



Shire of Cue
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SHIRE OF CUE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2022



TABLE OF CONTENTS

SHIRE PRESIDENT’S REPORT	2
CHIEF EXECUTIVE OFFICER’S REPORT	3
MAJOR PROJECTS AND INITIATIVES FOR 2021-2022	5
MAJOR PROJECTS AND INITIATIVES FOR 2022-2023	6
DISABILITY ACCESS AND INCLUSION PLAN	7
LIBRARY SERVICES.....	8
PUBLIC INTEREST DISCLOSURES	10
FREEDOM OF INFORMATION	10
RECORDKEEPING PLAN	10
NATIONAL COMPETITION POLICY	10
STAFF SALARY BANDS	10
COUNCIL MEMBERS	11
INTEGRATED PLANNING AND REPORTING.....	12
SUMMARY FINANCIAL DATA.....	17
ANNUAL FINANCIAL REPORT	19

SHIRE PRESIDENT'S REPORT

The Council continues to meet the challenges and opportunities that have presented themselves over the year. This has again seen us working through the challenges of the continuing COVID-19 restrictions with border closures in place at the beginning of the financial year, and the lifting of these in February which brought with it changes to the way the Shire operated for a number of months.

I would like to acknowledge the passing of Councillor Fred Spindler in August 2021 and appreciate the contribution he made to the Cue community over the years he served as a Councillor. The Local Government elections held in October 2021 saw the re-election of Elizabeth Houghton and Ian Dennis as well as Councillor Julie Humphreys.

The Shire has put in place two road use agreements for ore haulage on Shire roads. This has been accompanied by sealing works on Miners Pass and Beringarra-Cue Road to bring the roads up to the standard required for the additional traffic.

The year saw a review of our Strategic Community Plan with consultation and input from the community via surveys. There were thirty-six responses from the community which saw only minor updates to the original plan.

The construction of two Government Regional Officers Houses (GROH) were completed by the Shire and provide new accommodation for our Police. The Shire also completed a new Tourist Park managers house and reception office.

A new Aboriginal Cultural Heritage Act was passed through Parliament. The Deputy Shire President, Chief Executive Officer and myself have actively been involved in co-consultation forums. The process is to provide feedback and suggestions to the Department of Planning Lands and Heritage on the proposed regulations and policies. This includes due-diligence assessments, activity tables, consultation guidelines, engagement with knowledge holders and prescribed timeframes. We are also advocating that local aboriginal people be engaged as part of the process and offered potential employment opportunities as local knowledge holders.

The new Water Corporation water treatment plant at the bore field North of town is fully commissioned and providing noticeably improved water quality to the residents of the town.

I thank the Councillors and Shire staff for their continued commitment and dedication to the Cue community and look forward to working with you into the future for the benefit of the community.

Councillor Ross Pigdon
Shire President

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present the Shire of Cue Chief Executive Officer's report having completed my first full year in this position. It has been a very rewarding year leading the staff through the objectives of the Strategic Community Plans.

The Shire continues to also hold a sound financial position with a carried forward surplus of \$6,179,502. The Shire continues to maintain a healthy balance of \$6,428,948 in reserves for the future replacement of assets.

We have experienced delays with sourcing materials and engaging contractors to undertake project work which has caused some of our projects to stall. However, despite the challenges we still managed to complete a number of projects. This has included the following:

- New line marking of all town streets
- Expansion of the dual use pathway network
- Major works and resealing of 20kms of the Shire's Road network
- Sealing of the road train assembly area
- Swipe card automation for standpipe water access
- Shade sails for the outdoor gym area
- Construction of a walk trail, including solar lighting, up to the Cue Hill lookout
- 2kms of Rubbish tip fencing

We have been fortunate enough to have the services of a heritage stone mason who has undertaken considerable works on the exterior stonework on several of our historic buildings, which includes the Railway, Bank and Old Gaol buildings. Works continue to be ongoing for the following projects:

- Refurbishing and repurposing the Railway building into our Youth & Community centre
- Repurposing of the Old Gaol as a tourist attraction
- Construction of the five industrial shed units at Heydon Place
- Repurposing of the old Bank building to provide a business opportunity on the main street
- Renewal of plant of equipment

The Shire commenced the construction of four staff housing units to occupy two adjoining blocks on Dowley Street. The houses are expected to be delivered in the 2023 financial year. The Shire completed two houses for leasing back to Government Regional Officers Housing to provide accommodation for our Police Officers. The new residence and reception office at the Cue Tourist Park was also completed.

We explored the relocation of the Great Fingall Mine Office building from its current location into the Cue townsite. This included some exploratory works on the building to consider moving it in one piece. Unfortunately, the final cost for this project is prohibiting the further advancement at this stage.

During the year, the Shire undertook a review of our Workforce Plan through a consultant who interviewed all staff for their input. This has led to changes of the organisational structure and

continued improvement to the management and culture of the Shire. The Shire has also introduced a nine-day fortnight to provide for improved work life balance for employees.

Staff movements over the year has seen the appointment of Glenn Boyes to the position of Deputy Chief Executive Officer and a new Manager of Finance, Cheryl Walton. Janelle Duncan has returned to the Shire in the position of Executive Assistant. I would like to thank all the staff for their dedication and support over the year and look forward to continuing this into the future.

Richard Towell
Chief Executive Officer



MAJOR PROJECTS AND INITIATIVES FOR 2021-2022

The primary focus during the year was on roads, heritage buildings and the projects approved under the Local Roads and Community Infrastructure Program. The Shire experienced a large increase in prices during the year which caused some purchases to be deferred until the price reflects value for money.

Roads

The major project for the year was the resealing of Beringarra-Cue and Miners Pass roads. Road Use Agreements are now in place with Westgold Resources and Fenix Resources which includes the Shire's obligation to maintain the roads.

Housing

The Shire completed the GROH housing during the year. There are still some minor works to be completed with the Tourist Park house which will be finished in 2022-2023. The Shire also submitted a grant to build six unassisted living units on Stewart Street. Unfortunately, the grant was unsuccessful with the funding going to areas south of Perth.

Heritage Buildings

The Railway Station progressed over the year with landscaping, electrical and plumbing works carried out towards the end of the year. The stonework was completed on the Bank of WA and Old Gaol but are on hold until a feasible solution is found for the kitchen and roof (Bank of WA) and floors and doors (Old Gaol).

Local Roads and Community Infrastructure Program

The Shire continued works on the Local Roads and Community Infrastructure Program Phase 1 and 2 projects. The sealing of the runway was approved during the year and work is expected to commence in 2022-2023. Funding is allocated for the restoration of the Masonic Lodge, however the Shire must hold the title for the Masonic Lodge before the project can be submitted for approval which we expect to happen in the first half of 2022-2023. The Local Roads and Community Infrastructure Program projects are listed below:

Phase 1 Funding \$340,300

1. Road Train Assembly Area sealing
2. Refuse Site fencing
3. Outdoor Gym upgrades
4. Cue Hill Walk Trail

Phase 2 Funding \$230,626

1. Upgrade CCTV in Cue Townsite
2. Standpipe Automation
3. External works at the Railway Building

Phase 3 Funding \$680,600

1. Sealing of runway
2. Masonic Lodge

MAINTENANCE, CONSTRUCTION AND MAJOR PROJECTS

The Shire of Cue has continued its ongoing projects in 2021-2022 in road construction and maintenance. The Shire of Cue is responsible for approximately 800 kilometres of road network and worked on other major projects around the town site to improve amenities for the people and guests of Cue.

Some of the projects undertaken during the 2021-2022 financial year included:

- Complete construction of the two houses for Government Regional Officers Housing
- Construction of new Tourist Park Managers house and shed
- Renovations to the Railway Station
- Renovations to the Bank of WA
- Renovations to the Old Gaol
- Flood damage repairs to Shire Roads
- Seal the road train assembly area
- Resealing the Beringarra-Cue and Miners Pass roads
- Construction works on Cue-Wondinong road
- Heydon Place industrial development
- Fencing around the Refuse Site
- Outdoor Gym lighting and shade
- Cue Hill walk trail
- Standpipe automation on Marshall Street

PLANT AND MACHINERY PURCHASES

Some of the plant and machinery purchases included:

- LDV Cargo Van
- 950G Wheel Loader refurbish and upgrade
- Repaint and refurbish 140H Grader
- Kubota 3 Phase Generator

MAJOR PROJECTS AND INITIATIVES FOR 2022-2023

MAINTENANCE, CONSTRUCTION AND MAJOR PROJECTS

Some of the projects to be undertaken during the 2022-2023 financial year include:

- Construction of staff housing
- Renovations to Pension Huts
- Tourist Park landscaping and installation of shed
- Renovations to the Railway Station
- Renovations to the Bank of WA
- External works on the Old Gentleman's Club
- Rifle range ablutions and targets

- Cue-Wondinong roadworks
- Beringarra-Cue Road corrections
- Sealing of the runway
- Tourist Park cabins
- Transfer Station at the Refuse Site
- External upgrade of the Railway Building including landscaping
- Installation of playground equipment at the Youth and Community Centre
- Heydon Place industrial development
- Relocation of the Great Fingal Mine Office

PLANT AND MACHINERY PURCHASES

Some of the plant and machinery purchases include:

- Prime Mover
- Mini Excavator
- Skid Steer Loader
- 4 x 4 3 tonne Truck
- Town Crew tipping tray ute
- Community Bus

DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act requires local governments to report on their achievements in implementation of their Disability Access and Inclusion Plan each year.

Background

The Shire of Cue has a population of approximately 215 people according to the 2021 census figures. This population now includes a number of elderly people who face a range of potential barriers caused by a disability.

The disabilities encountered could include:

- Mobility impairment
- Vision impairment
- Hearing impairment

In December 2021 Council adopted the Shire's Disability Access and Inclusion Plan 2022-2027. The purpose of the Plan is to follow a set of standards to ensure that people with disability have equal access to the Shire's facilities and services.

Achievements

Dual Use Pathways

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

The pathways link the following facilities:

- Sporting Complex
- Accommodation
- Shire Offices
- Health Centre
- School
- Oasis Visitor Parking
- Cue Community and Visitor Centre
- Library
- Local businesses
- Shire Hall
- Residential areas

Further pathways are expected to be constructed in the next few years.

Public Areas and Buildings

The Shire continues to expand disabled and wheelchair access to infrastructure where possible and practicable. Some of the accessible facilities available in the Shire include:

- Post Office (CRC) is accessible
- Cue Cemetery Ablution Block. The toilet is wheelchair accessible. The seating area is designed with no steps or raised floor and has wheelchair suitable tables.
- The newly completed Heritage Discovery Centre, located within the Community Resource Centre grounds has been constructed to be wheelchair accessible.
- The Oasis Visitor Stop area includes a wheelchair accessible picnic setting.
- The Shire has portable ramps and a stair lift to assist with access to all areas of the Shire Administration Building and relocated the Library to the redeveloped Cue Community and Visitors Centre.
- The Railway Station is wheelchair accessible to the building and the ablutions

LIBRARY SERVICES

This year has seen more changes to improve the functionality of the Cue Public Library. The library has relocated to a larger space within the building and has acquired a new staff member. Patrons are benefitting from improved access because of this new larger location as the space between shelves allows for mobility aid access and it leaves the possibility for additional shelving to house the growth of the collection.

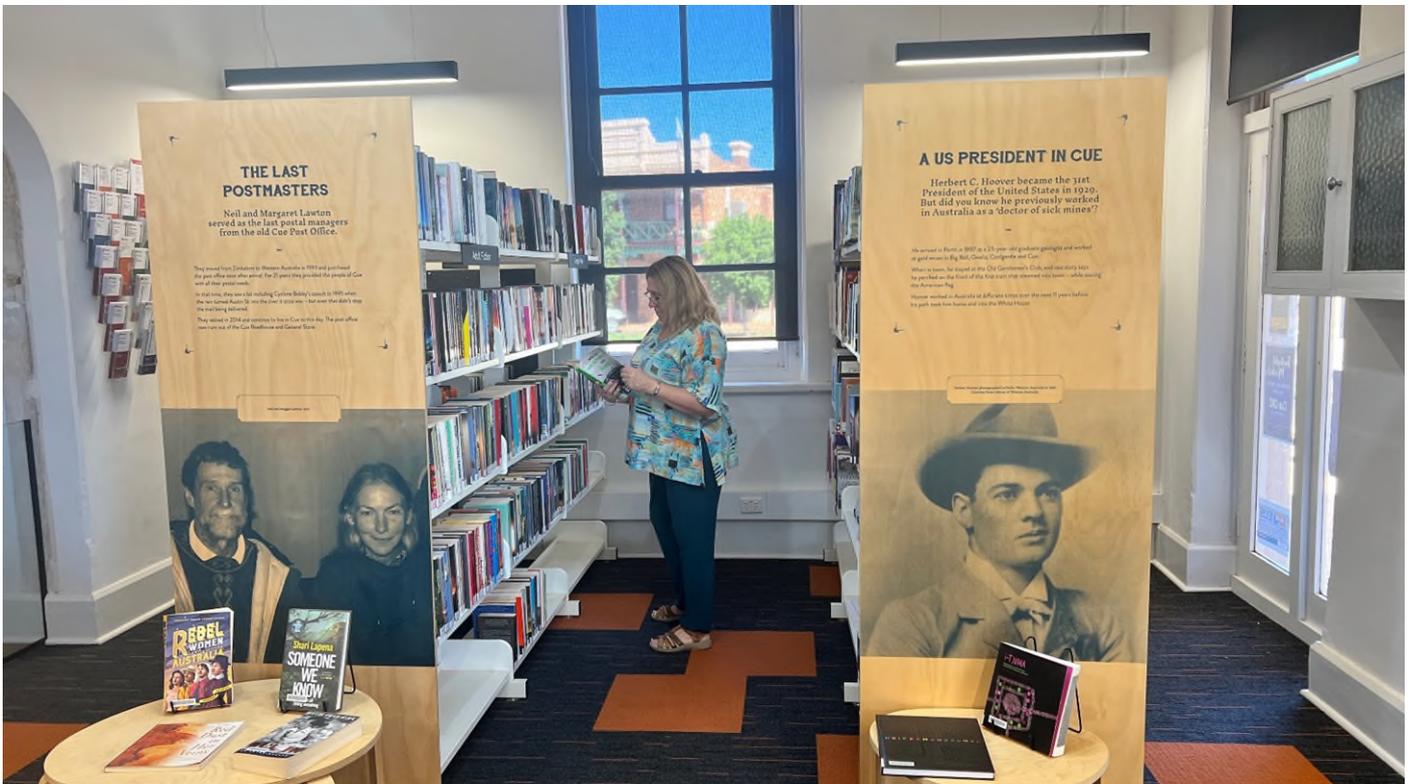
To increase the public access to digital content and devices, the library applied for and was successful in gaining, the State Library of WA's Technology and Digital Inclusion Public Internet Access Grants. This allowed the library to purchase a laptop which will be available for public internet use and for training purposes.

This financial year the library has focused on diversifying the types of items the library has to offer to its patrons and the wider community. With the purchase of new and interesting types of stock, in addition to the donations from the public and other library organisations and stock received

from the State Library, we hope to attract new members as well as satisfying our existing members' needs.

We have been actively working with the Cue Youth Centre to find stock that they could use and engage with. Items purchased included: PlayStation 4 games, Xbox Games and Puzzles and books suitable for youth.

In alliance with the Shires stance on sustainability, any old local stock or donated items that do not fit with our collections and are still in good condition are donated to the Cue Cuerosity Shoppe, the Cue Tourist Park or the Cue Youth Centre.



PUBLIC INTEREST DISCLOSURES

During 2021-2022 there were no complaints against Council members that resulted in action under *section 5.110(6)* of the *Local Government Act 1995*.

FREEDOM OF INFORMATION

The Shire of Cue will provide people with all necessary information held by the Council; however if we are unable to supply this information by less formal means, a Freedom of Information request can be made. In 2021-2022 there were no requests.

RECORDKEEPING PLAN

The Shire is continuing the implementation of a full and complete records management program as required under the *State Records Commission's Principles and Standards 2002*.

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

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

The Recordkeeping Plan was reviewed in 2020 and the review report noted by the State Records Commission. The report commits to submitting an amended Recordkeeping Plan by 07/10/2022.

The Shire conducts an ad hoc training program for all staff when needed covering topics such as:

- Record basics
- How to use the Record Management System
- How to use Keywords for Council

The recordkeeping training and induction program is currently under review. Results of that review will be actioned accordingly.

NATIONAL COMPETITION POLICY

Council operations in the 2021-2022 financial period did not fall within the requirements of the National Competition Policy.

STAFF SALARY BANDS

In accordance with the *Local Government (Administration) Regulations s5.2 r.19B*, set out below, in bands of \$10,000, is the number of employees of the Shire of Cue (excluding the CEO) entitled to an annual salary of \$130,000 or more.

Salary Range	Number of Employees
\$130,000 – \$140,000	1
Total	1

The total remuneration paid to the CEO in 2021-2022 was \$204,587.

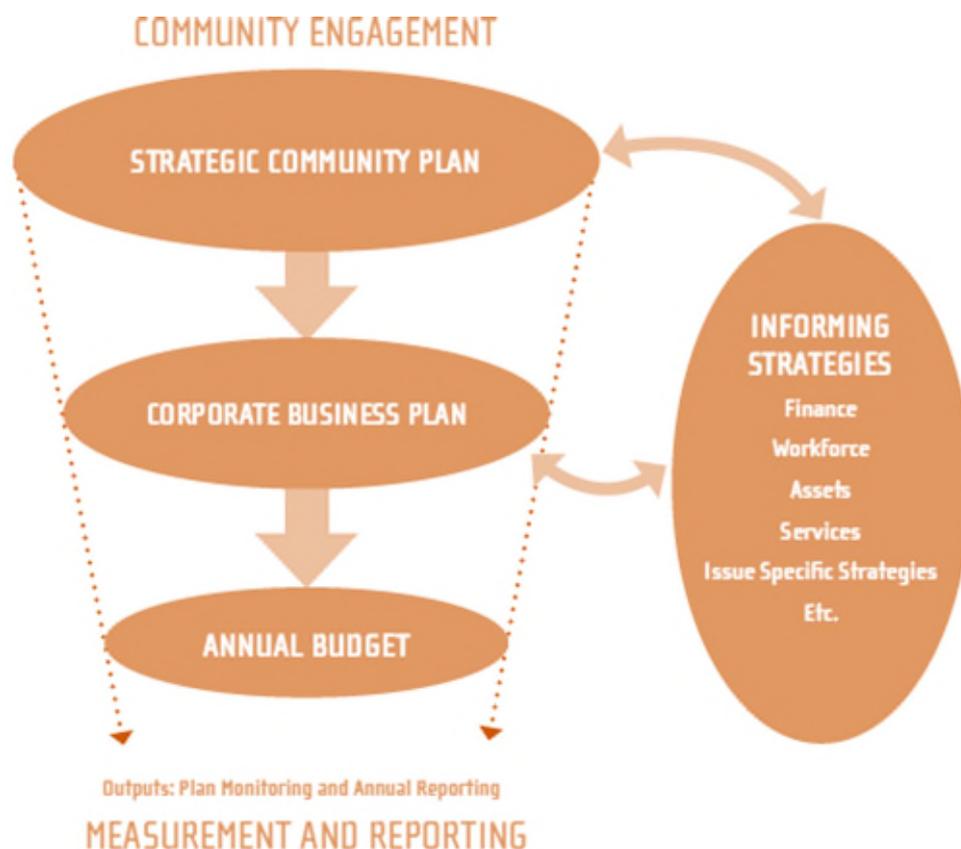
COUNCIL MEMBERS

In accordance with the *Local Government (Administration) Regulations s5.2 r.19B*, the following outlines information related to the Shire's Council Members. Further information can be found in Note 24 of the Annual Financial Report.

Councillors	1	2	3	4	5	6	7
Meetings	16	16	17	15	14	15	15
Gender	M	M	M	M	F	F	F
Language			English				
Birthplace			Aus				
Identify as Aboriginal or TSI							
Between 18 and 24 years							
Between 25 and 34 years							
Between 35 and 44 years							
Between 45 and 54 years						X	X
Between 55 and 64 years					X		
Over 64 years	X	X	X	X			

INTEGRATED PLANNING AND REPORTING

UNDERSTANDING THE PROCESS



The new framework aims to ensure that:

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

The reforms to the *Local Government Act 1995* include changes to the Integrated Planning and Reporting process. Therefore, it is expected the current strategic plans will change in the next few years once the reforms are complete.

STRATEGIC COMMUNITY PLAN

The Shire of Cue updated its Strategic Community Plan (SCP) and Corporate Business Plan after consultation with the Community during the 2021–2022 year. The plans are flexible and align with

the objectives and aspirations of the community. The Cue Community, along with other government agencies and stakeholders, were invited to share their visions and aspirations for the future and to participate in its review. The updated SCP was adopted by the Shire on behalf of the community on the 17 May 2022.

The Strategic Community Plan was promoted in the local newspaper (Dryblower), on local notice boards, the Shire's website and Facebook page. The engagement approach utilised a range of methods including targeted stakeholder discussions, surveys distributed to Councillors, Pastoralists, Shire Staff and local businesses. E-surveys were advertised and a link provided on the Shire's website.

We received a response from 36 individuals after completing the survey. The input received covered all aspects of community life including social, economic, environment and leadership.

Throughout the process of community engagement, more than 20 percent of the community across the Shire provided input into the development of the plan.

CORPORATE BUSINESS PLAN

The Corporate Business Plan (CBP) determines the long-term financial model required to meet the strategies developed in the SCP. Each year of the CBP forms the foundation of the Annual Budget by incorporating the operational and capital programs from it.

The plans have been developed to guide Council decisions based on the visions and aspirations of the local community. The Corporate Business Plan was reviewed in 2022 along with the Workforce Plan.

The following strategies / plans have been developed to assist with the implementation of the Strategic Community Plan:

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

FUTURE PROJECTS AND INITIATIVES

The following lists some of the projects which have been budgeted for the next financial year:

- \$1,530,000 for four staff houses
- \$ 490,000 for staff housing
- \$3,889,220 to construct unassisted living units
- \$ 220,000 for new playground equipment
- \$ 94,000 for renovations to the Old Gentleman's Club
- \$ 150,000 for Tourist Park buildings
- \$1,112,000 to fund the Shire's plant replacement program
- \$ 35,000 for upgrades to the Cue Cemetery
- \$ 90,000 toward repurposing of the Railway Station building
- \$2,000,000 for the relocation of the Great Fingall Mine Office
- \$ 350,000 towards renovation of the Bank of WA
- \$ 665,000 towards renovation of the Masonic Lodge
- \$ 90,000 for upgrades to the Town Hall
- \$ 50,000 for works depot improvements
- \$ 150,000 for development of the Old Gaol
- \$ 60,000 improvements to the Old Municipal Building
- \$ 240,000 development of deep sewerage plan
- \$ 175,000 improvements to the waste facility site
- \$1,000,000 improvements to Cue Airport runway
- \$ 250,000 Heydon Place Industrial development
- \$ 40,000 for Tourist Park improvements
- \$ 50,000 for extension of the CCTV network
- \$ 30,000 for Standpipe automation
- \$ 53,000 for RV site and Oasis Visitor Parking improvements
- \$ 180,000 towards grid widening

More information can be found in the Shire's 2022-2023 Annual Budget.

STRATEGIC COMMUNITY PLAN OUTCOMES

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

Outcomes		Results
Economic	<p>Continue to develop industrial area and incubator hub</p> <p>Develop strategies to increase number of tourists visiting the Shire</p> <p>Maximise local economic opportunities to benefit the whole community</p>	<ul style="list-style-type: none"> Continue development of units in the industrial area. Plans for further development of land in the industrial area. Complete feasibility study to move the Great Fingall Mine Office to Cue townsite. Continue renovations of the Old Gaol. Continue renovations and repurposing of the Railway Building and Bank of WA.
Leadership	<p>A strategically focused and unified Council functioning efficiently.</p>	<ul style="list-style-type: none"> Regular Council meetings and forums are held to facilitate transparent and informed decision making, including Cue Parliament. Elected Members continue to monitor and follow up community requests. Lobby for the upgrade to the town's drinking water. Ongoing commitment for Staff and Elected Member training. More social events being organised to benefit the social wellbeing of the townsfolk.
Social	<p>Community infrastructure that meets the needs of our Residents.</p> <p>Encourage community participation and services.</p>	<ul style="list-style-type: none"> Continue working with State Government to ensure effective management of local housing. Liaising with WACHS to ensure our Cue Nursing Post always has a Nurse in attendance and our town is not left vulnerable. Continue working with the Town Planner to update the Town Planning Scheme. Commenced Youth Program. Purchase and renovate staff house. Completed upgrade to the Town Hall.

Environment	<p>To protect and uphold our natural environment.</p> <p>Maintain and improve our built environment</p> <p>Implement sustainability and protection resources for the future of the area.</p>	<ul style="list-style-type: none"> • Active management of Local Government natural areas of conservation value • Support construction of the Murchison Vermin Cell. • Continue to provide free rubbish bags to the public to collect rubbish within the Shire. • Continue with the program of new footpaths. • Complete feasibility study to move the Great Fingall Mine Office. • Town Street reseals. • Upgrades to depot workshop. • Planting of new trees within the townsite.
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SUMMARY FINANCIAL DATA

	2021-2022	2020-2021	2019-2020	2018-2019
	\$	\$	\$	\$
Operating Revenue	8,919,025	9,035,096	6,823,763	5,880,459
Operating Expenditure	8,511,827	9,051,381	7,518,117	6,470,776
Capital Expenditure	2,909,606	5,956,562	2,197,934	2,418,355
Non-Operating Grants	2,100,852	3,237,551	215,804	163,150

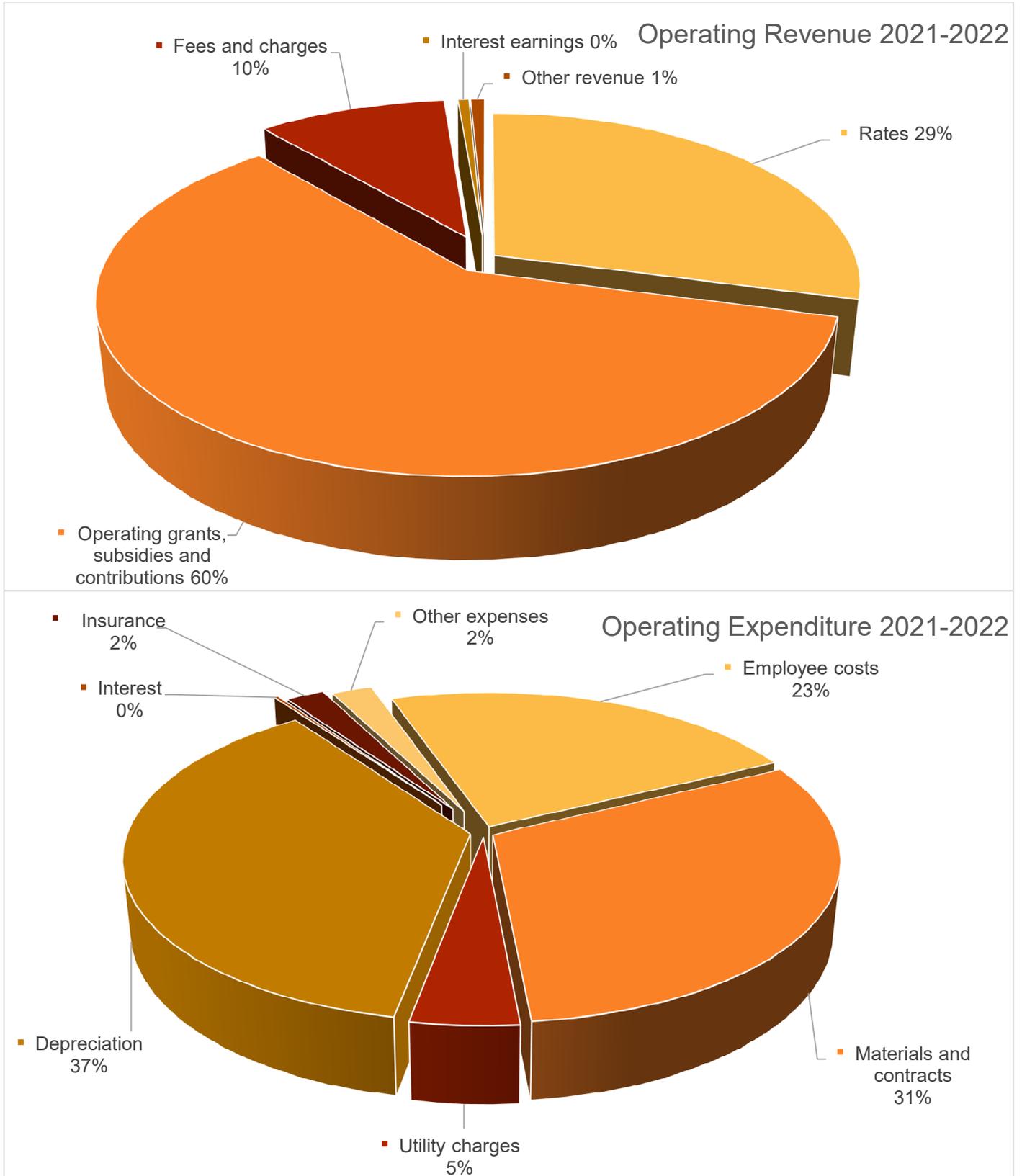
Operating revenue for 2021-2022 is \$8,919,025. Flood damage reimbursements for the year equalled \$1,557,944. Rates revenue collected was \$2,598,096 and operating grants, subsidies and contributions amounted to \$3,761,611 (excluding flood damage reimbursements). Additional operating revenue consisted of fees and charges \$884,800, interest earnings \$51,826 and other revenue \$53,750.

Operating expenditure consists of employee costs \$1,958,109, materials and contracts of \$2,623,120 with \$1,714,712 being made up of flood damage repair works. Utility charges \$372,503, interest expense \$19,208, insurance expense \$179,801 and other expenditure of \$190,591. Depreciation on non-current assets amounted to \$3,168,495.

Non-operating grants, subsidies and contributions totalled \$2,100,852 and capital expenditure for the year came to \$2,909,606. More details of capital expenditure can be found in Notes 8 and 9 of the Annual Financial Report.

Cash backed reserves started the year at \$5,906,621 with transfers to reserves for the year totalling \$672,327 for future projects and transfers from reserves totalling \$150,000. The closing balance for cash backed reserves for 2021-2022 equals \$6,428,948. More information on reserve accounts can be found in Note 4 of the Annual Financial Report.

GRAPHICAL OVERVIEW OF OPERATING REVENUE AND EXPENDITURE





Shire of Cue

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SHIRE OF CUE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2022

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

**SHIRE OF CUE
TABLE OF CONTENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

STATEMENT / NOTE	PAGE
Statement by Chief Executive Officer	3
Statement of Comprehensive Income by Nature or Type	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to the Financial Report	9
Independent Auditor's Report	56

**SHIRE OF CUE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cue for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Cue at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 14th day of December 2022



Richard Towell
Chief Executive Officer

SHIRE OF CUE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	26(a)	2,598,096	2,498,645	2,432,703
Operating grants, subsidies and contributions	2(a)	5,319,555	1,759,510	5,609,433
Fees and charges	2(a)	884,800	855,380	777,755
Interest earnings	2(a)	51,826	61,280	81,445
Other revenue	2(a)	53,750	100,000	133,113
		<u>8,908,027</u>	<u>5,274,815</u>	<u>9,034,449</u>
Expenses				
Employee costs		(1,958,109)	(2,316,710)	(1,595,721)
Materials and contracts		(2,623,120)	(1,748,970)	(4,036,676)
Utility charges		(372,503)	(435,800)	(368,743)
Depreciation on non-current assets	10(b)	(3,168,495)	(2,703,700)	(2,687,808)
Interest expenses	2(d)	(19,208)	(22,500)	(21,590)
Insurance expenses		(179,801)	(194,000)	(182,327)
Other expenditure		(190,591)	(305,700)	(158,516)
		<u>(8,511,827)</u>	<u>(7,727,380)</u>	<u>(9,051,381)</u>
		396,200	(2,452,565)	(16,932)
Fair value adjustment to financial assets at fair value through profit or loss	7	999	0	647
Gain on acquisition of non-financial assets		9,999	0	0
Non-operating grants, subsidies and contributions	2(a)	2,100,852	8,882,020	3,237,551
Profit on asset disposals	10(a)	0	40,400	0
(Loss) on asset disposals	10(a)	0	(5,600)	0
		<u>2,111,850</u>	<u>8,916,820</u>	<u>3,238,198</u>
Net result for the period		<u>2,508,050</u>	<u>6,464,255</u>	<u>3,221,266</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	1,121,598
Total other comprehensive income for the period		<u>0</u>	<u>0</u>	<u>1,121,598</u>
Total comprehensive income for the period		<u><u>2,508,050</u></u>	<u><u>6,464,255</u></u>	<u><u>4,342,864</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 2022

	NOTE	2022	2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	3,657,749	2,632,911
Receivables and other assets	5	766,693	1,507,738
Inventories	6	34,225	43,665
Financial assets	7	8,942,156	7,897,116
TOTAL CURRENT ASSETS		<u>13,400,823</u>	<u>12,081,430</u>
NON-CURRENT ASSETS			
Receivables and other assets	5	20,227	8,430
Financial assets	7	19,451	18,452
Property, plant and equipment	8(a)	16,044,694	16,346,333
Infrastructure	9(a)	41,214,309	41,171,559
TOTAL NON-CURRENT ASSETS		<u>57,298,681</u>	<u>57,544,774</u>
TOTAL ASSETS		<u>70,699,504</u>	<u>69,626,204</u>
CURRENT LIABILITIES			
Other liabilities	2(c)	123,827	505,257
Trade and other payables	12	476,198	1,487,401
Borrowings	13(a)	94,465	92,806
Employee related provisions	14(a)	192,348	169,179
TOTAL CURRENT LIABILITIES		<u>886,838</u>	<u>2,254,643</u>
NON-CURRENT LIABILITIES			
Borrowings	13(a)	656,568	751,033
Employee related provisions	14(a)	87,220	59,700
TOTAL NON-CURRENT LIABILITIES		<u>743,788</u>	<u>810,733</u>
TOTAL LIABILITIES		<u>1,630,626</u>	<u>3,065,376</u>
NET ASSETS		<u>69,068,878</u>	<u>66,560,828</u>
EQUITY			
Retained surplus		23,824,014	21,838,291
Reserves - cash backed	4	6,428,948	5,906,621
Revaluation surplus	11	38,815,916	38,815,916
TOTAL EQUITY		<u>69,068,878</u>	<u>66,560,828</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 2022

	Note	Retained surplus \$	Reserves cash backed \$	Revaluation surplus \$	Total equity \$
Balance as at 1 July 2020		18,481,671	6,041,975	37,694,318	62,217,964
Net result for the period		3,221,266	0	0	3,221,266
Other comprehensive income	11	0	0	1,101,592	1,101,592
Additional assets to revaluation surplus*		0	0	20,006	20,006
Transfers from/(to) reserves	4	135,354	(135,354)	0	0
Balance as at 30 June 2021		<u>21,838,291</u>	<u>5,906,621</u>	<u>38,815,916</u>	<u>66,560,828</u>
Net result for the period		2,508,050	0	0	2,508,050
Other comprehensive income	11	0	0	0	0
Transfers from/(to) reserves	4	(522,327)	522,327	0	0
Balance as at 30 June 2022		<u><u>23,824,014</u></u>	<u><u>6,428,948</u></u>	<u><u>38,815,916</u></u>	<u><u>69,068,878</u></u>

* - As part of the revaluation in 2020/21, the Shire adjusted multiple existing assets to better reflect their fair value.

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 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Rates		2,657,681	2,498,645	2,433,168
Operating grants, subsidies and contributions		5,621,980	2,845,101	5,509,444
Fees and charges		884,800	855,380	779,800
Interest received		57,016	61,280	72,083
GST receipts on revenue		203,214	0	337,254
GST receipts from taxation authority		216,763	0	586,062
Other revenue*		53,750	100,000	159,506
		9,695,204	6,360,406	9,877,317

Payments

Employee costs*		(1,850,843)	(2,316,710)	(1,508,571)
Materials and contracts		(3,318,625)	(1,801,979)	(3,693,063)
Utility charges		(364,468)	(435,800)	(354,870)
Interest expenses		(20,356)	(22,500)	(22,643)
Insurance paid		(179,801)	(194,000)	(182,327)
GST payments on purchases		(427,651)	0	(925,651)
GST payments to taxation authority		0	0	0
Other expenditure		(190,591)	(305,700)	(158,516)
		(6,352,335)	(5,076,689)	(6,845,641)

Net cash provided by (used in) operating activities	15	3,342,869	1,283,717	3,031,676
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CASH FLOWS FROM INVESTING ACTIVITIES

Non-operating grants, subsidies and contributions		1,719,422	9,383,293	3,483,381
Proceeds from sale of property, plant and equipment		0	160,000	0
Purchase of property, plant & equipment		(557,899)	(7,061,600)	(2,910,178)
Purchase of infrastructure		(2,341,708)	(6,840,190)	(2,902,824)
Proceeds/(Payments) from financial assets at amortised cost		(1,045,040)	1,172,179	(2,306,637)
Net cash provided by (used in) investment activities		(2,225,225)	(3,186,318)	(4,636,258)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of borrowings		(92,806)	(92,800)	(91,176)
Proceeds from new borrowings		0	0	0
Net cash provided by (used in) financing activities		(92,806)	(92,800)	(91,176)

Net increase/(decrease) in cash held		1,024,838	(1,995,401)	(1,701,350)
Cash at beginning of year		2,632,911	2,632,906	4,334,261
Cash and cash equivalents at the end of the year	15	3,657,749	637,505	2,632,911

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

* - the receivable from other local governments, related to long service leave, is now shown as a non-current asset (refer Note 5).

**SHIRE OF CUE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
OPERATING ACTIVITIES				
Net current assets at 01 Jul - surplus/(deficit)	27(a)	4,012,972	4,130,145	4,009,069
Revenue from operating activities (excluding rates)				
Grants, subsidies and contributions	2(a)	5,319,555	1,759,510	5,609,433
Fees and charges	2(a)	884,800	855,380	777,755
Interest earnings	2(a)	51,826	61,280	81,445
Other revenue	2(a)	53,750	100,000	133,113
Profit on asset disposals	10(a)	0	40,400	0
		<u>6,309,931</u>	<u>2,816,570</u>	<u>6,601,746</u>
Expenditure from operating activities				
Employee costs		(1,958,109)	(2,316,710)	(1,595,721)
Materials and contracts		(2,623,120)	(1,748,970)	(4,036,676)
Utility charges		(372,503)	(435,800)	(368,743)
Depreciation on non-current assets	10(b)	(3,168,495)	(2,703,700)	(2,687,808)
Interest expenses	2(d)	(19,208)	(22,500)	(21,590)
Insurance expenses		(179,801)	(194,000)	(182,327)
Other expenditure		(190,591)	(305,700)	(158,516)
Loss on asset disposals	10(a)	0	(5,600)	0
		<u>(8,511,827)</u>	<u>(7,732,980)</u>	<u>(9,051,381)</u>
Non-cash amounts excluded from operating activities				
Less: Profit on asset disposals		0	(40,400)	0
Movement in employee benefit provisions (non-current)*		27,520	0	(11,417)
Movement in employee related receivable (non-current)*		(10,895)	0	(2,796)
Movement in pensioner deferred rates (non-current)		(902)	0	2,067
Add: Loss on disposal of assets		0	5,600	0
Add: Gain on fair value adjustment to non-financial assets		9,999	0	0
Add: Recognition of additional assets to revaluation surplus		0	0	20,006
Add: Depreciation on assets		3,168,495	2,703,700	2,687,808
Amount attributable to operating activities		<u>5,005,293</u>	<u>1,882,635</u>	<u>4,255,102</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,100,852	8,882,020	3,237,551
Proceeds from sale of property, plant and equipment	10(a)	0	160,000	0
Purchase of property, plant & equipment	8(a)	(567,898)	(7,061,600)	(3,053,738)
Purchase of infrastructure	9(a)	(2,341,708)	(6,840,190)	(2,902,824)
		<u>(808,754)</u>	<u>(4,859,770)</u>	<u>(2,719,011)</u>
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(92,806)	(92,800)	(91,176)
Proceeds from borrowings	13(b)	0	0	0
Transfers to reserves (restricted assets)	4	(672,327)	(682,780)	(69,646)
Transfers from reserves (restricted assets)	4	150,000	1,254,070	205,000
Amount attributable to financing activities		<u>(615,133)</u>	<u>478,490</u>	<u>44,178</u>
Surplus/(deficit) before imposition of general rates		<u>3,581,406</u>	<u>(2,498,645)</u>	<u>1,580,269</u>
Total amount raised from general rates	26(a)	<u>2,598,096</u>	<u>2,498,645</u>	<u>2,432,703</u>
Surplus/(deficit) after imposition of general rates	27(a)	<u>6,179,502</u>	<u>0</u>	<u>4,012,972</u>

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

* - the receivable from other local governments, related to long service leave, is now shown as a non-current asset (refer Note 5).

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

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 where no inconsistencies exist.

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.

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 31 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory or were applicable to its operations.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2021

1. BASIS OF PREPARATION (Continued)

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, 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:

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Borrowing liabilities
- Provisions
- Estimated fair value of certain financial and non-financial assets

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE, REVENUE RECOGNITION AND EXPENSES

(a) Revenue

Grant revenue

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

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	2,581,111	876,926	2,053,759
Law, order, public safety	6,669	7,500	7,923
Education and welfare	650	0	1,238
Recreation and culture	24,671	800	21,000
Transport	2,678,022	790,284	3,397,837
Economic services	(6,503)	0	47,553
Other property and services	34,935	84,000	80,123
	5,319,555	1,759,510	5,609,433
Non-operating grants, subsidies and contributions			
General purpose funding	377,613	1,239,135	12,393
Housing	0	1,000,000	0
Community amenities	0	340,000	0
Recreation and culture	350,000	2,190,000	0
Transport	1,251,739	3,977,885	3,165,927
Economic services	121,500	135,000	59,231
	2,100,852	8,882,020	3,237,551
Total grants, subsidies and contributions	7,420,407	10,641,530	8,846,984
Income excluding grants, subsidies and contributions			
General purpose funding	2,652,192	2,583,425	2,573,605
Law, order, public safety	897	1,500	425
Health	1,100	1,200	920
Education and welfare	0	0	0
Housing	113,942	94,295	26,547
Community amenities	89,008	88,385	84,042
Recreation and culture	5,588	8,800	12,030
Transport	271,772	175,000	182,456
Economic services	412,981	488,700	470,017
Other property and services	51,990	74,000	75,621
	3,599,470	3,515,305	3,425,663

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(a) Revenue (Continued)

Significant revenue	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Transport			
Flood damage restoration	1,557,944	1,786,000	3,272,789
Fees and charges			
General purpose funding	1,250	2,000	2,150
Law, order, public safety	898	1,500	425
Health	1,100	1,200	920
Housing	102,944	94,295	25,900
Community amenities	89,008	88,385	84,042
Recreation and culture	945	2,300	1,419
Transport	271,771	175,000	182,455
Economic services	399,347	453,700	452,014
Other property and services	17,537	37,000	28,430
	<u>884,800</u>	<u>855,380</u>	<u>777,755</u>

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

Interest earnings

Reserve accounts interest	31,191	32,780	54,009
Rates instalment and penalty interest (refer Note 26(e))	11,778	18,500	13,284
Other interest earnings	8,857	10,000	14,152
	<u>51,826</u>	<u>61,280</u>	<u>81,445</u>

Other revenue

Reimbursements and recoveries	29,910	43,500	32,611
Other	23,840	56,500	100,502
	<u>53,750</u>	<u>100,000</u>	<u>133,113</u>

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.

Fees and charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(b) Revenue - unrestricted

	Opening balance 01 Jul 20	Received 2021	Expended 2021	Closing balance 30 Jun 21	Received 2022	Expended 2022	Closing balance 30 Jun 22
	\$	\$	\$	\$	\$	\$	\$
Statutory revenue							
General rates (including waste disposal)	0	2,473,493	(2,473,493)	0	2,533,925	(2,533,925)	0
Statutory fees, permits and licences	0	9,410	(9,410)	0	9,193	(9,193)	0
Fines	0	0	0	0	0	0	0
Assets acquired below fair value							
Federal assistance grant - General	759,549	1,427,774	(1,449,837)	737,486	2,044,594	(1,538,742)	1,243,338
ESL grant	844	7,922	(8,126)	640	6,669	(7,309)	0
Federal assistance grant - Roads	237,163	625,985	(513,864)	349,284	536,517	(541,972)	343,829
MRWA subsidy	0	4,679	(4,679)	0	5,337	(5,337)	0
MRWA direct grant	0	117,140	(117,140)	0	130,284	(130,284)	0
Other funding	0	153,144	(153,144)	0	53,752	(53,752)	0
Reimbursements							
Flood damage reimbursement	0	3,272,789	(3,272,789)	0	1,557,944	(1,557,944)	0
Other reimbursements	0	32,611	(32,611)	0	29,910	(29,910)	0
Contracts with customers							
Fees and charges	0	706,545	(706,545)	0	814,242	(814,242)	0
Road User Agreement	0	0	0	0	984,458	(349,838)	634,620
Other revenue	0	101,149	(101,149)	0	23,840	(23,840)	0
	997,556	8,932,641	(8,842,787)	1,087,410	8,730,665	(7,596,288)	2,221,787

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(c) Revenue - restricted

	Opening balance 01 Jul 20	Received 2021	Expended 2021	Closing balance 30 Jun 21	Received 2022	Expended 2022	Closing balance 30 Jun 22
Payables							
Statutory revenue	\$	\$	\$	\$	\$	\$	\$
Prepaid rates	2,524	24,340	(23,534)	3,330	147,595	(128,866)	22,059
Other significant revenue							
Asset repair working capital	579,345	630,033	(825,642)	383,736	0	(383,736)	0
	581,869	654,373	(849,176)	387,066	147,595	(512,602)	22,059
Other liabilities							
Transfers to purchase / construct assets							
Railway building	0	0	0	0	350,000	(350,000)	0
Regional roads group	0	180,333	(180,333)	0	140,000	(140,000)	0
Roads to recovery	259,427	562,910	(772,396)	49,941	303,483	(353,424)	0
WABN shared pathways	0	169,799	(169,799)	0	0	0	0
Industrial development	0	0	0	0	121,500	(121,500)	0
LRCIP funding	0	467,709	(12,393)	455,316	46,124	(377,613)	123,827
Contributions	0	2,362,057	(2,362,057)	0	758,315	(758,315)	0
	259,427	3,742,808	(3,496,978)	505,257	1,719,422	(2,100,852)	123,827
	841,296	4,397,181	(4,346,154)	892,323	1,867,017	(2,613,454)	145,886

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(d) Expenses

	2022	2022	2021
	Actual	Budget	Actual
	\$	\$	\$
Expenses			
Governance	311,135	412,420	263,663
General purpose funding	209,566	284,280	172,685
Law, order, public safety	75,126	117,250	58,731
Health	69,202	109,580	61,267
Education and welfare	60,619	190,900	46,426
Housing	432,353	316,670	249,869
Community amenities	395,562	481,800	270,136
Recreation and culture	792,012	1,039,750	612,705
Transport	5,047,443	3,627,940	6,492,406
Economic services	1,089,988	1,119,010	805,227
Other property and services	28,821	27,780	18,266
	8,511,827	7,727,380	9,051,381

Significant expense

Materials and contracts

Transport

Flood damage restoration	1,714,712	1,940,000	3,431,238
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Interest expenses (finance costs)

Borrowings (refer Note 13(b))	19,208	22,500	21,590
	19,208	22,500	21,590

Auditors remuneration

Audit of the annual financial report	36,500	36,500	35,750
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SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue. It is recognised and measured at fair value once the performance obligations have been met. The following outlines the recognition criteria to be met for the revenue to be recognised as income:

- Rate revenue and prepaid rates are recognised as income when the taxable event occurs. Infringements are recognised as income when the infringement notice is issued.
- Fees and charges are recognised when the service is provided. Waste management services are paid up front for the year and recognised over time.
- Operating grants, subsidies and contributions are recognised as income based on the terms and conditions provided in the funding agreement. The revenue is recognised once the performance obligations are met or when the Shire gains control of the funds.
- Non-operating grants, subsidies and contributions are recognised based on the terms and conditions provided in the funding agreement. The terms and conditions can be explicit, such as milestones, or based on existing expenditure.
- The asset repair working capital is an advanced payment which is 20% of the estimated cost to repair the flood damage. This revenue received in advance is initially recognised as a current liability. Each payment then received by the Shire is reduced by an agreed upon amount (normally 25% of the amount invoiced). The amount withheld corresponds to the portion to be recognised from the asset repair working capital liability which is recognised as revenue.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

3. CASH AND CASH EQUIVALENTS

	NOTE	2022	2021
Cash and cash equivalents		\$	\$
Cash at bank and on hand		3,657,749	2,632,911
Total cash and cash equivalents		<u>3,657,749</u>	<u>2,632,911</u>
Other financial assets at amortised cost			
Term deposits	7	2,513,208	1,990,495
Term deposits - reserves	7	6,428,948	5,906,621
Total other financial assets at amortised cost		<u>8,942,156</u>	<u>7,897,116</u>
		<u>12,599,905</u>	<u>10,530,027</u>
Comprises:			
Unrestricted		6,002,071	3,723,083
Restricted		6,597,834	6,806,944
		<u>12,599,905</u>	<u>10,530,027</u>

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

Cash backed reserves	4	6,428,948	5,906,621
Deposits and bonds	12	23,000	8,000
Other liabilities	2(c)	145,886	892,323
Total restricted cash and cash equivalents		<u>6,597,834</u>	<u>6,806,944</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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, 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.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

4. RESERVES - CASH BACKED (Continued)

	Opening balance	Transfer to	Transfer (from)	Closing balance
	\$	\$	\$	\$
(a) 2021/22 Actual				
(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
	5,906,621	672,327	(150,000)	6,428,948
(b) 2021/22 Budget				
(a) Long service leave reserve	63,409	352	0	63,761
(b) Building maintenance reserve	598,347	3,321	(130,285)	471,383
(c) Plant replacement reserve	517,888	2,874	(200,000)	320,762
(d) Streetscape reserve	319,655	1,774	(123,000)	198,429
(e) Sports facilities reserve	123,079	683	0	123,762
(f) Tourist park development reserve	254,225	1,411	(140,000)	115,636
(g) Water playground reserve	61,147	339	0	61,486
(h) Beringarra road reserve	2,530,506	14,044	(150,000)	2,394,550
(i) Tourism reserve	124,168	689	(40,000)	84,857
(j) Housing / land development reserve	218,246	1,211	(150,000)	69,457
(k) Heritage reserve	631,446	3,504	(320,785)	314,165
(l) Road maintenance reserve	234,661	651,302	0	885,963
(m) Infrastructure reserve	229,844	1,276	0	231,120
	5,906,621	682,780	(1,254,070)	5,335,331
(c) 2020/21 Actual				
(a) Long service leave reserve	62,945	464	0	63,409
(b) Building maintenance reserve	648,556	4,791	(55,000)	598,347
(c) Plant replacement reserve	514,091	3,797	0	517,888
(d) Streetscape reserve	317,311	2,344	0	319,655
(e) Sports facilities reserve	122,177	902	0	123,079
(f) Tourist park development reserve	252,361	1,864	0	254,225
(g) Water playground reserve	60,699	448	0	61,147
(h) Beringarra road reserve	2,660,834	19,672	(150,000)	2,530,506
(i) Tourism reserve	123,258	910	0	124,168
(j) Housing / land development reserve	191,829	26,417	0	218,246
(k) Heritage reserve	626,815	4,631	0	631,446
(l) Road maintenance reserve	232,939	1,722	0	234,661
(m) Infrastructure reserve	228,160	1,684	0	229,844
	6,041,975	69,646	(205,000)	5,906,621

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

4. RESERVES - CASH BACKED (Continued)

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 to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve	Anticipated date of use	Purpose of the reserve
(a) Long service leave reserve	as required	to be used to fund long service leave requirements
(b) Building maintenance reserve	as required	to be used to fund maintenance and capital expenditure on Council owned building
(c) Plant replacement reserve	as required	to be used for the purchase or significant overhaul of major plant
(d) Streetscape reserve	as required	to be used to fund streetscape improvements within the town centre of Cue
(e) Sports 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 30TH JUNE 2022

5. RECEIVABLES AND OTHER ASSETS

	2022	2021
	\$	\$
Current		
Rates receivable	232,013	291,361
Sundry receivables	300,932	129,380
Allowance for impairment of receivables	(36,480)	(33,910)
Accrued income	256,747	1,110,386
ATO Receivables	8,396	721
Prepayments	5,085	9,800
	<u>766,693</u>	<u>1,507,738</u>
Non-current		
Pensioner's rates and ESL deferred	6,536	5,634
Employee Related Receivable*	13,691	2,796
	<u>20,227</u>	<u>8,430</u>

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

Rates outstanding (including non-current pensioners)

Includes:

Past due and not impaired	234,239	275,095
Impaired	4,310	21,900
	<u>238,549</u>	<u>296,995</u>

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

Up to one year	1,156	116,038
One to three years	109,703	109,787
Three or more years	127,690	71,170
	<u>238,549</u>	<u>296,995</u>

Sundry debtors

Includes:

Past due and not impaired	268,762	117,370
Impaired	32,170	12,010
	<u>300,932</u>	<u>129,380</u>

The table below illustrates the sundry debtors aging analysis

Up to one month	254,832	51,063
One to three months	5,146	26,644
Over three months	40,954	51,673
	<u>300,932</u>	<u>129,380</u>

Accrued income

The following illustrates the accrued income aging analysis

Up to 30 days	4,617	807,452
30 to 60 days	1,501	139
60 to 90 days	0	1,050
Over 90 days	250,629	301,745
	<u>256,747</u>	<u>1,110,386</u>

* - the receivable from other local governments, related to long service leave, is now shown as a non-current asset. In prior years it was allocated to the non-current portion of the employee related provisions.

5. RECEIVABLES AND OTHER ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Classification and subsequent measurement

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

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

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

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

6. INVENTORIES

Current

Fuel and materials
 History books

	<u>2022</u>	<u>2021</u>
	\$	\$
	29,197	38,361
	5,028	5,304
	<u>34,225</u>	<u>43,665</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

	43,665	28,161
	(17,104)	(5,140)
	7,664	20,644
	<u>34,225</u>	<u>43,665</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 30TH JUNE 2022

7. FINANCIAL ASSETS

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		\$	\$
Current assets			
Financial assets at amortised cost - term deposits	3	2,513,208	1,990,495
Financial assets at amortised cost - reserve term deposits	3	6,428,948	5,906,621
		<u>8,942,156</u>	<u>7,897,116</u>
Non-current assets			
Financial assets at fair value through profit and loss			
Local government house trust		19,451	18,452
		<u>19,451</u>	<u>18,452</u>

Local government house trust

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

The local government house trust update was received in January 2022. It reported net assets of \$12,059,569 for 620 units as at 30 Jun 21. Therefore the value of 1 unit in the local government house is \$19,451.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found in Note 28

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

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
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	427,674	1,427,896	7,535,033	55,328	2,945,149	12,391,080
Additions*	61,954	1,473,941	1,221,435	17,274	279,134	3,053,738
(Disposals)	0	0	0	0	0	0
Revaluation adjustments:						
Increments / (decrements)	222,372	(142,069)	1,021,289	0	0	1,101,592
Depreciation (expense)	0	(58,988)	(206,165)	(10,829)	(152,315)	(428,297)
Transfers	0	228,220	8,808	(8,808)	0	228,220
Balance at 30 June 2021	712,000	2,929,000	9,580,400	52,965	3,071,968	16,346,333
Comprises:						
Gross balance	712,000	6,491,000	21,627,500	72,155	3,487,472	32,390,127
Accumulated depreciation	0	(3,562,000)	(12,047,100)	(19,190)	(415,504)	(16,043,794)
Balance at 30 June 2021	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)
Balance at 30 June 2022	722,000	2,846,053	9,471,056	41,873	2,963,712	16,044,694
Comprises:						
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)
Balance at 30 June 2022	722,000	2,846,053	9,471,056	41,873	2,963,712	16,044,694

* - The recognition of additional assets to revaluation surplus (\$20,006), payment of land in lieu of outstanding rates (\$36,953) and the GST adjustment (\$86,601) are non-cash items. Therefore, total cash additions for 2020/21 is \$2,910,178.

** - Gain on acquisition of land (\$9,999).

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	2021	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	2021	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	2021	Market sales evidence
Buildings - non-specialised	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2021	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	2021	Market sales evidence
Buildings - specialised	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2021	Construction costs and current condition, residual values and remaining useful life assessments inputs

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

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
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	36,022,835	1,315,749	1,735,401	1,471,047	211,434	40,756,466
Additions	2,863,738	15,346	23,740	0	0	2,902,824
(Disposals)	0	0	0	0	0	0
Depreciation (expense)	(1,961,554)	(109,539)	(76,560)	(105,075)	(6,783)	(2,259,511)
Transfers	0	0	(228,220)	0	0	(228,220)
Balance at 30 June 2021	36,925,019	1,221,556	1,454,361	1,365,972	204,651	41,171,559
Comprises:						
Gross balance	57,303,346	2,255,432	2,156,748	2,742,605	510,000	64,968,131
Accumulated depreciation	(20,378,327)	(1,033,876)	(702,387)	(1,376,633)	(305,349)	(23,796,572)
Balance at 30 June 2021	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)
Balance at 30 June 2022	36,938,754	1,180,397	1,631,993	1,265,297	197,868	41,214,309
Comprises:						
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)
Balance at 30 June 2022	36,938,754	1,180,397	1,631,993	1,265,297	197,868	41,214,309

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Fair value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Parks and ovals	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Airport	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Drainage and sewerage	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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.

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 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 initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of 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 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Fixed assets held at cost

Furniture and equipment and plant and equipment are stated at cost less accumulated depreciation and impairment loss. Following a change to *Local Government (Financial Management) Regulation 17A*, furniture and equipment and plant and equipment are to be measured under the cost model rather than fair value. This change was effective from 01 Jul 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2022

10. FIXED ASSETS (Continued)

(a) Disposals of assets

(i) 2021/22 Actual

Property, Plant and Equipment
 Transport

No assets were disposed in 2021/22

Net book value	Sale proceeds	Profit on disposal	Loss on disposal
\$	\$	\$	\$
0	0	0	0
0	0	0	0

(ii) 2021/22 Budget

Property, Plant and Equipment
 Transport

Caterpillar Skid Steer Loader

Mack Trident Prime Mover

CAT Mini Excavator

Town Crew Supervisor Ute

22,900	40,000	17,100	0
55,600	50,000	0	(5,600)
22,700	40,000	17,300	0
24,000	30,000	6,000	0
125,200	160,000	40,400	(5,600)

(iii) 2020/21 Actual

Property, Plant and Equipment
 Transport

No assets were disposed in 2020/21

0	0	0	0
0	0	0	0

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

10. FIXED ASSETS (Continued)

(b) Depreciation

Asset class	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Buildings - non-specialised	162,327	28,530	33,507
Buildings - specialised	517,265	197,870	231,646
Furniture and equipment	11,092	9,500	10,830
Plant and equipment	178,852	151,600	152,315
Roads	2,006,144	2,008,900	1,961,554
Parks and ovals	110,739	113,480	109,539
Other infrastructure	74,617	79,180	76,560
Airport	100,675	105,100	105,074
Drainage and sewerage	6,784	9,540	6,783
	3,168,495	2,703,700	2,687,808

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:

Asset	Years	Asset	Years
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.

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

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

Depreciation 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. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

11. REVALUATION SURPLUS

	Opening balance	Revaluation increment	Revaluation (decrement)	Change to surplus	Total movement	Closing balance
	\$	\$	\$	\$	\$	\$
(a) 2021/22 Actual						
Land and buildings	6,461,177	0	0	0	0	6,461,177
Roads	31,263,338	0	0	0	0	31,263,338
Parks and ovals	0	0	0	0	0	0
Other infrastructure	11,563	0	0	0	0	11,563
Airport	972,579	0	0	0	0	972,579
Drainage and sewerage	107,259	0	0	0	0	107,259
	38,815,916	0	0	0	0	38,815,916
(b) 2020/21 Actual						
Land and buildings*	5,339,579	1,101,592	0	20,006	1,121,598	6,461,177
Roads	31,263,338	0	0	0	0	31,263,338
Parks and ovals	0	0	0	0	0	0
Other infrastructure	11,563	0	0	0	0	11,563
Airport	972,579	0	0	0	0	972,579
Drainage and sewerage	107,259	0	0	0	0	107,259
	37,694,318	1,101,592	0	20,006	1,121,598	38,815,916

Revaluation movements in property, plant and equipment (including infrastructure) cannot be reliably attributed to a program as the assets were revalued by class in accordance with AASB 116 *Property, Plant and Equipment* and *Local Government (Financial Management) Regulations 1996 Regulation 17A*.

* - As part of the revaluation in 2020/21, the Shire adjusted multiple existing assets to better reflect their fair value.

12. TRADE AND OTHER PAYABLES

Current

Revenue received in advance
Sundry creditors
Accrued salaries and wages
ATO payables
Accrued expenses
Deposits and bonds

Note	2022	2021
	\$	\$
2(c)	22,059	387,066
	256,110	921,598
	78,153	33,877
	62,420	50,120
	34,456	86,740
	23,000	8,000
	476,198	1,487,401

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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.

Asset repair working capital is initially recognised as a financial liability. A portion is extinguished each time the Shire recognises flood damage revenue.

Further information is provided in Note 2(c).

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

13. INFORMATION ON BORROWINGS

(a) Borrowings

	<u>2022</u>	<u>2021</u>
	\$	\$
Current	94,465	92,806
Non-current	656,568	751,033
	<u>751,033</u>	<u>843,839</u>

(b) Repayments - Borrowings

	<u>2022 Actual</u>	<u>2022 Budget</u>	<u>2021 Actual</u>
	\$	\$	\$
Housing - GROH Housing			
Principal repayments	92,806	92,800	91,176
Interest and fee repayments (Refer Note 2(d))	19,208	22,500	21,590
	<u>112,014</u>	<u>115,300</u>	<u>112,766</u>

Principal Outstanding

Principal outstanding at 01 Jul	843,839	843,839	935,015
Proceeds from new borrowings	0	0	0
Principal repayments	(92,806)	(92,800)	(91,176)
Principal outstanding at 30 Jun	<u>751,033</u>	<u>751,039</u>	<u>843,839</u>

Unspent Borrowings

Unspent balance at 01 Jul	0	917,191	907,775
Proceeds from new borrowings	0	0	0
Expended during the year	0	(917,191)	(907,775)
Unspent balance at 30 Jun	<u>0</u>	<u>0</u>	<u>0</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 2022.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

13. INFORMATION ON BORROWINGS (Continued)

(c) Undrawn Borrowing Facilities

	2022	2021
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	(15,000)	(14,805)
Total amount of credit in use	0	195
Loan facilities		
Loan facilities - current	94,465	92,806
Loan facilities - non-current	656,568	751,033
Total facilities in use at balance date	751,033	843,839
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 28.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

14. PROVISIONS

(a) Employee related provisions

	Provision for annual leave	Provision for long service leave	Total
	\$	\$	\$
Opening balance at 1 July 2021			
Current	120,524	48,655	169,179
Non-current*	0	59,700	59,700
	120,524	108,355	228,879
Additional provision	55,700	35,590	91,290
Amounts used	(30,446)	(10,155)	(40,601)
Balance at 30 June 2022	145,778	133,790	279,568
Comprises			
Current	145,778	46,570	192,348
Non-current	0	87,220	87,220
	145,778	133,790	279,568

Amounts are expected to be settled on the following basis:

	2022	2021
	\$	\$
Less than 12 months after the reporting date		
Annual leave	145,778	120,524
Long service leave	46,570	48,655
More than 12 months from reporting date		
Long service leave	87,220	59,700
	279,568	228,879
Receivable from other local governments (refer Note 5)	(13,691)	(2,796)

* - the receivable from other local governments, related to long service leave, is now shown as a non-current asset (refer Note 5).

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

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 30TH JUNE 2022

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:

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Cash and cash equivalents (refer Note 3)	3,657,749	637,505	2,632,911

Reconciliation of net cash provided by operating activities to net result

Net result	2,508,050	6,464,255	3,221,266
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(999)	0	(647)
Gain on acquisition of non-financial assets	(9,999)	0	0
Depreciation	3,168,495	2,703,700	2,687,808
(Profit)/loss on sale of asset	0	(34,800)	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables*	729,248	1,095,391	130,201
(Increase)/decrease in inventories	9,440	0	(15,504)
Increase/(decrease) in revenue received in advance	(365,007)	0	(194,803)
Increase/(decrease) in payables	(646,196)	(62,809)	409,687
Increase/(decrease) in provisions	50,689	0	31,219
Non-operating grants, subsidies and contributions	<u>(2,100,852)</u>	<u>(8,882,020)</u>	<u>(3,237,551)</u>
Net cash from operating activities	3,342,869	1,283,717	3,031,676

* - the receivable from other local governments, related to long service leave, is now shown as a non-current asset (refer Note 5).

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Program	2022	2021
	\$	\$
General purpose funding	6,705,940	5,040,812
Law, order, public safety	7,700	8,000
Health	2,294	2,763
Housing	1,998,707	1,997,246
Community amenities	363,128	381,704
Recreation and culture	3,667,139	3,737,665
Transport	44,614,756	44,863,918
Economic services	8,726,364	8,786,574
Other property and services*	4,613,476	4,807,522
	<u>70,699,504</u>	<u>69,626,204</u>

* - the receivable from other local governments, related to long service leave, is now shown as a non-current asset (refer Note 5).

17. CONTINGENT LIABILITIES

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

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

18. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:	2022	2021
	\$	\$
Staff housing units	1,296,768	0
Historical cottage renovations	12,950	0
Window treatments for multiple buildings	20,904	0
	<u>1,330,622</u>	<u>0</u>
Payable:		
- not later than one year	1,330,622	0

(b) Operating Lease Commitments

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

19. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

20. INVESTMENT IN ASSOCIATES

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

21. MAJOR LAND TRANSACTIONS

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

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

23. INVESTMENT PROPERTIES

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

24. ELECTED MEMBERS REMUNERATION

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President - Ross Pigdon			
Presidents allowance	10,896	10,900	10,896
Meeting Fees	6,608	5,880	7,469
Travelling expenses / reimbursements	1,904	2,786	2,357
Telecommunications allowance	3,480	3,500	3,480
	22,888	23,066	24,202
Deputy President - Les Price			
Deputy Presidents allowance	2,724	2,800	2,724
Meeting Fees	3,689	4,103	3,689
Travelling expenses / reimbursements	5,130	2,786	4,856
Telecommunications allowance	3,480	3,500	3,480
	15,023	13,189	14,749
Councillor - Fred Spindler			
Meeting Fees	0	4,103	3,451
Travelling expenses / reimbursements	0	2,786	0
Telecommunications allowance	580	3,500	3,480
Christmas lights prize	0	0	200
	580	10,389	7,131
Councillor - Elizabeth Houghton			
Meeting Fees	3,094	4,103	3,451
Travelling expenses / reimbursements	1,271	2,786	0
Telecommunications allowance	3,480	3,500	3,480
	7,845	10,389	6,931
Councillor - Leonie Fitzpatrick			
Meeting Fees	2,261	4,103	3,213
Travelling expenses / reimbursements	111	2,786	0
Telecommunications allowance	3,480	3,500	3,480
	5,852	10,389	6,693
Councillor - Ronald Hogben			
Meeting Fees	3,332	4,103	3,451
Travelling expenses / reimbursements	0	2,786	0
Telecommunications allowance	3,480	3,500	3,480
	6,812	10,389	6,931
Councillor - Ian Dennis			
Meeting Fees	4,046	4,103	3,808
Travelling expenses / reimbursements	1,307	2,786	0
Telecommunications allowance	3,480	3,500	3,480
	8,833	10,389	7,288
Councillor - Julie Humphreys			
Meeting Fees	2,737	0	0
Travelling expenses / reimbursements	0	0	0
Telecommunications allowance	2,610	0	0
	5,347	0	0
Total payments made to elected members			
President's allowance	10,896	10,900	10,896
Deputy President's allowance	2,724	2,800	2,724
Meeting Fees	25,767	30,498	28,532
Travelling expenses / reimbursements	9,723	19,502	7,213
Telecommunications allowance	24,070	24,500	24,360
Christmas lights prize	0	0	200
	73,180	88,200	73,925

25. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) compensation

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

Short-term employee benefits
 Post-employment benefits
 Other long-term benefits
 Termination benefits

	2022	2021
	Actual	Actual
	\$	\$
	448,087	531,990
	63,970	67,585
	37,883	21,119
	0	0
	<u>549,940</u>	<u>620,694</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 (Note: may or may not be applicable in any given year).

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2022	2021
	Actual	Actual
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services:		
Key management personnel	9,935	148,209
Other related parties	3,636	13,100
	13,571	161,309

Joint venture entities:

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

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

Amounts payable to related parties:

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

Related Parties

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

Key management personnel

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

Entities subject to significant influence by the Shire

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

Close family members of key management personnel

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

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

26. RATING INFORMATION

(a) Rates

Differential general rate / general rate	2022 Actual			2022 Budget	2021 Actual
	Rate in	Number of properties	Rateable value	Total revenue	Total revenue
Gross rental valuations	\$	#	\$	\$	\$
GRV residential	0.109067	93	561,648	61,257	58,995
GRV commercial	0.109067	6	304,708	33,234	38,131
GRV vacant land	0.109067	0	0	0	0
GRV M & T workforce	0.300000	2	246,750	74,025	74,025
UV mining	0.290984	363	7,699,769	2,230,917	2,098,340
UV pastoral	0.078631	13	537,580	42,270	43,113
Sub-total		477	9,350,455	2,451,296	2,312,604
Minimum payment					
Gross rental valuations					
GRV residential	463	47	105,449	21,761	21,197
GRV commercial	463	0	0	0	0
GRV vacant land	463	36	5,868	16,668	16,687
GRV M & T workforce	463	0	0	0	0
UV mining	463	131	105,324	60,653	56,375
UV pastoral	463	5	16,852	2,315	1,804
Sub-total		219	233,493	101,397	96,063
		696	9,583,948	2,552,693	2,408,667
Discounts/incentives (refer Note 26(d))				(2,407)	(7,355)
Rates written-off				(2,115)	(43,643)
Total amount raised from general rates				2,548,171	2,493,645
Interim and back rates				49,925	5,000
Totals				2,598,096	2,498,645
					2,432,703

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).

26. RATING INFORMATION (Continued)

(b) Specified area rate

No specified area rates were imposed by the Shire during the year ended 30 June 2022.

(c) Service charges

No service charges were imposed by the Shire during the year ended 30 June 2022.

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

Rates discounts

Rate or fee	Incentive	Discount	2022 Actual	2022 Budget	2021 Actual
Discount granted	\$	%	\$	\$	\$
Discount	N/A	20.0%	1,407	6,355	6,355
Incentive Draw	1,000	N/A	1,000	1,000	1,000
			2,407	7,355	7,355

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 2022.

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2022

26. RATING INFORMATION (Continued)

(e) Interest Charges and Instalments

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rate %
Option one				
Single full payment	05 Oct 2021	15	3.0%	7.0%
Option two				
First instalment	05 Oct 2021	15	3.0%	7.0%
Second instalment	07 Dec 2021	15	3.0%	7.0%
Third instalment	08 Feb 2022	15	3.0%	7.0%
Fourth instalment	12 Apr 2022	15	3.0%	7.0%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	11,283	5,500	12,620
Interest on instalment plan	495	13,000	664
	11,778	18,500	13,284

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

27. RATE SETTING STATEMENT INFORMATION

(a) Net current assets brought and carried forward

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Current assets				
Cash and cash equivalents	3	3,657,749	637,505	2,632,911
Receivables and other assets	5	766,693	545,968	1,507,738
Inventories	6	34,225	36,625	43,665
Financial assets	7	8,942,156	5,335,331	7,897,116
Current liabilities				
Other liabilities	2(c)	(123,827)	0	(505,257)
Trade and other payables	12	(476,198)	(1,050,919)	(1,487,401)
Borrowings	13(a)	(94,465)	(92,800)	(92,806)
Employee related provisions	14(a)	(192,348)	(169,179)	(169,179)
		12,513,985	5,242,531	9,826,787
Total adjustments to net current assets				
Reserves - cash backed	4	(6,428,948)	(5,335,331)	(5,906,621)
Loan liability - current	13(a)	94,465	92,800	92,806
Net funding position at 30 June		6,179,502	0	4,012,972

(b) Reconciliation of net current assets brought 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	6,179,502
Net current assets carried forward for the purpose of the budget	6,203,790
Difference - Surplus / (Deficit)	(24,288)

28. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.05%	3,657,749	0	3,367,895	289,854
Financial assets at amortised cost	0.50%	8,942,156	8,942,156	0	0
2021					
Cash and cash equivalents	1.00%	2,632,911	0	467,697	2,165,214
Financial assets at amortised cost	0.59%	7,897,116	7,897,116	0	0

28. FINANCIAL RISK MANAGEMENT (Continued)

(a) Interest rate risk (Continued)

Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	33,679	4,677

* - Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and sundry debtors over a period of 60 months from 1 July 2017 to 30 June 2022 and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The loss allowance for rates receivable was determined as follows:

Rates receivable	Current	One to three years	Three or more years	Total
30 June 2022	\$ or %	\$ or %	\$ or %	\$
Expected default rate	3.3%	0.3%	3.1%	1.8%
Gross carrying amount	1,156	109,703	127,690	238,549
Expected credit loss	38	288	3,984	4,310
30 June 2021				
Expected default rate	0.4%	1.2%	28.3%	7.4%
Gross carrying amount	116,038	109,787	71,170	296,995
Expected credit loss	489	1,296	20,115	21,900

The loss allowance for sundry receivable was determined as follows:

Sundry receivables	Current	One to three months	Three or more months	Total
30 June 2022	\$ or %	\$ or %	\$ or %	\$
Expected default rate	0.0%	25.1%	75.4%	10.7%
Gross carrying amount	254,832	5,146	40,954	300,932
Expected credit loss	0	1,290	30,880	32,170
30 June 2021				
Expected default rate	0.6%	10.1%	17.4%	9.3%
Gross carrying amount	51,063	26,644	51,673	129,380
Expected credit loss	319	2,685	9,006	12,010
Loss allowance				

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and 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 if required.

The contractual undiscounted cash flows of the Shire’s payables and borrowings are set out in the liquidity table below.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2022	\$	\$	\$	\$	\$
Payables	413,778	0	0	413,778	413,778
Borrowings	107,415	429,660	268,537	805,612	751,033
	521,193	429,660	268,537	1,219,390	1,164,811
2021					
Payables	1,437,281	0	0	1,437,281	1,437,281
Borrowings	107,415	429,660	375,952	913,027	843,839
	1,544,696	429,660	375,952	2,350,308	2,281,120

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The National Trust of Australia (W.A.) agreed in principle to transfer the Masonic Lodge to the Shire of Cue on 28 June 2022. Settlement is expected in 2022/23.

30. TRUST FUNDS

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

	01 Jul 21	Amounts received	Amounts paid	30 Jun 22
	\$	\$	\$	\$
Cue Land Conservation District Committee	2,080	0	0	2,080
	<u>2,080</u>	<u>0</u>	<u>0</u>	<u>2,080</u>

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

31. 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.

31. 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.

31. 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.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE / ACTIVITIES
Governance	Administration and operation of facilities and services to members of Council. Other costs that relate to tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
General Purpose Funding	Rates, general purpose government grants and interest revenue.
Law, Order, Public Safety	Supervision of various local laws, fire prevention, emergency services and animal control.
Health	Food quality and water control. Environmental Health Officer. Doctor Service.
Education and Welfare	Assistance to Cue Primary School, Thoo Thoo Wandii, Senior Citizens and Playgroup. Involvement in work experience programmes.
Housing	Provision and maintenance of staff and rental housing.
Community Amenities	Rubbish collection services, maintenance of refuse sites, administration of the town planning scheme, control and co-ordination of cemeteries, and maintenance of public conveniences.
Recreation and Culture	Maintenance of Shire hall, recreation centre, Stan Gurney Memorial Park and various reserves. Operation of library and internet services. Co-ordination of Australia Day activities.
Transport	Construction and maintenance of streets, roads, footpaths, drainage works, parking facilities, traffic signs and median strips. Control and maintenance of Cue Airport.
Economic Services	The regulation and provision of tourism and the Historical Photographic Collection. Maintenance of the Shire-owned Caravan Park. Building and vermin control. Employment programme administered on behalf of the Department of Employment, Workplace Relations and Small Business.
Other Property and Services	Private works operation, plant repair and operation costs.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Cue

To the Councillors 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 at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement 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 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section 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 2022, 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 of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and 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.

My independence and quality control 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 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control 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 2022 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
15 December 2022