

**SHIRE OF CUE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

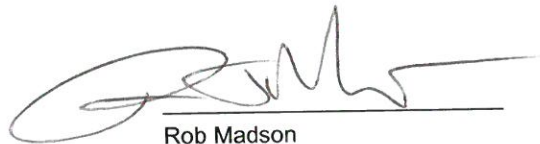
SHIRE OF CUE  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cue being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire of Cue at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 24<sup>th</sup> day of NOVEMBER 2017



Rob Madson  
Chief Executive Officer

**SHIRE OF CUE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	22	2,209,290	2,209,500	2,231,800
Operating grants, subsidies and contributions	29	9,276,559	1,748,582	5,966,373
Fees and charges	28	390,374	304,240	314,329
Interest earnings	2(a)	200,301	204,700	201,595
Other revenue	2(a)	23,321	70,000	294,238
		<u>12,099,845</u>	<u>4,537,022</u>	<u>9,008,335</u>
<b>Expenses</b>				
Employee costs		(1,730,616)	(1,549,210)	(1,466,652)
Materials and contracts		(7,373,828)	(1,360,450)	(5,824,178)
Utility charges		(217,101)	(244,450)	(243,404)
Depreciation on non-current assets	2(a)	(2,245,413)	(2,302,000)	(2,320,756)
Interest expenses		-	(23,000)	-
Insurance expenses		(155,722)	(133,400)	(121,247)
Other expenditure		(113,047)	(376,660)	(251,844)
		<u>(11,835,727)</u>	<u>(5,989,170)</u>	<u>(10,228,081)</u>
		264,118	(1,452,148)	(1,219,746)
Non-operating grants, subsidies and contributions	29	1,546,129	7,688,789	892,206
Profit on asset disposals	20	1,818	-	30,438
(Loss) on asset disposals	20	-	-	(20,718)
<b>Net result</b>		<b>1,812,065</b>	<b>6,236,641</b>	<b>(317,820)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	36,836	-	(162,871)
<b>Total other comprehensive income</b>		<b>36,836</b>	<b>-</b>	<b>(162,871)</b>
<b>Total comprehensive income</b>		<b>1,848,901</b>	<b>6,236,641</b>	<b>(480,691)</b>

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 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
General purpose funding		5,003,957	4,131,332	3,320,530
Law, order, public safety		6,932	3,300	8,764
Health		211	500	283
Housing		23,355	21,840	18,887
Community amenities		51,715	59,000	55,507
Recreation and culture		19,563	22,550	16,798
Transport		6,562,948	20,000	5,066,126
Economic services		279,256	196,000	223,885
Other property and services		151,908	82,500	297,555
		<u>12,099,845</u>	<u>4,537,022</u>	<u>9,008,335</u>
<b>Expenses</b>				
Governance		(250,473)	(384,460)	(341,769)
General purpose funding		(136,099)	(224,800)	(210,698)
Law, order, public safety		(51,466)	(64,100)	(48,963)
Health		(38,314)	(120,200)	(77,437)
Education and welfare		(580)	(15,000)	(4,778)
Housing		(243,498)	(285,900)	(279,414)
Community amenities		(210,800)	(251,300)	(234,442)
Recreation and culture		(533,308)	(606,500)	(482,744)
Transport		(9,612,955)	(2,873,000)	(7,621,051)
Economic services		(486,932)	(560,500)	(475,193)
Other property and services		(271,302)	(580,410)	(451,592)
		<u>(11,835,727)</u>	<u>(5,966,170)</u>	<u>(10,228,081)</u>
<b>Finance costs</b>				
Transport		-	(23,000)	-
		<u>-</u>	<u>(23,000)</u>	<u>-</u>
		264,118	(1,452,148)	(1,219,746)
Non-operating grants, subsidies and contributions	29	1,546,129	7,688,789	892,206
Profit on disposal of assets	20	1,818	-	30,438
(Loss) on disposal of assets	20	-	-	(20,718)
<b>Net result</b>		<u><b>1,812,065</b></u>	<u><b>6,236,641</b></u>	<u><b>(317,820)</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	36,836	-	(162,871)
<b>Total other comprehensive income</b>		<u><b>36,836</b></u>	<u>-</u>	<u><b>(162,871)</b></u>
<b>Total comprehensive income</b>		<u><u><b>1,848,901</b></u></u>	<u><u><b>6,236,641</b></u></u>	<u><u><b>(480,691)</b></u></u>

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

**SHIRE OF CUE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	8,373,401	7,748,757
Trade and other receivables	4	1,315,328	485,983
Inventories	5	19,037	17,709
<b>TOTAL CURRENT ASSETS</b>		<u>9,707,766</u>	<u>8,252,449</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	3,968	2,885
Property, plant and equipment	6	10,222,867	9,638,700
Infrastructure	7	39,480,795	39,223,954
<b>TOTAL NON-CURRENT ASSETS</b>		<u>49,707,630</u>	<u>48,865,539</u>
<b>TOTAL ASSETS</b>		<u>59,415,396</u>	<u>57,117,988</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	609,825	183,754
Provisions	10	64,212	43,220
<b>TOTAL CURRENT LIABILITIES</b>		<u>674,037</u>	<u>226,974</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	15,514	14,070
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>15,514</u>	<u>14,070</u>
<b>TOTAL LIABILITIES</b>		<u>689,551</u>	<u>241,044</u>
<b>NET ASSETS</b>		<u>58,725,845</u>	<u>56,876,944</u>
<b>EQUITY</b>			
Retained surplus		17,931,753	16,263,628
Reserves - cash backed	11	6,071,771	5,927,831
Revaluation surplus	12	34,722,321	34,685,485
<b>TOTAL EQUITY</b>		<u>58,725,845</u>	<u>56,876,944</u>

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 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>17,944,287</b>	<b>4,564,992</b>	<b>34,848,356</b>	<b>57,357,635</b>
Comprehensive income					
Net result		(317,820)	-	-	(317,820)
Changes on revaluation of assets	12	-	-	(162,871)	(162,871)
Total comprehensive income		(317,820)	-	(162,871)	(480,691)
Transfers from/(to) reserves		(1,362,839)	1,362,839	-	-
<b>Balance as at 30 June 2016</b>		<b>16,263,628</b>	<b>5,927,831</b>	<b>34,685,485</b>	<b>56,876,944</b>
Comprehensive income					
Net result		1,812,065	-	-	1,812,065
Changes on revaluation of assets	12	-	-	36,836	36,836
Total comprehensive income		1,812,065	-	36,836	1,848,901
Transfers from/(to) reserves		(143,940)	143,940	-	-
<b>Balance as at 30 June 2017</b>		<b>17,931,753</b>	<b>6,071,771</b>	<b>34,722,321</b>	<b>58,725,845</b>

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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,230,627	2,409,500	2,404,388
Operating grants, subsidies and contributions		9,412,912	1,848,582	5,826,253
Fees and charges		390,374	304,240	314,329
Interest earnings		186,894	204,700	201,595
Goods and services tax		44,600	50,000	-
Other revenue		23,321	70,000	247,983
		<u>12,288,728</u>	<u>4,887,022</u>	<u>8,994,548</u>
<b>Payments</b>				
Employee costs		(1,603,988)	(1,549,210)	(1,477,393)
Materials and contracts		(7,053,278)	(1,260,450)	(5,880,057)
Utility charges		(217,101)	(244,450)	(237,979)
Interest expenses		-	(23,000)	-
Insurance expenses		(155,722)	(133,400)	(121,247)
Goods and services tax		-	-	(58,874)
Other expenditure		(113,047)	(376,660)	(221,822)
		<u>(9,143,136)</u>	<u>(3,587,170)</u>	<u>(7,997,372)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>3,145,592</u>	<u>1,299,852</u>	<u>997,176</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(981,764)	(2,398,000)	(648,102)
Payments for construction of infrastructure		(2,072,821)	(8,361,154)	(1,547,497)
Non-operating grants, subsidies and contributions		526,819	7,688,789	892,206
Proceeds from sale of fixed assets		6,818	-	128,091
<b>Net cash provided by (used in) investment activities</b>		<u>(2,520,948)</u>	<u>(3,070,365)</u>	<u>(1,175,302)</u>
<b>Net increase (decrease) in cash held</b>		624,644	(1,770,513)	(178,126)
Cash at beginning of year		7,748,757	7,748,755	7,926,883
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>8,373,401</u>	<u>5,978,242</u>	<u>7,748,757</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 2017**

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<u>2,097,644</u> 2,097,644	<u>2,249,622</u> 2,249,622	<u>3,522,788</u> 3,522,788
<b>Revenue from operating activities (excluding rates)</b>			
General purpose funding	2,794,667	1,921,832	1,088,730
Law, order, public safety	6,932	3,300	8,764
Health	211	500	283
Housing	23,355	21,840	18,887
Community amenities	51,715	59,000	55,507
Recreation and culture	19,563	22,550	16,798
Transport	6,562,948	20,000	5,096,564
Economic services	279,256	196,000	223,885
Other property and services	153,726	82,500	297,555
	<u>9,892,373</u>	<u>2,327,522</u>	<u>6,806,973</u>
<b>Expenditure from operating activities</b>			
Governance	(250,473)	(384,460)	(341,769)
General purpose funding	(136,099)	(224,800)	(210,698)
Law, order, public safety	(51,466)	(64,100)	(48,963)
Health	(38,314)	(120,200)	(77,437)
Education and welfare	(580)	(15,000)	(4,778)
Housing	(243,498)	(285,900)	(279,414)
Community amenities	(210,800)	(251,300)	(234,442)
Recreation and culture	(533,308)	(606,500)	(482,744)
Transport	(9,612,955)	(2,896,000)	(7,641,769)
Economic services	(486,932)	(560,500)	(475,193)
Other property and services	(271,302)	(580,410)	(451,592)
	<u>(11,835,727)</u>	<u>(5,989,170)</u>	<u>(10,248,799)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	20 (1,818)	-	(30,438)
Loss on disposal of assets	20 -	-	20,718
Movement in deferred pensioner rates (non-current)	(1,084)	-	808
Movement in employee benefit provisions (non-current)	1,444	-	11,179
Depreciation and amortisation on assets	2(a) 2,245,413	2,302,000	2,320,756
<b>Amount attributable to operating activities</b>	<u>2,398,245</u>	<u>889,974</u>	<u>2,403,985</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	1,546,129	7,688,789	892,206
Proceeds from disposal of assets	20 6,818	-	128,091
Purchase of property, plant and equipment	6(b) (981,764)	(2,398,000)	(648,102)
Purchase and construction of infrastructure	7(b) (2,072,821)	(8,361,154)	(1,547,497)
<b>Amount attributable to investing activities</b>	<u>(1,501,638)</u>	<u>(3,070,365)</u>	<u>(1,175,302)</u>
<b>FINANCING ACTIVITIES</b>			
Transfers to reserves (restricted assets)	11 (794,849)	(799,109)	(1,373,454)
Transfers from reserves (restricted assets)	11 650,909	770,000	10,615
<b>Amount attributable to financing activities</b>	<u>(143,940)</u>	<u>(29,109)</u>	<u>(1,362,839)</u>
<b>Surplus(deficiency) before general rates</b>	<u>752,667</u>	<u>(2,209,500)</u>	<u>(134,156)</u>
<b>Total amount raised from general rates</b>	22 <u>2,209,290</u>	<u>2,209,500</u>	<u>2,231,800</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23 <u><u>2,961,957</u></u>	<u>-</u>	<u><u>2,097,644</u></u>

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



**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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 19 to these financial statements.

**(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) 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 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) 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.

**(d) 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 sale***

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 the Council's intentions to release for sale.

**(e) 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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***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.

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

***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.

***Land under roads***

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

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

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

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

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

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

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

***Capitalisation threshold***

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fair Value of Assets and Liabilities**

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

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.

***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.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) 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 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.

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 in accordance with the regulatory framework.

**(g) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

*(ii) 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 Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

*(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 (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) 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 will have an impact on the estimated future cash flows of the financial asset(s).

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

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

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

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.

**(h) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire'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 revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

**(i) 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 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.



**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) 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. The Shire'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 of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**(k) 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.

**(l) 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.

**(m) 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 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.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(o) 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(n) 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 Shire'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

**(p) 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.

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 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 2(c). 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.

**(q) 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.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) Current and Non-Current Classification**

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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

**(u) 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.

**SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations for Application in Future Periods**

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

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

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

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities  (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(w) Adoption of New and Revised Accounting Standards**

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>2. REVENUE AND EXPENSES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	23,000	22,300
<b>Depreciation</b>		
Buildings - non-specialised	175,836	225,414
Furniture and equipment	22,385	56,166
Plant and equipment	231,212	267,050
Roads	1,594,853	1,538,770
Parks & Ovals	75,717	79,696
Other Infrastructure	39,276	42,161
Airport	96,434	104,253
Drainage & Sewage	9,700	7,246
	<u>2,245,413</u>	<u>2,320,756</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Other	23,321	294,238
	<u>23,321</u>	<u>294,238</u>
	<u>2,245,413</u>	<u>2,320,756</u>
	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		
- Reserve funds	157,562	148,200
- Other funds	9,270	19,500
Other interest revenue (refer note 27)	33,469	48,120
	<u>200,301</u>	<u>204,700</u>
	<u>200,301</u>	<u>201,595</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Shire 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**

**Objective:**

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**

**Objective:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

Supervision of various local laws, fire prevention, emergency services and animal control.

**HEALTH**

**Objective:**

Food quality and water control. Pest control. Environmental Health Officer. Doctor Service.

**EDUCATION AND WELFARE**

**Objective:**

Assistance to Cue Primary School, Thoo Thoo Wandii, Senior Citizens and Playgroup. Involvement in work experience programmes.

**HOUSING**

**Objective:**

Provision and maintenance of staff and rental housing.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

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**

**Objective:**

Maintenance of the Shire Hall, Recreation Centre, Stan Gurney Memorial Park and various reserves. Operation of library and internet services. Co-ordination of Australia Day activities.

**TRANSPORT**

**Objective:**

Construction and maintenance of streets, roads, footpaths, drainage works, parking facilities, traffic signs and median strips. Control and maintenance of Cue Airport.

**ECONOMIC SERVICES**

**Objective:**

The regulation and provision of tourism and the Historical Photographic collection. Maintenance of the Shire-owned Caravan Park. Building and vermin control. Employment program administered on behalf of the Department of Employment, Workplace Relations and Small Business.

**OTHER PROPERTY AND SERVICES**

**Objective:**

Private works operation, plant repair and operation costs.



**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (Continued)**

<b>(c) Conditions Over Grants/Contributions</b>	<b>Opening Balance <sup>(1)</sup></b>	<b>Received <sup>(2)</sup></b>	<b>Expended <sup>(3)</sup></b>	<b>Closing Balance <sup>(1)</sup></b>	<b>Received <sup>(2)</sup></b>	<b>Expended <sup>(3)</sup></b>	<b>Closing Balance</b>
	<b>1/07/15</b>	<b>2015/16</b>	<b>2015/16</b>	<b>30/06/16</b>	<b>2016/17</b>	<b>2016/17</b>	<b>30/06/17</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Grant/Contribution</b>							
<b>General purpose funding</b>							
R4R - CLGF 2011-12 Round 4 (Playground Equipment & Employee Housing)	262,932	-	(262,932)	-	-	-	-
R4R - CLGF Regional Groups 2011-12 (Employee Housing)	355,348	-	(355,348)	-	-	-	-
FAG (General Purpose & Untied Road)	847,811	-	(847,811)	-	-	-	-
R4R - CLGF Regional Groups 2012-13 Round 4 (Industrial Development Project)	261,323	-	(98,034)	<b>163,289</b>	-	(73,064)	<b>90,225</b>
<b>Law, order, public safety</b>							
Grants for FESA operating	513	-	(513)	-	-	-	-
Fire Prevention - Reimbursement	3,142	-	(3,142)	-	-	-	-
Cat Program Grant	185	-	(185)	-	-	-	-
ESL Grant	-	-	-	-	4,270	(4,270)	-
<b>Recreation and culture</b>							
Great Fingal Conservation Plan	947	-	(947)	-	-	-	-
Water Park	-	-	-	-	11,000	(11,000)	-
Heritage Commission	-	-	-	-	1,606	(1,606)	-
Post Office - Lottery West/MWDC/R4R	-	-	-	-	330,000	(328,794)	<b>1,206</b>
<b>Transport</b>							
Contributions - Road Maintenance	5,474	-	(5,474)	-	4,463	(4,463)	-
Revitalisation Planning	4,005	-	(4,005)	-	-	-	-
BS Marshall Street Grant	46,526	-	-	<b>46,526</b>	69,475	(104,321)	<b>11,680</b>
Cue Wondinong RRG	-	96,000	(96,000)	-	120,667	(120,667)	-
Roads to Recovery	-	591,731	(591,731)	-	460,699	(460,699)	-
Pathway Funding Program	-	-	-	-	70,639	(70,639)	-
MRWA Direct Grant	-	-	-	-	98,649	(98,649)	-
Flood Damage Road Restoration	-	-	-	-	6,554,623	(6,554,623)	-
<b>Economic services</b>							
RV Site Grant	12,822	-	(9,486)	<b>3,336</b>	-	-	<b>3,336</b>
Oasis Development	-	-	-	-	396,000	(396,000)	-
<b>Total</b>	<b>1,801,028</b>	<b>687,731</b>	<b>(2,275,608)</b>	<b>213,151</b>	<b>8,122,091</b>	<b>(8,228,795)</b>	<b>106,447</b>

**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 2017**

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		2,195,183	1,607,775
Restricted		6,178,218	6,140,982
		<u>8,373,401</u>	<u>7,748,757</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	28,852	28,168
Plant Replacement Reserve	11	425,363	292,355
Building Maintenance Reserve	11	559,356	521,688
Streetscape Reserve	11	296,971	494,953
Sports Complex Reserve	11	104,820	92,572
Tourist Park Development Reserve	11	207,608	105,057
Water Playground Reserve	11	32,994	22,449
Beringarra Road Reserve	11	3,669,370	3,826,456
Tourism Reserve	11	90,437	78,530
Housing/Land Development Reserve	11	118,569	66,943
Heritage Reserve	11	537,431	398,660
Unspent grants	2(c)	106,447	213,151
		<u>6,178,218</u>	<u>6,140,982</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	236,122	258,543
Sundry debtors	741,932	155,005
GST receivable	47,982	92,582
Accrued income	355,694	46,255
Provision for Doubtful Debts	(66,402)	(66,402)
	<u>1,315,328</u>	<u>485,983</u>
<b>Non-current</b>		
Rates outstanding - pensioners	3,968	2,885
	<u>3,968</u>	<u>2,885</u>

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

<b>Rates outstanding</b>	<u>236,122</u>	<u>258,543</u>
Includes:		
Past due and not impaired	169,720	192,141
Impaired	<u>66,402</u>	<u>66,402</u>
<b>Sundry debtors</b>	<u>741,932</u>	<u>155,005</u>
Includes:		
Past due and not impaired	741,932	155,005
Impaired	<u>-</u>	<u>-</u>

**5. INVENTORIES**

<b>Current</b>		
Fuel and materials	12,234	10,613
History books	6,803	7,096
	<u>19,037</u>	<u>17,709</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2016 - level 2	-	417,000
- Independent valuation 2017 - level 2	412,000	-
	<u>412,000</u>	<u>417,000</u>
	<u>412,000</u>	<u>417,000</u>
 Buildings - non-specialised at:		
- Independent valuation 2016 - level 2	-	7,184,500
- Independent valuation 2017 - level 2	7,045,500	-
- Additions after valuation - cost	489,002	-
	<u>7,534,502</u>	<u>7,184,500</u>
	<u>7,534,502</u>	<u>7,184,500</u>
 Total land and buildings	<u>7,946,502</u>	<u>7,601,500</u>
 Furniture and equipment at:		
- Management valuation 2016 - level 3	142,000	142,000
- Additions after valuation - cost	39,450	-
Less: accumulated depreciation	<u>(22,385)</u>	<u>-</u>
	159,065	142,000
 Plant and equipment at:		
- Management valuation 2016 - level 2	1,895,200	1,895,200
- Additions after valuation - cost	453,312	-
Less: accumulated depreciation	<u>(231,212)</u>	<u>-</u>
	2,117,300	1,895,200
	<u>10,222,867</u>	<u>9,638,700</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	417,000	-	(5,000)	-	-	-	-	-	412,000
<b>Total land</b>	<b>417,000</b>	<b>-</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,000</b>
Buildings - non-specialised	7,184,500	489,002	-	36,836	-	-	(175,836)	-	7,534,502
<b>Total buildings</b>	<b>7,184,500</b>	<b>489,002</b>	<b>-</b>	<b>36,836</b>	<b>-</b>	<b>-</b>	<b>(175,836)</b>	<b>-</b>	<b>7,534,502</b>
<b>Total land and buildings</b>	<b>7,601,500</b>	<b>489,002</b>	<b>(5,000)</b>	<b>36,836</b>	<b>-</b>	<b>-</b>	<b>(175,836)</b>	<b>-</b>	<b>7,946,502</b>
Furniture and equipment	142,000	39,450	-	-	-	-	(22,385)	-	159,065
Plant and equipment	1,895,200	453,312	-	-	-	-	(231,212)	-	2,117,300
<b>Total property, plant and equipment</b>	<b>9,638,700</b>	<b>981,764</b>	<b>(5,000)</b>	<b>36,836</b>	<b>-</b>	<b>-</b>	<b>(429,433)</b>	<b>-</b>	<b>10,222,867</b>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold land	2	Sales Comparison Approach/Cost Approach	Fair Value	2017	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Sales Comparison Approach/Cost Approach	Fair Value	2017	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Furniture and equipment</b>	3	Market Approach	Management Valuation	2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs
<b>Plant and equipment</b>	2	Sales Comparison Approach	Fair Value	2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs

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

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2017	2016
	\$	\$
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Management valuation 2015 - level 3	44,536,576	44,536,576
- Additions after valuation - cost	2,314,443	1,126,226
Less: accumulated depreciation	<u>(11,946,841)</u>	<u>(10,351,988)</u>
	34,904,178	35,310,814
Parks & Ovals		
- Management valuation 2015 - level 3	1,233,741	1,233,740
- Additions after valuation - cost	450,225	406,263
Less: accumulated depreciation	<u>(562,154)</u>	<u>(486,436)</u>
	1,121,812	1,153,567
Other Infrastructure		
- Management valuation 2015 - level 3	1,080,409	1,080,408
- Additions after valuation - cost	1,093,248	252,606
Less: accumulated depreciation	<u>(410,846)</u>	<u>(371,569)</u>
	1,762,811	961,445
Airport		
- Management valuation 2015 - level 3	2,637,643	2,637,643
- Additions after valuation - cost	6,627	6,627
Less: accumulated depreciation	<u>(1,175,330)</u>	<u>(1,078,896)</u>
	1,468,940	1,565,374
Drainage & Sewage		
- Management valuation 2015 - level 3	485,000	485,000
Less: accumulated depreciation	<u>(261,946)</u>	<u>(252,246)</u>
	223,054	232,754
	<u>39,480,795</u>	<u>39,223,954</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	35,310,814	1,188,217	-	-	-	-	(1,594,853)	-	34,904,178
Parks & Ovals	1,153,567	43,962	-	-	-	-	(75,717)	-	1,121,812
Other Infrastructure	961,445	840,642	-	-	-	-	(39,276)	-	1,762,811
Airport	1,565,374	-	-	-	-	-	(96,434)	-	1,468,940
Drainage & Sewage	232,754	-	-	-	-	-	(9,700)	-	223,054
<b>Total infrastructure</b>	<b><u>39,223,954</u></b>	<b><u>2,072,821</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(1,815,980)</u></b>	<b><u>-</u></b>	<b><u>39,480,795</u></b>



**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Roads</b>	3	Cost Approach	Depreciated Replacement Value	2015	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Parks &amp; Ovals</b>	3	Cost Approach	Fair Value	2015	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Other Infrastructure</b>	3	Cost Approach	Fair Value	2015	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Airport</b>	3	Cost Approach	Fair Value	2015	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Drainage &amp; Sewage</b>	3	Cost Approach	Fair Value	2015	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.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	138,534	64,171
Accrued salaries and wages	63,790	37,717
ATO liabilities	88,296	3,319
Payroll Creditors	26,607	33,465
Accrued Expenses	285,438	33,425
Deposits and Bonds	7,160	11,657
	<b>609,825</b>	<b>183,754</b>
	<b>609,825</b>	<b>183,754</b>

**9. LONG-TERM BORROWINGS**

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

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2016</b>			
Current provisions	40,865	2,355	43,220
Non-current provisions	-	14,070	14,070
	40,865	16,425	57,290
Additional provision	20,992	1,444	22,436
<b>Balance at 30 June 2017</b>	<b>61,857</b>	<b>17,869</b>	<b>79,726</b>
<b>Comprises</b>			
Current	61,857	2,355	64,212
Non-current	-	15,514	15,514
	61,857	17,869	79,726

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**11. RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Long Service Leave Reserve	28,168	684	-	28,852	28,168	700	-	28,868	7,556	20,612	-	28,168
Plant Replacement Reserve	292,355	233,008	(100,000)	425,363	292,355	233,209	(100,000)	425,564	93,688	198,667	-	292,355
Building Maintenance Reserve	521,688	37,668	-	559,356	521,688	38,000	-	559,688	151,034	370,654	-	521,688
Streetscape Reserve	494,953	12,018	(210,000)	296,971	494,953	12,400	(210,000)	297,353	157,037	337,916	-	494,953
Sports Complex Reserve	92,572	12,248	-	104,820	92,572	12,300	-	104,872	89,709	2,863	-	92,572
Tourist Park Development Reserve	105,057	102,551	-	207,608	105,057	102,600	-	207,657	102,289	2,768	-	105,057
Water Playground Reserve	22,449	10,545	-	32,994	22,449	10,600	-	33,049	21,837	612	-	22,449
Beringarra Road Reserve	3,826,456	92,914	(250,000)	3,669,370	3,826,456	95,600	(250,000)	3,672,056	3,748,597	88,474	(10,615)	3,826,456
Tourism Reserve	78,530	11,907	-	90,437	78,530	12,000	-	90,530	76,715	1,815	-	78,530
Housing/Land Development Reserve	66,943	51,626	-	118,569	66,943	51,700	-	118,643	65,386	1,557	-	66,943
Heritage Reserve	398,660	229,680	(90,909)	537,431	398,661	230,000	(210,000)	418,661	51,144	347,516	-	398,660
	<u>5,927,831</u>	<u>794,849</u>	<u>(650,909)</u>	<u>6,071,771</u>	<u>5,927,832</u>	<u>799,109</u>	<u>(770,000)</u>	<u>5,956,941</u>	<u>4,564,992</u>	<u>1,373,454</u>	<u>(10,615)</u>	<u>5,927,831</u>

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:

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**12. REVALUATION SURPLUS**

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	5,302,743	36,836	-	36,836	5,339,579	5,739,944	-	(437,201)	(437,201)	5,302,743
Revaluation surplus - Furniture and equipment	51,324	-	-	-	51,324	76,014	-	(24,690)	(24,690)	51,324
Revaluation surplus - Plant and equipment	423,563	-	-	-	423,563	124,543	299,020	-	299,020	423,563
Revaluation surplus - Infrastructure - Roads	27,849,209	-	-	-	27,849,209	27,849,209	-	-	-	27,849,209
Other Infrastructure	40,344	-	-	-	40,344	40,344	-	-	-	40,344
Airport	922,288	-	-	-	922,288	922,288	-	-	-	922,288
Drainage and Sewerage	96,014	-	-	-	96,014	96,014	-	-	-	96,014
	<u>34,685,485</u>	<u>36,836</u>	<u>-</u>	<u>36,836</u>	<u>34,722,321</u>	<u>34,848,356</u>	<u>299,020</u>	<u>(461,891)</u>	<u>(162,871)</u>	<u>34,685,485</u>

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**13. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>8,373,401</u>	<u>5,978,242</u>	<u>7,748,757</u>

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

Net result	1,812,065	6,236,641	(317,820)
Non-cash flows in Net result:			
Depreciation	2,245,413	2,302,000	2,320,756
(Profit)/Loss on sale of asset	(1,818)	-	(9,720)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(830,428)	350,000	8,241
(Increase)/Decrease in inventories	(1,328)	-	3,033
Increase/(Decrease) in payables	426,071	100,000	(104,261)
Increase/(Decrease) in provisions	22,436	-	(10,847)
Grants contributions for the development of assets	<u>(526,819)</u>	<u>(7,688,789)</u>	<u>(892,206)</u>
Net cash from operating activities	<u>3,145,592</u>	<u>1,299,852</u>	<u>997,176</u>

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	2,100,000	2,100,000
Bank overdraft at balance date	-	-
Credit card limit	15,000	15,000
Credit card balance at balance date	<u>-</u>	<u>-</u>
<b>Total amount of credit unused</b>	<u>2,115,000</u>	<u>2,115,000</u>
<b>Loan facilities</b>		
Loan facilities - current	-	-
Loan facilities - non-current	<u>-</u>	<u>-</u>
<b>Total facilities in use at balance date</b>	<u>-</u>	<u>-</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**14. CONTINGENT LIABILITIES**

There were no known contingent liabilities as at 30 June 2017.

	2017	2016
<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
The Shire did not have any future operating lease commitments at the reporting date.		
<b>(b) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	979,572	2,374,239
Payable:		
- not later than one year	979,572	2,374,239

The capital expenditure project outstanding at the end of the current reporting period represents the Post Office redevelopment project of \$880,426, Pensioner Hut refurbishment of \$44,000 and Heydon Place industrial sheds of \$55,146. (the prior year commitment was for the uncompleted flood damage works).

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
General purpose funding	2,571,845	1,934,935
Law, order, public safety	9,000	9,000
Health	4,100	5,000
Housing	1,306,740	1,346,892
Community amenities	168,169	179,292
Recreation and culture	4,580,744	3,566,185
Transport	43,572,718	42,451,223
Economic services	3,236,375	3,820,247
Other property and services	3,965,705	3,805,214
	<u>59,415,396</u>	<u>57,117,988</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016	2015
<b>18. FINANCIAL RATIOS</b>			
Current ratio	5.47	10.62	6.00
Asset sustainability ratio	0.64	0.67	1.42
Debt service cover ratio	-	-	95.49
Operating surplus ratio	0.10	(0.44)	(0.05)
Own source revenue coverage ratio	0.24	0.27	0.49

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 57 of this document.

Four of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017 and Flood Damage Works.

The early payment of the grant increased operating revenue in 2017 by \$896,336.

Four of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$847,811.

Flood damage revenue and expenditure has been adjusted in each year as follows

	2017	2016	2015
Revenue	6,554,623	5,034,499	1,780,951
Expenditure	(6,554,623)	(4,964,751)	(2,144,554)

If grants were recognised in the year to which the allocation related, and flood damage works excluded, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	4.08	10.62	6.00
Debt service cover ratio	-	-	-
Operating surplus ratio	(0.23)	(0.16)	(0.24)
Own source revenue coverage ratio	0.53	0.53	0.80



**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**19. TRUST FUNDS**

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

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Cue LCDC	2,080	-	-	2,080
	<u>2,080</u>			<u>2,080</u>

**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
Other property and services								
Lot 507, 15 Burt Place, Cue	5,000	6,818	1,818	-	-	-	-	-
	<u>5,000</u>	<u>6,818</u>	<u>1,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

The Shire did not have any debentures during the year ended 30 June 2017.

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$2,100,000 with the Commonwealth Bank does exist. \$2,000,000 of the overdraft facility is available to cover the flood damage capital expenditure as required. The balance of the bank overdraft at 1 July 2016 and 30 June 2017 was \$nil.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**22. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
GRV Residential	10.3600	81	442,832	45,877	6,110	-	51,987	45,877	-	-	45,877
GRV Commercial	8.8600	10	373,148	33,060	(6,550)	-	26,510	33,060	-	-	33,060
GRV Vacant Land	10.3600	-	-	-	-	-	-	-	-	-	-
GRV M&T Workforce	30.7500	2	303,888	93,446	(17,570)	-	75,876	93,446	-	-	93,446
<b>Unimproved value valuations</b>											
UV Mining	31.3200	283	6,334,865	1,984,080	3,373	-	1,987,453	1,984,080	-	15,007	1,999,087
UV Pastoral	8.2200	14	502,918	41,340	-	-	41,340	41,340	-	-	41,340
<b>Sub-Total</b>		<b>390</b>	<b>7,957,651</b>	<b>2,197,803</b>	<b>(14,637)</b>	<b>-</b>	<b>2,183,166</b>	<b>2,197,803</b>	<b>-</b>	<b>15,007</b>	<b>2,212,810</b>
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
GRV Residential	440	45	111,039	19,800	-	-	19,800	19,800	-	-	19,800
GRV Commercial	440	8	24,665	3,520	-	-	3,520	3,520	-	-	3,520
GRV Vacant Land	530	33	8,192	17,490	(1,630)	-	15,860	17,490	-	-	17,490
GRV M&T Workforce	440	-	-	-	-	-	-	-	-	-	-
<b>Unimproved value valuations</b>											
UV Mining	440	124	83,969	54,560	-	-	54,560	54,560	-	-	54,560
UV Pastoral	440	3	10,400	1,320	-	-	1,320	1,320	-	-	1,320
<b>Sub-Total</b>		<b>213</b>	<b>238,265</b>	<b>96,690</b>	<b>(1,630)</b>	<b>-</b>	<b>95,060</b>	<b>96,690</b>	<b>-</b>	<b>-</b>	<b>96,690</b>
		<b>603</b>	<b>8,195,916</b>	<b>2,294,493</b>	<b>(16,267)</b>	<b>-</b>	<b>2,278,226</b>	<b>2,294,493</b>	<b>-</b>	<b>15,007</b>	<b>2,309,500</b>
Rates written-off							(68,936)				(100,000)
<b>Total amount raised from general rate</b>							<b>2,209,290</b>				<b>2,209,500</b>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**23. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<u>2,961,957</u>	<u>2,097,644</u>	<u>2,097,644</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	2,195,183	1,607,775	1,607,775
Restricted	6,178,218	6,140,982	6,140,982
Receivables			
Rates outstanding	236,122	258,543	258,543
Sundry debtors	741,932	155,005	155,005
GST receivable	47,982	92,582	92,582
Accrued income	355,694	46,255	46,255
Provision for Doubtful Debts	(66,402)	(66,402)	(66,402)
Inventories			
Fuel and materials	12,233	10,613	10,613
History books	6,803	7,096	7,096
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(138,534)	(64,171)	(64,171)
Accrued salaries and wages	(63,790)	(37,717)	(37,717)
ATO liabilities	(88,296)	(3,319)	(3,319)
Payroll Creditors	(26,607)	(33,465)	(33,465)
Accrued Expenses	(285,438)	(33,425)	(33,425)
Deposits and Bonds	(7,160)	(11,657)	(11,657)
Provisions			
Provision for annual leave	(61,857)	(40,865)	(40,865)
Provision for long service leave	(2,355)	(2,355)	(2,355)
<b>Unadjusted net current assets</b>	<u><b>9,033,728</b></u>	<u><b>8,025,475</b></u>	<u><b>8,025,475</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(6,071,771)	(5,927,831)	(5,927,831)
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><b>2,961,957</b></u>	<u><b>2,097,644</b></u>	<u><b>2,097,644</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAF**

No specified area rates were imposed by the Shire during the year ended 2017.

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2016/17 FINANCIAL YEAR**

No discounts are offered for early payment of rates.

**27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAF**

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Instalment Options</b>				
First Instalment	07/10/2016	15	5.50%	11.00%
Second Instalment	09/12/2016			
Third Instalment	10/02/2017			
Fourth Instalment	14/04/2017			

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	28,174	35,000
Interest on instalment plan	5,295	2,000
	<u>33,469</u>	<u>37,000</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>28. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
General purpose funding	1,400	450
Law, order, public safety	2,662	2,341
Health	211	283
Housing	23,355	18,886
Community amenities	51,715	55,507
Recreation and culture	340	1,154
Transport	1,544	4,383
Economic services	279,256	214,885
Other property and services	29,891	16,440
	<u>390,374</u>	<u>314,329</u>

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

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	2,589,496	843,921
Law, order, public safety	4,270	6,422
Recreation and culture	19,222	15,644
Transport	6,559,086	5,034,499
Economic services	-	8,999
Other property and services	104,485	56,888
	<u>9,276,559</u>	<u>5,966,373</u>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	330,000	86,075
Transport	820,129	806,131
Economic services	396,000	-
	<u>1,546,129</u>	<u>892,206</u>
	<u>10,822,688</u>	<u>6,858,579</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>22</u>	<u>20</u>
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**31. ELECTED MEMBERS REMUNERATION**

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

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
Meeting Fees	25,185	30,500	30,837
President's allowance	10,800	10,800	10,500
Deputy President's allowance	2,700	2,700	2,616
Travelling expenses	13,743	25,000	18,884
Telecommunications allowance	24,070	24,360	16,159
	<u>76,498</u>	<u>93,360</u>	<u>78,996</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**32. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

**2017**  
**\$**

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

Short-term employee benefits	500,596
Post-employment benefits	65,765
Other long-term benefits	12,634
Termination benefits	19,927
	598,922
	598,922

**Short-term employee benefits**

These amounts include all salary, paid leave, 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 at Note 31.

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service 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).

**Related Parties**

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

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

*ii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**32. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

The following transactions occurred with related parties:

**Associated companies/individuals:**

Purchase of goods and services

**2017**

**\$**

169,000

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.



**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**33. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2016/2017 financial year

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	8,373,401	7,748,757	8,373,401	7,748,757
Receivables	1,319,296	488,868	1,319,296	488,868
	<u>9,692,697</u>	<u>8,237,625</u>	<u>9,692,697</u>	<u>8,237,625</u>
<b>Financial liabilities</b>				
Payables	609,825	183,754	609,825	183,754
	<u>609,825</u>	<u>183,754</u>	<u>609,825</u>	<u>183,754</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit and loss**

**Available-for-sale financial assets**

**Held-to-maturity investments**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	83,734	77,488
- Statement of Comprehensive Income	83,734	77,488

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

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

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

The profile of the Shire's credit risk at balance date was:

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	100%	93%
- Overdue	0%	7%

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2017</u></b>					
Payables	609,825	-	-	609,825	609,825
	<u>609,825</u>	<u>-</u>	<u>-</u>	<u>609,825</u>	<u>609,825</u>
<b><u>2016</u></b>					
Payables	183,754	-	-	183,754	183,754
	<u>183,754</u>	<u>-</u>	<u>-</u>	<u>183,754</u>	<u>183,754</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings (continued)**

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<b><u>Year ended 30 June 2017</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	0	0	0	0	0%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	0	0	0	0	0%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		



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## INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CUE

### **Opinion**

We have audited the accompanying financial report of the Shire of Cue which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of the Shire of Cue:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Cue as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Cue;
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:
  - The Shire of Cue did not seek Ministerial approval to adopt a minimum rate payment that would apply to more than 50% of the properties in the category of GRV Vacant Land (minimum payments in this category applied to 100% of the properties), as required by section 6.35 of the Local Government Act 1995.
- (iii) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions;
- (iv) All necessary information and explanations were obtained by us; and
- (v) All audit procedures were satisfactorily completed during our audit.

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

### ***Responsibilities of Management and Council for the Financial Report***

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

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

### ***Auditor's Responsibilities for the Audit of the Financial Report***

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

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our audit report.

### **AMD Chartered Accountants**



**MARIA CAVALLO**  
**Director**

28-30 Wellington Street, Bunbury, Western Australia

Dated this 29<sup>th</sup> day of November 2017



**SHIRE OF CUE  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Asset consumption ratio	0.77	0.637	0.792
Asset renewal funding ratio	1.122	0.735	0.682

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$