



Shire of Cue

Annual Report

2018 – 2019



TABLE OF CONTENTS

SHIRE PRESIDENT'S REPORT	2
CHIEF EXECUTIVE OFFICER'S REPORT	3
MAJOR PROJECTS AND INITIATIVES	4
DISABILITY ACCESS AND INCLUSION PLAN	10
PUBLIC INTEREST DISCLOSURES	14
FREEDOM OF INFORMATION	14
RECORDKEEPING PLAN	14
NATIONAL COMPETITION POLICY	14
STAFF SALARY BANDS	14
INTEGRATED PLANNING AND REPORTING	15
STRATEGIC COMMUNITY PLAN	18
SUMMARY FINANCIAL DATA	20

SHIRE PRESIDENT'S REPORT

It is my pleasure to introduce the Shire's Annual Report for 2018/19.

A highlight of the year was attending the Australian Local Government Association National General Assembly in Canberra. The conference was well represented by the Murchison region with attendees from Cue, Mt Magnet and Yalgoo. Delegates heard from a range of speakers and voted on motions submitted from Councils across Australia on matters of federal significance including financial assistance grants, transport, health, education, drought, communications, gambling, waste and the environment. Delegates also attended a series of meetings with Federal Ministers at Parliament House concerning issues directly affecting the Murchison region.

Cue Parliament remains at the forefront of local politics in the Murchison, continuing to prove a drawcard for heads of State Government departments and elected representatives from across the political spectrum. The introduction of the Murchison Cup Calcutta on the evening prior to Cue Parliament has been a great initiative by Regional Development Australia, raising funds for the Royal Flying Doctor.

On the State Government front, we eagerly await the construction of a new water treatment plant at the bore field North of town, with the expectation that the plant will be operational by June 2020. Council will also continue to press the State Government for the Nursing Post to be staffed by two nurse practitioners, and we are committed to improving services provided to the community at local, state and federal level to ensure that Cue remains an attractive place to live and work.

Councillor Ross Pigdon
Shire President



Murchison delegation in Parliament House - Left to right from rear – Kelvin Matthews, CEO Shire of Mount Magnet, Cr Jorgen Jensen, Shire President Mount Magnet, Cr Ross Pigdon, Shire President Cue, Cr Eliz Morrison, Mount Magnet, Cr Les Price, Deputy Shire President Cue, Cr Tamisha Hodder, Yalgoo, Silvio Brenzi, CEO Yalgoo, Rob Madson, CEO Cue

CHIEF EXECUTIVE OFFICER'S REPORT

The Shire's workforce remained generally stable throughout the year, enabling significant roadworks to be performed on flood damage restoration, grid replacement and resealing of the Cue-Beringarra Road. The town crew were also able to continually improve the presentation of the town, with a great deal of positive feedback being received during the year.

Financially, the Shire is on very sound footing, finishing the year with a healthy balance of \$5,680,737 in reserves, including \$2,681,139 in the Beringarra-Cue Road Reserve. This was achieved while also increasing the Shire's asset base, with a number of items of new construction plant being upgraded in accordance with the Shire's plant replacement program. New plant leads to savings in operating costs and increased operator pride accompanied by efficiency gains.

Major plant items included:

- Integrated tool carrier.
- Smooth drum vibrating roller.
- Multi-tyred roller.
- Pedestrian roller.
- 5 tonne dual cab tipper.

Facility improvements included:

- Further renovation of the Bishop's house to improve staff working conditions.
- Fencing of the bowling green and installation of floodlighting to allow it to be enjoyed in the cooler hours.
- Upgrading of power at the old railway station to facilitate events on the oval and assist in planning to renovate this building for community use.
- Toilet and shade structure at the cemetery.
- Outdoor exercise park.

The Shire also made a significant contribution toward the construction of the final portion of the Murchison Regional Vermin Council dog fence, with the aim of reinvigorating the pastoral industry.

Mining activity in the Shire has continued to grow, with new companies entering the market due to improved commodity prices. The Shire is focused on developing positive relationships with these companies to encourage them to provide real social benefits to the community while they are operating here.

Rob Madson DipLG(C)
Chief Executive Officer

MAJOR PROJECTS AND INITIATIVES

PROJECTS COMPLETED THIS YEAR

Historic Cottages fitted out with new furniture



Bin Surrounds – Austin Streetscape



Outdoor Exercise Park



Renovated Old Municipal Chambers and Leased to Westgold for their Administration



48 hour RV Rest Area



New fencing, lighting and barbecue at the Shire Hall



The Shire of Cue has continued its ongoing projects in 2018-2019 in road construction and maintenance. The Shire of Cue is responsible for approximately 800 kilometres of formed unsealed roads. The Shire has also worked on other major projects around the Townsite to improve amenities for the people and guests of Cue.

MAINTENANCE, CONSTRUCTIONS AND MAJOR PROJECTS

- Flood damage repairs to Shire Roads
- Reconstruction of part of Cue Wondinong Road
- Resealing of part of the Beringarra Cue Road
- Construction of dual use pathways
- Bishops House and Shire Depot improvements
- Heydon Place industrial development
- Bowling Green lights, fence and barbecue
- Cemetery Improvements – Ablution block
- Upgrades to the Shire rubbish tip
- RV Park site development
- Upgrades to Shire staff housing
- Widening of cattle grids on various Shire roads
- Preparations for certification of the Cue Aerodrome
- Improvements to the Cue Tourist Park including set up of water tank for use also at the Cue Oasis
- New fencing, lighting and barbecue at Shire Hall

MAJOR ITEMS OF PLANT REPLACED DURING THE YEAR



Manager Works & Services, John Curtin, with the Shire's new ITC

JCB Integrated Tool Carrier with attachments
Mitsubishi Fuso dual cab light truck with side/end tipper tray
Multipac 20 tonne flat drum roller
Multipac multi tyre roller
John Papas flat top trailer with gates
Samsung Excavator
Amman Pedestrian Roller
Road train water tanker
Replacement of light vehicles

IN 2019-2020 THE FOLLOWING WORKS ARE TO BE UNDERTAKEN:

- Flood damage repairs to Shire Roads
- RV Park site development
- Cemetery Improvements
- Playground equipment and pump track
- Construction of two houses for the Government Regional Officers Housing scheme to accommodate police officers, with costs to be recovered through a leasing arrangement with the State Government
- Upgrades to Shire staff housing
- Upgrades and certification of aerodrome
- Resealing of town streets
- Resurfacing of sports courts
- Upgrades to Shire Depot
- Upgrades to Old Railway Station

IN 2019-2020 THE FOLLOWING PLANT AND EQUIPMENT WILL BE PURCHASED:

- New 6x4 Prime Mover truck
- New ride on mower
- Replacement of light vehicles
- Skid steer loader
- Street sweeper truck
- Dozer tree rake

DISABILITY ACCESS AND INCLUSION PLAN

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

BACKGROUND

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

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

The disabilities encountered include:

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

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

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

ACHIEVEMENTS

Dual Use Pathways

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

The pathways link the following facilities:

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

LIBRARY SERVICES

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

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

This includes:

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

Due to the relocation of the library last year and the recognition within the Shire, the Cue Public Library has been given a fantastic opportunity to become more community centric to meet its users' needs.

The move over to the Cue Community Resource and Visitors Centre has increased footfall and in branch usage. Children are being read to while the other 'adult/person' is using the CRC's facilities or are just looking around. Visitors are signing up as temporary members, allowing them to use the available services while in town. The Local history collection is being used in the library to help visitors find out information about Cue and to see if any family members are mentioned.

Collaborations within the community have helped raise awareness of the library. The CRC and the library have created a family history station, using a CRC computer and the library's subscription to ancestry.com, allowing visitors another resource to help find out about their connection to Cue.

In order to be 'seen' within the community, the library now has a dedicated page on the Shire's webpage – with a link on the homepage. New posters have been created with updated information about the library and are displayed in the Shire offices and the CRC, as well as being included in the Dryblower each month. The Library also now has a presence on the Shire's Facebook page.



The Library has also had the opportunity to become involved with the Cue Primary School. Delivering combined Storytime's to the children.

Living in such a remote area with a wide spread population, brings a set of challenges to the library. Not everyone is able to come into town regularly to borrow physical items or they are unable to use those resources due to mobility, vision or any number of other issues. The Library now has a number of eResources that allow patrons to borrow items from the comfort of their home using an apple/android device or their PC.

- **Bolinda BorrowBox** - an award winning free Australian App that enables public library members to browse and borrow a wide selection of eBooks and audio titles including latest releases and best sellers on their Apple/Android device or PC.
- **Kanopy** - a video Streaming platform delivering one of the largest collections of indie films, classic cinema, festival and educational documentaries, and movies online or through an app.
- **RBdigital** - offers full colour interactive digital magazines. Includes magazines from a wide range of genres including automotive, health & fitness, food & cooking, hobbies and celebrity & gossip.

Due to an influx of donations, stock received from the State Library and local stock purchased by the Shire, the library's physical collection is growing and becoming quite well rounded.

PUBLIC AREAS AND BUILDINGS

We are continuing to expand our disabled and wheelchair accessible infrastructure with the newly installed Cue Cemetery Ablution Block.

The toilet is wheelchair accessible.

The seating area is designed with no steps or raised floor and has wheelchair suitable tables.

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

Cue Cemetery Ablution and Seating Area



PUBLIC INTEREST DISCLOSURES

During 2018-19 there were no complaints against Council members that resulted in action under section 5.110(6) of the Local Government Act 1995.

FREEDOM OF INFORMATION

The Shire of Cue will provide people with all necessary information held by the Council; however if we are unable to supply this information by less formal means, a Freedom of Information request can be made. In 2018-2019 there was one request.

RECORDKEEPING PLAN

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

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

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

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

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

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

NATIONAL COMPETITION POLICY

Council operations in the 2018-2019 financial period did not fall within the requirements of the National Competition Policy.

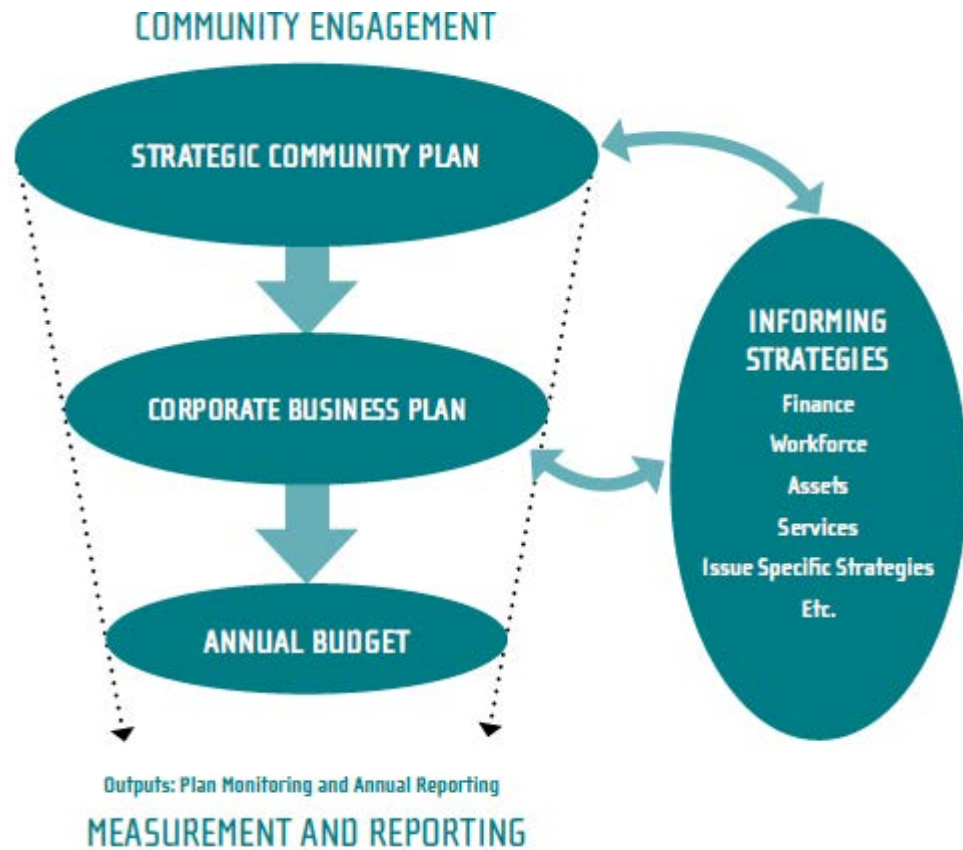
STAFF SALARY BANDS

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

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

INTEGRATED PLANNING AND REPORTING

UNDERSTANDING THE PROCESS



The new framework aims to ensure that:

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

STRATEGIC COMMUNITY PLAN

The Shire of Cue updated its Strategic Community Plan in 2017-2018, after consultation with the Community and Corporate Business Plan during the 2018–2019 year.

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

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

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

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

CORPORATE BUSINESS PLAN

The updated Corporate Business Plan was completed in April 2019 and adopted by Council on 21 May 2019 as part of the operational and prioritisation of the actions and strategies identified within the Strategic Community Plan.

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

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

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

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

FUTURE PROJECTS AND INITIATIVES

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

- \$980,000 for the construction of two houses for the Government Regional Officers Housing scheme to accommodate police officers. Construction costs will be recovered through a leasing arrangement with the State Government over a period of 10 years.
- \$907,000 for staff housing additions.
- \$100,000 to commence the planning and design of future aged person's accommodation.
- \$ 52,000 for the Shire of Cue's contribution to the Murchison Regional Vermin Council dog fence.
- \$220,000 for new playground equipment.
- \$ 85,000 for a small wheels park.
- \$174,000 for Austin Street improvements.
- \$813,000 to fund the Shire's plant replacement program.
- \$ 35,000 for upgrades to the Cue Cemetery.
- \$513,000 toward repurposing of the old railway station building.
- \$250,000 to progress plans for the relocation of the Great Fingall mine office.
- \$ 50,000 towards renovation of the Old Bank of NSW building.
- \$200,000 for upgrades to the Town hall.
- \$ 50,000 for works depot improvements.
- \$105,000 for development of the Old Gaol.
- \$ 60,000 improvement to the Old Municipal Building.
- \$240,000 development of deep sewerage plan.
- \$ 85,000 improvements to the waste facility site.
- \$196,000 improvements to Cue Airport Runway.
- \$207,000 Heydon Place Industrial Development.
- \$ 40,000 for Tourist Park improvements.
- \$ 25,000 for extension of the CCTV network.
- \$ 15,000 for Standpipe automation.
- \$ 53,000 for RV site and Oasis park improvements.
- \$140,000 for the development of a Museum.

STRATEGIC COMMUNITY PLAN

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

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

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

SUMMARY FINANCIAL DATA

	2018-2019	2017-2018	2016-2017	2015-2016
	\$	\$	\$	\$
Operating Revenue	5,880,459	5,509,059	12,099,845	9,008,335
Operating Expenditure	6,470,776	6,090,429	11,835,727	10,228,081
Capital Expenditure	2,418,355	3,310,738	3,054,585	2,195,599
Non-Operating Grants	163,150	1,230,872	1,546,129	892,206

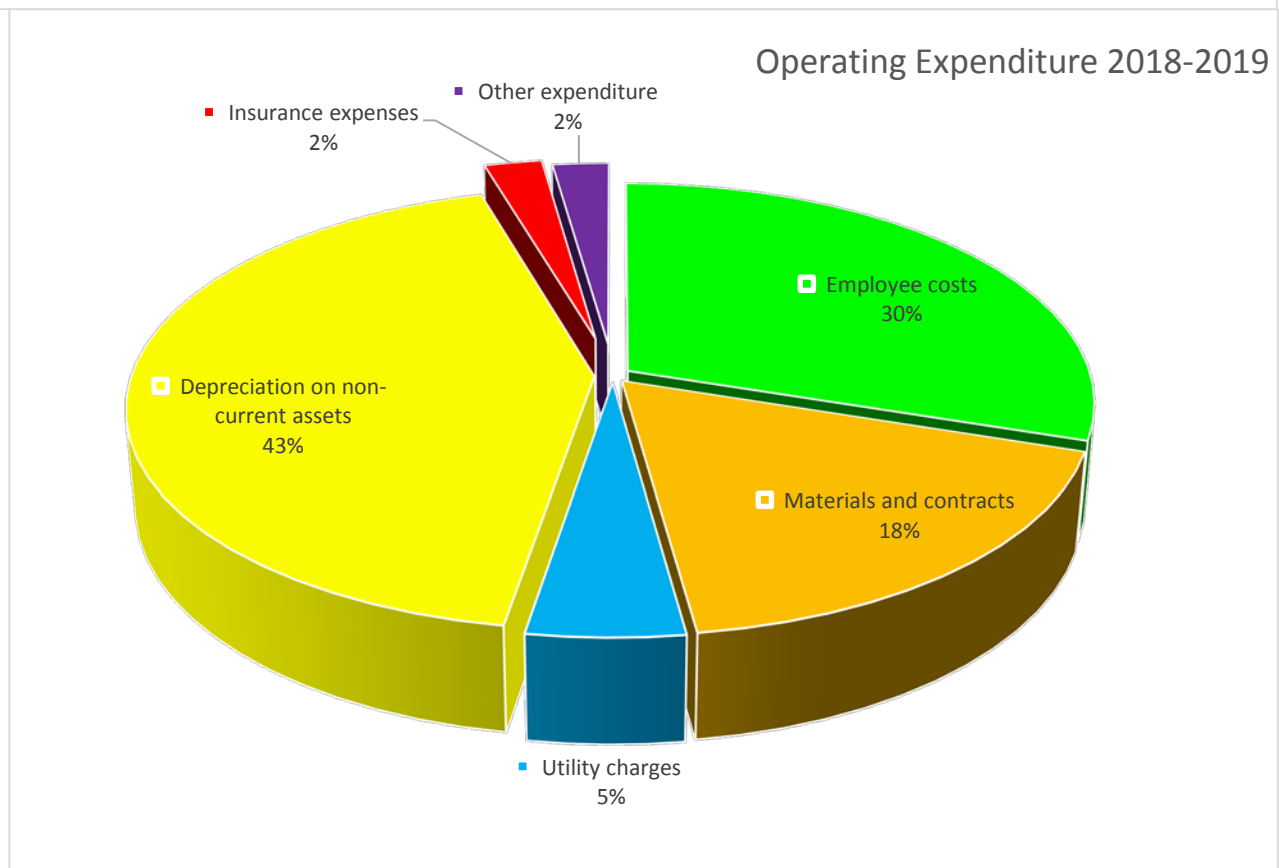
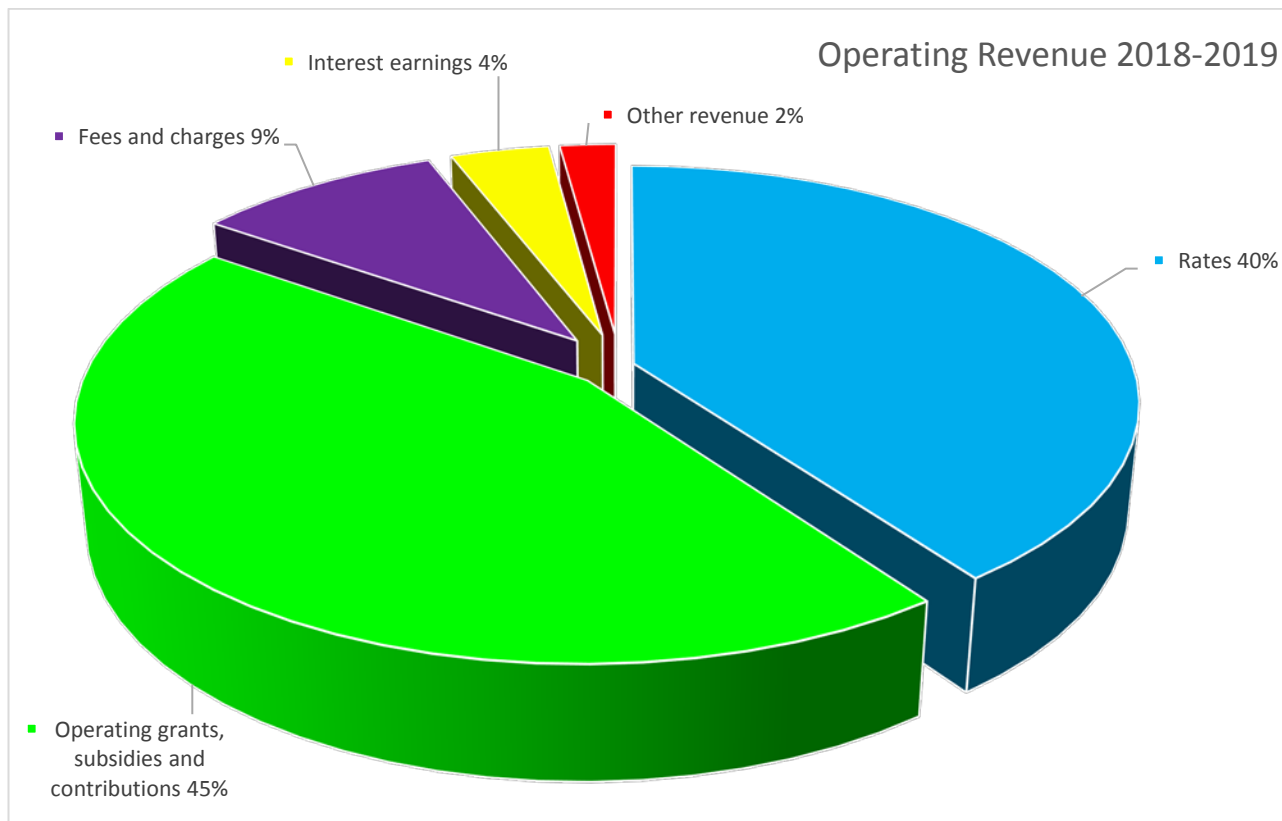
Operating revenue for 2018-2019 is \$5,880,459. This is made up of flood damage repair grant funding received during the year of \$538,516. Other operating revenue consists of General Purpose Funding being rates of \$2,350,734 and operating grants, subsidies and contributions of \$2,634,228. Other operating revenue consisted of fees and charges \$549,413, interest earnings \$221,186 and other revenue \$124,898.

Operating expenditure consists of employee costs \$1,944,442, materials and contracts of \$1,149,997 with \$555,419 being made up of flood damage repair works. Utility charges \$308,953, insurance expense \$150,715 and other expenditure of \$146,019. Depreciation on non-current assets amounted to \$2,770,650.

Non-operating grants, subsidies and contributions totalled \$163,150 and capital expenditure for the year came to \$2,418,355. More details of capital expenditure can be found in notes eight and nine of the Financial Report.

Cash backed reserves started the year at \$6,148,265 with transfers to reserves for the year totalling \$479,589 for future projects and transfers from reserves totalling \$947,117. The closing balance for cash backed reserves for 2018/19 sits at \$5,680,737. More information on reserve accounts can be found in note four of the Financial Report.

GRAPHICAL OVERVIEW OF OPERATING REVENUE AND EXPENDITURE



SHIRE OF CUE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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	52

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:
73 Austin Street
Cue WA 6640

**SHIRE OF CUE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

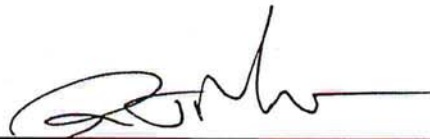
*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cue for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Cue at 30 June 2019 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

11TH day of DECEMBER 2019



Rob Madson
Chief Executive Officer

SHIRE OF CUE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	27(a)	2,350,734	2,283,636	2,288,492
Operating grants, subsidies and contributions	2(a)	2,634,228	1,370,200	2,535,241
Fees and charges	2(a)	549,413	453,500	394,142
Interest earnings	2(a)	221,186	182,000	198,798
Other revenue	2(a)	124,898	73,500	92,386
		5,880,459	4,362,836	5,509,059
Expenses				
Employee costs		(1,944,442)	(2,114,477)	(1,626,874)
Materials and contracts		(1,149,997)	(928,210)	(1,614,141)
Utility charges		(308,953)	(280,200)	(274,447)
Depreciation on non-current assets	10(b)	(2,770,650)	(2,354,500)	(2,325,790)
Insurance expenses		(150,715)	(142,914)	(131,812)
Other expenditure		(146,019)	(208,500)	(117,365)
		(6,470,776)	(6,028,801)	(6,090,429)
		(590,317)	(1,665,965)	(581,370)
Non-operating grants, subsidies and contributions	2(a)	163,150	1,268,301	1,230,872
Profit on asset disposals	10(a)	6,723	5,000	9,768
(Loss) on asset disposals	10(a)	(47,727)	0	(15,287)
(Loss) on revaluation of furniture and equipment	8(a)	(22,014)	0	0
(Loss) on revaluation of parks and ovals	9(a)	0	0	(44,115)
		100,132	1,273,301	1,181,238
Net result for the period		(490,185)	(392,664)	599,868
Other comprehensive income				
<i>Items not reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	417,186	0	3,446,884
Total other comprehensive income for the period		417,186	0	3,446,884
Total comprehensive income for the period		(72,999)	(392,664)	4,046,752

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 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
General purpose funding	2(a)	4,555,802	3,330,835	4,254,198
Law, order, public safety		12,916	6,500	5,432
Health		1,134	500	986
Housing		22,080	25,200	17,765
Community amenities		77,224	75,000	72,469
Recreation and culture		6,110	9,300	6,015
Transport		706,414	450,500	731,601
Economic services		371,381	299,700	249,491
Other property and services		127,398	165,300	171,102
		<u>5,880,459</u>	<u>4,362,835</u>	<u>5,509,059</u>
Expenses				
Governance		(363,523)	(407,576)	(260,039)
General purpose funding		(206,524)	(256,706)	(163,715)
Law, order, public safety		(60,065)	(72,890)	(54,943)
Health		(55,249)	(70,718)	(34,922)
Education and welfare		(2,035)	(15,258)	(631)
Housing		(226,765)	(243,270)	(246,232)
Community amenities		(268,495)	(332,172)	(246,772)
Recreation and culture		(672,255)	(704,156)	(545,524)
Transport		(3,942,764)	(3,276,139)	(3,884,539)
Economic services		(657,794)	(610,795)	(503,626)
Other property and services		(15,307)	(39,120)	(149,486)
		<u>(6,470,776)</u>	<u>(6,028,800)</u>	<u>(6,090,429)</u>
		(590,317)	(1,665,965)	(581,370)
Non-operating grants, subsidies and contributions	2(a)	163,150	1,268,301	1,230,872
Profit on disposal of assets	10(a)	6,723	5,000	9,768
(Loss) on disposal of assets	10(a)	(47,727)	0	(15,287)
(Loss) on revaluation of furniture and equipment	8(a)	(22,014)	0	0
(Loss) on revaluation of parks and ovals	9(a)	0	0	(44,115)
		<u>100,132</u>	<u>1,273,301</u>	<u>1,181,238</u>
Net result for the period		<u>(490,185)</u>	<u>(392,664)</u>	<u>599,868</u>
Other comprehensive income				
<i>Items not reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	417,186	0	3,446,884
Total other comprehensive income for the period		<u>417,186</u>	<u>0</u>	<u>3,446,884</u>
Total comprehensive income for the period		<u>(72,999)</u>	<u>(392,664)</u>	<u>4,046,752</u>

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



SHIRE OF CUE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,574,199	1,656,263
Trade receivables	5	1,422,323	1,618,852
Inventories	6	23,205	19,680
Financial assets	7	6,230,737	6,225,038
TOTAL CURRENT ASSETS		9,250,464	9,519,833
NON-CURRENT ASSETS			
Trade receivables	5	6,531	3,968
Financial assets	7	17,517	0
Property, plant and equipment	8(a)	12,013,445	11,405,725
Infrastructure	9(a)	41,819,198	42,548,954
TOTAL NON-CURRENT ASSETS		53,856,691	53,958,647
TOTAL ASSETS		63,107,155	63,478,480
CURRENT LIABILITIES			
Trade and other payables	12	240,120	615,725
Employee related provisions	15	108,869	55,298
TOTAL CURRENT LIABILITIES		348,989	671,023
NON-CURRENT LIABILITIES			
Employee related provisions	15	58,568	34,860
TOTAL NON-CURRENT LIABILITIES		58,568	34,860
TOTAL LIABILITIES		407,557	705,883
NET ASSETS		62,699,598	62,772,597
EQUITY			
Retained surplus		18,432,470	18,455,127
Reserves - cash backed	4	5,680,737	6,148,265
Revaluation surplus	11	38,586,391	38,169,205
TOTAL EQUITY		62,699,598	62,772,597

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 2019

		RESERVES		
	RETAINED	CASH	REVALUATION	TOTAL
Note	SURPLUS	BACKED	SURPLUS	EQUITY
	\$	\$	\$	\$
Balance as at 1 July 2017	17,931,753	6,071,771	34,722,321	58,725,845
Comprehensive income				
Net result for the period	599,868	0	0	599,868
Other comprehensive income	11	0	3,446,884	3,446,884
Total comprehensive income	599,868	0	3,446,884	4,046,752
Transfers from/(to) reserves	4	(76,494)	76,494	0
Balance as at 30 June 2018	18,455,127	6,148,265	38,169,205	62,772,597
Comprehensive income				
Net result for the period	(490,185)	0	0	(490,185)
Other comprehensive income	11	0	417,186	417,186
Total comprehensive income	(490,185)	0	417,186	(72,999)
Transfers from/(to) reserves	4	467,528	(467,528)	0
Balance as at 30 June 2019	18,432,470	5,680,737	38,586,391	62,699,598

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 2019

Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	2,265,776	2,283,636	2,284,783
Operating grants, subsidies and contributions	2,819,096	2,651,341	2,288,942
Fees and charges	549,413	453,500	394,142
Interest received	221,186	182,000	198,798
ATO receivables	62,917	0	0
Other revenue	107,381	73,500	92,386
	<u>6,025,769</u>	<u>5,643,977</u>	<u>5,259,051</u>
Payments			
Employee costs	(1,867,716)	(2,114,477)	(1,655,592)
Materials and contracts	(1,526,206)	(928,210)	(1,569,734)
Utility charges	(308,953)	(280,200)	(274,447)
Insurance paid	(150,715)	(142,914)	(131,812)
ATO liabilities	0	0	(53,517)
Other expenditure	(117,248)	(208,500)	(117,365)
	<u>(3,970,838)</u>	<u>(3,674,301)</u>	<u>(3,802,467)</u>
Net cash provided by (used in) operating activities	16 <u>2,054,931</u>	<u>1,969,676</u>	<u>1,456,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment	8(a) (919,503)	(3,396,500)	(1,800,975)
Purchase of infrastructure	9(a) (1,498,852)	(2,962,634)	(1,509,763)
Non-operating grants, subsidies and contributions	2(a) 163,150	1,268,301	1,230,872
Proceeds from sale of property, plant & equipment	10(a) 123,909	163,000	131,182
Payments for financial assets at amortised cost	7 (5,699)	0	(6,225,038)
Net cash provided by (used in) investment activities	<u>(2,136,995)</u>	<u>(4,927,833)</u>	<u>(8,173,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new borrowings	0	980,000	0
Net cash provided by (used in) financing activities	<u>0</u>	<u>980,000</u>	<u>0</u>
Net increase (decrease) in cash held	(82,064)	(1,978,157)	(6,717,138)
Cash at beginning of year	1,656,263	7,880,027	8,373,401
Cash and cash equivalents at the end of the year	16 <u><u>1,574,199</u></u>	<u><u>5,901,870</u></u>	<u><u>1,656,263</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 2019

	Note	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	28 (b)	2,700,544	2,744,459	2,961,957
		2,700,544	2,744,459	2,961,957
Revenue from operating activities (excluding rates)				
General purpose funding		2,205,068	1,047,199	1,965,706
Law, order, public safety		12,916	6,500	5,432
Health		1,134	500	986
Housing		22,080	25,200	17,765
Community amenities		77,224	75,000	72,469
Recreation and culture		6,110	9,300	6,015
Transport		709,047	455,500	741,369
Economic services		371,381	299,700	249,491
Other property and services		131,488	165,300	171,102
		3,536,448	2,084,199	3,230,335
Expenditure from operating activities				
Governance		(363,523)	(407,576)	(260,039)
General purpose funding		(206,524)	(256,706)	(163,715)
Law, order, public safety		(60,065)	(72,890)	(54,943)
Health		(55,249)	(70,718)	(34,922)
Education and welfare		(2,035)	(15,258)	(631)
Housing		(226,765)	(243,270)	(246,232)
Community amenities		(268,495)	(332,172)	(246,772)
Recreation and culture		(694,269)	(704,156)	(545,524)
Transport		(3,990,490)	(3,276,139)	(3,899,826)
Economic services		(657,794)	(610,795)	(503,626)
Other property and services		(15,307)	(39,120)	(193,601)
		(6,540,516)	(6,028,800)	(6,149,831)
Non-cash amounts excluded from operating activities	28(a)	2,837,296	2,349,500	2,394,770
Amount attributable to operating activities		2,533,772	1,149,358	2,437,231
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	163,150	1,268,301	1,230,872
Proceeds from disposal of assets	10(a)	123,909	163,000	131,181
Purchase of property, plant and equipment	8(a)	(919,503)	(3,396,500)	(1,800,975)
Purchase of infrastructure	9(a)	(1,498,852)	(2,962,634)	(1,509,763)
Amount attributable to investing activities		(2,131,296)	(4,927,833)	(1,948,685)
FINANCING ACTIVITIES				
Repayment of borrowings	14(a)	0	0	0
Proceeds from borrowings	14(b)	0	980,000	0
Transfers to reserves (restricted assets)	4	(479,589)	(435,161)	(326,494)
Transfers from reserves (restricted assets)	4	947,117	950,000	250,000
Amount attributable to financing activities		467,528	1,494,839	(76,494)
Surplus/(deficit) before imposition of general rates		870,004	(2,283,636)	412,052
Total amount raised from general rates	27(a)	2,350,734	2,283,636	2,288,492
Surplus/(deficit) after imposition of general rates	28(b)	3,220,738	0	2,700,544

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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

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 effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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 30 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,951,626	838,700	1,739,438
Law, order, public safety	10,402	3,500	3,705
Recreation and culture	535	7,500	500
Transport	617,862	415,000	730,351
Economic services	0	14,000	0
Other property and services	53,803	91,500	61,247
	2,634,228	1,370,200	2,535,241
Non-operating grants, subsidies and contributions			
Recreation and culture	0	217,000	475,000
Transport	120,000	1,018,301	755,872
Economic services	43,150	33,000	0
	163,150	1,268,301	1,230,872
Total grants, subsidies and contributions	2,797,378	2,638,501	3,766,113

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 26.

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.

Significant revenue

Nature or type

Operating grants, subsidies and contributions

Flood damage restoration	538,516	0	730,351
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Program

Transport

Flood damage restoration	538,516	0	730,351
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Other revenue

Reimbursements and recoveries	107,381	0	92,386
Other	17,517	73,500	0
	124,898	73,500	92,386

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Fees and charges			
General purpose funding	770	1,500	650
Law, order, public safety	2,514	3,000	1,727
Health	1,134	500	986
Housing	22,080	25,200	17,764
Community amenities	77,224	75,000	72,469
Recreation and culture	1,339	1,800	1,458
Transport	88,553	35,000	1,246
Economic services	340,219	285,700	248,636
Other property and services	15,580	25,800	49,206
	549,413	453,500	394,142

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

Interest earnings

Reserve accounts interest	167,217	135,000	139,860
Rates instalment and penalty interest (refer Note 27(e))	28,520	25,000	37,802
Other interest earnings	25,449	22,000	21,136
	221,186	182,000	198,798

(b) Expenses

Significant expense

Nature or type

Materials and contracts			
Flood damage restoration	555,419	0	874,141

Program

Transport			
Flood damage restoration	555,419	0	874,141

Auditors remuneration

Audit of the annual financial report	35,750	37,500	35,750
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3. CASH AND CASH EQUIVALENTS

	Note	2019 \$	2018 \$
Cash and cash equivalents			
Cash at bank and on hand (including deposits and bonds)		1,074,199	1,656,263
Term deposits		500,000	0
Total cash and cash equivalents		1,574,199	1,656,263
Other financial assets at amortised cost			
Term deposits	7	550,000	76,773
Term deposits - reserves	7	5,680,737	6,148,265
Total other financial assets at amortised cost		6,230,737	6,225,038
Total cash and cash equivalents and other financial assets at amortised cost		7,804,936	7,881,301
Comprises:			
Unrestricted		2,116,239	1,726,370
Restricted		5,688,697	6,154,931
Total cash and cash equivalents and other financial assets at amortised cost		7,804,936	7,881,301
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Long service leave reserve	4	62,406	29,580
Building maintenance reserve	4	637,216	573,476
Plant replacement reserve	4	504,540	524,100
Streetscape reserve	4	311,763	304,468
Sports complex reserve	4	120,041	107,466
Tourist park development reserve	4	247,949	212,849
Water playground reserve	4	59,637	33,827
Beringarra road reserve	4	2,681,139	3,511,992
Tourism reserve	4	121,103	92,720
Housing / land development reserve	4	188,475	121,562
Heritage reserve	4	615,854	557,497
Road maintenance reserve	4	130,614	78,728
		5,680,737	6,148,265
Other restricted cash and cash equivalents			
Deposits and bonds	12	7,960	6,666
Total restricted cash and cash equivalents		5,688,697	6,154,931

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 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.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual				2019 Budget				2019 Actual			
	Opening balance	Transfer to	Transfer (from)	Closing balance	Opening balance	Transfer to	Transfer (from)	Closing balance	Opening balance	Transfer to	Transfer (from)	Closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Long service leave reserve	29,580	32,826	0	62,406	29,580	649	0	30,229	28,852	728	0	29,580
(b) Building maintenance reserve	573,476	63,740	0	637,216	573,476	62,586	0	636,062	559,356	14,120	0	573,476
(c) Plant replacement reserve	524,100	12,557	(32,117)	504,540	524,100	11,566	(200,000)	335,666	425,363	98,737	0	524,100
(d) Streetscape reserve	304,468	7,295	0	311,763	304,467	6,682	0	311,149	296,971	7,497	0	304,468
(e) Sports complex reserve	107,466	12,575	0	120,041	107,466	12,358	0	119,824	104,820	2,646	0	107,466
(f) Tourist park development reserve	212,849	35,100	0	247,949	212,849	34,671	0	247,520	207,608	5,241	0	212,849
(g) Water playground reserve	33,827	25,810	0	59,637	33,827	25,742	0	59,569	32,994	833	0	33,827
(h) Beringarra road reserve	3,511,992	84,147	(915,000)	2,681,139	3,511,998	77,012	(750,000)	2,839,010	3,669,370	92,622	(250,000)	3,511,992
(i) Tourism reserve	92,720	28,383	0	121,103	92,720	28,151	0	120,871	90,437	2,283	0	92,720
(j) Housing / land development reserve	121,562	66,913	0	188,475	121,562	66,712	0	188,274	118,569	2,993	0	121,562
(k) Heritage reserve	557,497	58,357	0	615,854	557,497	57,286	0	614,783	537,431	20,066	0	557,497
(l) Road maintenance reserve	78,728	51,886	0	130,614	78,728	51,746	0	130,474	0	78,728	0	78,728
	6,148,265	479,589	(947,117)	5,680,737	6,148,270	435,161	(950,000)	5,633,431	6,071,771	326,494	(250,000)	6,148,265

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
(a) Long service leave reserve	as required	to be used to fund long service leave requirements
(b) Building maintenance reserve	as required	to be used to fund maintenance and capital expenditure on Council owned building
(c) Plant replacement reserve	as required	to be used for the purchase or significant overhaul of major plant
(d) Streetscape reserve	as required	to be used to fund streetscape improvements within the town centre of Cue
(e) Sports complex reserve	as required	to be used to fund maintenance and capital expenditure on the sports complex
(f) Tourist park development reserve	as required	to be used to fund the development of the Cue Tourist Park
(g) Water playground reserve	as required	to be used to fund the maintenance of the Water Playground
(h) Beringarra road reserve	as required	to be used for maintenance and capital expenditure on Beringarra Road
(i) Tourism reserve	as required	to be used to fund and maintain Tourism related infrastructure and programs
(j) Housing / land development reserve	as required	to be used to assist with the provision of affordable housing and the establishment of an incubator hub
(k) Heritage reserve	as required	to be used to maintain / renovate / promote heritage places and buildings owned or under a Shire management order
(l) Road maintenance reserve	as required	to be used for maintenance and capital expenditure on Shire roads

5. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Current		
Rates receivable	322,226	239,831
Sundry receivables	120,383	53,865
Allowance for impairment of receivables	(95,173)	(66,402)
Accrued income	1,038,673	1,290,059
GST receivable	36,214	101,499
	<u>1,422,323</u>	<u>1,618,852</u>
Non-current		
Pensioner's rates and ESL deferred	6,531	3,968
	<u>6,531</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	235,538	177,397
Impaired	93,219	66,402
	<u>328,757</u>	<u>243,799</u>

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

Up to one year	3,604	99,712
One to three years	194,601	73,902
Three or more years	130,552	70,185
	<u>328,757</u>	<u>243,799</u>

Sundry debtors

Includes:

Past due and not impaired	118,429	53,865
Impaired	1,954	0
	<u>120,383</u>	<u>53,865</u>

The table below illustrates the sundry debtors aging analysis

Up to one month	100,608	32,924
One to three months	17,215	15,800
Three months to one year	2,560	5,141
	<u>120,383</u>	<u>53,865</u>

Accrued income

The following illustrates the accrued income aging analysis

Up to one month	1,038,673	1,290,059
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5. TRADE AND OTHER RECEIVABLES (Continued)

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

Current

Fuel and materials
History books

2019	2018
\$	\$
17,673	14,000
5,532	5,680
23,205	19,680

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

19,680	19,037
(4,850)	(3,427)
8,375	4,070
23,205	19,680

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.

Land held for resale (Continued)

Borrowing costs and holding 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 2019

7. OTHER FINANCIAL ASSETS

	Note	2019 \$	2018 \$
Current assets			
Financial assets at amortised cost - term deposits	3	550,000	76,773
Financial assets at amortised cost - reserve term deposits	3	5,680,737	6,148,265
		<u>6,230,737</u>	<u>6,225,038</u>
Non-current assets			
Financial assets at fair value through profit and loss - Local government house trust		17,517	0
		<u>17,517</u>	<u>0</u>

Local government house trust

The Shire holds 1 of 620 units in the local government house trust which purchased the Local Government House. The total contribution by all Councils towards the purchase of the building was \$582,000.

Based on net assets of \$10,860,610 and 620 units, the value of 1 unit in the local government house, at 30 Jun 18, is \$17,517. This asset has been brought to account in 2019 as shown above.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 31 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

8. PROPERTY, PLANT AND EQUIPMENT

(a) 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 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	0	0	311,137	1,028,556	1,339,693	1,339,693	19,764	441,518	1,800,975
(Disposals)	0	0	0	0	0	0	0	(136,700)	(136,700)
Depreciation (expense)	0	0	(32,891)	(141,785)	(174,676)	(174,676)	(23,598)	(283,143)	(481,417)
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
Comprises:									
Gross carrying amount at 30 June 2018	412,000	412,000	1,459,137	7,415,058	8,874,195	9,286,195	201,214	2,615,030	12,102,439
Accumulated depreciation at 30 June 2018	0	0	(32,891)	(141,785)	(174,676)	(174,676)	(45,983)	(476,055)	(696,714)
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
Additions	0	0	8,609	226,558	235,167	235,167	9,080	675,256	919,503
(Disposals)*	(5,000)	(5,000)	(9,000)	(2,116)	(11,116)	(16,116)	(14,184)	(132,613)	(162,913)
Revaluation adjustments									
Increments / (decrements) to surplus	0	0	0	0	0	0	(51,324)	468,510	417,186
(Loss) / reversals to profit or loss	0	0	0	0	0	0	(22,014)	0	(22,014)
Depreciation (expense)	0	0	(35,403)	(177,102)	(212,505)	(212,505)	(18,809)	(312,728)	(544,042)
Carrying amount at 30 June 2019	407,000	407,000	1,390,452	7,320,613	8,711,065	9,118,065	57,980	2,837,400	12,013,445
Comprises:									
Gross carrying amount at 30 June 2019	407,000	407,000	1,458,746	7,638,591	9,097,337	9,504,337	57,980	2,837,400	12,399,717
Accumulated depreciation at 30 June 2019	0	0	(68,294)	(317,978)	(386,272)	(386,272)	0	0	(386,272)
Carrying amount at 30 June 2019	407,000	407,000	1,390,452	7,320,613	8,711,065	9,118,065	57,980	2,837,400	12,013,445

* - Refer to Note 10 for information regarding the disposal of assets under Regulation 17A.

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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)	Independent registered valuer	2019	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	2019	Market price of similar assets per item
Plant and equipment	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2019	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.

There were no transfers between level 2 and 3 during the current and previous financial year

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. INFRASTRUCTURE

(a) 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 and ovals	Other infrastructure	Airport	Drainage and sewerage	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 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	0	0	1,509,763
Revaluation adjustments						
Increments / (decrements) to surplus	3,414,129	0	(28,781)	50,291	11,245	3,446,884
(Loss) / reversals to profit or loss	0	(44,115)	0	0	0	(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
Comprises:						
Gross carrying amount at 30 June 2018	52,469,777	1,923,900	2,214,214	2,509,000	510,000	59,626,891
Accumulated depreciation at 30 June 2018	(14,503,737)	(719,200)	(492,900)	(1,077,100)	(285,000)	(17,077,937)
Carrying amount at 30 June 2018	37,966,040	1,204,700	1,721,314	1,431,900	225,000	42,548,954
Additions	1,236,130	167,173	95,549	0	0	1,498,852
(Disposals)*	0	(2,000)	0	0	0	(2,000)
Depreciation (expense)	(1,954,714)	(92,406)	(75,476)	(97,229)	(6,783)	(2,226,608)
Transfers	0	7,790	(7,790)	0	0	0
Carrying amount at 30 June 2019	37,247,456	1,285,257	1,733,597	1,334,671	218,217	41,819,198
Comprises:						
Gross carrying amount at 30 June 2019	53,705,906	2,108,173	2,289,263	2,509,000	510,000	61,122,342
Accumulated depreciation at 30 June 2019	(16,458,450)	(822,916)	(555,666)	(1,174,329)	(291,783)	(19,303,144)
Carrying amount at 30 June 2019	37,247,456	1,285,257	1,733,597	1,334,671	218,217	41,819,198

* - Refer to Note 10 for information regarding the disposal of assets under Regulation 17A.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. INFRASTRUCTURE (Continued)

(b) 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 and 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 and 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.

9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are 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 and no more than five 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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) Regulation* prevails.

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

Capitalisation threshold

Local Government (Financial Management) 1996 Regulation 17(a) requires an asset with a fair value less than \$5,000, at the date of acquisition, to be excluded from the assets of a local government, from 1 July 2018.

The Shire have not capitalised assets less than \$5,000 since 30 June 2014. Therefore, at reporting date, the Shire excluded all remaining assets capitalised prior to this accounting policy change, and determined the impact on the financial statements was \$31,313. The Shire considered the impact caused by the regulation was not material, therefore, the 2018 comparatives were not re-stated. Refer to Note 10(a) for further information.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of assets

	2019 Actual				2019 Budget				2018 Actual			
	Net book	Sale	Disposal	Disposal	Net book	Sale	Disposal	Disposal	Net book	Sale	Disposal	Disposal
	value	proceeds	profit	loss	value	proceeds	profit	loss	value	proceeds	profit	loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	5,000	9,091	4,091	0	40,000	45,000	5,000	0	0	0	0	0
Buildings - non-specialised	0	0	0	0	0	0	0	0	0	0	0	0
Buildings - specialised	0	0	0	0	0	0	0	0	0	0	0	0
Regulation 17A assets	11,116	0	0	(11,116)	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	0	0	0	0
Regulation 17A assets	14,184	0	0	(14,184)	0	0	0	0	0	0	0	0
Plant and equipment	128,600	114,818	2,632	(16,414)	118,000	118,000	0	0	136,700	131,182	9,768	(15,287)
Regulation 17A assets	4,013	0	0	(4,013)	0	0	0	0	0	0	0	0
Roads	0	0	0	0	0	0	0	0	0	0	0	0
Parks and ovals	0	0	0	0	0	0	0	0	0	0	0	0
Regulation 17A assets	2,000	0	0	(2,000)	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0	0	0
Airport	0	0	0	0	0	0	0	0	0	0	0	0
Drainage and sewerage	0	0	0	0	0	0	0	0	0	0	0	0
	164,913	123,909	6,723	(47,727)	158,000	163,000	5,000	0	136,700	131,182	9,768	(15,287)

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of assets (Continued)

The following assets were disposed of during the year.

Plant and equipment	Net book value	2019 Actual		Disposal loss
		Sale proceeds	Disposal profit	
	\$	\$	\$	\$
Governance				
Regulation 17A assets	10,046	0	0	(10,046)
Transport				
1993 CAT front end loader	28,368	31,000	2,632	0
2015 Ford ranger	23,666	21,818	0	(1,848)
1996 CAT vibratory roller	26,289	16,000	0	(10,289)
Multipac multi tyre roller	26,543	25,000	0	(1,543)
Isuzu 3 tonne truck	23,734	21,000	0	(2,734)
Regulation 17A assets	19,339	0	0	(19,339)
Economic services				
Regulation 17A assets	1,928	0	0	(1,928)
Other property and services				
54 marshall street (lot 564)	5,000	9,091	4,091	0
	164,913	123,909	6,723	(47,727)

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	35,403	31,200	32,891
Buildings - specialised	177,102	137,000	141,785
Furniture and equipment	18,809	17,400	23,598
Plant and equipment	312,728	287,600	283,143
Roads	1,954,714	1,623,100	1,625,775
Parks and ovals	92,406	53,600	52,384
Other infrastructure	75,476	103,100	69,584
Airport	97,229	93,400	87,331
Drainage and sewerage	6,783	8,100	9,299
	2,770,650	2,354,500	2,325,790

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land 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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset class	Useful life	Asset class	Useful life
Land and buildings	30 to 50 years	Formed roads	
Furniture and equipment	4 to 10 years	formation	not depreciated
Plant and equipment	5 to 15 years	pavement	50 years
Sealed roads and streets		Footpaths - slab	40 years
formation	not depreciated	Sewerage piping	50 years
pavement	50 years	Water supply piping systems	75 years
seal		Water supply drainage systems	75 years
bituminous seals	20 years	Parks and ovals	12 to 35 years
asphalt surfaces	25 years	Other infrastructure	12 to 60 years
Gravel roads			
formation	not depreciated		
pavement	50 years		
gravel sheet	12 years		

Depreciation (Continued)

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.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. REVALUATION SURPLUS

	2019					2018				
	Opening balance	Revaluation increment	Revaluation (decrement)	Total movement	Closing balance	Opening balance	Revaluation increment	Revaluation (decrement)	Total movement	Closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	5,339,579	0	0	0	5,339,579	5,339,579	0	0	0	5,339,579
Furniture and equipment	51,324	0	(51,324)	(51,324)	0	51,324	0	0	0	51,324
Plant and equipment	423,563	468,510	0	468,510	892,073	423,563	0	0	0	423,563
Roads	31,263,338	0	0	0	31,263,338	27,849,209	3,414,129	0	3,414,129	31,263,338
Parks and ovals	0	0	0	0	0	0	0	0	0	0
Other infrastructure	11,563	0	0	0	11,563	40,344	0	(28,781)	(28,781)	11,563
Airport	972,579	0	0	0	972,579	922,288	50,291	0	50,291	972,579
Drainage and sewerage	107,259	0	0	0	107,259	96,014	11,245	0	11,245	107,259
	38,169,205	468,510	(51,324)	417,186	38,586,391	34,722,321	3,475,665	(28,781)	3,446,884	38,169,205

Movements on revaluation of property, plant and equipment (including infrastructure) 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

2019	2018
\$	\$
59,936	35,297
71,319	71,872
16,909	17,600
48,394	50,071
35,602	434,219
7,960	6,666
240,120	615,725

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 at reporting date.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14. INFORMATION ON BORROWINGS

(a) Repayments - borrowings

30 June 2019 - Actual

	Institution	Interest rate %	Principal 1 July 2018 \$	New loans \$	Principal repayments \$	Interest repayments \$	Principal outstanding \$
Housing							
GROH housing	WATC*	1.78%	0	0	0	0	0
			0	0	0	0	0

30 June 2019 - Budget

	Institution	Interest rate %	Principal 1 July 2018 \$	New loans \$	Principal repayments \$	Interest repayments \$	Principal outstanding \$
Housing							
GROH housing	WATC*	1.78%	0	980,000	0	0	980,000
			0	980,000	0	0	980,000

30 June 2018 - Actual

	Institution	Interest rate %	Principal 1 July 2017 \$	New loans \$	Principal repayments \$	Interest repayments \$	Principal outstanding \$
Housing							
GROH housing	WATC*	1.78%	0	0	0	0	0
			0	0	0	0	0

* - Western Australian Treasury Corporation.

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

14. INFORMATION ON BORROWINGS (Continued)

(b) Undrawn borrowing facilities

	2019	2018
	\$	\$
Credit standby arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
Total amount of credit unused	15,000	15,000
 Loan facilities		
Loan facilities - current	0	0
Loan facilities - non-current	0	0
Total facilities in use at balance date	0	0
 Unused loan facilities at balance date*	980,000	NIL

* - The Shire entered into a Master Lending Agreement with WATC on 28 June 2019. These funds were advanced by WATC on 1 July 2019.

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.

Risk

Information regarding exposure to risk can be found at Note 29.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

15. EMPLOYEE RELATED PROVISIONS

Employee related provisions

	Provision for annual leave	Provision for long service leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	52,942	2,356	55,298
Non-current provisions	0	34,860	34,860
	52,942	37,216	90,158
Additional provision	44,835	32,444	77,279
Balance at 30 June 2019	97,777	69,660	167,437
Comprises			
Current	97,777	11,092	108,869
Non-current	0	58,568	58,568
	97,777	69,660	167,437

Amounts are expected to be settled on the following basis:

	2019	2018
	\$	\$
Less than 12 months after the reporting date		
Annual leave	97,777	52,942
Long service leave	11,092	2,356
More than 12 months from reporting date		
Long service leave	58,568	34,860
	167,437	90,158

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

15. EMPLOYEE RELATED PROVISIONS (Continued)

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.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	1,574,199	5,901,870	1,656,263

Reconciliation of net cash provided By operating activities to net result

Net result	(490,185)	(392,664)	599,868
Non-cash flows in net result:			
Adjustments to fair value of financial assets	(17,517)	0	0
Depreciation	2,770,650	2,354,500	2,325,790
(Profit)/loss on sale of asset	41,004	(5,000)	5,519
Loss on revaluation of fixed assets	22,014	0	44,115
Changes in assets and liabilities:			
(Increase)/decrease in receivables	191,598	1,281,141	(303,524)
(Increase)/decrease in other assets	0	0	0
(Increase)/decrease in inventories	(3,525)	0	(643)
Increase/(decrease) in payables	(373,237)	0	5,900
Increase/(decrease) in provisions	77,279	0	10,432
Non-operating grants, subsidies and contributions	(163,150)	(1,268,301)	(1,230,872)
Net cash from operating activities	2,054,931	1,969,676	1,456,585

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
General purpose funding	2,560,882	2,065,652
Law, order, public safety	8,550	8,775
Health	4,000	3,200
Housing	1,441,301	1,391,965
Community amenities	257,811	171,921
Recreation and culture	4,165,806	4,109,082
Transport	44,126,655	46,184,560
Economic services	5,973,603	5,595,163
Other property and services	4,568,547	3,948,162
	63,107,155	63,478,480

18. CONTINGENT LIABILITIES

The Shire operates the Cue Refuse Site (Registration R1652/2004/1) under Category 89 Putrescible Landfill Site (PLS). A PLS is defined as "a premises (other than clean fill premises) on which waste of a type permitted for disposal for this category of prescribed premises, in accordance with the Landfill Waste Classification and Waste Definitions 1996, is accepted for burial".

Environmental Protection (Rural Landfill) Regulations 2002 s17 requires the Shire to rehabilitate the Refuse Site after closure. Estimates based on the current rate of use suggest the remaining life of the site is between 25 and 30 years. The rehabilitation cost is yet to be determined, therefore, the contingent liability associated with the site was not known at reporting date. The liability will be determined once the post-closure rehabilitation plan is updated.

19. CAPITAL AND LEASING COMMITMENTS

The Shire did not have any capital or leasing commitments at reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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. MAJOR LAND TRANSACTIONS

The Shire did not have any major land transactions during the financial year.

23. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire was not involved in any trading undertakings or major trading undertakings during the financial year.

24. INVESTMENT PROPERTIES

The Shire did not hold any investment properties at reporting date.

25. RELATED PARTY TRANSACTIONS

Elected members remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	18,853	30,500	22,694
President's allowance	10,800	10,800	10,800
Deputy President's allowance	2,700	2,700	2,700
Travelling expenses	24,673	25,000	20,488
Telecommunications allowance	24,650	24,500	24,070
	81,676	93,500	80,752

Key management personnel (KMP) compensation disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	456,042	422,594
Post-employment benefits	63,267	61,177
Other long-term benefits	50,135	49,529
Termination benefits	0	0
	569,444	533,300

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 annual and long service 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).

25. RELATED PARTY TRANSACTIONS (Continued)

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:

	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services		
Key management personnel	17,265	74,488
Other related parties	3,576	4,376
	<u>20,841</u>	<u>78,864</u>

Joint venture entities:

Distributions received from joint venture entities	0	0
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Amounts outstanding from related parties:

Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0

Amounts payable to related parties:

Trade and other payables	0	0
Loans from associated entities	0	0

Related parties

The Shire's three main related parties are as follows:

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.

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.

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.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

26. GRANTS / CONTRIBUTIONS SUBJECT TO CONDITIONS

Grant / contribution	Opening balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
R4R - CGLF regional groups	90,225	1,748	(91,973)	0	0	0	0
Law, order, public safety							
ESL grant	0	3,705	(3,705)	0	10,402	(10,402)	0
Recreation and culture							
Post Office - Lotterywest/MWDC/R4R	1,206	475,000	(476,206)	0	0	0	0
Transport							
BS marshall street grant	11,680	39,754	(51,434)	0	0	0	0
Cue-Wondinong RRG	0	120,000	(120,000)	0	120,000	(120,000)	0
Roads to recovery	0	403,810	(403,810)	0	0	0	0
Pathway funding program	0	148,386	(148,386)	0	0	0	0
MRWA direct grant	0	43,926	(43,926)	0	74,908	(74,908)	0
Flood damage road restoration	0	730,351	(730,351)	0	538,516	(538,516)	0
Economic services							
RV site grant	3,336	0	(3,336)	0	0	0	0
Oasis tourist park	0	0	0	0	43,150	(43,150)	0
	106,447	1,966,680	(2,073,127)	0	786,976	(786,976)	0

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 2019

27. RATING INFORMATION

(a) Rates

	Rate in	Number of properties	Rateable value	2019 Actual Rate revenue	Interim rates	Back rates	Total revenue	2019 Budget Total revenue	2018 Actual Total revenue
	\$	#	\$	\$	\$	\$	\$	\$	\$
Differential general rate / general rate									
Gross rental valuations									
GRV residential	0.1062	94	565,444	60,050	0	0	60,050	58,195	56,897
GRV commercial	0.1062	5	299,208	31,776	0	0	31,776	31,776	31,776
GRV vacant land	0.1062	0	0	0	413	37	450	0	0
GRV M & T workforce	0.3100	2	246,750	76,493	0	0	76,493	76,493	77,973
UV mining	0.3100	310	6,621,765	2,052,747	(4,818)	3,154	2,051,083	2,027,567	2,057,119
UV pastoral	0.0843	14	505,385	42,604	0	0	42,604	42,604	42,396
Sub-total		425	8,238,552	2,263,670	(4,405)	3,191	2,262,456	2,236,634	2,266,161
Minimum payment									
Gross rental valuations									
GRV residential	451	45	105,003	20,295	0	0	20,295	21,648	22,099
GRV commercial	451	0	0	0	0	0	0	0	0
GRV vacant land	451	40	8,329	18,040	0	0	18,040	18,040	18,491
GRV M & T workforce	451	0	0	0	0	0	0	0	0
UV mining	451	116	87,252	52,316	0	0	52,316	51,865	54,120
UV pastoral	451	4	11,933	1,804	0	0	1,804	1,804	1,804
Sub-total		205	212,517	92,455	0	0	92,455	93,357	96,514
		630	8,451,069	2,356,125	(4,405)	3,191	2,354,911	2,329,991	2,362,675
Discounts/incentives (refer Note 27(d))							(3,805)	(6,355)	(265)
Rates written-off							(372)	(50,000)	(3,307)
Total amount raised from general rate							2,350,734	2,273,636	2,359,103
Specified area rate (refer Note 27(b))							0	0	0
Interim and back rates							0	10,000	(70,611)
Totals							2,350,734	2,283,636	2,288,492

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.

27. RATING INFORMATION (Continued)

(b) Specified area rate

No specified area rates were imposed by the Shire during the year ended 30 June 2019.

(c) Service charges

No service charges were imposed by the Shire during the year ended 30 June 2019.

(d) Discounts, incentives, concessions, and write-offs

Rates discounts

Rate or fee			2019	2019	2018
Discount granted	Incentive	Discount	Actual	Budget	Actual
	\$	%	\$	\$	\$
Discount	N/A	20.0%	2,805	6,355	265
Incentive Draw	1,000	N/A	1,000	0	0
			3,805	6,355	265

Circumstances in which discount/incentive is granted

Discount

Provided to rate payers of this category 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.

Incentive Draw

Incentive for the payment of rates and charges by the single payment due date by the way of lottery draw for cash prizes. First prize is \$600, second prize is \$300, and third prize is \$100.

Waivers or concessions

No waivers or concessions were offered during the year ended 30 June 2019.

27. RATING INFORMATION (Continued)

(e) Interest charges and instalments

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rate
		\$	%	%
Option one				
Single full payment	05 Oct 2018			
Option two				
First instalment	05 Oct 2018	15	5.0%	11.0%
Second instalment	07 Dec 2018	15	5.0%	11.0%
Option three				
First instalment	05 Oct 2018	15	5.0%	11.0%
Second instalment	07 Dec 2018	15	5.0%	11.0%
Third instalment	08 Feb 2019	15	5.0%	11.0%
Fourth instalment	12 Apr 2019	15	5.0%	11.0%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	23,871	22,500	35,830
Interest on instalment plan	4,649	2,500	1,972
	28,520	25,000	37,802

28. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 carried forward)	2018/19 Budget (30 June 2019 carried forward)	2018/19 (1 July 2018 brought forward)
Note	\$	\$	\$

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the rate setting statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	10(a)	(6,723)	(5,000)	(9,768)
Less: Fair value adjustments to financial assets	7	(17,517)	0	0
Movement in pensioner deferred rates (non-current)	5	(2,563)	0	0
Movement in employee benefit provisions (non-current)	15	23,708	0	19,346
Add: Loss on disposal of assets	10(a)	47,727	0	15,287
Add: Loss on revaluation of fixed assets	8(a)	22,014	0	44,115
Add: Depreciation on assets	10(b)	2,770,650	2,354,500	2,325,790
Non cash amounts excluded from operating activities		2,837,296	2,349,500	2,394,770

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the rate setting statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	4	(5,680,737)	(5,633,431)	(6,148,266)
Add: Borrowings	14(a)	0	114,200	0
Total adjustments to net current assets		(5,680,737)	(5,519,231)	(6,148,266)

Net current assets used in the rate setting statement

Total current assets		9,250,464	6,301,488	9,519,833
Less: Total current liabilities		(348,989)	(782,257)	(671,023)
Less: Total adjustments to net current assets		(5,680,737)	(5,519,231)	(6,148,266)
Net current assets used in the rate setting statement		3,220,738	0	2,700,544

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

29. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk type	Exposure arising from	Measurement	Management
Market risk - interest rate	Cash and cash equivalents, financial assets at amortised cost, and long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings and term deposits
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis. Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted average interest rate	Carrying amounts	Fixed interest rate	Variable interest rate	Non-interest bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.49%	1,574,199	500,000	1,073,229	970
Financial assets at amortised cost	2.24%	6,230,737	6,230,737	0	0
2018					
Cash and cash equivalents	1.10%	1,656,263	0	1,655,293	970
Financial assets at amortised cost	2.78%	6,225,038	6,225,038	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	10,732	16,553

* - holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(a).

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

Rates receivable	Current	One to three years	Three or more years	Total
30 June 2019	\$ or %	\$ or %	\$ or %	\$
Expected default rate	53.8%	33.0%	20.7%	28.4%
Gross carrying amount	3,604	194,601	130,552	328,757
Expected credit loss	1,940	64,211	27,068	93,219
01 July 2018				
Expected default rate	27.6%	33.0%	20.7%	27.2%
Gross carrying amount	99,712	73,902	70,185	243,799
Expected credit loss	27,486	24,388	14,528	66,402

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

Sundry receivables	Current	One to three months	Three or more months	Total
30 June 2019	\$ or %	\$ or %	\$ or %	\$
Expected default rate	0.0%	0.0%	76.3%	1.6%
Gross carrying amount	100,608	17,215	2,560	120,383
Expected credit loss	0	0	1,954	1,954
01 July 2018				
Expected default rate	0.0%	0.0%	0.0%	0.0%
Gross carrying amount	32,924	15,800	5,141	53,865
Expected credit loss	0	0	0	0

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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 and disclosed in Note 14(b).

The contractual undiscounted cash flows of the Shire's Payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2019					
Payables	240,120	0	0	240,120	240,120
Borrowings	0	0	0	0	0
	240,120	0	0	240,120	240,120
2018					
Payables	615,725	0	0	615,725	615,725
Borrowings	0	0	0	0	0
	615,725	0	0	615,725	615,725

30. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018 \$	Amounts received \$	Amounts paid \$	30 June 2019 \$
Cue Land Conservation District Committee	2,080	0	0	2,080
	2,080	0	0	2,080

The current interest rate for the Trust Fund bank account is 0.00% when funds held are less than \$500,000

31. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	Adjustments	01 July 2018
Assets		\$
Trade receivables	(a),(b)	0
Loans and advances	(a)	0
Available for sale financial assets	(a)	0
Total assets		0
Total adjustments on equity		
Accumulated surplus/(deficit)	(a),(b)	0
		0

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

The Shire has designated the Investment in the local government house trust as a financial asset at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
Loans and receivables	\$	\$	\$	\$
Rates receivable	173,429	173,429	0	0
Sundry receivables	53,865	53,865	0	0
	227,294	227,294	0	0

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, there was no material impact on the impairment on the Shire's rate receivables and sundry receivables as at 1 July 2018.

32. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from contracts with customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The Shire is in the process of assessing the impact of the standard.

(b) Leases

The Shire will adopt AASB 16 retrospectively from 1 July 2019 which will result in a change in accounting policy. In accordance with the transition provisions of AASB 16, the Shire will apply this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 3.50%.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 *Leases* (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management Regulation) 17A (5)*.

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Shire is in the process of assessing the impact of the standard.

32. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income for not-for-profit entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

The Shire is in the process of assessing the impact of the standard.

SHIRE OF CUE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

33. OTHER 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

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 or 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 statements that has a material effect on the statement of financial position, 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 that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment 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 ends of the reporting period.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

34. 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. 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 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 SERVICES	The regulation and provision of tourism and the Historical Photographic Collection. Maintenance of the Shire-owned Caravan Park. Building and vermin control. Employment programme 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.

35. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	12.43	5.26	5.47
Asset consumption ratio	0.73	0.75	0.77
Asset renewal funding ratio	0.85	0.51	0.55
Asset sustainability ratio	0.73	0.43	0.64
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.20)	(0.20)	0.10
Own source revenue coverage ratio	0.50	0.47	0.24

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Operating surplus ratio - 2018 restatement

The operating surplus ratio for 2018 has been restated below due to the re-classification of flood damage revenue from non-operating to operating.

	Previously reported	Adjustment	2018 Restated
Operating surplus ratio	(0.46)	0.26	(0.20)



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Cue

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Cue which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past three years.
The financial ratios are reported in Note 35 of the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2017 in Note 35 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Cue for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia

12 December 2019