

SHIRE OF CUE
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2018

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	2,298,336	2,209,290	2,209,500
Operating Grants, Subsidies and Contributions		1,226,896	2,721,936	1,748,582
Fees and Charges	11	399,090	390,374	304,240
Interest Earnings	2(a)	157,500	200,300	204,700
Other Revenue	2(a)	43,000	23,321	70,000
		<u>4,124,822</u>	<u>5,545,221</u>	<u>4,537,022</u>
Expenses				
Employee Costs		(2,022,593)	(1,730,616)	(1,549,210)
Materials and Contracts		(958,483)	(7,373,828)	(1,360,450)
Utility Charges		(243,200)	(217,101)	(244,450)
Depreciation on Non-Current Assets	2(a)	(2,299,700)	(2,297,628)	(2,302,000)
Interest Expenses	2(a)	0	0	(23,000)
Insurance Expenses		(144,000)	(155,757)	(133,400)
Other Expenditure		(193,860)	(113,047)	(376,660)
		<u>(5,861,836)</u>	<u>(11,887,977)</u>	<u>(5,989,170)</u>
		(1,737,014)	(6,342,756)	(1,452,148)
Non-Operating Grants, Subsidies and Contributions		2,809,996	8,100,752	7,688,789
Profit on Asset Disposals	3	0	1,818	0
Loss on Asset Disposals	3	0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		1,072,982	1,759,814	6,236,641
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,072,982</u>	<u>1,759,814</u>	<u>6,236,641</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, are impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

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

	NOTE	2017/18 Budget	2016/17 Actual	2016/17 Budget
		\$	\$	\$
Revenue (Refer Notes 1,2,8 to 13)				
General Purpose Funding		3,263,182	5,003,956	4,131,332
Law, Order, Public Safety		7,000	6,932	3,300
Health		500	211	500
Housing		24,540	23,355	21,840
Community Amenities		58,000	51,715	59,000
Recreation and Culture		18,100	19,563	22,550
Transport		368,500	6,507	20,000
Economic Services		277,700	279,256	196,000
Other Property and Services		107,300	153,322	82,500
		<u>4,124,822</u>	<u>5,544,817</u>	<u>4,537,022</u>
Expenses Excluding Finance Costs (Refer Notes 1,2 & 14)				
Governance		(407,253)	(250,472)	(384,460)
General Purpose Funding		(213,070)	(136,099)	(224,800)
Law, Order, Public Safety		(88,930)	(51,466)	(64,100)
Health		(70,473)	(38,314)	(120,200)
Education and Welfare		(15,219)	(580)	(15,000)
Housing		(301,590)	(243,498)	(285,900)
Community Amenities		(297,631)	(210,800)	(251,300)
Recreation and Culture		(631,570)	(533,975)	(606,500)
Transport		(3,181,018)	(9,635,667)	(2,873,000)
Economic Services		(573,995)	(491,836)	(560,500)
Other Property and Services		(81,087)	(294,866)	(580,410)
		<u>(5,861,836)</u>	<u>(11,887,573)</u>	<u>(5,966,170)</u>
Finance Costs (Refer Notes 2 & 5)				
Transport		0	0	(23,000)
		<u>0</u>	<u>0</u>	<u>(23,000)</u>
Non-operating Grants, Subsidies and Contributions				
Recreation and Culture		475,000	330,000	1,027,000
Transport		2,290,996	7,374,752	6,192,225
Economic Services		44,000	396,000	469,564
		<u>2,809,996</u>	<u>8,100,752</u>	<u>7,688,789</u>

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Profit/(Loss) On Disposal Of Assets (Refer Note 3)				
Transport		0	0	0
		<u>0</u>	1,818	<u>0</u>
NET RESULT		1,072,982	1,759,814	6,236,641
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,072,982</u>	<u>1,759,814</u>	<u>6,236,641</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,298,337	2,229,365	2,409,500
Operating Grants, Subsidies and Contributions		1,926,896	2,246,173	1,848,582
Fees and Charges		399,090	320,968	304,240
Interest Earnings		157,500	200,301	204,700
Goods and Services Tax		0	44,602	50,000
Other Revenue		43,000	23,321	70,000
		<u>4,824,823</u>	<u>5,064,730</u>	<u>4,887,022</u>
Payments				
Employee Costs		(2,022,593)	(1,713,722)	(1,549,210)
Materials and Contracts		(958,483)	(7,172,849)	(1,260,450)
Utility Charges		(243,200)	(217,101)	(244,450)
Interest Expenses		0	0	(23,000)
Insurance Expenses		(144,000)	(155,757)	(133,400)
Other Expenditure		(193,860)	(113,047)	(376,660)
		<u>(3,562,136)</u>	<u>(9,372,476)</u>	<u>(3,587,170)</u>
Net Cash Provided By Operating Activities	15(b)	<u>1,262,687</u>	<u>(4,307,746)</u>	<u>1,299,852</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	4	(2,814,500)	(669,082)	(2,398,000)
Payments for Construction of Infrastructure	4	(3,664,202)	(2,150,402)	(8,361,154)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,809,996	7,758,465	7,688,789
Proceeds from Sale of Plant & Equipment	3	205,000	6,818	0
Net Cash Used in Investing Activities		<u>(3,463,706)</u>	<u>4,945,799</u>	<u>(3,070,365)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	0	0	0
Net Cash Provided By (Used In) Financing Activities		<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash Held Cash at Beginning of Year		<u>(2,201,019)</u>	<u>638,053</u>	<u>(1,770,513)</u>
Cash and Cash Equivalents at the End of the Year	15(a)	<u>8,386,810</u>	<u>7,748,757</u>	<u>7,748,755</u>
		<u>6,185,791</u>	<u>8,386,810</u>	<u>5,978,242</u>

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

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue	1,2			
General Purpose Funding		964,846	2,794,666	1,921,832
Law, Order, Public Safety		7,000	6,932	3,300
Health		500	211	500
Housing		24,540	23,355	21,840
Community Amenities		58,000	51,715	59,000
Recreation and Culture		493,100	349,563	1,049,550
Transport		2,659,496	7,381,259	6,212,225
Economic Services		321,700	675,256	665,564
Other Property and Services		107,300	155,140	82,500
		<u>4,636,482</u>	<u>11,438,097</u>	<u>10,016,311</u>
Expenses	1,2			
Governance		(407,253)	(250,472)	(384,460)
General Purpose Funding		(213,070)	(136,099)	(224,800)
Law, Order, Public Safety		(88,930)	(51,466)	(64,100)
Health		(70,473)	(38,314)	(120,200)
Education and Welfare		(15,219)	(580)	(15,000)
Housing		(301,590)	(243,498)	(285,900)
Community Amenities		(297,631)	(210,800)	(251,300)
Recreation and Culture		(631,570)	(533,975)	(606,500)
Transport		(3,181,018)	(9,635,667)	(2,896,000)
Economic Services		(573,995)	(491,836)	(560,500)
Other Property and Services		(81,087)	(294,866)	(580,410)
		<u>(5,861,836)</u>	<u>(11,887,573)</u>	<u>(5,989,170)</u>
Net Result Excluding General Rates		(1,225,354)	(449,476)	4,027,141
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	3	0	(1,818)	0
Depreciation on Assets	2(a)	2,299,700	2,297,628	2,302,000
Movement in Non-Current Rates Outstanding - Pensioner		0	1,285	0
Movement in Non-Current Staff Leave Provisions		0	1,474	0
Capital Expenditure and Revenue				
Purchase Property, Plant and Equipment	4	(2,814,500)	(904,182)	(2,398,000)
Purchase Infrastructure	4	(3,664,202)	(2,150,402)	(8,361,154)
Proceeds from Disposal of Assets	3	205,000	6,818	0
Transfers to Reserves (Restricted Assets)	6	(299,895)	(808,255)	(799,109)
Transfers from Reserves (Restricted Assets)	6	250,000	650,909	770,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	2,950,915	2,097,644	2,249,622
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	2,950,915	0
Amount Required to be Raised from General Rate	8	<u>(2,298,336)</u>	<u>(2,209,290)</u>	<u>(2,209,500)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also 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.

The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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 16 to this budget document.

(b) 2016/17 Actual Balances

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) 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.

(f) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments 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 shown as short term borrowings in current liabilities in Note 7 - Net Current Assets.

(h) Trade and Other Receivables

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

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

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

(i) Inventories

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 sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding 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 on to the buyer at this point.

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

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or
 - (II) infrastructure; and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the budget as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014 and now form part of Land and Buildings to be subject to regular revaluation as detailed above.

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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 Council 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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Revaluation

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

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation Methodology*** section as detailed above.

Land Under Roads

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

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

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

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

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

Depreciation

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years
Parks and Ovals	12 to 35 years
Other Infrastructure	12 to 60 years

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 profit or loss in the period which they arise.

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

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

(k) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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.

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 Council 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 Council 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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 Council 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 and 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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.

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Council's 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 revaluation decrease in accordance with that other standard.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

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

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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.

(q) Provisions

Provisions are recognised when the Council has a 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.

(r) 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 Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to 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 in the periods in which they are incurred.

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

(s) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 19.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	25,000	28,510	25,000
Other Services	0	8,274	0
Depreciation			
<u>By Program</u>			
Governance	200	144	800
Law, Order, Public Safety	300	218	200
Health	1,000	959	1,100
Housing	37,200	36,050	33,200
Community Amenities	9,300	9,089	10,800
Recreation and Culture	91,500	90,762	91,600
Transport	1,721,200	1,722,664	1,662,700
Economic Services	104,800	103,772	150,400
Other Property and Services	334,200	333,970	351,200
	<u>2,299,700</u>	<u>2,297,628</u>	<u>2,302,000</u>
<u>By Class</u>			
Land and Buildings	178,700	177,025	187,600
Furniture and Equipment	17,700	16,404	44,500
Plant and Equipment	287,700	287,674	291,000
Roads	1,593,100	1,594,855	1,518,100
Airport	93,400	93,379	106,900
Other Infrastructure	129,100	128,291	153,900
	<u>2,299,700</u>	<u>2,297,628</u>	<u>2,302,000</u>
Interest Expenses (Finance Costs)			
Other	0	0	23,000
	<u>0</u>	<u>0</u>	<u>23,000</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	120,000	157,562	148,200
- Other Funds	10,000	9,270	19,500
Other Interest Revenue (<i>refer note 13</i>)	27,500	33,468	37,000
	<u>157,500</u>	<u>200,300</u>	<u>204,700</u>
(iii) Other Revenue			
Reimbursements and Recoveries	43,000	23,321	70,000
	<u>43,000</u>	<u>23,321</u>	<u>70,000</u>

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

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.

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

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, Senior Citizens and Playgroup.
Involvement in work experience programmes.

HOUSING

Provision and maintenance of staff and rental housing.

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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, Arthur Stanley Gurney Memorial Park and various rese
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 Tourist Park. Building and vermin control. Employment programme administered on behalf of the Department of Employment, Workplace Relations and Small Business.

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operation costs.

3. DISPOSALS OF ASSETS

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2017/18 BUDGET \$	2017/18 BUDGET \$	2017/18 BUDGET \$
Transport			
P8 CAT Front End Loader 1993 CD 426	30,000	30,000	0
P45 Iveco Prime Mover CD 788	25,000	25,000	0
P14 Isuzu 3Tonne Tip Truck CD 684	15,000	15,000	0
P54 Ford Ranger 4WD	25,000	25,000	0
P62 Ford Ranger Dual Cab 4WD	30,000	30,000	0
P67 Toyota Prado (CEO)	45,000	45,000	0
P68 Toyota Hilux (DCEO)	35,000	35,000	0
	205,000	205,000	0

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

3. DISPOSALS OF ASSETS (Continued)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2017/18 BUDGET \$	2016/17 BUDGET \$	2016/17 BUDGET \$
Plant and Equipment			
P8 CAT Front End Loader 1993 CD 426	30,000	30,000	0
P45 Iveco Prime Mover CD 788	25,000	25,000	0
P14 Isuzu 3Tonne Tip Truck CD 684	15,000	15,000	0
P54 Ford Ranger 4WD	25,000	25,000	0
P62 Ford Ranger Dual Cab 4WD	30,000	30,000	0
P67 Toyota Prado (CEO)	45,000	45,000	0
P68 Toyota Hilux (DCEO)	35,000	35,000	0
	205,000	205,000	0

Summary

	2017/18 BUDGET \$
Profit on Asset Disposals	0
Loss on Asset Disposals	0
	0

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

4. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

Asset Class	Reporting Program											Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$	
<u>Property, Plant and Equipment</u>												
Land and Buildings	0	0	0	0	0	245,000	0	1,160,000	175,000	590,000	35,000	2,205,000
Staff Housing						25,000						
Purchase of existing staff housing						220,000						
Town Hall Upgrades - Speakers, Curtains, Under Stage Area								25,000				
Town Hall Landscaping								150,000				
Post Office Renovations								880,000				
Historical Hut Renovations								80,000				
Great Fingal Roofing / Fencing								25,000				
Bishops House Renovations									175,000			
Heydon Place Industrial Development										240,000		
Tourist Park House and Office Gen										350,000		
Admin Building - Improvements & Replacements											35,000	
Furniture and Equipment	0	0	0	0	0	22,000	0	0	0	0	25,000	47,000
Staff Housing						22,000						
Replace Office Equipment											25,000	
Plant and Equipment	0	0	0	0	0	0	0	0	562,500	0	0	562,500
P8 CAT Front End Loader 1993 CD 426									80,000			
P45 Iveco Prime Mover CD 788									100,000			
P14 Isuzu 3Tonne Tip Truck CD 684									80,000			
Other Equipment									7,000			
Mini Digger post hole attachment									4,000			
Light Trailers									5,000			
Small Plant									5,000			
Filter press									1,500			
P54 Ford Ranger 4WD									45,000			
P62 Ford Ranger Dual Cab 4WD									45,000			
P67 Toyota Prado (CEO)									60,000			
P68 Toyota Hilux (DCEO)									50,000			
Town maintenance van									15,000			

Liability limited by a scheme under Professional Standards Legislation

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

4. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

Asset Class	Reporting Program											Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$	
Tourist Park Golf Cart Tractor and attachments									15,000 50,000			
<u>Property, Plant and Equipment</u>	0	0	0	0	0	267,000	0	1,160,000	737,500	590,000	60,000	2,814,500
<u>Infrastructure</u>												
Roads	0	0	0	0	0	0	0	0	2,758,118	0	0	2,758,118
MRWA Construction - RRG									180,000			
Roads to Recovery									403,810			
Cue-Berringarra Road									250,000			
Flood Damage Restoration									1,730,642			
Marshall Street Intersection - Garden									193,666			
Footpaths	0	0	0	0	0	0	0	0	166,084	0	0	166,084
Footpath Construction - Regional Bicycle Network Grant									166,084			
Other	0	0	0	0	0	0	156,000	300,000	0	284,000	0	740,000
Toilets at Cemetery							90,000					
Niche Wall							26,000					
Waste Site - Fencing and Improvements							25,000					
Waste Oil Shelter - Rubbish Tip							15,000					
Playground Equipment								100,000				
Skate Park								150,000				
Oval Infrastructure								50,000				
Streetscape										100,000		
RV Site										100,000		
Oasis Visitor Parking Project										44,000		
Tourist Park Borehole Water										40,000		
<u>Infrastructure</u>	0	0	0	0	0	0	156,000	300,000	2,924,202	284,000	0	3,664,202
<u>Total</u>	0	0	0	0	0	267,000	156,000	1,460,000	3,661,702	874,000	60,000	6,478,702

Liability limited by a scheme under Professional Standards Legislation

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

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

There are no borrowings budgeted in 2017/18.

(b) New Debentures - 2017/18

There are no new borrowings budgeted in 2017/18.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2017 nor is it expected to have unspent debenture funds as at 30th June 2018.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 with the Commonwealth Bank does exist.

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
6. RESERVES			
(a) Long Service Leave Reserve			
Opening Balance	28,916	28,168	27,468
Amount Set Aside / Transfer to Reserve	582	748	700
	<u>29,498</u>	<u>28,916</u>	<u>28,168</u>
(b) Building Maintenance Reserve			
Opening Balance	560,535	521,688	521,688
Amount Set Aside / Transfer to Reserve	11,276	38,847	38,000
	<u>571,811</u>	<u>560,535</u>	<u>559,688</u>
(c) Plant Replacement Reserve			
Opening Balance	426,024	292,355	292,355
Amount Set Aside / Transfer to Reserve	98,575	233,669	233,209
Amount Used / Transfer from Reserve	0	(100,000)	(100,000)
	<u>524,599</u>	<u>426,024</u>	<u>425,564</u>
(d) Streetscape Reserve			
Opening Balance	298,091	494,953	494,953
Amount Set Aside / Transfer to Reserve	5,986	13,138	12,400
Amount Used / Transfer from Reserve	0	(210,000)	(210,000)
	<u>304,077</u>	<u>298,091</u>	<u>297,353</u>
(e) Sports Complex Reserve			
Opening Balance	105,029	92,572	92,572
Amount Set Aside / Transfer to Reserve	2,113	12,457	12,300
	<u>107,142</u>	<u>105,029</u>	<u>104,872</u>
(f) Tourist Park Development Reserve			
Opening Balance	207,846	105,057	105,057
Amount Set Aside / Transfer to Reserve	4,185	102,789	102,600
	<u>212,031</u>	<u>207,846</u>	<u>207,657</u>
(g) Water Playground Reserve			
Opening Balance	33,045	22,449	22,449
Amount Set Aside / Transfer to Reserve	665	10,596	10,600
	<u>33,710</u>	<u>33,045</u>	<u>33,049</u>
(h) Beringarra Road Reserve			
Opening Balance	3,678,024	3,826,456	3,826,456
Amount Set Aside / Transfer to Reserve	73,972	101,568	95,600
Amount Used / Transfer from Reserve	(250,000)	(250,000)	(250,000)
	<u>3,501,996</u>	<u>3,678,024</u>	<u>3,672,056</u>
Total Reserves C/Fwd	<u>5,284,864</u>	<u>5,337,510</u>	<u>5,328,407</u>

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
6. RESERVES (Continued)			
Total Reserves B/Fwd	<u>5,284,864</u>	<u>5,337,510</u>	<u>5,328,407</u>
(i) Tourism Reserve			
Opening Balance	90,614	78,530	78,530
Amount Set Aside / Transfer to Reserve	<u>1,823</u>	<u>12,084</u>	<u>12,000</u>
	<u>92,437</u>	<u>90,614</u>	<u>90,530</u>
(j) Housing/Land Development Reserve			
Opening Balance	118,720	66,943	66,943
Amount Set Aside / Transfer to Reserve	<u>2,390</u>	<u>51,777</u>	<u>51,700</u>
	<u>121,110</u>	<u>118,720</u>	<u>118,643</u>
(k) Heritage Reserve			
Opening Balance	538,333	398,660	398,661
Amount Set Aside / Transfer to Reserve	19,600	230,582	230,000
Amount Used / Transfer from Reserve	<u>0</u>	<u>(90,909)</u>	<u>(210,000)</u>
	<u>557,933</u>	<u>538,333</u>	<u>418,661</u>
(l) Road Maintenance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	<u>78,728</u>	<u>0</u>	<u>0</u>
	<u>78,728</u>	<u>0</u>	<u>0</u>
Total Reserves	<u><u>6,135,072</u></u>	<u><u>6,085,177</u></u>	<u><u>5,956,241</u></u>

All of the above reserve accounts are to be supported by money held in financial institutions.

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
6. RESERVES (Continued)			
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Long Service Leave Reserve	582	748	700
Building Maintenance Reserve	11,276	38,847	38,000
Plant Replacement Reserve	98,575	233,669	233,209
Streetscape Reserve	5,986	13,138	12,400
Sports Complex Reserve	2,113	12,457	12,300
Tourist Park Development Reserve	4,185	102,789	102,600
Water Playground Reserve	665	10,596	10,600
Beringarra Road Reserve	73,972	101,568	95,600
Tourism Reserve	1,823	12,084	12,000
Housing/Land Development Reserve	2,390	51,777	51,700
Heritage Reserve	19,600	230,582	230,000
Road Maintenance Reserve	78,728	0	0
	<u>299,895</u>	<u>808,255</u>	<u>799,109</u>
Transfers from Reserves			
Plant Replacement Reserve	0	(100,000)	(100,000)
Streetscape Reserve	0	(210,000)	(210,000)
Beringarra Road Reserve	(250,000)	(250,000)	(250,000)
Housing/Land Development Reserve	0	0	0
Heritage Reserve	0	(90,909)	(210,000)
	<u>(250,000)</u>	<u>(650,909)</u>	<u>(770,000)</u>
Total Transfer to/(from) Reserves	<u>49,895</u>	<u>157,346</u>	<u>29,109</u>

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

6. RESERVES (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Long Service Leave Reserve

- to be used to fund long service leave requirements.

Building Maintenance Reserve

- to be used to fund maintenance and capital expenditure on Council owned building.

Plant Replacement Reserve

- to be used for the purchase or significant overhaul of major plant.

Streetscape Reserve

- to be used to fund streetscape improvements within the town centre of Cue.

Sports Complex Reserve

- to be used to fund maintenance and capital expenditure on the sports complex.

Tourist Park Development Reserve

- to be used to fund the development of the Cue Tourist Park.

Water Playground Reserve

- to be used to fund the maintenance of the Water Playground.

Beringarra Road Reserve

- to be used for maintenance and capital expenditure on Beringarra Road.

Tourism Reserve

- to be used to fund and maintain Tourism related infrastructure and programs.

Housing/Land Development Reserve

- to be used to assist with the provision of affordable housing and the establishment of an incubator hub.

Heritage Reserve

- to be used to maintain / renovate / promote heritage places and buildings owned or under a Shire management order.

Road Maintenance Reserve

- to be used for maintenance and capital expenditure on Shire roads.

The reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

	Note	2017/18 Budget \$	2016/17 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	50,718	2,301,632
Cash - Restricted Reserves	15(a)	6,135,073	6,085,178
Receivables		604,289	1,304,290
Inventories		19,034	19,034
MRVC Deposit		0	0
		6,809,114	9,710,134
LESS: CURRENT LIABILITIES			
Trade and Other Payables		(609,829)	(609,829)
Provisions		(64,213)	(64,213)
		(674,042)	(674,042)
NET CURRENT ASSET POSITION		6,135,072	9,036,092
Less: Cash - Restricted Reserves	15(a)	(6,135,072)	(6,085,177)
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		0	2,950,915

The estimated surplus/(deficiency) c/fwd in the 2016/17 actual column represents the surplus (deficit) brought forward as at 1 July 2017.

The estimated surplus/(deficiency) c/fwd in the 2017/18 budget column represents the surplus (deficit) carried forward as at 30 June 2018.

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

8. RATING INFORMATION - 2017/18 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2017/18 Budgeted Rate Revenue \$	2017/18 Budgeted Interim Rates \$	2017/18 Budgeted Back Rates \$	2017/18 Budgeted Total Revenue \$	2016/17 Actual \$
Differential General Rate/General Rate								
GRV General	0.1062	90	535,752	56,892	0	0	56,892	51,987
GRV Commercial	0.1062	5	299,208	31,785	0	0	31,785	26,510
GRV Vacant Land	0.1062	0	0	0	0	0	0	0
GRV M & T Workforce	0.3160	2	246,750	77,970	0	0	77,970	75,876
UV Mining	0.3160	296	6,454,718	2,039,610	0	0	2,039,610	1,987,452
UV Pastoral	0.0843	14	502,918	42,373	0	0	42,373	41,340
Sub-Totals		407	8,039,346	2,248,630	0	0	2,248,630	2,183,165
Minimum Payment	Minimum \$							
GRV General	451	49	116,724	22,099	0	0	22,099	19,800
GRV Commercial	451	0	0	0	0	0	0	3,520
GRV Vacant Land	451	41	8,528	18,491	0	0	18,491	15,860
GRV M & T Workforce	451	0	0	0	0	0	0	0
UV Mining	451	119	83,536	53,669	0	0	53,669	54,560
UV Pastoral	451	4	10,400	1,804	0	0	1,804	1,320
Sub-Totals		213	219,188	96,063	0	0	96,063	95,060
Discounts/Concessions (Commercial) Rates Written Off							(6,357) (50,000)	(68,935)
Total Amount Raised from General Rate							2,288,336	2,209,290
Back Rates							10,000	
Specified Area Rates (Note 9)							0	0
Total Rates							2,298,336	2,209,290

Liability limited by a scheme under Professional Standards Legislation

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

8(a). RATING INFORMATION - 2017/18 FINANCIAL YEAR (CONTINUED)

All land except exempt land in the Shire of Cue is rated according to its Gross Rental Value (GRV) in town sites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

The differential rates were advertised on the 16th of June 2017. These rates are in accordance with the advertised schedule. Ministerial approval has been received on 2nd August 2017 for the above differential rates.

OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING

The purpose of the levying of rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure. Property valuations provided by the Valuer General are used as the basis for the calculation of rates each year. Section 6.33 of the Local Government Act 1995 provides the ability to differentially rate properties based on zoning and/or land use as determined by the Shire of Cue. The application of differential rating maintains equity in the rating of properties across the Shire, enabling the Council to provide facilities, infrastructure and services to the entire community and visitors.

Differential General Rate

GRV - General

Consists of properties located within the town site boundaries with a predominant residential use and all other GRV rated properties that don't fit into the other GRV categories.

This rate is considered by Council to be the GRV general rate by which all other GRV rated properties are assessed.

GRV - Commercial

Properties used for Commercial, Town Centre or Industrial purposes and open to the public and passing trade on a regular basis (more than 100 days a year). The rate reflects a differentiation from the GRV General rate to encourage property owners to develop commercial enterprise and stimulate economic activity in the town centre and industrial area.

Rather than apply a discounted differential rate, the rate applied will be the same rate in the dollar as the GRV General rate category and a discount provided in accordance with section 6.46 of the local government act. The discounted rate will be twenty percent of rates levied for the category. This will result in the same level of rates as currently applies, however the discount will only apply if the rates are paid in full by the due date. This discount is not available to properties that are minimum rated, zoned residential, home based businesses or businesses that do not offer an open shopfront to the public on the property.

This strategy has the benefit of ensuring commercial property owners pay their rates by the due date to take advantage of the discount, ensures they are aware that their rates are discounted substantially as Council is very supportive of local business and that the generous discount is not applied to those commercial property owners with outstanding rate arrears.

GRV - Vacant

Consists of vacant properties located within the town site boundaries excepting land zoned as Tourist, Commercial and Industrial.

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

8(a). RATING INFORMATION - 2017/18 FINANCIAL YEAR (CONTINUED)

GRV - Mining and Transient Workforce Facilities

Properties used for high density mine site accommodation exclusive of Lodging Houses. The rate reflects the cost of servicing a high density development that places a significant amount of financial pressure on Council to provide services such as road maintenance, parking control, heavy vehicle movements, litter control, rubbish site maintenance, airport infrastructure and maintenance and other amenities.

UV - Pastoral

Consists of properties that are outside of the town site that have a commercial use inclusive of Pastoral leases or Pastoral use. This category is rated to reflect the infrastructure maintenance costs to Council. It is acknowledged that the pastoral industry has a diminished capacity to pay, that the pastoralists carry out road maintenance with their own machinery and the pastoral leases are very large parcels of land that attract a relatively high valuation. It is noted that rate levies paid by commercial operators are generally tax deductible.

UV - Mining

Consists of properties that are used for mining, exploration or prospecting purposes. This category is rated higher than other UV categories to reflect the higher road infrastructure maintenance costs to Council as a result of frequent heavy vehicle use over extensive lengths of shire roads throughout the year. It is noted that rates paid by mining operators are generally tax deductible.

Minimum Rates

The setting of minimum rates within rating categories is an important method of ensuring that all properties contribute an equitable rate amount. A minimum rate of \$451 has been set for all rate categories.

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

9. SPECIFIED AREA RATE - 2017/18 FINANCIAL YEAR

No Specified Area Rates will be levied in the 2017/18 financial year.

10. SERVICE CHARGES - 2017/18 FINANCIAL YEAR

No Service charges will be imposed in the 2017/18 financial year.

11. FEES & CHARGES REVENUE	2017/18 Budget \$	2016/17 Actual \$
General Purpose Funding	1,450	1,400
Law, Order, Public Safety	3,000	2,662
Health	500	211
Housing	24,540	23,355
Community Amenities	58,000	51,715
Recreation and Culture	1,600	340
Transport	1,500	1,544
Economic Services	277,700	279,256
Other Property and Services	30,800	29,891
	<u>399,090</u>	<u>390,374</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2017/18 FINANCIAL YEAR**

A discount of 20% of the current rates levied will be offered to the GRV - Commercial category of rate payers whose payment of the full amount owing, including arrears and service charges is received on or before 35 days after the date appearing on the rate notice. The total value of the discount is estimated to be \$6,357

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

13. INTEREST CHARGES AND INSTALMENTS - 2017/18 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	2017/18 Budget \$	2016/17 Actual \$
Interest on Unpaid Rates	11.00%		22,500	28,173
Interest on Instalments Plan	5.00%	15	5,000	5,295
			<u>27,500</u>	<u>33,468</u>

Instalment dates are as follows:

First Due Date	11 October 2017
Second Instalment	13 December 2017
Third Instalment	14 February 2018
Fourth Instalment	11 April 2018

14. ELECTED MEMBERS REMUNERATION

**2017/18
Budget
\$**

**2016/17
Actual
\$**

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

Meeting Fees	30,500	25,185
President's Allowance	10,800	10,800
Deputy President's Allowance	2,700	2,700
Travelling Expenses	25,000	13,743
Telecommunications Allowance	24,360	24,070
	<u>93,360</u>	<u>76,498</u>

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - Unrestricted	50,718	2,301,632	21,301
Cash - Restricted	6,135,073	6,085,178	5,956,941
	<u>6,185,791</u>	<u>8,386,810</u>	<u>5,978,242</u>

The following restrictions have been imposed by regulation or other externally imposed requirements:

Long Service Leave Reserve	29,498	28,916	28,868
Building Maintenance Reserve	571,811	560,535	559,688
Plant Replacement Reserve	524,599	426,024	425,564
Streetscape Reserve	304,077	298,091	297,353
Sports Complex Reserve	107,142	105,029	104,872
Tourist Park Development Reserve	212,031	207,846	207,657
Water Playground Reserve	33,710	33,045	33,049
Beringarra Road Reserve	3,501,996	3,678,024	3,672,056
Tourism Reserve	92,437	90,614	90,530
Housing/Land Development Reserve	121,110	118,720	118,643
Heritage Reserve	557,933	538,333	418,661
	<u>6,135,072</u>	<u>6,085,177</u>	<u>5,956,941</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	1,072,982	1,759,814	6,236,641
Depreciation	2,299,700	2,297,628	2,302,000
(Profit)/Loss on Sale of Asset	0	(1,818)	0
(Increase)/Decrease in Receivables	700,001	(481,818)	350,000
(Increase)/Decrease in Inventories	0	(1,325)	0
Increase/(Decrease) in Payables	0	190,976	100,000
Increase/(Decrease) in Employee Provisions	0	29,549	0
Grants/Contributions for the Development of Assets	(2,809,996)	(8,100,752)	(7,688,789)
Net Cash from Operating Activities	<u>1,262,687</u>	<u>(4,307,746)</u>	<u>1,299,852</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft Limit	100,000	2,100,000	2,100,000
Bank Overdraft at Balance Date	0	0	0
Credit Card Limit	15,000	15,000	15,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>115,000</u>	<u>2,115,000</u>	<u>2,115,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

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

16. TRUST FUNDS

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

Detail	Balance 01-Jul-17 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-18 \$
Cue LCDC	2,080	0	0	2,080
	<u>2,080</u>	<u>0</u>	<u>0</u>	<u>2,080</u>

17. MAJOR LAND TRANSACTIONS

There will be no Major Land Transactions in 2017/18.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

19. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.