



**Shire of Cue**

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# SHIRE OF CUE

## ANNUAL FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

#### **SHIRE'S 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 OF CUE**  
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**FOR THE YEAR ENDED 30 JUNE 2023**

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**SHIRE OF CUE  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The accompanying financial report of the Shire of Cue has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 24th day of November 2023



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Richard Towell  
Chief Executive Officer

**SHIRE OF CUE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>Revenue</b>				
Rates	23(a)	2,685,517	2,664,410	2,598,096
Operating grants, subsidies and contributions	2(b)	4,768,614	2,103,250	5,319,555
Fees and charges	2(b)	867,616	905,040	884,800
Interest earnings	2(a)	459,008	80,500	51,826
Other revenue	2(b)	78,547	105,000	53,750
		<u>8,859,302</u>	<u>5,858,200</u>	<u>8,908,027</u>
<b>Expenses</b>				
Employee costs		(2,263,305)	(2,420,640)	(1,958,109)
Materials and contracts		(1,509,818)	(1,817,310)	(2,623,120)
Utility charges		(319,280)	(490,750)	(372,503)
Depreciation on non-current assets	10(a)	(2,969,858)	(3,168,660)	(3,168,495)
Interest expenses	2(c)	(16,874)	(20,000)	(19,208)
Insurance expenses		(195,259)	(193,900)	(179,801)
Other expenditure		(139,909)	(301,460)	(190,591)
		<u>(7,414,303)</u>	<u>(8,412,720)</u>	<u>(8,511,827)</u>
		<u>1,444,999</u>	<u>(2,554,520)</u>	<u>396,200</u>
Fair value adjustment to financial assets at fair value through profit or loss	7	921	0	999
Fair value gain on acquisition of non-financial assets	2(a)	629,697	0	9,999
Loss on revaluation of other infrastructure	9(a)	(96,803)	0	0
Capital grants, subsidies and contributions	2(b)	1,220,778	9,500,290	2,100,852
Profit on asset disposals		1,745	48,800	0
(Loss) on asset disposals		0	(39,800)	0
		<u>1,756,338</u>	<u>9,509,290</u>	<u>2,111,850</u>
		<u>3,201,337</u>	<u>6,954,770</u>	<u>2,508,050</u>
<b>Net result for the period</b>				
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	11	15,878,900	0	0
<b>Total other comprehensive income for the period</b>		<u>15,878,900</u>	<u>0</u>	<u>0</u>
<b>Total comprehensive income for the period</b>		<u><u>19,080,237</u></u>	<u><u>6,954,770</u></u>	<u><u>2,508,050</u></u>

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



**SHIRE OF CUE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,044,031	3,657,749
Receivables and other assets	5	963,249	766,693
Inventories	6	62,342	34,225
Other financial assets	7	11,769,966	8,942,156
<b>TOTAL CURRENT ASSETS</b>		<u>16,839,588</u>	<u>13,400,823</u>
<b>NON-CURRENT ASSETS</b>			
Receivables and other assets	5	8,279	20,227
Other financial assets	7	20,372	19,451
Property, plant and equipment	8(a)	21,006,853	16,044,694
Infrastructure	9(a)	53,270,599	41,214,309
<b>TOTAL NON-CURRENT ASSETS</b>		<u>74,306,103</u>	<u>57,298,681</u>
<b>TOTAL ASSETS</b>		<u>91,145,691</u>	<u>70,699,504</u>
<b>CURRENT LIABILITIES</b>			
Other liabilities	2(b)	290,195	123,827
Trade and other payables	12	1,803,100	476,198
Borrowings	13(a)	96,154	94,465
Employee related provisions	14(a)	202,546	192,348
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,391,995</u>	<u>886,838</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13(a)	560,414	656,568
Employee related provisions	14(a)	44,167	87,220
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>604,581</u>	<u>743,788</u>
<b>TOTAL LIABILITIES</b>		<u>2,996,576</u>	<u>1,630,626</u>
<b>NET ASSETS</b>		<u>88,149,115</u>	<u>69,068,878</u>
<b>EQUITY</b>			
Retained surplus		26,057,903	23,824,014
Reserves - cash backed	4	7,396,396	6,428,948
Revaluation surplus	11	54,694,816	38,815,916
<b>TOTAL EQUITY</b>		<u>88,149,115</u>	<u>69,068,878</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 30 JUNE 2023**

	Retained surplus	Reserves cash backed	Revaluation surplus	Total equity
Note	\$	\$	\$	\$
<b>Balance as at 1 July 2021</b>	21,838,291	5,906,621	38,815,916	66,560,828
Net result for the period	2,508,050	0	0	2,508,050
Other comprehensive income	0	0	0	0
Transfers from/(to) reserves	(522,327)	522,327	0	0
<b>Balance as at 30 June 2022</b>	<u>23,824,014</u>	<u>6,428,948</u>	<u>38,815,916</u>	<u>69,068,878</u>
Net result for the period	3,201,337	0	0	3,201,337
Other comprehensive income	0	0	15,878,900	15,878,900
Transfers from/(to) reserves	(967,448)	967,448	0	0
<b>Balance as at 30 June 2023</b>	<u><u>26,057,903</u></u>	<u><u>7,396,396</u></u>	<u><u>54,694,816</u></u>	<u><u>88,149,115</u></u>

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

**SHIRE OF CUE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,639,767	2,664,410	2,657,681
Operating grants, subsidies and contributions		5,055,528	2,830,254	5,621,980
Fees and charges		873,799	905,040	884,800
Interest received		169,217	80,500	57,016
GST receipts on revenue		241,508	0	203,214
GST receipts from taxation authority		0	0	216,763
Other revenue		78,547	105,000	53,750
		<u>9,058,366</u>	<u>6,585,204</u>	<u>9,695,204</u>
<b>Payments</b>				
Employee costs		(2,359,143)	(2,420,640)	(1,850,843)
Materials and contracts		(146,403)	(1,852,482)	(3,318,625)
Utility charges		(325,714)	(490,750)	(364,468)
Interest expenses		(18,044)	(20,000)	(20,356)
Insurance paid		(195,259)	(193,900)	(179,801)
GST payments on purchases		(372,126)	0	(427,651)
GST payments to taxation authority		(5,588)	0	0
Other expenditure		(139,909)	(301,460)	(190,591)
		<u>(3,562,186)</u>	<u>(5,279,232)</u>	<u>(6,352,335)</u>
<b>Net cash provided by (used in) operating activities</b>	15	<u>5,496,180</u>	<u>1,305,972</u>	<u>3,342,869</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital grants, subsidies and contributions		1,387,146	9,624,167	1,719,422
Proceeds from sale of property, plant and equipment		10,000	250,000	0
Purchase of property, plant & equipment		(2,027,045)	(11,475,220)	(557,899)
Purchase of infrastructure		(1,557,724)	(5,801,500)	(2,341,708)
Proceeds/(Payments) from financial assets at amortised cost		(2,827,810)	3,046,395	(1,045,040)
<b>Net cash provided by (used in) investment activities</b>		<u>(5,015,433)</u>	<u>(4,356,158)</u>	<u>(2,225,225)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(94,465)	(94,500)	(92,806)
<b>Net cash provided by (used in) financing activities</b>		<u>(94,465)</u>	<u>(94,500)</u>	<u>(92,806)</u>
<b>Net increase/(decrease) in cash held</b>		386,282	(3,144,686)	1,024,838
Cash at beginning of year		3,657,749	3,657,749	2,632,911
<b>Cash and cash equivalents at the end of the year</b>	15	<u>4,044,031</u>	<u>513,063</u>	<u>3,657,749</u>

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

**SHIRE OF CUE**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at 01 Jul - surplus/(deficit)	24(a)	6,179,502	6,203,790	4,012,972
<b>Revenue from operating activities (excluding rates)</b>				
Grants, subsidies and contributions	2(b)	4,768,614	2,103,250	5,319,555
Fees and charges	2(b)	867,616	905,040	884,800
Interest earnings	2(a)	459,008	80,500	51,826
Other revenue	2(b)	78,547	105,000	53,750
Profit on asset disposals		1,745	48,800	0
		6,175,530	3,242,590	6,309,931
<b>Expenditure from operating activities</b>				
Employee costs		(2,263,305)	(2,420,640)	(1,958,109)
Materials and contracts		(1,509,818)	(1,817,310)	(2,623,120)
Utility charges		(319,280)	(490,750)	(372,503)
Depreciation on non-current assets	10(a)	(2,969,858)	(3,168,660)	(3,168,495)
Interest expenses	2(c)	(16,874)	(20,000)	(19,208)
Insurance expenses		(195,259)	(193,900)	(179,801)
Other expenditure		(139,909)	(301,460)	(190,591)
Loss on asset disposals		0	(39,800)	0
		(7,414,303)	(8,452,520)	(8,511,827)
<b>Non-cash amounts excluded from operating activities</b>				
Less: Profit on asset disposals		(1,745)	(48,800)	0
Movement in employee benefit provisions (non-current)		(43,053)	0	27,520
Movement in employee related receivable (non-current)		13,691	0	(10,895)
Movement in pensioner deferred rates (non-current)		(1,742)	0	(902)
Add: Loss on disposal of assets		0	39,800	0
Add: Gain on fair value adjustment to non-financial assets		629,697	0	9,999
Add: Depreciation on assets		2,969,858	3,168,660	3,168,495
<b>Amount attributable to operating activities</b>		8,507,435	4,153,520	5,005,293
<b>INVESTING ACTIVITIES</b>				
Capital grants, subsidies and contributions	2(b)	1,220,778	9,500,290	2,100,852
Proceeds from sale of property, plant and equipment		10,000	250,000	0
Purchase of property, plant & equipment	8(a)	(2,656,742)	(11,475,220)	(567,898)
Purchase of infrastructure	9(a)	(1,557,724)	(5,801,500)	(2,341,708)
		(2,983,688)	(7,526,430)	(808,754)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(94,465)	(94,500)	(92,806)
Transfers to reserves (restricted assets)	4	(5,900,403)	(450,000)	(672,327)
Transfers from reserves (restricted assets)	4	4,932,955	1,253,000	150,000
<b>Amount attributable to financing activities</b>		(1,061,913)	708,500	(615,133)
<b>Surplus/(deficit) before imposition of general rates</b>		4,461,834	(2,664,410)	3,581,406
<b>Total amount raised from general rates</b>	23(a)	2,685,517	2,664,410	2,598,096
<b>Surplus/(deficit) after imposition of general rates</b>	24(a)	7,147,351	0	6,179,502

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 30 JUNE 2023**

**1. BASIS OF PREPARATION**

The financial report, for the Shire of Cue which is designated as a class 4 local government, comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations. The class 4 designation for the Shire of Cue is in accordance with the *Local Government (Constitution) Regulations 1998*.

**LOCAL GOVERNMENT ACT 1995 REQUIREMENTS**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 *Financial Instruments Disclosures*
- AASB 16 *Leases* paragraph 58
- AASB 101 *Presentation of Financial Statements* paragraph 61
- AASB 116 *Property, Plant and Equipment* paragraph 79
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* paragraph 85
- AASB 140 *Investment Property* paragraph 75(f)
- AASB 1052 *Disaggregated Disclosures* paragraph 11

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial 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.

**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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

**JUDGEMENTS AND 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, 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1. BASIS OF PREPARATION (Continued)**

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time:

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*
- AASB 2021-7a *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- AASB 2022-3 *Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

These amendments have no material impact on the current annual financial report.

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard will result in a terminology change for significant accounting policies

- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE, REVENUE RECOGNITION AND EXPENSES**

**(a) Revenue**

	<b>2023 Actual</b>	<b>2023 Budget</b>	<b>2022 Actual</b>
	\$	\$	\$
<b>Interest earnings</b>			
Reserve accounts interest	243,338	50,000	31,191
Rates instalment and penalty interest (refer Note 23(f))	11,951	18,500	11,778
Other interest earnings	203,719	12,000	8,857
	459,008	80,500	51,826
 <b>Assets acquired below fair value</b>			
Land	9,987	0	9,999
Buildings	619,710	0	0
	629,697	0	9,999

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(b) Revenue Recognition**

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

	<b>Contracts with customers</b>	<b>Capital grant / contributions</b>	<b>Statutory requirements</b>	<b>Other</b>	<b>Total</b>
<b>2022/23 Actual</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rates	0	0	2,685,517	0	2,685,517
Grants, subsidies and contributions	0	0	5,652	4,762,962	4,768,614
Fees and charges	859,008	0	8,608	0	867,616
Interest revenue	0	0	11,951	447,057	459,008
Other revenue	0	0	24,167	54,380	78,547
Capital grants, subsidies and contributions	0	1,220,778	0	0	1,220,778
	<b>859,008</b>	<b>1,220,778</b>	<b>2,735,895</b>	<b>5,264,399</b>	<b>10,080,080</b>

	<b>Contracts with customers</b>	<b>Capital grant / contributions</b>	<b>Statutory requirements</b>	<b>Other</b>	<b>Total</b>
<b>2021/22 Actual</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rates	0	0	2,598,096	0	2,598,096
Grants, subsidies and contributions	0	0	5,337	5,314,218	5,319,555
Fees and charges	875,607	0	9,193	0	884,800
Interest revenue	0	0	11,778	40,048	51,826
Other revenue	0	0	1,020	52,730	53,750
Capital grants, subsidies and contributions	0	2,100,852	0	0	2,100,852
	<b>875,607</b>	<b>2,100,852</b>	<b>2,625,424</b>	<b>5,406,996</b>	<b>11,008,879</b>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(b) Revenue Recognition (Continued)**

**Other Liabilities - Capital Grant / Contribution Liabilities**

	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<b>Opening balance at 1 July 2022</b>	123,827	455,316
Revenue received	303,483	46,124
Revenue expended	(137,115)	(377,613)
<b>Balance at 30 June 2023</b>	<u>290,195</u>	<u>123,827</u>
<b>Expected satisfaction of capital grant / contribution liabilities</b>		
Less than 1 year	290,195	123,827

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer. Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant / contribution liabilities**

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 27) due to the unobservable inputs, including own credit risk.

Performance obligations in relation to capital grant / contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(b) Revenue Recognition (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Contracts with customers**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations satisfied</b>	<b>Payment terms</b>	<b>Returns / refunds warranties</b>	<b>Timing of revenue recognition</b>
Grants, subsidies and contributions	Community events, minor facilities, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and / or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing / departure event
Fees and charges - sale of stock	History books, potable water, sand / gravel	Single point in time	Full payment prior to issue	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

SHIRE OF CUE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(c) Expenses

	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 13(b))	16,874	20,000	19,208
	<u>16,874</u>	<u>20,000</u>	<u>19,208</u>
<b>Auditors remuneration</b>			
Audit of the annual financial report	38,000	40,500	36,500
Grant acquittals	1,500	0	1,600
	<u>39,500</u>	<u>40,500</u>	<u>38,100</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2023	2022
<b>Cash and cash equivalents</b>		\$	\$
Cash at bank and on hand		4,044,031	3,657,749
<b>Total cash and cash equivalents</b>		<u>4,044,031</u>	<u>3,657,749</u>
<b>Other financial assets at amortised cost</b>			
Term deposits	7	4,373,570	2,513,208
Term deposits - reserves	7	7,396,396	6,428,948
<b>Total other financial assets at amortised cost</b>		<u>11,769,966</u>	<u>8,942,156</u>
		<u><u>15,813,997</u></u>	<u><u>12,599,905</u></u>
<b>Comprises:</b>			
Unrestricted		8,054,296	6,002,071
Restricted		7,759,701	6,597,834
		<u>15,813,997</u>	<u>12,599,905</u>

The restricted assets are a result of the following specific purposes to which the assets may be used:

Cash backed reserves	4	7,396,396	6,428,948
Deposits and bonds	12	40,010	23,000
Revenue received in advance	12	33,100	22,059
Other liabilities	2(b)	290,195	123,827
<b>Total restricted cash and cash equivalents</b>		<u>7,759,701</u>	<u>6,597,834</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4. RESERVES - CASH BACKED (Continued)**

	Opening balance	Transfer to	Transfer (from)	Closing balance
	\$	\$	\$	\$
<b>(a) 2022/23 Actual*</b>				
(a) Long service leave reserve	63,814	49,634	(48,965)	64,483
(b) Building maintenance reserve	602,166	468,362	(462,044)	608,484
(c) Plant replacement reserve	521,193	405,381	(399,912)	526,662
(d) Streetscape reserve	321,696	250,213	(246,837)	325,072
(e) Sports facilities reserve	123,864	96,341	(95,041)	125,164
(f) Tourist park development reserve	255,847	198,997	(196,313)	258,531
(g) Water playground reserve	61,537	47,864	(47,218)	62,183
(h) Beringarra road reserve	2,396,664	1,864,117	(1,838,974)	2,421,807
(i) Tourism reserve	124,961	97,194	(95,883)	126,272
(j) Housing / land development reserve	219,640	170,835	(168,530)	221,945
(k) Heritage reserve	635,476	494,267	(487,601)	642,142
(l) Road maintenance reserve	870,779	1,577,287	(668,152)	1,779,914
(m) Infrastructure reserve	231,311	179,911	(177,485)	233,737
	<u>6,428,948</u>	<u>5,900,403</u>	<u>(4,932,955)</u>	<u>7,396,396</u>
<b>(b) 2022/23 Budget</b>				
(a) Long service leave reserve	63,814	496	0	64,310
(b) Building maintenance reserve	602,166	4,683	(135,000)	471,849
(c) Plant replacement reserve	521,193	4,053	(200,000)	325,246
(d) Streetscape reserve	321,696	2,502	(123,000)	201,198
(e) Sports facilities reserve	123,864	963	0	124,827
(f) Tourist park development reserve	255,847	1,990	(140,000)	117,837
(g) Water playground reserve	61,537	479	0	62,016
(h) Beringarra road reserve	2,396,664	18,640	(150,000)	2,265,304
(i) Tourism reserve	124,961	972	(40,000)	85,933
(j) Housing / land development reserve	219,640	1,708	(150,000)	71,348
(k) Heritage reserve	635,476	4,942	(315,000)	325,418
(l) Road maintenance reserve	870,779	406,772	0	1,277,551
(m) Infrastructure reserve	231,311	1,800	0	233,111
	<u>6,428,948</u>	<u>450,000</u>	<u>(1,253,000)</u>	<u>5,625,948</u>
<b>(c) 2021/22 Actual</b>				
(a) Long service leave reserve	63,409	405	0	63,814
(b) Building maintenance reserve	598,347	3,819	0	602,166
(c) Plant replacement reserve	517,888	3,305	0	521,193
(d) Streetscape reserve	319,655	2,041	0	321,696
(e) Sports facilities reserve	123,079	785	0	123,864
(f) Tourist park development reserve	254,225	1,622	0	255,847
(g) Water playground reserve	61,147	390	0	61,537
(h) Beringarra road reserve	2,530,506	16,158	(150,000)	2,396,664
(i) Tourism reserve	124,168	793	0	124,961
(j) Housing / land development reserve	218,246	1,394	0	219,640
(k) Heritage reserve	631,446	4,030	0	635,476
(l) Road maintenance reserve	234,661	636,118	0	870,779
(m) Infrastructure reserve	229,844	1,467	0	231,311
	<u>5,906,621</u>	<u>672,327</u>	<u>(150,000)</u>	<u>6,428,948</u>

\* - Matured term deposits transferred to Muni account before being reinvested with another bank.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4. RESERVES - CASH BACKED (Continued)**

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**5. RECEIVABLES AND OTHER ASSETS**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Current</b>		
Rates receivable	283,065	232,013
Sundry receivables	112,400	300,932
Allowance for impairment of receivables	(21,100)	(36,480)
Accrued income	439,910	256,747
ATO receivables	144,604	8,396
Other receivables	4,370	0
Prepayments	0	5,085
	<hr/>	<hr/>
	963,249	766,693
<b>Non-current</b>		
Pensioner's rates and ESL deferred	8,279	6,536
Employee related receivable	0	13,691
	<hr/>	<hr/>
	8,279	20,227

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

**Rates outstanding (including non-current pensioners)**

Includes:

Past due and not impaired	283,014	234,239
Impaired	8,330	4,310
	<hr/>	<hr/>
	291,344	238,549

**Sundry debtors**

Includes:

Past due and not impaired	99,630	268,762
Impaired	12,770	32,170
	<hr/>	<hr/>
	112,400	300,932

**5. RECEIVABLES AND OTHER ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

**Trade receivables**

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

**Other receivables**

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non-financial assets.

**Measurement**

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period, are classified as non-current assets.

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

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**6. INVENTORIES**

**Current**

Fuel and materials  
 History books

	<u>2023</u>	<u>2022</u>
	\$	\$
	57,406	29,197
	4,936	5,028
	<u>62,342</u>	<u>34,225</u>

The following inventory movements occurred during the year:

**Carrying amount at 1 July**

Inventories expensed during the year

Additions to inventory

**Carrying amount at 30 June**

	34,225	43,665
	(2,302)	(17,104)
	30,419	7,664
	<u>62,342</u>	<u>34,225</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**7. OTHER FINANCIAL ASSETS**

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		\$	\$
<b>Current assets</b>			
Financial assets at amortised cost - term deposits	3	4,373,570	2,513,208
Financial assets at amortised cost - reserve term deposits	3	7,396,396	6,428,948
		11,769,966	8,942,156
<b>Non-current assets</b>			
Financial assets at fair value through profit and loss			
<b>Opening balance at 1 July 2022</b>		19,451	18,452
Movement in fair value of local government house trust		921	999
<b>Balance at 30 June 2023</b>		20,372	19,451

**Local government house trust**

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

The local government house trust update was received in February 2022. It reported each unit is valued at \$20,372 as at 30 June 2023.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (refer Note 27) due to the observable market rates.

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

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

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

SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land freehold	Buildings non-specialised	Buildings specialised	Furniture and equipment	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	712,000	2,929,000	9,580,400	52,965	3,071,968	16,346,333
Additions*	10,000	79,381	407,921	0	70,596	567,898
(Disposals)	0	0	0	0	0	0
Depreciation (expense)	0	(162,328)	(517,265)	(11,092)	(178,852)	(869,537)
<b>Balance at 30 June 2022</b>	722,000	2,846,053	9,471,056	41,873	2,963,712	16,044,694
<b>Comprises:</b>						
Gross balance	722,000	6,570,381	22,035,421	72,155	3,558,068	32,958,025
Accumulated depreciation	0	(3,724,328)	(12,564,365)	(30,282)	(594,356)	(16,913,331)
<b>Balance at 30 June 2022</b>	722,000	2,846,053	9,471,056	41,873	2,963,712	16,044,694
Additions*	16,711	1,443,345	964,895	37,174	194,617	2,656,742
(Disposals)	0	0	0	0	(8,255)	(8,255)
Revaluation adjustments:						
Increments / (decrements)	589	69,123	3,113,303	0	0	3,183,015
Depreciation (expense)	0	(170,260)	(503,554)	(12,541)	(182,988)	(869,343)
<b>Balance at 30 June 2023</b>	739,300	4,188,261	13,045,700	66,506	2,967,086	21,006,853
<b>Comprises:</b>						
Gross balance	739,300	8,613,521	27,914,500	109,329	3,740,685	41,117,335
Accumulated depreciation	0	(4,425,260)	(14,868,800)	(42,823)	(773,599)	(20,110,482)
<b>Balance at 30 June 2023</b>	739,300	4,188,261	13,045,700	66,506	2,967,086	21,006,853

\* - Includes the additions received at substantially less than fair value below:

During the year ended 30 June 2022	9,999	0	0	0	0	9,999
During the year ended 30 June 2023	9,987	0	619,710	0	0	629,697

SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>Fair Value</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	2023	Price per hectare / market borrowing rate
Land - freehold land	3	Market approach using recent observable market data for similar properties with adjustments to reflect the existing use or zoning of the land restrictions	Independent registered valuer	2023	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2023	Market sales evidence
Buildings - non-specialised	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2023	Market sales evidence
Buildings - specialised	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2023	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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF CUE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying value measurements (Continued)

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>Cost</b>					
Furniture and equipment	N/A	N/A	Cost	N/A	N/A
Plant and equipment	N/A	N/A	Cost	N/A	N/A

SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Roads	Parks and ovals	Other infrastructure	Airport	Drainage and sewerage	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	36,925,019	1,221,556	1,454,361	1,365,972	204,651	41,171,559
Additions	2,019,879	69,580	252,249	0	0	2,341,708
(Disposals)	0	0	0	0	0	0
Depreciation (expense)	(2,006,144)	(110,739)	(74,617)	(100,675)	(6,783)	(2,298,958)
<b>Balance at 30 June 2022</b>	36,938,754	1,180,397	1,631,993	1,265,297	197,868	41,214,309
<b>Comprises:</b>						
Gross balance	59,323,225	2,325,012	2,408,997	2,742,606	510,000	67,309,840
Accumulated depreciation	(22,384,471)	(1,144,615)	(777,004)	(1,477,309)	(312,132)	(26,095,531)
<b>Balance at 30 June 2022</b>	36,938,754	1,180,397	1,631,993	1,265,297	197,868	41,214,309
Additions	433,517	5,713	80,002	1,038,492	0	1,557,724
(Disposals)	0	0	0	0	0	0
Revaluation adjustments:						
Increments / (decrements)	11,514,229	498,629	(11,563)	45,673	648,915	12,695,883
(Loss) / reversals to profit or loss	0	0	(96,803)	0	0	(96,803)
Depreciation (expense)	(1,796,041)	(118,946)	(77,882)	(100,862)	(6,783)	(2,100,514)
Transfers	(39,860)	40,107	(247)	0	0	0
<b>Balance at 30 June 2023</b>	47,050,599	1,605,900	1,525,500	2,248,600	840,000	53,270,599
<b>Comprises:</b>						
Gross balance	73,113,075	2,980,700	2,213,700	3,209,600	1,600,000	83,117,075
Accumulated depreciation	(26,062,476)	(1,374,800)	(688,200)	(961,000)	(760,000)	(29,846,476)
<b>Balance at 30 June 2023</b>	47,050,599	1,605,900	1,525,500	2,248,600	840,000	53,270,599

SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE (Continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>Fair Value</b>					
Roads	3	Cost approach using depreciated replacement cost (gross valuation method)	Management valuation	2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Parks and ovals	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Airport	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Drainage and sewerage	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

## **10. FIXED ASSETS**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Fixed assets**

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

#### **Initial recognition and measurement for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with Local Government (*Financial Management*) Regulation 17A. Where acquired at no cost, the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

#### **Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date consistent with *Local Government (Financial Management) Regulation 17A(4)*.

#### **Revaluation**

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Local Government (Financial Management) Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**10. FIXED ASSETS (Continued)**

**(a) Depreciation**

<b>Asset class</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings - non-specialised	170,260	162,403	162,327
Buildings - specialised	503,554	517,107	517,265
Furniture and equipment	12,541	11,180	11,092
Plant and equipment	182,988	178,550	178,852
Roads	1,796,041	2,006,640	2,006,144
Parks and ovals	118,946	109,496	110,739
Other infrastructure	77,882	73,914	74,617
Airport	100,862	99,200	100,675
Drainage and sewerage	6,784	10,170	6,784
	<b>2,969,858</b>	<b>3,168,660</b>	<b>3,168,495</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation rates**

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

<b>Asset</b>	<b>Years</b>	<b>Asset</b>	<b>Years</b>
Roads and streets		Land*	-
Unformed subgrade*	-	Buildings	15 to 80
Formed subgrade*	-	Furniture and equipment	02 to 15
Unsealed pavement	11	Plant and equipment	02 to 20
Sealed pavement	44	Parks and ovals	12 to 50
Seal	17	Other infrastructure	10 to 60
Footpaths - slab	40	Sewerage piping	75
Grids	80	Water supply:	
Kerbing	40	piping systems	75
Culverts	80	drainage systems	75
Signs	20		
Floodways	10 to 76		
Right of use (buildings)	Based on the remaining lease		
Right of use (plant and equipment)	Based on the remaining lease		

\* - Not depreciated

**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

**Impairment**

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 or losses on disposal**

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

**Depreciation on revaluation**

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

- (a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

**SHIRE OF CUE**  
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**11. REVALUATION SURPLUS**

	Opening balance	Revaluation increment	Revaluation (decrement)	Total movement	Closing balance
	\$	\$	\$	\$	\$
<b>(a) 2022/23 Actual</b>					
Land and buildings	6,461,177	3,183,015	0	3,183,015	9,644,192
Roads	31,263,338	11,514,231	0	11,514,231	42,777,569
Parks and ovals	0	498,629	0	498,629	498,629
Other infrastructure	11,563	0	(11,563)	(11,563)	0
Airport	972,579	45,673	0	45,673	1,018,252
Drainage and sewerage	107,259	648,915	0	648,915	756,174
	<u>38,815,916</u>	<u>15,890,463</u>	<u>(11,563)</u>	<u>15,878,900</u>	<u>54,694,816</u>
<b>(b) 2021/22 Actual</b>					
Land and buildings	6,461,177	0	0	0	6,461,177
Roads	31,263,338	0	0	0	31,263,338
Parks and ovals	0	0	0	0	0
Other infrastructure	11,563	0	0	0	11,563
Airport	972,579	0	0	0	972,579
Drainage and sewerage	107,259	0	0	0	107,259
	<u>38,815,916</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>38,815,916</u>

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**12. TRADE AND OTHER PAYABLES**

	<u>2023</u>	<u>2022</u>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Revenue received in advance	33,100	22,059
Sundry creditors	1,613,379	256,110
Accrued salaries and wages	29,358	78,153
ATO payables	48,232	62,420
Accrued expenses	39,021	34,456
Deposits and bonds	40,010	23,000
	<u>1,803,100</u>	<u>476,198</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Revenue received in advance**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

**Revenue received in advance (Continued)**

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

**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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**13. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current	96,154	94,465
Non-current	560,414	656,568
	<u>656,568</u>	<u>751,033</u>

The Shire of Cue has complied with the financial covenants of its borrowing facilities during the 2022 and 2023 years.

**(b) Repayments - Borrowings**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Housing - GROH Housing</b>			
Principal repayments	94,465	94,500	92,806
Interest payments	12,109	15,000	13,783
Borrowing costs	4,765	5,000	5,425
	<u>16,874</u>	<u>20,000</u>	<u>19,208</u>

**Principal Outstanding**

Principal outstanding at 01 Jul	751,033	751,033	843,839
Principal repayments	(94,465)	(94,500)	(92,806)
Principal outstanding at 30 Jun	<u>656,568</u>	<u>656,533</u>	<u>751,033</u>

**Loan details**

Institution	Western Australian Treasury Corporation
Type	Fixed rate annuity
Amount of advance	\$980,000
Date of advance	01 Jul 2019
Maturity date	01 Jul 2029
Term	10 years
Repayment schedule	Bi-annual
Interest rate	1.78%

All loan repayments were financed by general purpose revenue.

**New Loans**

The Shire did not enter into any new loan agreements during the year ended 30 June 2023.

**Unspent Borrowings**

There were no unspent borrowings at reporting date.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**13. INFORMATION ON BORROWINGS (Continued)**

**(c) Undrawn Borrowing Facilities**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	(14,354)	(15,000)
<b>Total amount of credit in use</b>	<b>646</b>	<b>0</b>
<b>Loan facilities</b>		
Loan facilities - current	96,154	94,465
Loan facilities - non-current	560,414	656,568
<b>Total facilities in use at balance date</b>	<b>656,568</b>	<b>751,033</b>
Unused loan facilities at balance date	0	0

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 27) due to the unobservable inputs, including own credit risk.

SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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14. PROVISIONS

(a) Employee Related Provisions

	Provision for annual leave	Provision for long service leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2022</b>			
Current	145,778	46,570	192,348
Non-current	0	87,220	87,220
	<u>145,778</u>	<u>133,790</u>	<u>279,568</u>
Additional provision	23,227	25,674	48,901
Amounts used	(49,497)	(32,259)	(81,756)
<b>Balance at 30 June 2023</b>	<u>119,508</u>	<u>127,205</u>	<u>246,713</u>
<b>Comprises</b>			
Current	119,508	83,038	202,546
Non-current	0	44,167	44,167
	<u>119,508</u>	<u>127,205</u>	<u>246,713</u>

(b) Other Provisions

The Shire had not other provisions at reporting date.

## **14. PROVISIONS (Continued)**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Employee benefits**

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

#### **Short-term employee benefits**

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

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

#### **Other long-term employee benefits**

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 re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

#### **Provisions**

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

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

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**15. NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

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

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>

Cash and cash equivalents (refer Note 3)	4,044,031	513,063	3,657,749
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**Reconciliation of net cash provided by operating activities to net result**

Net result	3,201,337	6,954,770	2,508,050
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(921)	0	(999)
Fair value gain on acquisition of non-financial assets	(629,697)	0	(9,999)
Loss on revaluation of other infrastructure	96,803	0	0
Depreciation	2,969,858	3,168,660	3,168,495
(Profit)/loss on sale of asset	(1,745)	(9,000)	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(184,606)	730,189	729,248
(Increase)/decrease in inventories	(28,117)	0	9,440
Increase/(decrease) in revenue received in advance	11,040	0	(365,007)
Increase/(decrease) in payables	1,315,861	(38,357)	(646,196)
Increase/(decrease) in provisions	(32,855)	0	50,689
Capital grants, subsidies and contributions	<u>(1,220,778)</u>	<u>(9,500,290)</u>	<u>(2,100,852)</u>
Net cash from operating activities	5,496,180	1,305,972	3,342,869

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**16. CONTINGENT LIABILITIES**

The Shire is not aware of any contingent liabilities at reporting date.

**17. CAPITAL COMMITMENTS**

**(a) Capital Expenditure Commitments**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
Staff housing units	476,512	1,296,768
Historical cottage renovations	0	12,950
Window treatments for multiple buildings	0	20,904
Asphalt works on various roads	724,467	0
	<u>1,200,979</u>	<u>1,330,622</u>
Payable:		
- not later than one year	1,200,979	1,330,622

**(b) Operating Lease Commitments**

The Shire did not have any operating lease commitments at reporting date.

**18. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

**19. INVESTMENT IN ASSOCIATES**

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

**20. INVESTMENT PROPERTIES**

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

**21. ELECTED MEMBERS REMUNERATION**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Fees, expenses and allowances to be paid or reimbursed to elected council members			
President's allowance	11,160	11,160	10,896
Deputy President's allowance	2,793	2,800	2,724
Meeting Fees	23,456	30,500	25,767
Travelling expenses / reimbursements	6,531	19,500	9,723
Telecommunications allowance	24,360	24,500	24,070
	<u>68,300</u>	<u>88,460</u>	<u>73,180</u>

22. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) compensation

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

	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	467,733	448,087
Post-employment benefits	68,873	63,970
Other long-term benefits	2,341	37,883
Council members costs	68,300	73,180
	<u>607,247</u>	<u>623,120</u>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

These amounts represent termination benefits paid to KMP.

22. RELATED PARTY TRANSACTIONS (Continued)

**Transactions with related parties**

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

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

The following transactions occurred with related parties:

	2023 Actual \$	2022 Actual \$
Sale of goods and services	0	0
Purchase of goods and services:		
Key management personnel	0	9,935
Other related parties	18,202	3,636
	18,202	13,571

**Joint venture entities:**

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

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

**Amounts payable to related parties:**

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

**Related Parties**

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

*Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel and are detailed in Note 22.

*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.

*Other related parties*

Close family members of key management personnel and for entities controlled or jointly controlled by any of the key management personnel or their close family members.

SHIRE OF CUE  
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FOR THE YEAR ENDED 30 JUNE 2023

23. RATING INFORMATION

(a) Rates

Differential general rate / general rate	2023 Actual			2023 Budget	2022 Actual
	Rate in	Number of properties	Rateable value	Total revenue	Total revenue
Gross rental valuations	\$	#	\$	\$	\$
GRV residential	0.103088	84	557,306	57,452	61,257
GRV commercial	0.103088	7	487,440	50,249	33,234
GRV vacant land	0.103088	0	0	0	0
GRV M & T workforce	0.154632	5	598,432	92,537	74,025
UV mining	0.272505	379	8,635,328	2,353,170	2,240,510
UV pastoral	0.080990	13	548,580	44,429	42,270
<b>Sub-total</b>		<b>488</b>	<b>10,827,086</b>	<b>2,597,837</b>	<b>2,451,296</b>
<b>Minimum payment</b>					
Gross rental valuations					
GRV residential	477	52	148,085	24,804	21,761
GRV commercial	477	0	0	0	0
GRV vacant land	477	37	5,397	17,649	16,668
GRV M & T workforce	477	0	0	0	0
UV mining	477	142	123,532	67,734	60,653
UV pastoral	477	5	16,852	2,385	2,315
<b>Sub-total</b>		<b>236</b>	<b>293,866</b>	<b>112,572</b>	<b>101,397</b>
		<b>724</b>	<b>11,120,952</b>	<b>2,710,409</b>	<b>2,552,693</b>
Discounts/incentives (refer Note 23(d))				(2,496)	(2,407)
Rates written-off				(23,754)	(2,115)
<b>Total amount raised from general rates</b>				<b>2,684,159</b>	<b>2,548,171</b>
Interim and back rates				1,358	49,925
<b>Totals</b>				<b>2,685,517</b>	<b>2,598,096</b>

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates (refer Note 12).

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**23. RATING INFORMATION (Continued)**

**(b) Specified area rate**

No specified area rates were imposed by the Shire during the year ended 30 June 2023.

**(c) Service charges**

No service charges were imposed by the Shire during the year ended 30 June 2023.

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

**Rates discounts**

<b>Rate or fee</b>			<b>2023</b>	<b>2023</b>	<b>2022</b>
<b>Discount granted</b>	<b>Incentive</b>	<b>Discount</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Discount	N/A	20.0%	1,496	6,355	1,407
Incentive Draw	1,000	N/A	1,000	1,000	1,000
			<u>2,496</u>	<u>7,355</u>	<u>2,407</u>

**Circumstances in which discount/incentive is granted**

**Discount**

Provided to rate payers of this category whose payment of the full amount owing, including arrears and service charges is received on or before 35 days after the date appearing on the rate notice.

**Incentive Draw**

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

**Waivers or concessions**

No waivers or concessions were offered during the year ended 30 June 2023.

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**23. RATING INFORMATION (Continued)**

**(e) Instalment Options and Due Dates**

**Option one**

Single full payment 05 Oct 2022

**Option two**

First instalment 05 Oct 2022

Second instalment 07 Dec 2022

Third instalment 08 Feb 2023

Fourth instalment 12 Apr 2023

The instalment plan administration charge is \$15 with an interest rate of 3.0%.

The interest rate on unpaid rates is 7.0%.

**(f) Interest Charges**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on unpaid rates	11,017	13,000	11,283
Interest on instalment plan	934	5,500	495
	<b>11,951</b>	<b>18,500</b>	<b>11,778</b>

SHIRE OF CUE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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24. RECONCILIATION OF SURPLUS OR DEFICIT

(a) Net Current Assets Used in the Statement of Financial Activity

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>Current assets</b>				
Cash and cash equivalents	3	4,044,031	513,063	3,657,749
Receivables and other assets	5	963,249	47,803	766,693
Inventories	6	62,342	34,225	34,225
Financial assets	7	11,769,966	5,625,948	8,942,156
<b>Current liabilities</b>				
Other liabilities	2(b)	(290,195)	0	(123,827)
Trade and other payables	12	(1,803,100)	(402,743)	(476,198)
Borrowings	13(a)	(96,154)	(94,500)	(94,465)
Employee related provisions	14(a)	(202,546)	(192,348)	(192,348)
		14,447,593	5,531,448	12,513,985
<b>Total adjustments to net current assets</b>				
Reserves - cash backed	4	(7,396,396)	(5,625,948)	(6,428,948)
Loan liability - current	13(a)	96,154	94,500	94,465
<b>Net funding position at 30 June</b>		7,147,351	0	6,179,502

(b) Reconciliation of Net Current Assets Carried Forward

In accordance with *Local Government (Financial Management) Regulations 1996 s36(1)(b)*, the following reconciliation provides the difference between the net current assets carried forward of the audited annual report and the amount carried forward for the purpose of the budget.

Net current assets carried forward from the audited annual report	7,147,351
Net current assets carried forward for the purpose of the budget	7,180,910
Difference - Surplus / (Deficit)	(33,559)

**SHIRE OF CUE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire is not aware of any events occurring after the end of the reporting period.

**26. TRUST FUNDS**

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

	<u>01 Jul 22</u>	<u>Amounts received*</u>	<u>Amounts paid</u>	<u>30 Jun 23</u>
	\$	\$	\$	\$
Cue Land Conservation District Committee	2,080	2	0	2,082
	<u>2,080</u>	<u>2</u>	<u>0</u>	<u>2,082</u>

\* - The Trust account is a no fee no interest account. During the year, Commonwealth Bank accidentally paid interest to the Trust.

## **27. OTHER SIGNIFICANT ACCOUNTING POLICIES**

### **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.

### **Current and non-current classification**

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

### **Rounding off figures**

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

### **Comparative figures**

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

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

### **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.

### **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.

**27. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair value of assets and liabilities**

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

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

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

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

**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.

**27. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Valuation techniques**

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

***Market approach***

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

***Income approach***

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

***Cost approach***

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

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

**Impairment of assets**

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

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

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

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



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2023 Shire of Cue

To the Council of the Shire of Cue

### Opinion

I have audited the financial report of the Shire of Cue (Shire) which comprises:

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a

material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

## **Responsibilities of the Chief Executive Officer and Council for the financial report**

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

## **Auditor's responsibilities for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## **My independence and quality management relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Cue for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Patrick Arulsingham  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
28 November 2023