



Shire of Cue

Annual Report

2017 – 2018

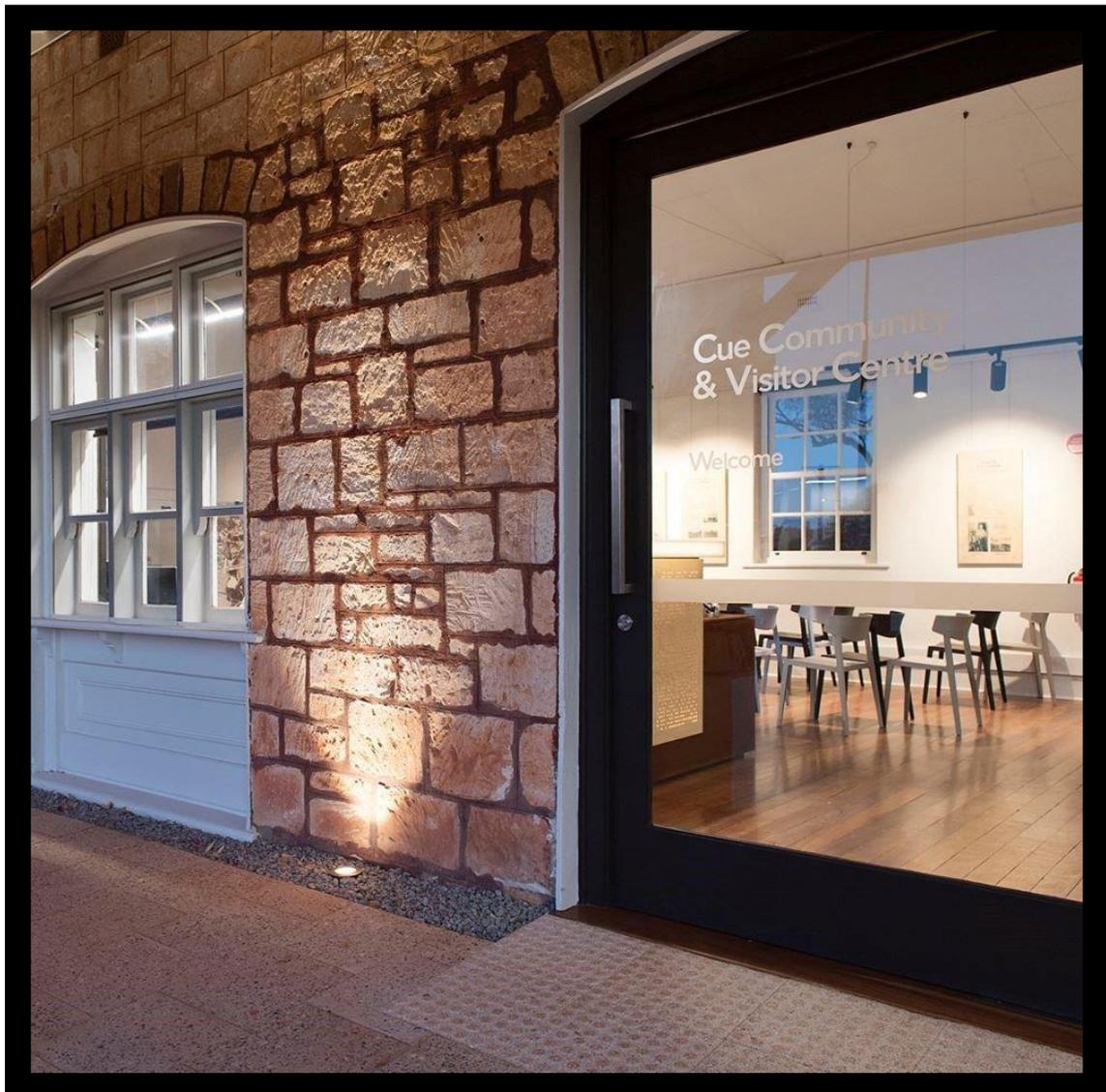


TABLE OF CONTENTS

SHIRE PRESIDENT’S REPORT 2

CHIEF EXECUTIVE OFFICER’S REPORT 3

MAJOR PROJECTS AND INITIATIVES 4

DISABILITY ACCESS AND INCLUSION PLAN 10

PUBLIC INTEREST DISCLOSURES 13

FREEDOM OF INFORMATION 13

RECORDKEEPING PLAN 13

NATIONAL COMPETITION POLICY 13

STAFF SALARY BANDS 13

INTEGRATED PLANNING AND REPORTING 14

STRATEGIC COMMUNITY PLAN 17

SUMMARY FINANCIAL DATA 19

ANNUAL FINANCIAL STATEMENT 21

SHIRE PRESIDENT'S REPORT

I am pleased to present the Shire's Annual Report for 2017/18. The year under review was a period of consolidation for the Shire, with the focus on completing several major infrastructure projects that had been ongoing for some time.

The redevelopment of the old Post Office into the Cue Community and Visitor Centre was a major success, taking out two 2018 Western Australian Heritage awards. The building was chosen as the winner in the category of Adaptive Reuse of a State Registered Place and went on to be recognised as the leading project for 2018 with the Gerry Gauntlett Award for excellence in Conservation or Adaptive Reuse. It is very pleasing to achieve such accolades, and to receive so much positive feedback from new residents and visitors to town as a result of the recent improvements that have been made.

Councillor elections in October 2017 resulted in a new look Council, with Petronella (Pixie) Pigdon not being returned. New Councillor, Liz Houghton, brings a wealth of local knowledge that should benefit Council into the future.

On the State Government front, progress on the construction of a water treatment plant at the bore field north of town has been made, with plans drawn up and contracts awarded. The plant is expected to be operational by June 2020. Main Roads WA are also well advanced with the planned resurfacing of Austin Street.

The past year has also thrown some personal challenges my way and I am grateful for Council's understanding and support during this time.

Councillor Ross Pigdon
Shire President



L to R - Minister for Local Government; Heritage; Culture and the Arts, Hon David Templeman MLA, Shire of Cue CEO, Rob Madson, Architect Stephen Carrick, Judy Gauntlett and Architect Suzie Hunt at the 2018 WA Heritage Awards.

CHIEF EXECUTIVE OFFICER'S REPORT

Following a State Government decision to bring all WA Local Government audits under the control of the State Auditor General, the Shire's 2017-2018 audit was one of the first conducted under the new regime. The Office of the Auditor General has identified areas within the Shire's accounting systems which could be improved, while providing a clean bill of health for the statements presented within this document.

The Shire continues to perform well financially, finishing the year with a healthy balance of \$6,148,265 in reserves, including \$3,511,992 in the Beringarra-Cue Road Reserve. This is an excellent result considering the amount of capital works undertaken.

Construction of the Cue Community and Visitor Centre was completed and the official opening was well attended. The Cue community should be extremely proud to own such a magnificent facility.

Final touches were put in place at the Oasis Visitor stop, with the installation of signage and visitor information boards detailing opportunities for tourist experiences with the aim of encouraging visitors to stay longer in the area, providing additional input into the local economy.

The previously under-utilised area adjacent to the Shire Hall was landscaped and upgraded with the addition of a synthetic surface bowling green and seating. This has proved to be a major drawcard for Cue Tourist Park residents, along with a few dedicated locals.

Perimeter fencing at the oval has kept the rabbits at bay long enough for the surface to be repaired, new reticulation to be laid and grass regrown.

The administration building, historic cottages at the Cue Tourist Park and the Bishop's house all received significant renovations and new sheds were erected on the Shire's industrial lots in Heydon Place.

Due to the Shire's pre-planning of the dual use footpath network, we were able to take advantage of additional funding that became available during the year and constructed several years of the footpath program at once, resulting in significant cost efficiency and savings.

While a lot of work has been done, there are still many projects contained within the Shire's integrated strategic planning documents and we will remain focused on providing quality facilities for the community's benefit.

Rob Madson DipLG(C)
Chief Executive Officer

MAJOR PROJECTS AND INITIATIVES

PROJECTS COMPLETED THIS YEAR

Redevelopment of the old Post Office into the Cue Community and Visitors Centre



Incorporating the original Post Boxes and ladder to the clock tower



Bowling green at Shire Hall



Spectator area with seating



Oasis Visitor Stop Information Boards



New signage at the Oasis Visitor Stop



Town Oval
New perimeter fencing and reticulation



Refurbishment of Shire Administration building



Council Chambers



Repainted and new carpets throughout



The Shire of Cue Works Department has continued its ongoing projects in 2017-2018 in road constructions and maintenance. Some of the projects undertaken being:



MAINTENANCE, CONSTRUCTIONS AND MAJOR PROJECTS

Bishops House renovations and associated works to accommodate the Depot office
Flood damage repairs to Shire Roads
Reconstruction of part of Cue Wondinong Road
Reconstruction and resealing of part of the Beringarra Cue Road
Construction of dual use pathways
Heydon Place industrial development
Historic Cottages restoration
Restoration of the Shire Administration Building

MAJOR ITEMS OF PLANT REPLACED DURING THE YEAR

Kubota tractor with broom attachment
Mitsubishi Fuso dual cab light truck
UD Nissan Prime Mover
Replacement of light vehicles

DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act requires that each year local governments will report on their achievements in implementation of their Disability Access and Inclusion Plan (formerly known as Disability Services Plan).

BACKGROUND

The Shire of Cue has a population of approximately 194 people.

This population now includes a number of elderly people who face a range of barriers due to disability.

The disabilities encountered include:

- Mobility impairment
- Vision impairment; and
- Hearing impairment.

In June 2016 Council adopted the Shire's Disability Access and Inclusion Plan 2016-2020 (DAIP).

It is incumbent upon the Shire and this is articulated in the Disability Access and Inclusion Plan, to wherever possible make Shire services and facilities accessible to people with disabilities.

ACHIEVEMENTS

Dual Use Pathways

With assistance from the WA Bicycle Network Grants Scheme, the Shire of Cue has progressively been installing 2m wide dual use pathways around the town site. Between these paths and the existing pavements most community facilities are more accessible for people with mobility impairment.

In 2017–2018 the Shire of Cue extended its 2m wide pathways by 1341.1m linking more of the Cue Townsite with community facilities.

The pathways link the following facilities:

- Sporting Complex
- Hotel
- Shire Offices
- Health Centre
- School
- Cue Oasis Stop
- Town Oval
- Cue Community & Visitor Centre
- Library
- Post Office
- Shire Hall
- Residential areas

LIBRARY SERVICES

People who use library services in the Shire of Cue are benefitting from improved access as a result of the relocation of the existing library. For many towns across Western Australia, local services are delivered at buildings which hold significant historic value. However ensuring access for everyone to such facilities can often be a complex process and in some cases the facilities themselves may not be suitable for renovation.

Recognising the value of the library as a key community service, the Shire of Cue's strategy was to relocate library services to the Cue Community and Visitor Centre, formerly the Post Office. As a result, residents are benefitting from the advantages of shared services at this facility, improved access pathways and accessible toilet facilities. The Library now has an even greater selection of material suitable for people with vision impairment.

This includes:

- Large print books
- Audio books
- Access to e-books and e-magazines

The WA Heritage Council has acknowledged the Cue Community and Visitor Centre as the winner of the Gerry Gauntlett Award for excellence in Conservation or Adaptive Reuse. The Centre provides an inviting and accessible place which brings together locals and visitors, and has helped revitalise the town centre.

The Shire is taking a community wide approach by liaising with local businesses to improve accessibility in their redevelopment plans.

New Library area



PUBLIC AREAS AND BUILDINGS

Access to public buildings remains a challenge for the future especially as older buildings were not designed with people with disability in mind.

The Shire has purchased portable ramps and a stair lift to assist with access to all areas of the Shire Administration Building and relocated the Library to the redeveloped Cue Community and Visitors Centre.

The development of the Oasis Visitor Stop area includes a wheelchair accessible picnic setting.

Wheelchair accessibility



Oasis Visitor Stop

PUBLIC INTEREST DISCLOSURES

During 2017-18 there were no complaints against Council members that resulted in action under section 5.110(6) of the Local Government Act 1995.

FREEDOM OF INFORMATION

The Shire of Cue will provide people with all necessary information held by the Council; however if we are unable to supply this information by less formal means, a Freedom of Information request can be made. In 2017-2018 we had three requests.

RECORDKEEPING PLAN

Over the past twelve months the Shire has continued implementation of a full and complete records management program as required under the State Records Commission's Principles and Standards 2002.

The Shire of Cue has implemented a Recordkeeping Plan and continues its commitment to the following:

- A filing system has been implemented using Keywords for Council
- Ongoing training was delivered this year for all staff in Records Management
- The Shire of Cue engaged a Records Management Expert to review our practices.

The Recordkeeping Plan was approved by the State Records Office in June 2015 and includes:

- Disaster and Risk Management
- Records Management Policy and Procedure Manual
- Records Disposal Program

The Shire of Cue will continue to further develop the Recordkeeping Plan.

NATIONAL COMPETITION POLICY

Council operations in the 2017-2018 financial period did not fall within the requirements of the National Competition Policy.

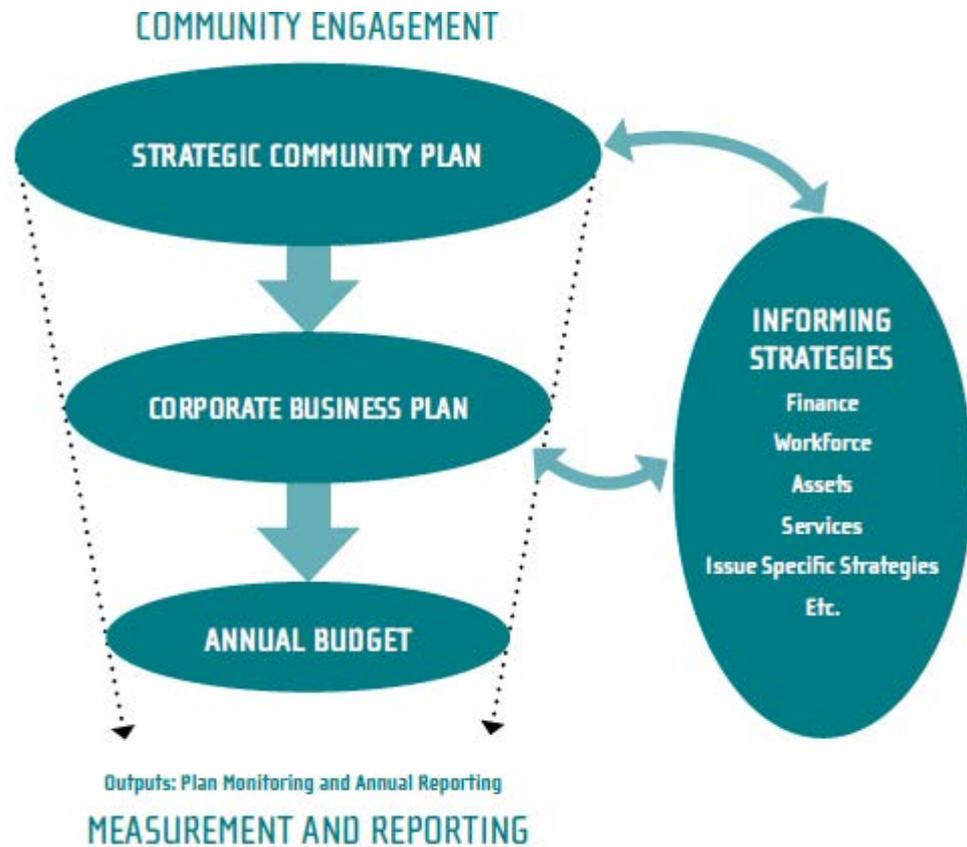
STAFF SALARY BANDS

In accordance with the Local Government (Administration) Regulations 19B, set out below, in bands of \$10,000, is the number of employees of the Shire of Cue entitled to an annual salary of \$100,000 or more.

Salary Range	Number of Employees
\$120,000 – \$130,000	1
\$130,000 – \$140,000	1
\$170,000 – \$180,000	1

INTEGRATED PLANNING AND REPORTING

UNDERSTANDING THE PROCESS



The new framework aims to ensure that:

- The community is involved in significant decisions
- The organisation is focused on the right priorities
- Assets are affordable and support the right services
- The Plan can be adapted while maintaining sustainability; and
- Other agencies are engaged on how to achieve better outcomes with and for the community.

STRATEGIC COMMUNITY PLAN

The Shire of Cue updated its Strategic Community and Corporate Business Plan during the 2017–2018 year, after consultation with the Community.

The updated Strategic Community Plan is a long term plan that sets out the Council's vision and strategies to achieve it. The plan was adopted by the Shire on behalf of the community on the 18 July 2017.

The Plan aims to provide direction for implementing desired strategies through the Annual Budget, Corporate Business Plan and other planning documents by or with other levels of government, agencies and stakeholders to influence policy, planning, infrastructure and service delivery. The Cue Community were invited to share their visions and aspirations for the future, and to participate in the review and update of this Strategic Community Plan.

The Strategic Community Plan was promoted in the local newspaper (Dryblower), on local notice boards, Shire of Cue website and Facebook page. The engagement approach utilised a range of methods including targeted stakeholder discussions, surveys distributed to Councillors, Pastoralists, Shire Admin and Depot Staff, local businesses and e-surveys were advertised and a link provided on the Shire's website. We also held three information sessions on the 22nd & 24th March 2017 and received responses from 33 individuals after completing the survey.

The input received covered all aspects of community life including Social, Economic, Environment and Leadership. Throughout the process of community engagement, more than 20 percent of the community across the Shire provided input into the development of the plan.

CORPORATE BUSINESS PLAN

The updated Corporate Business Plan was completed in April 2018 as part of the operational and prioritisation of the actions and strategies identified within the Strategic Community Plan.

The Corporate Business Plan is required to form the basis of each year's annual budget. The Corporate Business Plan includes a forecast for funding, the identified operational activities, a capital program and links with objectives of the Strategic Community Plan.

All of these documents have been developed as a guide to Council based on the visions and aspirations of the local community, they are flexible to meet any changing need and future developments. Each plan has a review program to ensure these needs are met and monitored

The following informing strategies / plans have been developed to provide more detailed information to assist with achieving the objectives of the Strategic Community Plan;

- Streetscape Revitalisation Plan
- Heritage Conservation Plan
- Upper Gascoyne / Murchison Tourism Strategy
- Town Planning Scheme
- Dual Use Pathway Plan
- Plant Replacement Schedule
- Workforce Plan
- Long Term Financial Plan
- Asset Management Plan

FUTURE PROJECTS AND INITIATIVES

Looking forward, the Shire of Cue have the following projects budgeted for the next financial year.

- \$980,000 for the construction of two houses for the Government Regional Officers Housing scheme to accommodate police officers. Construction costs will be recovered through a leasing arrangement with the State Government over a period of 10 years.
- \$700,000 for staff housing additions.
- \$100,000 to commence the planning and design of future aged person's accommodation.
- \$301,333 for the Shire of Cue's contribution to the Murchison Regional Vermin Council dog fence should an application for funding through the Federal Government's Building Better Regions Fund not be successful.
- \$100,000 for new playground and outdoor exercise equipment.
- \$150,000 to design and construct a skate park.
- \$200,000 for Austin Street improvements.
- \$812,500 to fund the Shire's plant replacement program.
- \$90,000 to construct toilet facilities and \$25,000 for a niche wall at the Cue Cemetery.
- \$20,000 contribution to the Community Resource Centre's proposed Heritage Discovery Centre.
- \$70,000 to widen cattle grids on Shire roads.
- \$75,000 toward repurposing of the old railway station building.
- \$100,000 to progress plans for the relocation of the Great Fingall mine office.

STRATEGIC COMMUNITY PLAN

The Shire of Cue continues the development of informing strategies that will enable the Shire to deliver on the Strategic Community Plan. The Shire of Cue has achieved the following results towards meeting the desired outcomes of the community.

Outcomes		Results
Economic	<p>Continue to develop industrial area and incubator hub</p> <p>Develop strategies to increase number of tourists visiting the Shire</p> <p>Maximise local economic opportunities to benefit the whole community</p>	<ul style="list-style-type: none"> Two new sheds have been built and occupied by businesses in the incubator hub. Completed the redevelopment of the Old Post Office to accommodate CRC, Visitors Centre and Shire Library. Replaced the small second ablution block at the Tourist Park with a larger one. Completed refurbishment of the historic cottages in the Tourist Park. Four new drive through sites with power and water at the Tourist Park Queen of the Murchison opened a new café
Leadership	<p>A strategically focused and unified Council functioning efficiently.</p>	<ul style="list-style-type: none"> Regular Council meetings and forums are held to facilitate transparent and informed decision making, including Cue Parliament. Elected Members continue to monitor and follow up community requests. Instrumental in getting the Water Corporation to acknowledge and commit to an upgrade of the town's drinking water commencing 2019 Ongoing commitment for Staff and Elected Member training. More social events being organised to benefit the social wellbeing of the townsfolk.

Social	<p>Community infrastructure that meets the needs of our Residents.</p> <p>Encourage community participation and services.</p>	<ul style="list-style-type: none"> • Continue working with State Government to ensure effective management of local housing. • Liaising with WACHS to ensure our Cue Nursing Post always has a Nurse in attendance and our town is not left vulnerable. • Engaged a Town Planner to update the Town Planning Scheme. • Bowling green with synthetic surface constructed at the Shire Hall. • Increased stock at the Shire Library due to relocating to the refurbished old Post Office building.
Environment	<p>To protect and uphold our natural environment.</p> <p>Maintain and improve our built environment</p> <p>Implement sustainability and protection resources for the future of the area.</p>	<ul style="list-style-type: none"> • Active management of Local Government natural areas of conservation value • Support construction of the Murchison Vermin Cell • Continue to provide free rubbish bags to the public to collect rubbish within the Shire. • Completed another program of new footpaths. • Repurposed Old Municipal Chambers and offices for Westgold. • Repaired, repainted and new floor coverings in the Shire Administration • Bishops house renovated and is now the Works Department office. • Planting of new trees within the townsite.

SUMMARY FINANCIAL DATA

	2017-2018	2016-2017	2015-2016	2014-2015
	\$	\$	\$	\$
Operating Revenue	4,778,708	12,099,845	9,008,335	5,292,957
Operating Expenditure	6,090,429	11,835,727	10,228,081	5,311,381
Capital Expenditure	3,310,738	3,054,585	2,195,599	4,413,171
Non-Operating Grants	1,961,223	1,546,129	892,206	2,919,422

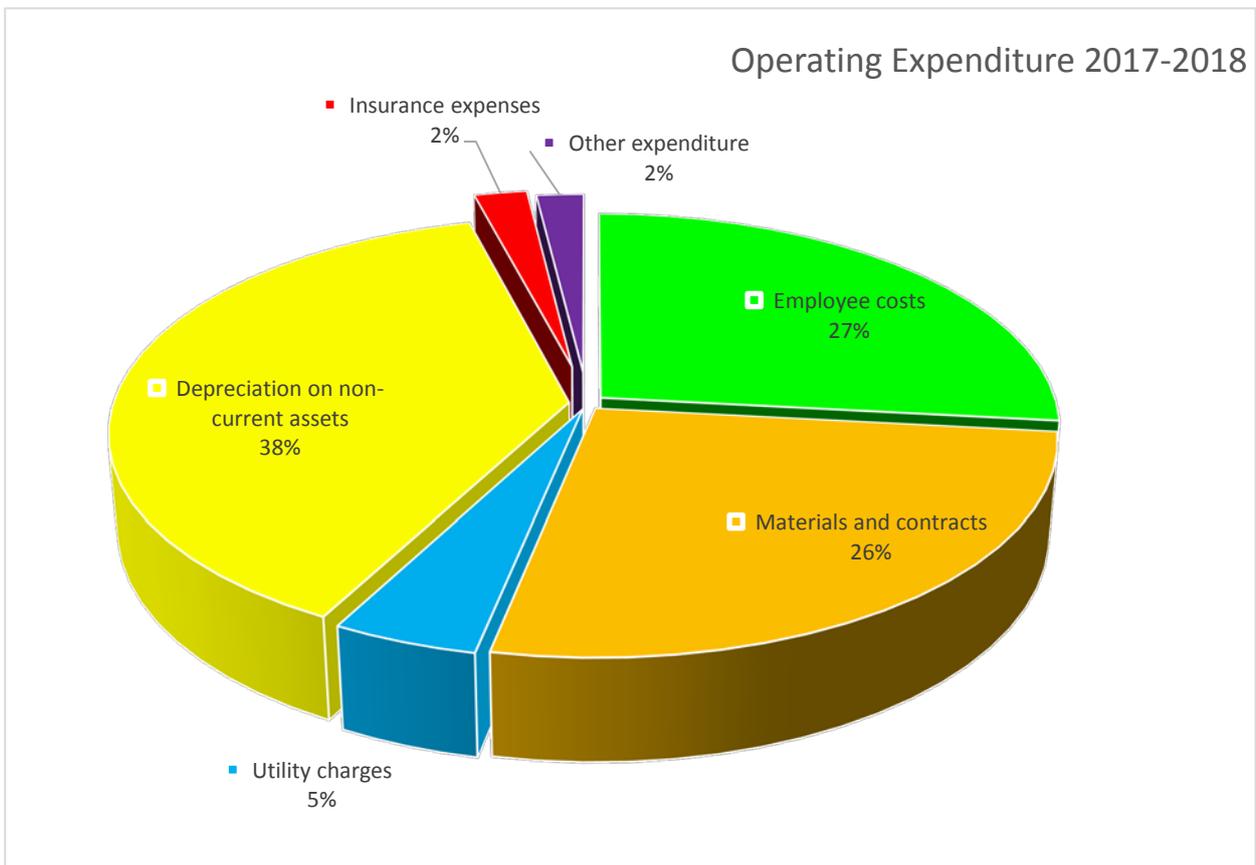
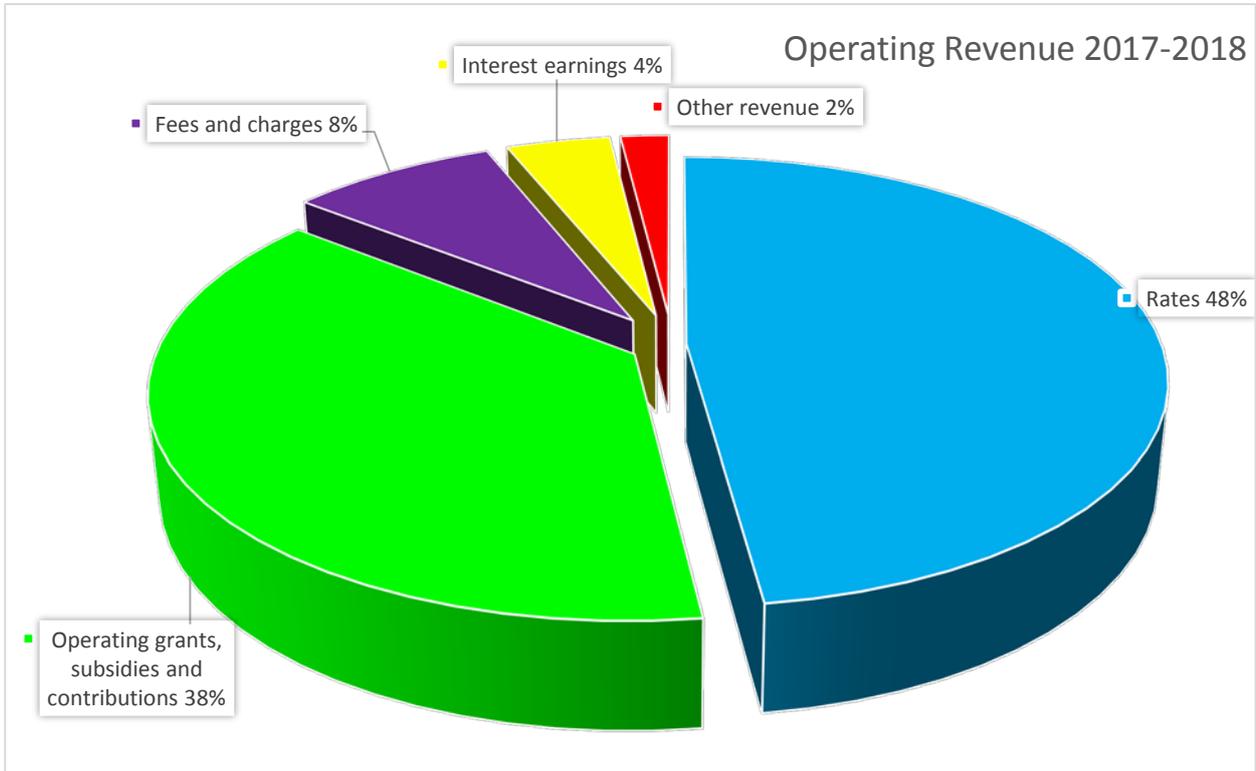
Operating revenue for 2017-2018 is \$4,778,708. This is made up of General Purpose Funding being rates of \$2,288,492 and operating grants, subsidies and contributions of \$1,804,890. Other operating revenue consisted of fees and charges \$394,142, interest earnings \$198,798 and other revenue \$92,386.

Operating expenditure consists of employee costs \$1,626,874, materials and contracts of \$1,614,141 with \$874,141 being made up of flood damage repair works. Utility charges \$274,447, insurance expense \$131,812 and other expenditure of \$117,365. Depreciation on non-current assets amounted to \$2,325,790.

Non-operating grants, subsidies and contributions totalled \$1,961,223 and capital expenditure for the year came to \$3,310,738. More details of capital expenditure can be found in notes eight and nine of the Financial Report.

Cash backed reserves started the year at \$6,071,771 with transfers to reserves for the year totalling \$326,494 for future projects and transfers from reserves totalling \$250,000. The closing balance for cash backed reserves for 2017-2018 sits at \$6,148,265. More information on reserve accounts can be found in note five of the Financial Report.

GRAPHICAL OVERVIEW OF OPERATING REVENUE AND EXPENDITURE



SHIRE OF CUE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	47

COMMUNITY VISION

The Shire of Cue is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

Principal place of business:
Lot 2 Austin Street
Cue, WA 6640

SHIRE OF CUE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cue for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Cue at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

FOURTH

day of DECEMBER 2018



Rob Madson
Chief Executive Officer

**SHIRE OF CUE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	26(a)	2,288,492	2,298,336	2,209,290
Operating grants, subsidies and contributions	2(a)	1,804,890	1,226,896	9,276,559
Fees and charges	2(a)	394,142	399,090	390,374
Interest earnings	2(a)	198,798	157,500	200,301
Other revenue	2(a)	92,386	43,000	23,321
		<u>4,778,708</u>	<u>4,124,822</u>	<u>12,099,845</u>
Expenses				
Employee costs		(1,626,874)	(2,022,593)	(1,730,616)
Materials and contracts		(1,614,141)	(958,483)	(7,373,828)
Utility charges		(274,447)	(243,200)	(217,101)
Depreciation on non-current assets	10(b)	(2,325,790)	(2,299,700)	(2,245,413)
Insurance expenses		(131,812)	(144,000)	(155,722)
Other expenditure		(117,365)	(193,860)	(113,047)
		<u>(6,090,429)</u>	<u>(5,861,836)</u>	<u>(11,835,727)</u>
		<u>(1,311,721)</u>	<u>(1,737,014)</u>	<u>264,118</u>
Non-operating grants, subsidies and contributions	2(a)	1,961,223	2,809,996	1,546,129
Profit on asset disposals	10(a)	9,768	-	1,818
(Loss) on asset disposals	10(a)	(15,287)	-	-
(Loss) on revaluation of Parks & Ovals	9(b)	(44,115)	-	-
Net result		<u>599,868</u>	<u>1,072,982</u>	<u>1,812,065</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	3,446,884	-	36,836
Total other comprehensive income		<u>3,446,884</u>	<u>-</u>	<u>36,836</u>
Total comprehensive income		<u>4,046,752</u>	<u>1,072,982</u>	<u>1,848,901</u>

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF CUE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
General purpose funding		4,254,198	3,263,182	5,003,957
Law, order, public safety		5,432	7,000	6,932
Health		986	500	211
Housing		17,765	24,540	23,355
Community amenities		72,469	58,000	51,715
Recreation and culture		6,015	18,100	19,563
Transport		1,250	368,500	6,562,948
Economic services		249,491	277,700	279,256
Other property and services		171,102	107,300	151,908
		4,778,708	4,124,822	12,099,845
Expenses				
Governance		(260,039)	(407,253)	(250,473)
General purpose funding		(163,715)	(213,070)	(136,099)
Law, order, public safety		(54,943)	(88,930)	(51,466)
Health		(34,922)	(70,473)	(38,314)
Education and welfare		(631)	(15,219)	(580)
Housing		(246,232)	(301,590)	(243,498)
Community amenities		(246,772)	(297,631)	(210,800)
Recreation and culture		(545,524)	(631,570)	(533,308)
Transport		(3,884,539)	(3,181,018)	(9,612,955)
Economic services		(503,626)	(573,995)	(486,932)
Other property and services		(149,486)	(81,087)	(271,302)
		(6,090,429)	(5,861,836)	(11,835,727)
		(1,311,721)	(1,737,014)	264,118
Non-operating grants, subsidies and contributions	2(a)	1,961,223	2,809,996	1,546,129
Profit on disposal of assets	10(a)	9,768	-	1,818
(Loss) on disposal of assets	10(a)	(15,287)	-	-
(Loss) on revaluation of Parks & Ovals	9(b)	(44,115)	-	-
		1,911,589	2,809,996	1,547,947
Net result		599,868	1,072,982	1,812,065
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	3,446,884	-	36,836
Total other comprehensive income		3,446,884	-	36,836
Total comprehensive income		4,046,752	1,072,982	1,848,901

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF CUE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	7,881,301	8,373,401
Trade and other receivables	6	1,618,852	1,315,328
Inventories	7	19,680	19,037
TOTAL CURRENT ASSETS		9,519,833	9,707,766
NON-CURRENT ASSETS			
Other receivables	6	3,968	3,968
Property, plant and equipment	8	11,405,725	10,222,867
Infrastructure	9	42,548,954	39,480,795
TOTAL NON-CURRENT ASSETS		53,958,647	49,707,630
TOTAL ASSETS		63,478,480	59,415,396
CURRENT LIABILITIES			
Trade and other payables	12	615,725	609,825
Provisions	15	55,298	64,212
TOTAL CURRENT LIABILITIES		671,023	674,037
NON-CURRENT LIABILITIES			
Provisions	15	34,860	15,514
TOTAL NON-CURRENT LIABILITIES		34,860	15,514
TOTAL LIABILITIES		705,883	689,551
NET ASSETS		62,772,597	58,725,845
EQUITY			
Retained surplus		18,455,127	17,931,753
Reserves - cash backed	5	6,148,265	6,071,771
Revaluation surplus	11	38,169,205	34,722,321
TOTAL EQUITY		62,772,597	58,725,845

This statement is to be read in conjunction with the accompanying notes.



SHIRE OF CUE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	RETAINED SURPLUS	RESERVES CASH/INVESTMENT BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		16,263,628	5,927,831	34,685,485	56,876,944
Comprehensive income					
Net result		1,812,065	-	-	1,812,065
Other Comprehensive Income	11	-	-	36,836	36,836
Total comprehensive income		1,812,065	-	36,836	1,848,901
Transfers from/(to) reserves		(143,940)	143,940	-	-
Balance as at 30 June 2017		17,931,753	6,071,771	34,722,321	58,725,845
Comprehensive income					
Net result		599,868	-	-	599,868
Other Comprehensive Income	11	-	-	3,446,884	3,446,884
Total comprehensive income		599,868	-	3,446,884	4,046,752
Transfers from/(to) reserves		(76,494)	76,494	-	-
Balance as at 30 June 2018		18,455,127	6,148,265	38,169,205	62,772,597

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF CUE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,284,783	2,298,337	2,230,627
Operating grants, subsidies and contributions		1,829,340	1,926,896	9,412,912
Fees and charges		394,142	399,090	390,374
Interest earnings		198,798	157,500	186,894
Goods and services tax		-	-	44,600
Other revenue		92,386	43,000	23,321
		<u>4,799,449</u>	<u>4,824,823</u>	<u>12,288,728</u>
Payments				
Employee costs		(1,655,592)	(2,022,593)	(1,603,988)
Materials and contracts		(1,569,734)	(958,483)	(7,053,278)
Utility charges		(274,447)	(243,200)	(217,101)
Insurance expenses		(131,812)	(144,000)	(155,722)
Goods and services tax		(53,517)	-	-
Other expenditure		(117,365)	(193,860)	(113,047)
		<u>(3,802,467)</u>	<u>(3,562,136)</u>	<u>(9,143,136)</u>
Net cash provided by (used in) operating activities	16	<u>996,982</u>	<u>1,262,687</u>	<u>3,145,592</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,800,975)	(2,814,500)	(981,764)
Payments for construction of infrastructure		(1,509,763)	(3,664,202)	(2,072,821)
Non-operating grants, subsidies and contributions		1,690,474	2,809,996	526,819
Proceeds from sale of fixed assets		131,182	205,000	6,818
Net cash provided by (used in) investing activities		<u>(1,489,082)</u>	<u>(3,463,706)</u>	<u>(2,520,948)</u>
Net increase (decrease) in cash held		<u>(492,100)</u>	<u>(2,201,019)</u>	<u>624,644</u>
Cash at beginning of year		<u>8,373,401</u>	<u>8,386,810</u>	<u>7,748,757</u>
Cash and cash equivalents at the end of the year	16	<u><u>7,881,301</u></u>	<u><u>6,185,791</u></u>	<u><u>8,373,401</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF CUE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		2,961,957	2,950,915	2,097,644
		<u>2,961,957</u>	<u>2,950,915</u>	<u>2,097,644</u>
Revenue from operating activities (excluding rates)				
General purpose funding		1,965,706	964,846	2,794,667
Law, order, public safety		5,432	7,000	6,932
Health		986	500	211
Housing		17,765	24,540	23,355
Community amenities		72,469	58,000	51,715
Recreation and culture		6,015	18,100	19,563
Transport		11,018	368,500	6,562,948
Economic services		249,491	277,700	279,256
Other property and services		171,102	107,300	153,726
		<u>2,499,984</u>	<u>1,826,486</u>	<u>9,892,373</u>
Expenditure from operating activities				
Governance		(260,039)	(407,253)	(250,473)
General purpose funding		(163,715)	(213,070)	(136,099)
Law, order, public safety		(54,943)	(88,930)	(51,466)
Health		(34,922)	(70,473)	(38,314)
Education and welfare		(631)	(15,219)	(580)
Housing		(246,232)	(301,590)	(243,498)
Community amenities		(246,772)	(297,631)	(210,800)
Recreation and culture		(545,524)	(631,570)	(533,308)
Transport		(3,899,826)	(3,181,018)	(9,612,955)
Economic services		(503,626)	(573,995)	(486,932)
Other property and services		(193,601)	(81,087)	(271,302)
		<u>(6,149,831)</u>	<u>(5,861,836)</u>	<u>(11,835,727)</u>
Operating activities excluded				
(Profit) on disposal of assets	10(a)	(9,768)	-	(1,818)
Loss on disposal of assets	10(a)	15,287	-	-
Loss on revaluation of fixed assets	9(b)	44,115	-	-
Movement in deferred pensioner rates (non-current)		-	-	(1,084)
Movement in employee benefit provisions (non-current)		19,346	-	1,444
Depreciation and amortisation on assets	10(b)	2,325,790	2,299,700	2,245,413
Amount attributable to operating activities		<u>1,706,880</u>	<u>1,215,265</u>	<u>2,398,245</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,961,223	2,809,996	1,546,129
Proceeds from disposal of assets	10(a)	131,181	205,000	6,818
Purchase of property, plant and equipment	8(b)	(1,800,975)	(2,814,500)	(981,764)
Purchase and construction of infrastructure	9(b)	(1,509,763)	(3,664,202)	(2,072,821)
Amount attributable to investing activities		<u>(1,218,334)</u>	<u>(3,463,706)</u>	<u>(1,501,638)</u>
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	5	(326,494)	(299,895)	(794,849)
Transfers from reserves (restricted assets)	5	250,000	250,000	650,909
Amount attributable to financing activities		<u>(76,494)</u>	<u>(49,895)</u>	<u>(143,940)</u>
Surplus(deficiency) before general rates		<u>412,052</u>	<u>(2,298,336)</u>	<u>752,667</u>
Total amount raised from general rates	26	<u>2,288,492</u>	<u>2,298,336</u>	<u>2,209,290</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	27	<u><u>2,700,544</u></u>	<u><u>-</u></u>	<u><u>2,961,957</u></u>

This statement is to be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

CRITICAL ACCOUNTING ESTIMATES (Continued)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Significant revenue by Nature and Type		
Operating grants, subsidies and contributions		
-Flood Damage Restoration	730,351	6,212,336
Other Revenue		
-Reimbursements and recoveries	92,386	23,321
Significant revenue by Program		
Transport		
-Flood Damage Restoration	730,351	6,212,336
Fees and Charges		
General purpose funding	650	1,400
Law, order, public safety	1,727	2,662
Health	986	211
Housing	17,764	23,355
Community amenities	72,469	51,715
Recreation and culture	1,458	340
Transport	1,246	1,544
Economic services	248,636	279,256
Other property and services	49,206	29,891
	394,142	390,374

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

Grants, subsidies and contributions are included as operating and non-operating revenues in the Statement of Comprehensive Income:

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	1,739,438	2,589,496
Law, order, public safety	3,705	4,270
Recreation and culture	500	19,222
Transport	-	6,559,086
Other property and services	61,247	104,485
	<u>1,804,890</u>	<u>9,276,559</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	475,000	330,000
Transport	1,486,223	820,129
Economic services	-	396,000
	<u>1,961,223</u>	<u>1,546,129</u>
Total grants, subsidies and contributions	<u>3,766,113</u>	<u>10,822,688</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)
a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 25. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	139,860	120,000	157,562
- Other funds	21,136	10,000	9,270
Other interest revenue (refer note 26(e))	37,802	27,500	33,469
	<u>198,798</u>	<u>157,500</u>	<u>200,301</u>

(b) Expenses

	2018	2017
	\$	\$
Significant expense by Nature and Type		
Materials and contracts		
- Flood damage restoration	874,141	6,536,977
Significant expense by Program		
Transport		
- Flood damage restoration	874,141	6,536,977
Auditors remuneration		
- Audit of the Annual Financial Report	35,750	23,000

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

3. CASH AND CASH EQUIVALENTS

	NOTE	2018 \$	2017 \$
Unrestricted		1,733,036	2,195,183
Restricted		6,148,265	6,178,218
		7,881,301	8,373,401
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	5	29,580	28,852
Plant Replacement Reserve	5	524,100	425,363
Building Maintenance Reserve	5	573,476	559,356
Streetscape Reserve	5	304,468	296,971
Sports Complex Reserve	5	107,466	104,820
Tourist Park Development Reserve	5	212,849	207,608
Water Playground Reserve	5	33,827	32,994
Beringarra Reserve	5	3,511,992	3,669,370
Tourism Reserve	5	92,720	90,437
Housing/Land Development Reserve	5	121,562	118,569
Heritage Reserve	5	557,497	537,431
Road Maintenance Reserve	5	78,728	-
Unspent grants	25	-	106,447
Unspent loans	14(c)	-	-
		6,148,265	6,178,218

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and

Cash and cash equivalents (Continued)

which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

4. INVESTMENTS

The Shire did not have any financial assets at fair value through profit and loss as at the reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (Continued)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, (if any), between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Closing Balance
Long Service Leave Reserve	\$ 28,852	\$ 728	\$ -	\$ 29,580	\$ 28,916	\$ 582	\$ -	\$ 29,498	\$ 29,498	\$ 28,168	\$ 684	\$ -	\$ 28,852	\$ 28,852
Plant Replacement Reserve	425,363	98,737	-	524,100	426,024	98,575	-	524,599	524,599	292,355	233,008	(100,000)	425,363	425,363
Building Maintenance Reserve	559,356	14,120	-	573,476	560,535	11,276	-	571,811	571,811	521,688	37,668	-	559,356	559,356
Streetscape Reserve	296,971	7,497	-	304,468	298,091	5,986	-	304,077	304,077	494,953	12,018	(210,000)	296,971	296,971
Sports Complex Reserve	104,820	2,646	-	107,466	105,029	2,113	-	107,142	107,142	92,572	12,248	-	104,820	104,820
Tourist Park Development Reserve	207,608	5,241	-	212,849	207,846	4,185	-	212,031	212,031	105,057	102,551	-	207,608	207,608
Water Playground Reserve	32,994	833	-	33,827	33,045	665	-	33,710	33,710	22,449	10,545	-	32,994	32,994
Beringarra Reserve	3,669,370	92,622	(250,000)	3,511,992	3,678,024	73,972	(250,000)	3,501,996	3,501,996	3,826,456	92,914	(250,000)	3,669,370	3,669,370
Tourism Reserve	90,437	2,283	-	92,720	90,614	1,823	-	92,437	92,437	78,530	11,907	-	90,437	90,437
Housing/Land Development Reserve	118,569	2,993	-	121,562	118,720	2,390	-	121,110	121,110	66,943	51,626	-	118,569	118,569
Heritage Reserve	537,431	20,066	-	557,497	538,333	19,600	-	557,933	557,933	398,660	229,680	(90,909)	537,431	537,431
Road Maintenance Reserve	-	78,728	-	78,728	-	78,728	-	78,728	78,728	-	-	-	-	-
	6,071,771	326,494	(250,000)	6,148,265	6,085,177	299,895	(250,000)	6,135,072	6,135,072	5,927,831	794,849	(650,909)	6,071,771	6,071,771

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Long Service Leave Reserve	as required	to be used to fund long service leave requirements.
Plant Replacement Reserve	as required	to be used for the purchase or significant overhaul of major plant.
Building Maintenance Reserve	as required	to be used to fund maintenance and capital expenditure on Council owned buildings.
Streetscape Reserve	as required	to be used to fund streetscape improvements within the town centre of Cue.
Sports Complex Reserve	as required	to be used to fund maintenance and capital expenditure on the sports complex.
Tourist Park Development Reserve	as required	to be used to fund the development of the Cue Tourist Park.
Water Playground Reserve	as required	to be used to fund the maintenance of the Water Playground.
Beringarra Reserve	as required	to be used for maintenance of capital expenditure on Beringarra Road.
Tourism Reserve	as required	to be used to fund and maintain Tourism related infrastructure and programs.
Housing/Land Development Reserve	as required	to be used to assist with the provision of affordable housing and the establishment of an incubator hub.
Heritage Reserve	as required	to be used to maintain/renovate/promote heritage places and buildings owned or under a Shire management order.
Road Maintenance Reserve	as required	to be used for maintenance and capital expenditure on Shire roads.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	239,831	236,122
Sundry debtors	53,865	741,932
GST receivable	101,499	47,982
Accrued income	1,290,059	355,694
Provision for Doubtful Debts	(66,402)	(66,402)
	<u>1,618,852</u>	<u>1,315,328</u>
Non-current		
Rates outstanding - pensioners	3,968	3,968
	<u>3,968</u>	<u>3,968</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding, sundry debtors, and accrued income are as follows:

Rates outstanding (including non-current pensioners)

Includes:

Past due and not impaired	177,397	173,688
Impaired	66,402	66,402
	<u>243,799</u>	<u>240,090</u>

The table illustrates the rates outstanding aging analysis (including non-current pensioners)

Up to one year	99,712	95,146
One to three years	73,902	51,347
Three or more years	70,185	93,597
	<u>243,799</u>	<u>240,090</u>

Sundry debtors

Includes:

Past due and not impaired	53,865	741,932
Impaired	-	-

The table below illustrates the sundry debtors aging analysis

Up to one month	32,924	741,870
One to three months	15,800	62
Three months to one year	5,141	-
	<u>53,865</u>	<u>741,932</u>

Accrued income

The following illustrates the accrued income aging analysis

Up to one month	1,290,059	355,694
-----------------	-----------	---------

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Classification and subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

7. INVENTORIES

Current

Fuel and materials
 History books

	2018	2017
	\$	\$
	14,000	12,234
	5,680	6,803
	19,680	19,037

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding

Land held for resale (Continued)

charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	315,500	315,500
- Independent valuation 2017 - level 3	96,500	96,500
	<u>412,000</u>	<u>412,000</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,139,000	1,139,000
- Independent valuation 2017 - level 3	9,000	9,000
- Additions after valuation - cost	311,137	-
Less: accumulated depreciation	(32,891)	-
	<u>1,426,246</u>	<u>1,148,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	5,897,500	5,897,500
- Additions after valuation - cost	1,517,558	489,002
Less: accumulated depreciation	(141,785)	-
	<u>7,273,273</u>	<u>6,386,502</u>
Total buildings	<u>8,699,519</u>	<u>7,534,502</u>
Total land and buildings	<u>9,111,519</u>	<u>7,946,502</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	142,000	142,000
- Additions after valuation - cost	59,214	39,450
Less: accumulated depreciation	(45,983)	(22,385)
	<u>155,231</u>	<u>159,065</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	1,590,200	1,765,200
- Independent valuation 2016 - level 3	130,000	130,000
- Additions after valuation - cost	894,830	453,312
Less: accumulated depreciation	(476,055)	(231,212)
	<u>2,138,975</u>	<u>2,117,300</u>
Total property, plant and equipment	<u>11,405,725</u>	<u>10,222,867</u>

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land - freehold land	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	417,000	417,000	1,149,000	6,035,500	7,184,500	7,601,500	142,000	1,895,200	9,638,700
Additions	-	-	-	489,002	489,002	489,002	39,450	453,312	981,764
(Disposals)	(5,000)	(5,000)	-	-	-	(5,000)	-	-	(5,000)
Revaluation increments/ (decrements) transferred to revaluation surplus	-	-	31,812	5,024	36,836	36,836	-	-	36,836
Depreciation (expense)	-	-	(32,812)	(143,024)	(175,836)	(175,836)	(22,385)	(231,212)	(429,433)
Carrying amount at 30 June 2017	412,000	412,000	1,148,000	6,386,502	7,534,502	7,946,502	159,065	2,117,300	10,222,867
Additions	-	-	311,137	1,028,556	1,339,693	1,339,693	19,764	441,518	1,800,975
(Disposals)	-	-	-	-	-	-	-	(136,700)	(136,700)
Depreciation (expense)	-	-	(32,891)	(141,785)	(174,676)	(174,676)	(23,598)	(283,143)	(481,417)
Transfers	-	-	-	-	-	-	-	-	-
Carrying amount at 30 June 2018	412,000	412,000	1,426,246	7,273,273	8,699,519	9,111,519	155,231	2,138,975	11,405,725

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2017	Price per hectare / market borrowing rate
Land - freehold land	3	Market approach using recent observable market data for similar properties with adjustments to reflect the existing use or zoning of the land restrictions	Independent registered valuer	2017	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2017	Market sales evidence
Buildings - non-specialised	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2017	Construction costs and current condition, residual values and remaining useful life assessments inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2017	Market sales evidence
Buildings - specialised	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2017	Construction costs and current condition, residual values and remaining useful life assessments inputs

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Furniture and equipment					
Furniture and equipment	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management Valuation	2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs
Plant and equipment					
Plant and equipment	2	Market approach using recent observable market data for similar assets (Gross valuation method)	Independent registered valuer	2016	Market price of similar assets per item
Plant and equipment	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Roads		
- Independent valuation 2015 - level 3	-	44,536,576
- Independent valuation 2018 - level 3	51,196,270	-
- Additions after valuation - cost	1,273,507	2,314,443
Less: accumulated depreciation	<u>(14,503,737)</u>	<u>(11,946,841)</u>
	37,966,040	34,904,178
Parks & Ovals		
- Independent valuation 2015 - level 3	-	1,233,741
- Independent valuation 2018 - level 3	1,744,513	-
- Additions after valuation - cost	179,387	450,225
Less: accumulated depreciation	<u>(719,200)</u>	<u>(562,154)</u>
	1,204,700	1,121,812
Other Infrastructure		
- Independent valuation 2015 - level 3	-	1,080,409
- Independent valuation 2018 - level 3	2,157,345	-
- Additions after valuation - cost	56,869	1,093,248
Less: accumulated depreciation	<u>(492,900)</u>	<u>(410,846)</u>
	1,721,314	1,762,811
Airport		
- Independent valuation 2015 - level 3	-	2,637,643
- Independent valuation 2018 - level 3	2,509,000	-
- Additions after valuation - cost	-	6,627
Less: accumulated depreciation	<u>(1,077,100)</u>	<u>(1,175,330)</u>
	1,431,900	1,468,940
Drainage and Sewerage		
- Independent valuation 2015 - level 3	-	485,000
- Independent valuation 2018 - level 3	510,000	-
Less: accumulated depreciation	<u>(285,000)</u>	<u>(261,946)</u>
	225,000	223,054
Total infrastructure	<u>42,548,954</u>	<u>39,480,795</u>

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

9. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Parks & Ovals \$	Other		Airport \$	Drainage & Sewerage \$		Total Infrastructure \$
			Infrastructure	Infrastructure		Sewerage	Infrastructure	
Balance at 1 July 2016	35,310,814	1,153,567	961,445		1,565,374	232,754		39,223,954
Additions	1,188,217	43,962	840,642		-	-		2,072,821
Depreciation (Expense)	(1,594,853)	(75,717)	(39,276)		(96,434)	(9,700)		(1,815,980)
Carrying amount at 30 June 2017	34,904,178	1,121,812	1,762,811		1,468,940	223,054		39,480,795
Additions	1,273,508	179,387	56,868		-	-		1,509,763
Revaluation increments/(decrements) transferred to revaluation surplus	3,414,129	-	(28,781)		50,291	11,245		3,446,884
Revaluation increments/(decrements) through profit or loss	-	(44,115)	-		-	-		(44,115)
Depreciation (Expense)	(1,625,775)	(52,384)	(69,584)		(87,331)	(9,299)		(1,844,373)
Carrying amount at 30 June 2018	37,966,040	1,204,700	1,721,314		1,431,900	225,000		42,548,954

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Parks & Ovals	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other Infrastructure	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Airport	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Drainage & Sewerage	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 *Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year:

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Transport								
P8 CAT Front End Loader 1993 CD 426	-	-	-	-	30,000	30,000	-	-
P45 Iveco Prime Mover CD 788	-	-	-	-	25,000	25,000	-	-
P14 Isuzu 3 Tonne Tip Truck CD 684	11,524	13,000	1,476	-	15,000	15,000	-	-
P54 Ford Ranger 4WD	26,806	19,091	-	(7,715)	25,000	25,000	-	-
P62 Ford Ranger Dual Cab 4WD	27,572	20,000	-	(7,572)	30,000	30,000	-	-
P67 Toyota Prado (CEO)	39,313	43,636	4,323	-	45,000	45,000	-	-
P68 Toyota Hilux (DCEO)	31,485	35,455	3,970	-	35,000	35,000	-	-
	136,700	131,182	9,768	(15,287)	205,000	205,000	-	-

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	32,891	32,812
Buildings - specialised	141,785	143,024
Furniture and equipment	23,598	22,385
Plant and equipment	283,143	231,212
Roads	1,625,775	1,594,853
Parks & Ovals	52,384	75,717
Other Infrastructure	69,584	39,276
Airport	87,331	96,434
Drainage and Sewerage	9,299	9,700
	2,325,790	2,245,413

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

10. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Building	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation pavement seal	not depreciated 50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation pavement gravel sheet	not depreciated 50 years 12 years

Depreciation (Continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

Formed roads (unsealed) formation pavement	not depreciated 50 years
Footpaths - slab	40 years
Sewerage piping	50 years
Water supply piping and drainage systems	75 years
Parks and ovals	12 to 35 years
Other infrastructure	12 to 60 years

11. REVALUATION SURPLUS

	2018			2018			2017			
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	5,339,579	-	-	-	5,339,579	5,302,743	36,836	-	36,836	5,339,579
Revaluation surplus - Furniture and equipment	51,324	-	-	-	51,324	51,324	-	-	-	51,324
Revaluation surplus - Plant and equipment	423,563	-	-	-	423,563	423,563	-	-	-	423,563
Revaluation surplus - Roads	27,849,209	3,414,129	-	3,414,129	31,263,338	27,849,209	-	-	-	27,849,209
Revaluation surplus - Parks & Ovals	-	-	-	-	-	-	-	-	-	-
Revaluation surplus - Other Infrastructure	40,344	-	(28,781)	(28,781)	11,563	40,344	-	-	-	40,344
Revaluation surplus - Airport	922,288	50,291	-	50,291	972,579	922,288	-	-	-	922,288
Revaluation surplus - Drainage and Sewerage	96,014	11,245	-	11,245	107,259	96,014	-	-	-	96,014
	34,722,321	3,475,665	(28,781)	3,446,884	38,169,205	34,685,485	36,836	-	36,836	34,722,321

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued salaries and wages	
ATO liabilities	
Payroll creditors	
Accrued expenses	
Deposits and bonds	

	2018	2017
	\$	\$
	35,297	138,534
	71,872	63,790
	17,600	88,296
	50,071	26,607
	434,219	285,438
	6,666	7,160
	615,725	609,825

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

13. SHORT-TERM BORROWINGS

The Shire did not have any short term borrowings as at the reporting date.

14. INFORMATION ON BORROWINGS

The Shire did not have any long term borrowings as at the reporting date.

(a) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

Total amount of credit unused

	2018	2017
	\$	\$
	-	2,100,000
	-	-
	15,000	15,000
	-	-
	15,000	2,115,000

(b) Loan facilities

Loan facilities - current

Loan facilities - non-current

Total facilities in use at balance date

	-	-
	-	-
	-	-

(c) Unused loan facilities at balance date

	NIL	NIL
--	-----	-----

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

15. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	61,857	2,355	64,212
Non-current provisions	-	15,514	15,514
	<u>61,857</u>	<u>17,869</u>	<u>79,726</u>
Additional provision	-	19,347	19,347
Amounts used	(8,915)	-	(8,915)
Balance at 30 June 2018	<u>52,942</u>	<u>37,216</u>	<u>90,158</u>
Comprises			
Current	52,942	2,356	55,298
Non-current	-	34,860	34,860
	<u>52,942</u>	<u>37,216</u>	<u>90,158</u>

(a) Annual leave liabilities: Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	52,942	61,857
More than 12 months after the end of the reporting period	-	-
	<u>52,942</u>	<u>61,857</u>

(b) Long service leave liabilities: Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	2,356	2,355
More than 12 months after the end of the reporting period	34,860	15,514
	<u>37,216</u>	<u>17,869</u>

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	7,881,301	6,185,791	8,373,401
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	599,868	1,072,982	1,812,065
Non-cash flows in Net result:			
Depreciation	2,325,790	2,299,700	2,245,413
(Profit)/loss on sale of asset	5,519	-	(1,818)
Loss on revaluation of fixed assets	44,115	-	-
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(303,524)	700,001	(830,428)
(Increase)/decrease in inventories	(643)	-	(1,328)
Increase/(decrease) in payables	5,900	-	426,071
Increase/(decrease) in provisions	10,432	-	22,436
Non-operating grants and contributions for the development of assets	(1,690,475)	(2,809,996)	(526,819)
Net cash from operating activities	996,982	1,262,687	3,145,592

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
General purpose funding	2,065,652	2,571,845
Law, order, public safety	8,775	9,000
Health	3,200	4,100
Housing	1,391,965	1,306,740
Community amenities	171,921	168,169
Recreation and culture	4,109,082	4,580,744
Transport	46,184,560	43,572,718
Economic services	5,595,163	3,236,375
Other property and services	3,948,162	3,965,705
	63,478,480	59,415,396

18. CONTINGENT LIABILITIES

The Shire operates the Cue Landfill site under licencing agreement. The Shire's focus is maintaining the site in accordance with licencing conditions.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DER the need and criteria for remediation, the Shire is unable to accurately quantify the clean-up liability for its potentially contaminated site. The Shire is continuing to monitor the site and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the DER guidelines.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

19. CAPITAL COMMITMENTS

	<u>2018</u>	<u>2017</u>
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	-	979,572
Payable:		
- not later than one year	-	979,572
 (b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	-	-
- later than one year but not later than five years	-	-
- later than five years	-	-
	<hr/>	<hr/>
	-	-

20. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

21. INVESTMENT IN ASSOCIATES

The Shire did not have any investments in associates as at the reporting date.

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.			
Meeting Fees	22,694	30,500	25,185
Mayor/President's allowance	10,800	10,800	10,800
Deputy Mayor/President's allowance	2,700	2,700	2,700
Travelling expenses	20,488	25,000	13,743
Telecommunications allowance	24,070	24,360	24,070
	80,752	93,360	76,498

Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total remuneration for KMP of the Shire during the year are as follows:		
Short-term employee benefits	459,679	500,596
Post-employment benefits	61,177	65,765
Other long-term benefits	10,088	12,634
Termination benefits	-	19,927
	530,944	598,922

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits and annual leave benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

	2018	2017
	\$	\$
The following transactions occurred with related parties:		
Sale of goods and services	-	-
Purchase of goods and services		
- Key management personnel	74,488	180,639
- Other related parties	4,376	3,593
	78,864	184,232

Joint venture entities:

Distributions received from joint venture entities

Amounts outstanding from related parties:

Trade and other receivables	-	-
Loans to associated entities	-	-
Loans to key management personnel	-	-

Amounts payable to related parties:

Trade and other payables	-	-
Loans from associated entities	-	-

22. RELATED PARTY TRANSACTIONS (Continued)

Related Parties

The Shire's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Entities subject to significant influence by the Shire*
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.
- iii. Close family members of key management personnel*
Close family members of key management personnel and for entities controlled or jointly controlled by any of the key management personnel or their close family members.

23. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2017/2018 financial year.

24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2017/2018 financial year.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

25. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
R4R - CGLF Regional Groups	163,289	-	(73,064)	90,225	1,748	(91,973)	-
Law, order, public safety							
ESL Grant	-	4,270	(4,270)	-	3,705	(3,705)	-
Recreation and culture							
Water Park	-	11,000	(11,000)	-	-	-	-
Heritage Commission	-	1,606	(1,606)	-	-	-	-
Post Office - Lottery West/MWDC/R4R	-	330,000	(328,794)	1,206	475,000	(476,206)	-
Transport							
Contributions - Road Maintenance	-	4,463	(4,463)	-	-	-	-
BS Marshall Street Grant	46,526	69,475	(104,321)	11,680	39,754	(51,434)	-
Cue Wandinong RRG	-	120,667	(120,667)	-	120,000	(120,000)	-
Roads to Recovery	-	460,699	(460,699)	-	403,810	(403,810)	-
Pathway Funding Program	-	70,639	(70,639)	-	148,386	(148,386)	-
MIRWA Direct Grant	-	98,649	(98,649)	-	43,926	(43,926)	-
Flood Damage Road Restoration	-	6,554,623	(6,554,623)	-	730,351	(730,351)	-
Economic services							
RV Site Grant	3,336	-	-	3,336	-	(3,336)	-
Oasis Development	-	396,000	(396,000)	-	-	-	-
Total	213,151	8,122,091	(8,228,795)	106,447	1,966,680	(2,073,127)	-

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	Rate in \$	Number of Properties	2018 Rateable Value	2018 Rate Revenue	2018 Interim Rates		2018 Back Rates	2018 Total Revenue	2018 Budget Rate Revenue		2018 Budget Interim Rate	2018 Budget Back Rate	2018 Budget Total Revenue
						\$	\$			\$	\$			
Gross rental valuations														
GRV Residential	0.1062	90	535,752	56,897	133	1,297	58,327	51,987	56,892	-	-	-	-	56,892
GRV Commercial	0.1062	5	299,208	31,776	-	-	31,776	26,510	31,785	-	-	-	-	31,785
GRV Vacant Land	0.1062	-	-	-	-	-	-	-	-	-	-	-	-	-
GRV M&T Workforce	0.3160	2	246,750	77,973	-	-	77,973	75,876	77,970	-	-	-	-	77,970
Unimproved valuations														
UV Mining	0.3160	295	6,509,869	2,057,119	(58,696)	(12,894)	1,985,529	1,987,453	2,039,610	-	-	-	-	2,039,610
UV Pastoral	0.0843	14	502,918	42,396	-	-	42,396	41,340	42,373	-	-	-	-	42,373
Sub-Total		406	8,094,497	2,266,161	(58,563)	(11,597)	2,196,001	2,183,166	2,248,630	-	-	-	-	2,248,630
Minimum payment														
Gross rental valuations														
GRV Residential	451	49	116,724	22,099	-	-	22,099	19,800	22,099	-	-	-	-	22,099
GRV Commercial	451	-	-	-	-	-	-	3,520	-	-	-	-	-	-
GRV Vacant Land	451	41	8,528	18,491	(451)	-	18,040	15,860	18,491	-	-	-	-	18,491
GRV M&T Workforce	451	-	-	-	-	-	-	-	-	-	-	-	-	-
Unimproved valuations														
UV Mining	451	120	84,289	54,120	-	-	54,120	54,560	53,669	-	-	-	-	53,669
UV Pastoral	451	4	10,400	1,804	-	-	1,804	1,320	1,804	-	-	-	-	1,804
Sub-Total		214	219,941	96,514	(451)	-	96,063	95,060	96,063	-	-	-	-	96,063
Discounts/concessions (refer note 26(d))														
Total amount raised from general rate		620	8,314,438	2,362,675	(59,014)	(11,597)	2,292,064	2,278,226	2,344,693	-	-	-	-	2,344,693
Specified Area Rate (refer note 26(d))							(265)	0	(6,357)	-	-	-	-	(6,357)
Rates Written Off							2,291,799	2,278,226	2,338,336	-	-	-	-	2,338,336
Back Rates							(3,307)	(68,936)	(50,000)	-	-	-	-	(50,000)
Totals							2,288,492	2,209,290	2,298,336	-	-	-	-	2,298,336

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

26. RATING INFORMATION (Continued)

(b) No specified area rates were imposed by the Shire during the year ended 30 June 2018.

(c) Service Charges

No service charges were imposed by the Shire during the year ended 30 June 2018.

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee	Discount %	Discount \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	Circumstances in which Discount is Granted
GRV - Commercial	20.00%		265	-	6,357	A discount of 20% of the current rates levied was offered to the GRV - Commercial category of rate payers whose payment of the full amount owing, including arrears and service charges is received on or before 35 days after the date appearing on the rate notice.
Waivers or Concessions			265	0	6,357	

No waivers or concessions were offered during the year ended 30 June 2018.

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan		Unpaid Rates Interest	
		Admin Charge \$	Interest Rate %	Plan Interest Rate %	Rate %
Option One					
Single full payment	11-Oct-17				
Option Two					
First instalment	11-Oct-17	15	5.00%	11.00%	11.00%
Second instalment	13-Dec-17	15	5.00%	11.00%	11.00%
Option Three					
First instalment	11-Oct-17	15	5.00%	11.00%	11.00%
Second instalment	13-Dec-17	15	5.00%	11.00%	11.00%
Third instalment	14-Feb-18	15	5.00%	11.00%	11.00%
Fourth instalment	11-Apr-18	15	5.00%	11.00%	11.00%

	2018 Actual \$	2017 Actual \$	2018 Budget \$
Interest on unpaid rates	35,830	28,174	22,500
Interest on instalment plan	1,972	5,295	5,000
	37,802	33,469	27,500

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

27. NET CURRENT ASSETS

Composition of net current assets for the purpose of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) 1 July 17 brought forward	2,700,544	2,961,957	2,961,957
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,733,035	2,195,183	2,195,183
Restricted	6,148,266	6,178,218	6,178,218
Receivables			
Rates outstanding	239,831	236,122	236,122
Sundry debtors	53,865	741,932	741,932
GST receivable	101,499	47,982	47,982
Accrued income	1,290,059	355,694	355,694
Provision for Doubtful Debts	(66,402)	(66,402)	(66,402)
Inventories			
Fuel and materials	14,000	12,233	12,233
History books	5,680	6,803	6,803
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(35,297)	(138,534)	(138,534)
Accrued salaries and wages	(71,872)	(63,790)	(63,790)
ATO liabilities	(17,600)	(88,296)	(88,296)
Payroll creditors	(50,071)	(26,607)	(26,607)
Accrued expenses	(434,219)	(285,438)	(285,438)
Deposits and bonds	(6,666)	(7,160)	(7,160)
Provisions			
Provision for annual leave	(52,942)	(61,857)	(61,857)
Provision for long service leave	(2,356)	(2,355)	(2,355)
Unadjusted net current assets	8,848,810	9,033,728	9,033,728
Adjustments			
Less: Reserves - restricted cash	(6,148,266)	(6,071,771)	(6,071,771)
Adjusted net current assets - surplus/(deficit)	2,700,544	2,961,957	2,961,957

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

28. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	7,881,301	8,373,401	7,881,301	8,373,401
Receivables (a)	1,521,321	1,271,314	1,521,321	1,271,314
	9,402,622	9,644,715	9,402,622	9,644,715
Financial liabilities				
Payables	615,725	609,825	615,725	609,825
	615,725	609,825	615,725	609,825

(a) The amount of receivables excludes the GST receivable from the ATO (Statutory Receivable)

Interest rate exposure of cash and cash equivalents

	Weighted Average Interest Rate %	Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non-interest Bearing \$
2018					
Cash and cash equivalents	2.43%	7,881,301	6,225,037	1,655,294	970
2017					
Cash and cash equivalents	1.77%	8,373,401	5,469,800	2,902,631	970

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

28. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	16,553	29,026
- Statement of Comprehensive Income	16,553	29,026

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible interest rate movements.

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date is disclosed in Note 6

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire's Payables are set out in the Liquidity Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	615,725	-	-	615,725	615,725
	615,725	-	-	615,725	615,725
2017					
Payables	609,825	-	-	609,825	609,825
	609,825	-	-	609,825	609,825

29. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	2017	Received	Paid	2018
	\$	\$	\$	\$
Cue LCDC	2,080	-	-	2,080
	2,080			2,080

30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed on a straight line basis. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standards

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
1 January 2017
- (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities
1 January 2017

31. SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets such as roads, drains, public buildings and the like that are measured under the revaluation model, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

32. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME	OBJECTIVE/ACTIVITIES
GOVERNANCE	Administration and operation of facilities and services to members of Council. Other costs that relate to tasks of assisting elected members and ratepayers on matters which do not concern Specific Council Services.
GENERAL PURPOSE FUNDING	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	Supervision of various local laws, fire prevention, emergency services and animal control.
HEALTH	Food quality and water control. Pest control. Environmental Health Officer. Doctor Service.
EDUCATION AND WELFARE	Assistance to Cue Primary School. Thoo Thoo Wandj, Senior Citizens and Playgroup. Involvement in work experience programmes.
HOUSING	Provision and maintenance of staff and rental housing.
COMMUNITY AMENITIES	Rubbish collection services, maintenance of refuse sites, administration of the town planning scheme, control and co-ordination of cemeteries, and maintenance of public conveniences.
RECREATION AND CULTURE	Maintenance of the Shire Hall, Recreation Centre, Stan Gurney Memorial Park and various reserves. Operation of library and internet services. Co-ordination of Australia Day activities.
TRANSPORT	Construction and maintenance of streets, roads, footpaths, drainage works, parking facilities, traffic signs and median strips. Control and maintenance of Cue Airport.
ECONOMIC	The regulation and provision of tourism and the Historical Photographic collection. Maintenance of the Shire-owned Caravan Park. Building and vermin control. Employment program administered on behalf of the Department of Employment, Workplace Relations and Small Business.
OTHER PROPERTY AND SERVICES	Private works operation, plant repair and operation costs.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

33. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	5.26	5.47	10.62
Asset sustainability ratio	0.43	0.64	0.67
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.46)	0.10	(0.44)
Own source revenue coverage ratio	0.47	0.24	0.27
Asset consumption ratio	0.75	0.77	0.64
Asset renewal funding ratio	0.51	0.55	0.54

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

Asset Renewal Ratio - 2016 and 2017 Restatement

The asset renewal funding ratio reported for the 2016 and 2017 financial years were based on the previous asset management plan, combined with long-term financial plan workings, for years beyond the asset management plan. In the current year, it was identified that a more accurate modelling existed. The 2016 and 2017 ratios have been restated above based on the Shire's current strategic resource and long-term financial plan modelling.

The asset renewal funding ratio has been restated for the 2016 and 2017 financial years as follows:

	Stated	Adjustment	Restated
2016	0.77	(0.23)	0.54
2017	1.122	(0.57)	0.55



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Cue

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Cue which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Cue:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with 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 Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. 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 10 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996* I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past three years.

- b. The Asset Renewal Funding Ratio has been below the DLGSCI standard for the past three years.
The financial ratios are reported in Note 33 of the financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
- a. Accounting journal entries were posted with no evidence of independent review and approval by another person. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be independently reviewed and approved with evidence of this review being retained.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 33 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Cue for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 December 2018