

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

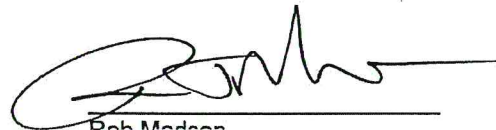
STATEMENT BY CHIEF EXECUTIVE OFFICER

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

A handwritten signature in black ink, appearing to read 'Rob Madson', is written over a horizontal line.

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><u>4,046,752</u></u>	<u><u>1,072,982</u></u>	<u><u>1,848,901</u></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
		2,961,957	2,950,915	2,097,644
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
		2,499,984	1,826,486	9,892,373
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)
		(6,149,831)	(5,861,836)	(11,835,727)
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		1,706,880	1,215,265	2,398,245
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		(1,218,334)	(3,463,706)	(1,501,638)
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		(76,494)	(49,895)	(143,940)
Surplus(deficiency) before general rates		412,052	(2,298,336)	752,667
Total amount raised from general rates	26	2,288,492	2,298,336	2,209,290
Net current assets at June 30 c/fwd - surplus/(deficit)	27	2,700,544	-	2,961,957

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 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Long Service Leave Reserve	28,852	728	-	29,580	28,916	582	-	29,498	28,168	684	-	28,852
Plant Replacement Reserve	425,363	98,737	-	524,100	426,024	98,575	-	524,599	292,355	233,008	(100,000)	425,363
Building Maintenance Reserve	559,356	14,120	-	573,476	560,535	11,276	-	571,811	521,688	37,668	-	559,356
Streetscape Reserve	296,971	7,497	-	304,468	298,091	5,986	-	304,077	494,953	12,018	(210,000)	296,971
Sports Complex Reserve	104,820	2,646	-	107,466	105,029	2,113	-	107,142	92,572	12,248	-	104,820
Tourist Park Development Reserve	207,608	5,241	-	212,849	207,846	4,185	-	212,031	105,057	102,551	-	207,608
Water Playground Reserve	32,994	833	-	33,827	33,045	665	-	33,710	22,449	10,545	-	32,994
Beringarra Reserve	3,669,370	92,622	(250,000)	3,511,992	3,678,024	73,972	(250,000)	3,501,996	3,826,456	92,914	(250,000)	3,669,370
Tourism Reserve	90,437	2,283	-	92,720	90,614	1,823	-	92,437	78,530	11,907	-	90,437
Housing/Land Development Reserve	118,569	2,993	-	121,562	118,720	2,390	-	121,110	66,943	51,626	-	118,569
Heritage Reserve	537,431	20,066	-	557,497	538,333	19,600	-	557,933	398,660	229,680	(90,909)	537,431
Road Maintenance Reserve	-	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	5,927,831	794,849	(650,909)	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
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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	(14,503,737)	(11,946,841)
	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	(719,200)	(562,154)
	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	(492,900)	(410,846)
	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	(1,077,100)	(1,175,330)
	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	(285,000)	(261,946)
	225,000	223,054
Total infrastructure	42,548,954	39,480,795

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 Infrastructure	Airport	Drainage & Sewerage	Total 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

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:

- 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
- 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	not depreciated
formation	50 years
pavement	20 years
seal	25 years
- bituminous seals	not depreciated
- asphalt surfaces	50 years
Gravel roads	12 years
formation	
pavement	
gravel sheet	

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

11. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 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.

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

-	-
-	-
-	-
NIL	NIL

(c) Unused loan facilities at balance date

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
	61,857	17,869	79,726
Additional provision	-	19,347	19,347
Amounts used	(8,915)	-	(8,915)
Balance at 30 June 2018	52,942	37,216	90,158
Comprises			
Current	52,942	2,356	55,298
Non-current	-	34,860	34,860
	52,942	37,216	90,158

(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	-	-
	52,942	61,857

(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
	37,216	17,869

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

	2018	2017
	\$	\$
(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	-	-
	-	-

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

The following fees, expenses and allowances were paid to council members and/or the Mayor/President.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
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

The total remuneration for KMP of the Shire during the year are as follows:

	2018	2017
	\$	\$
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.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
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 Wondinong 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)	-
MRWA 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	Rate in \$	Number of Properties	2018 Rateable Value	2018 Rate Revenue	2018 Interim Rates	2018 Back Rates	2018 Total Revenue	2017 Total Revenue	2018 Budget Rate Revenue	2018 Budget Interim Rate	2018 Budget Back Rate	2018 Budget Total Revenue
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
Totals		620	8,314,438	2,362,675	(59,014)	(11,597)	2,292,064	2,278,226	2,344,693	-	-	2,344,693
Discounts/concessions (refer note 26(d))							(265)	0	-	-	-	(6,357)
Total amount raised from general rate							2,291,799	2,278,226	2,338,336	-	-	2,338,336
Specified Area Rate (refer note 26(d))							-	-	-	-	-	-
Rates Written Off							(3,307)	(68,936)	-	-	-	(50,000)
Back Rates							-	-	-	-	-	10,000
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 Granted	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 Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	11-Oct-17			
Option Two				
First instalment	11-Oct-17	15	5.00%	11.00%
Second instalment	13-Dec-17	15	5.00%	11.00%
Option Three				
First instalment	11-Oct-17	15	5.00%	11.00%
Second instalment	13-Dec-17	15	5.00%	11.00%
Third instalment	14-Feb-18	15	5.00%	11.00%
Fourth instalment	11-Apr-18	15	5.00%	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
<u>2018</u>	\$	\$	\$	\$	\$
Payables	615,725	-	-	615,725	615,725
	615,725	-	-	615,725	615,725
<u>2017</u>					
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.

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