities

Net result	69,667,380	46,692,503
Non-cash items:		
Depreciation and amortisation	18,352,775	17,644,227
Revaluation adjustments	(440,071)	-
Change in future rehabilitation and restoration costs	2,042,865	699,083
	19,955,569	18,343,310
Investing and development activities (non-cash):		
Net profit or loss on disposal of non-current assets	1,212,917	1,264,664
Capital grants, contributions and reimbursements	(68,103,985)	(47,529,589)
Donated assets	57,799	78,960
	(66,833,269)	(46,185,965)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(2,335,842)	(1,622,710)
(Increase)/decrease in inventory	45,382	(42,731)
(Increase)/decrease in prepayments	(64,597)	(187,751)
(Increase)/decrease in contract assets (recurrent grants)	(4,178,613)	(68,287)
Increase/(decrease) in payables	3,135,897	(5,114,982)
Increase/(decrease) in contract liabilities (recurrent grants)	586,307	258,680
Increase/(decrease) in other provisions	451,599	378,818
Increase/(decrease) in unearned revenue	(28,119)	(159,633)
	(2,387,985)	(6,558,596)
Net cash inflow from operating activities	20,401,695	12,291,251

24 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.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

25 Financial instruments and financial risk management

(a) Financial assets and financial liabilities

Council has exposure to the following risks arising from financial instruments:
- credit risk
- liquidity risk
- market risk

Risk management framework

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.

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. Council aims to manage volatility to minimise potential adverse effects on its financial performance.

The Douglas Shire Council Audit Committee oversees how management monitors compliance with Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by Council. The 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 Douglas Shire Council Audit Committee.

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 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 Council.

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

Liquidity risk

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

Council is exposed to liquidity risk in relation to its financial liabilities, being trade and other payables, which are expected to be settled within 12 months.

The following table sets out the liquidity risk in relation to financial liabilities (excluding lease liabilities - refer note 20) held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2026					
Trade and other payables	14,986,993	-	-	14,986,993	14,986,993
	14,986,993	-	-	14,986,993	14,986,993
2025					
Trade and other payables	11,408,971	-	-	11,408,971	11,408,971
	11,408,971	-	-	11,408,971	11,408,971

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

Market risk

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

Currency risk
Council is not exposed to currency risk as all investments are held in Australian currency.

Price risk
Council is not exposed to price risk as investments are held with financial institutions, rather than shares or stocks.

Interest rate risk
Council is exposed to interest rate risk through investments with financial institutions.

Sensitivity
Interest rate sensitivity analysis evaluates the outcome on financial result if interest rates would change by +/- 1 percent from the year-end rates applicable to Council's financial assets and financial liabilities. With all other variables held constant, Council would have a financial result and equity increase/(decrease) of $665,861 (2025: $637,012).

(b) Fair value
The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment. The carrying value of cash and cash equivalents, short term payables and receivables is considered a reasonable approximation of fair value.

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

26 Transactions with related parties

(a) Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP comprises:

	2026	2025
	$	$
Short-term employee benefits	1,098,855	945,369
Post-employment benefits	130,055	89,006
Long-term benefits	17,305	18,691
Termination benefits	124,196	-
Sub-Total	**1,370,410**	**1,053,067**
Provision of KMP provided by agency	41,773	358,279
Total	**1,412,183**	**1,411,346**

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

Other related parties include 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	2026	2025
		$	$
Purchase of materials and services from entities controlled by key management personnel or their close family members.	26(b)(i)	-	-
Employee Expenses for close family members of key management personnel	26(b)(ii)	136,446	63,550

(i) During the year there were no entities controlled by KMP providing materials and services to Council. Last year there were none.

(ii) One close family member of key management personnel was employed through an arm's length process (In 2025 there was one). They are paid in accordance with the Award for the job they perform.

(c) Outstanding balances

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

Receivables	Amounts owed by entities controlled by KMP	Amounts owed by entities controlled by KMP
	2026	2025
Current	$ -	$ -
Past due 31-60 days	$ -	$ -
Past due 61 - 90 days	$ -	$ -
More than 90 days overdue	$ -	$ -
Total owing	**$ -**	**$ -**
Payables	**Amounts owed to entities controlled by KMP**	**Amounts owed to entities controlled by KMP**
	2026	2025
Current	$ -	$ -
Past due 31-60 days	$ -	$ -
Past due 61 - 90 days	$ -	$ -
More than 90 days overdue	$ -	$ -
Total owing	**$ -**	**$ -**

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

Douglas Shire Council
Notes to the financial statements
For the year ended 30 June 2026

(d) Loans and guarantees to/from related parties

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

(e) Transactions with related parties that have not been disclosed.

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

- Payment of rates
- Dog registration
- Use of swimming pool
- Borrowing books from a Council library

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

Douglas Shire Council
Financial statements
For the year ended 30 June 2026

Management Certificate
For the year ended 30 June 2026

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

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

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

(ii) the general purpose financial statements as set out on pages 3 to 30 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
Lisa Scomazzon

Date: 15/10/26

Chief Executive Officer
Scott Osman

Date: 15/10/26

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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Douglas Shire Council (the council).

The financial report comprises the statement of financial position as at 30 June 2026, 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 accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2026:

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.

c) In my opinion, the financial report:

   i. gives a true and fair view of the council's financial position as at 30 June 2026, and of its financial performance for the year then ended

   ii. 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 council is responsible for the other information.

The other information comprises the information included in the council's annual report for the year ended 30 June 2026, but does not include the financial report and my auditor's report thereon.

At the date of this auditor's report, the available other information in the council's annual report for the year ended 30 June 2026 was the current-year financial sustainability statement – audited ratios, current-year financial sustainability statement – unaudited contextual ratios and long-term financial sustainability statement – unaudited.

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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 council for the financial report

The council is responsible for:

- the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009* and the Local Government Regulation 2012, and other prescribed requirements and Australian Accounting Standards, and such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error
- the establishment and keeping of accounts in accordance with prescribed requirements
- 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. My auditor's report must state whether I have received all the information and explanations required, and whether I consider the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

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:

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

A further description of my responsibilities under the *Auditor-General Act 2009* and *Auditor-General Auditing Standards* is located at the Queensland Audit Office website at:
www.qao.qld.gov.au/audit-program/audit-standards

These descriptions form part of my auditor's report.

16 October 2026

William Cunningham
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Douglas Shire Council
Current-year Financial Sustainability Statement - Audited ratios for the year ended 30 June 2026

Type	Measure	Target (Tier 5)	Actual Current Year	5-Year Average	Council Narrative
			Council		
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months (single yr)	8.98	N/A	Council has sufficient unrestricted cash to contribute toward the cost of future planned and unplanned expenditures.
Operating Performance	Operating Surplus Ratio	Greater than -2% (5 yr average)	4.96%	0.43%	Council is comfortably covering its core operational expenditure. Significant movement and key drivers in this ratio is grant funded revenue and expenditure.
	Operating Cash Ratio	Greater than 0% (5 yr average)	28.61%	24.44%	Council is comfortably covering its core operational requirements.
Asset Management	Asset Sustainability Ratio	Greater than 90% (5 yr average)	313.74%	172.61%	Council is spending appropriate levels on renewals of assets. Significant movement and key drivers in this ratio is the renewal expenditure on disaster impacted assets.
	Asset Consumption Ratio	Greater than 60% (5 yr average)	62.8%	61.9%	Council's assets are being consumed in line with their estimated useful lives.

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 2026.

Certificate of Accuracy
For the year ended 30 June 2026

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
Lisa Scomazzon
Date: 15/10/26

Chief Executive Officer
Scott Osman
Date: 15/10/26

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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Douglas Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Douglas Shire Council (the council).

The financial sustainability statement for the year ended 30 June 2026, comprises 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 is accurately calculated in accordance with the Financial Management (Sustainability) Guideline 2024.

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 council is responsible for the other information.

The other information comprises the information included in the council's annual report for the year ended 30 June 2026, but does not include the financial sustainability statement and my auditor's report thereon.

At the date of this auditor's report, the available other information in the council's annual report for the year ended 30 June 2026 was the general purpose financial statements, current-year financial sustainability statement – unaudited contextual ratios, and the long-term financial sustainability statement – unaudited.

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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 council for the current year financial sustainability statement

The council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Financial Management (Sustainability) Guideline 2024 and the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

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

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

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

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

- identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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.

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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.



16 October 2026

William Cunningham
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Douglas Shire Council

Current-year Financial Sustainability Statement - Unaudited contextual ratios for the year ended 30 June 2026

Type	Measure	Target (Tier 5)	Actual Current Year	5-Year Average	Council Narrative
			Council		
Financial Capacity	Council-Controlled Revenue*	N/A	71.98%	75.72%	The 5 year average ratio indicates that Council has a healthy rate base and appropriately costed fees and charges rates to generate revenue without relying on external sources.
	Population Growth*	N/A	2.65%	1.36%	The Shire's population growth continues to be variable.

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 two 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 2026.

Certificate of Accuracy

For the year ended 30 June 2026

This current-year financial sustainability statement - Contextual Ratios 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 (Contextual Ratios) has been accurately calculated.

Mayor
Lisa Scomazzon

Date: 15/10/26.

Chief Executive Officer
Scott Osman

Date: 15/10/26

Douglas Shire Council
Long-Term Financial Sustainability Statement - Unaudited
Prepared as at 30 June 2026

Measures of Financial Sustainability
Council

Projected for the years ended

Type	Measure	Target (Tier 5)	Actuals as at 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	71.98%	78.00%	86.00%	87.30%	87.50%	87.60%	87.70%	87.80%	87.90%	88.00%
	Population Growth	N/A	2.65%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Operating Performance	Operating Surplus Ratio	Greater than -2% (5 yr average)	4.96%	-0.80%	0.00%	1.10%	2.20%	1.80%	1.50%	1.10%	0.80%	0.50%
	Operating Cash Ratio	Greater than 0% (5 yr average)	28.61%	24.50%	27.20%	27.90%	28.70%	28.30%	28.00%	27.70%	27.40%	27.10%
Asset Management	Asset Sustainability Ratio	Greater than 90% (5 yr average)	313.74%	471.00%	95.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
	Asset Consumption Ratio	Greater than 60% (5 yr average)	62.80%	86.00%	86.10%	86.00%	85.80%	85.60%	85.30%	85.00%	84.80%	84.50%

Council's long term financial management strategy is to achieve all measures of financial sustainability, and this is consistent with council's long term forecast.

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2026

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
Lisa Scomazzon
Date: 15/10/26

Chief Executive Officer
Scott Osman
Date: 15/10/26