



SHIRE OF CUE

ANNUAL REPORT

2016 - 2017



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OUR VISION

The Shire of Cue comprises a diverse range of people, communities and landscapes. The vision captures the diversity of the area and is inclusive of all as the Shire moves forward. The community's vision has been developed with a range of input received through the community engagement process. It reflects clear community aspirations for the ten year period of the Strategic Community Plan.

Vision

"Cue – Queen of the Murchison: A prospering community where people want to live, visit and experience."

Key Focus Areas

The key focus areas are:

1. Economic Development

The community advised that the low population in the Shire was an impediment to being prosperous and self-sustaining into the future. The community believes that planning for housing and industry could be improved. There was a view that recruitment and retention in key jobs in the community was impacting the provision of some services and the establishment and growth of businesses. There was a strong recognition that growing the business and employment opportunities associated with mining developments and the tourism industry would strengthen the local economy.

2. Developing Leadership

The community wants an increased understanding of Council decision-making processes and to be told about decisions that are made and the reasons for those decisions. The community wants to be governed by a Council that understands the range of resident's aspirations and it wants to strengthen its independence into the future.

3. Social Development

The community said that the availability of affordable housing was impacting current and potential new residents and they wanted to change this. The community was concerned that there was widespread apathy and lack of ownership and saw a need to increase community participation and volunteerism. The community saw the attraction of young, working families as a key to promoting social development for the Shire. The community was concerned that a range of services, including health, education and recreational, were negatively impacted by the low population. The community recognised a need to act inclusively to encourage a greater diversity of involvement in the community, particularly the Aboriginal community.

4. Environmental Development

The community recognised the importance of the mining sector as traditionally being the backbone of the Shire and saw an opportunity to promote this story through heritage protection. The community expressed widespread recognition of the value of the range of natural features across Cue and in particular the cultural significance of many places.

THE COUNCIL AND SHIRE STAFF

COUNCIL CHAMBERS

- The Shire of Cue, council chambers are located upstairs at the Shire office, 73 Austin Street, Cue
- The Shire of Cue, mailing address is:
PO Box 84, Cue, WA 6640
- The Shire of Cue office is open:
Monday to Friday from 9am – 4pm
- Contact telephone number:
9963 8600

COUNCIL MEETINGS

Council meetings are held on the third Tuesday of every month at 6:30pm and the public are welcome to attend.

Having Your Say In Local Government

The Council encourages local residents to have their opinions heard on issues which are of concern to them.

You can present your ideas and opinions to the Council in a number of ways:

1. *Write to or email the shire office*
2. *Telephone or visit the shire office*
3. *Write to the Council*
4. *Present a question to a Council meeting through 'public question time'*
5. *Contact any Councillor*

Deputations may also be made to Council meetings with permission of the Presiding Member.

Please contact the office of the Chief Executive Officer on 9963 8600 for full details of how this can be arranged.

WHERE TO VIEW COUNCIL AGENDA / MINUTES

AGENDAS: Copies of all non-confidential items are tabled at a council meeting and are normally available to the public on the Friday prior to the meeting or available from the shire website. In the interests of the environment the shire encourages the use of on-line services rather than the printing of paper documents.

MINUTES: Minutes of all Council meetings are available to the public: Free [online in Public Documents in PDF format](#) on www.cue.wa.gov.au or from the Shire of Cue, Austin Street, Cue for a small printing fee.

COUNCIL ELECTIONS

Ordinary elections for the Council are held every two years, in October – terms are for four years. The next election cycle is in 2017 where three Councillor positions will become vacant.

Residents who are eligible should register to vote as a referendum or extraordinary election can occur at any time between ordinary elections.

COUNCIL

Cr Ross Pigdon	Shire President	From October 2015
Cr Les Price	Deputy Shire President	From October 2015
Cr Ian Dennis	Councillor	To October 2017
Cr Leonie Fitzpatrick	Councillor	From October 2015
Cr Ron Hogben	Councillor	From October 2015
Cr Pixie Pigdon	Councillor	To October 2017
Cr Fred Spindler	Councillor	From April 2016 To October 2017

ELECTORAL ROLL

Shire electoral rolls close in August prior to an ordinary election. The next ordinary election will be in October 2017.

If you are an owner or occupier of rateable property, including mining leases, within the Shire of Cue, and meet the eligibility criteria, you are entitled to be enrolled to vote at Council elections. If you are enrolled on the State electoral roll as living at the relevant address in Cue then you are automatically included on the Local Government roll.

However, if you are an owner or occupier of a Cue property and you are enrolled on the State roll as living outside the district, or if you are not on any other roll but meet the eligibility criteria, enrolment is no longer automatic so you must apply to be placed on the local roll by lodging an enrolment form at the Shire of Cue administration office. There are several provisions which relate to occupiers of property and to persons who are not enrolled on the State rolls.

Please note that if you are unsure of your eligibility status please contact the shire administration well in advance of any Council election.

CITIZENSHIP CEREMONIES

The Department of Immigration and Citizenship (DIAC) deals with all citizenship applications. You can find more information about applying for citizenship by visiting their website <http://www.immi.gov.au/> or by calling 131 880.

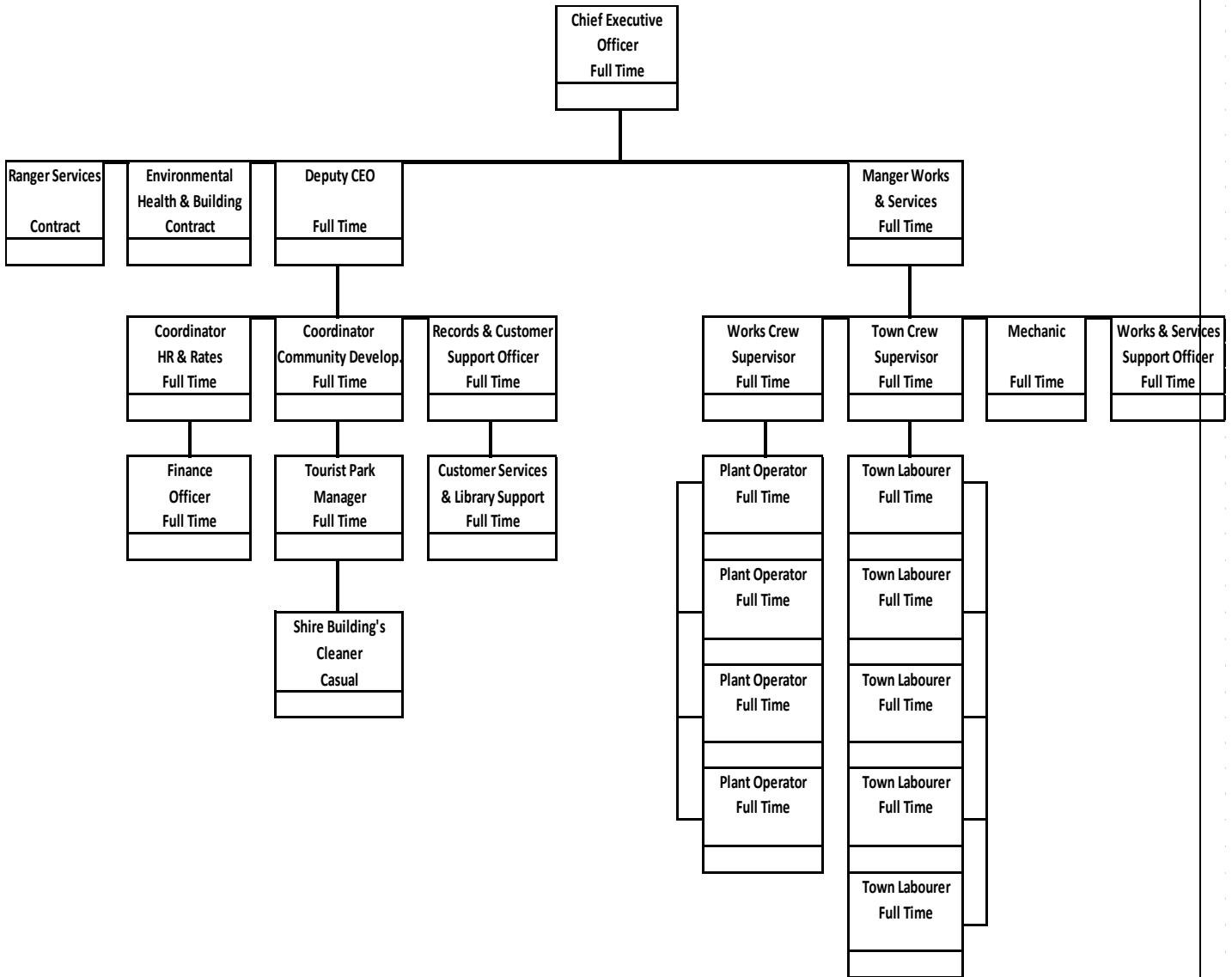
The shire is not informed of your application until it has been approved by DIAC so no information on the application is available from the Shire.

The Ceremony

- Approximately one week after your receiving your letter from DIAC, informing you that your application for Citizenship has been successful, the shire receives your certificate.
- The Shire of Cue holds citizenship ceremonies on Australia Day in January each year.
- Private ceremonies with the President are only granted in extenuating circumstances and are considered on a case-by-case basis. Enquiries for a private ceremony can be made to the Chief Executive Officer.
- Invitations to the ceremonies are sent out approximately two weeks prior to the event. You are not required to bring anything along to the ceremony.
- Dress for the ceremonies is smart casual.

For more information please contact The Department of Immigration and Citizenship (DIAC) by visiting their website <http://www.immi.gov.au/> or by calling 131 880.

ORGANISATION STRUCTURE



SHIRE DEMOGRAPHICS

Cue is approximately 650kms north east of Perth on the Great Northern Highway. It is a small town with a strong sense of history and community and home to approximately 280 people.



The Cue community takes great pride in the appearance of the town and its surrounds. The town of Cue was established in 1894 and remnants from the gold rush of the early 1890's still remain as proud tributes to the people and their way of life.



Known as the Queen of the Murchison, Cue was once the centre of the Murchison Goldfields that boasted a population of around 10,000. Cue's past splendour is made evident by the grand buildings which were constructed over a century ago and still add to the charm today.

The National Trust declared Cue the ninth historical town in the state in November 2006.

The area of Cue is described as rangelands with a desert-like climate of hot dry summers and cold winters. Cue is also located in a low rainfall area.

Mining remains an important activity and revenue earner for the shire. There are several gold mines active in the Shire.

Cue is a popular tourist destination and the rich cultural history and the remnants of early Aboriginal history and later European settlement attracts people from many parts of the world.

Other attractions to tourists are the wide variety of fauna especially the many bird species and the many varied geological formations and types including those exposed over the past century of gold mining.

Cue is also seen at the pivotal point to a number of more isolated centres in the Murchison area which attracts people who like the outback experience.

The town and the surrounding areas have changed considerably since the frenetic days of the early to mid-1900's when there were as many as six bustling towns in the Shire but the lasting heritage of unique historical buildings and the remnants of somewhere around 20,000 gold mine shafts and pits continues to have an enormous historical interest.

With this rich history and huge potential for new industries the shire is a living historical link between the past and the future in one of the most fascinating areas of Western Australia.

SHIRE PRESIDENT'S REPORT

It is pleasing that Council membership for 2016/17 has remained constant, producing a cohesive team. The Shire was able to advance a number of major projects from the planning stage to implementation, including the Oasis visitor stop and the redevelopment of the old Post Office into a Community and Visitor Centre. The Oasis is now almost complete, while development of the Community & Visitor Centre is rapidly progressing.

The conclusion of roadworks to repair damage caused by flooding in 2013 was also a major achievement, drawing to a close a long-term project which has left the Shire's unsealed roads in extremely good condition.

Cue Parliament remains at the forefront of local politics in the Murchison, continuing to prove a drawcard for heads of state government departments and political representatives. A visit to Cue Parliament by the WA Local Government Association State Council in May 2017, which had previously been postponed due to confusion over the interpretation of the gift provisions contained in the *Local Government Act* received very positive feedback.

Council's lobbying of the State Government has proved fruitful, with an initial trial of household water treatment options leading to a commitment to improve the quality of the town's water supply by the construction of a reverse osmosis water treatment plant at the bore field North of town.

Council will continue to press the State Government for a solution to Nursing Post closures due to staff shortages, and is committed to improving services provided to the community at local, state and federal level to ensure that Cue remains an attractive place to live and work.

Councillor Ross Pigdon
Shire President

CHIEF EXECUTIVE OFFICER'S REPORT

Staffing at the Shire continues to pose interesting challenges. A restructure of the administrative functions was undertaken and is ongoing as we strive to provide the best outcome for the community in the most efficient manner possible.

An increase in mining activity has placed some stress on the organisation in relation to maintenance of roads, but is a positive sign for the future economic viability of the Shire. Taking this into account, a decision was made not to replace the Shire's grader, but to keep the existing machine and purchase a new Caterpillar 12M. Along with the addition of a Bomag stabiliser/reclaimer, this places the Shire's Works Department in a position to undertake the majority of road maintenance and construction tasks in-house.

The Shire continues to perform well financially, finishing the financial year with a healthy balance of \$6,071,771 in reserves. The Shire's auditors have signed off on their final audit, including a Financial Management Systems Review, having established that adequate operating procedures and systems are in place. As a result of a State Government decision, future audits will be undertaken by the WA Auditor General's Office.

With the benefit of feedback from the community, an updated Strategic Community Plan was formulated to satisfy the requirements of the Integrated Planning and Reporting Framework process. This plan will guide the Shire in catering for community goals and aspirations over coming years, with the aim of delivering positive outcomes for ratepayers and residents alike.

Rob Madson DipLG(C)
Chief Executive Officer

FREEDOM OF INFORMATION STATEMENT

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.

RECORDKEEPING PLAN

Over the past twelve months the Shire has continued implementation of a full and complete records management program as required under the State Records Commission's Principles and Standards 2002. The Shire of Cue has implemented a new Recordkeeping Plan and continues its commitment to the following:

- A filing system has been implemented using Keywords for Council
- All current staff and Councillors have received training in Records Management
- An experienced Records Officer has been engaged who has implemented a Disposal Program for the Shire and is overseeing the Shire's records.

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

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

Further development of the Shire's Recordkeeping Plan will include:

- Development and Application of some meaningful and practical Key Performance Indicators.

DISABILITY ACCESS AND INCLUSION PLAN

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

Background

The Shire of Cue has a population of approximately 280 people.

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

The disabilities encountered include:

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

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

Achievements

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

Dual Use Pathways

With assistance from the Country Pathways Grants Scheme, the Shire of Cue has progressively been installing 2m wide dual use pathways around the town site.

Between these paths and the existing pavements most community facilities are more accessible for people with mobility impairment.

The pathways link the following facilities:

- Sporting Complex;
- Hotel;
- Shire offices and library;
- Health Centre;
- School;
- Community hall; and
- Some residential areas

Library Services

Over the last 12 months the Cue Public Library has expanded its stocks of materials suitable for people with vision impairment.

This includes:

- Large print books
- Talking books on CD
- Access to e-books and e-magazines

Public Areas and Buildings

Access to public buildings remains an issue for the future especially as older buildings were not designed with people with disability in mind.

The Shire has purchased portable ramps to assist with access to the Shire Administration Building and the Community Resource Centre and installed a stair lift to assist with access to the upstairs area and Council Chambers in the Shire Administration Building.

The development of the Oasis visitor parking area includes a wheelchair accessible picnic setting.

STATUTORY INFORMATION

INFORMATION ABOUT CERTAIN EMPLOYEES

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

Salary Range	Number of Employees
\$100,000 - \$110,000	3
\$160,000 - \$170,000	1

PUBLIC INTEREST DISCLOSURE ACT

During 2016-17 the following complaints against Council members resulted in action under section 5.110(6) of the Local Government Act 1995.

Register of Complaints of minor Breaches.

Name of the Council Member about whom the complaint is made	Name of the person who made the complaint	Description of the minor breach found by the standards panel	Details of the action taken.
Cr F Spindler	Cr R Le Maitre	Breach of regulation 7(1)(b) of the Local Government (Rules of Conduct) Regulations 2007	Public censure ordered.

NATIONAL COMPETITION POLICY

Council operations in the 2016-17 financial period did not fall within the requirements of the National Competition Policy.

MAJOR PROJECTS AND INITIATIVES

The Shire of Cue has continued its ongoing projects in 2016-2017 in road construction and maintenance. The Shire of Cue is responsible for approximately 800 kilometres of formed unsealed roads.

Some of the projects undertaken during the 2016-17 financial year included:

Maintenance / Construction

- Flood damage repairs to Shire Roads
- Replacement of grids to 8 metre wide grids on Shire Roads
- Clearing and reconstruction of part of Cue Wondinong Road
- Reconstruction and resealing of part of the Beringarra Cue Road
- Realignment of part of Dalgara Road
- Construction of dual use pathways
- Oasis tourist parking facilities
- Brockman Park upgrade
- Bishops house renovations
- Heydon Place industrial development
- Oval fencing

Plant and Machinery

- Bomag stabiliser road reclaimer
- Iveco day cab prime mover
- Cat 12M grader
- Cat mini digger and trailer

In the 2017-2018 financial period the following works are to be undertaken.

- Flood damage repairs to Shire Roads
- Resealing of part of Cue Beringarra Road (Ongoing)
- Marshall Street intersection development
- Reconstruction of Cue Wondinong Road section
- Redevelopment of the old post office into the Cue community and visitors centre.
- Historic Cottages restoration.
- Cemetery Improvements
- Playground equipment and skate park
- Dual use footpaths

In the 2017-2018 financial period the following plant and equipment will be purchased to assist with work:

- Tractor and broom attachment
- Dual cab light truck
- Prime mover
- Replacement of light vehicles

SUMMARY FINANCIAL DATA

Summary of Revenue and Expenses

	2016-2017	2015-2016	2014-2015
	\$	\$	\$
Operating Revenue	12,099,845	9,008,335	5,292,957
Operating Expenditure	11,835,727	10,228,081	5,311,381
Capital Expenditure	3,054,585	2,195,599	4,413,171
Non-Operating Grants	1,546,129	892,206	2,919,422

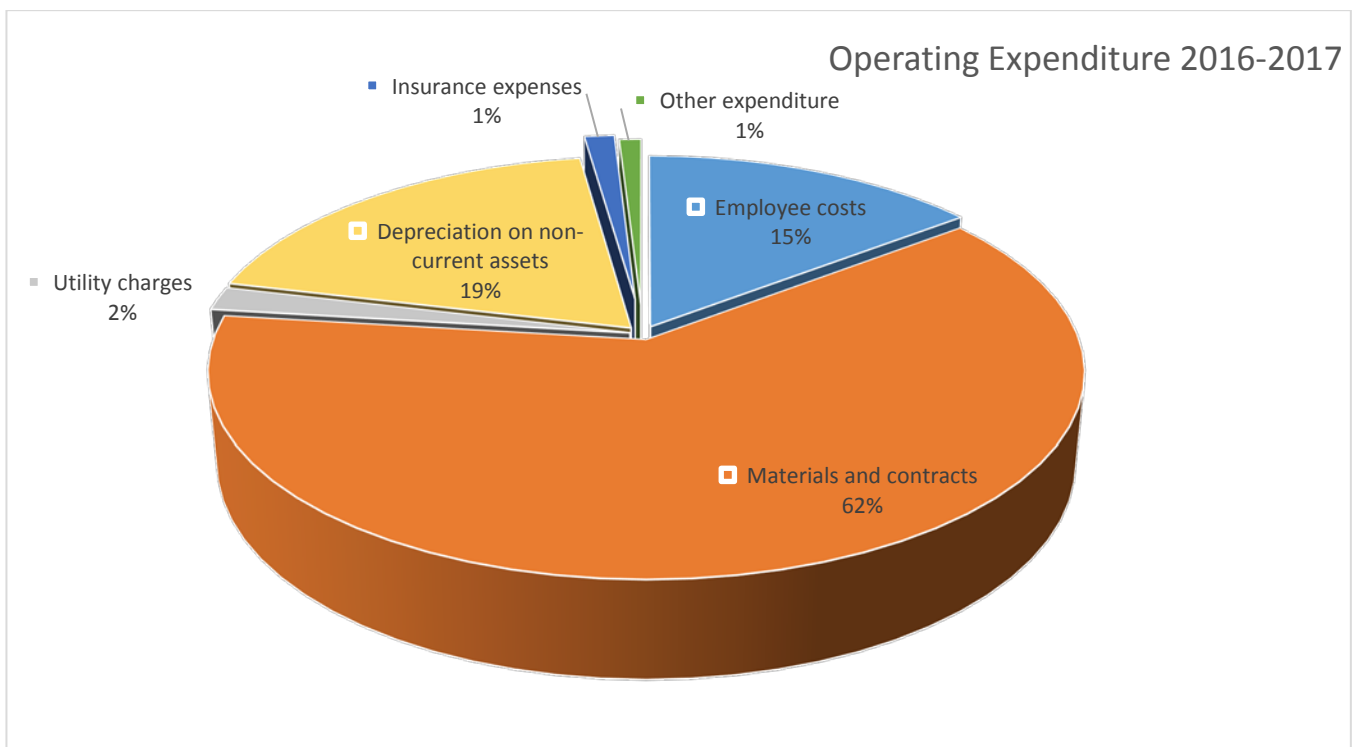
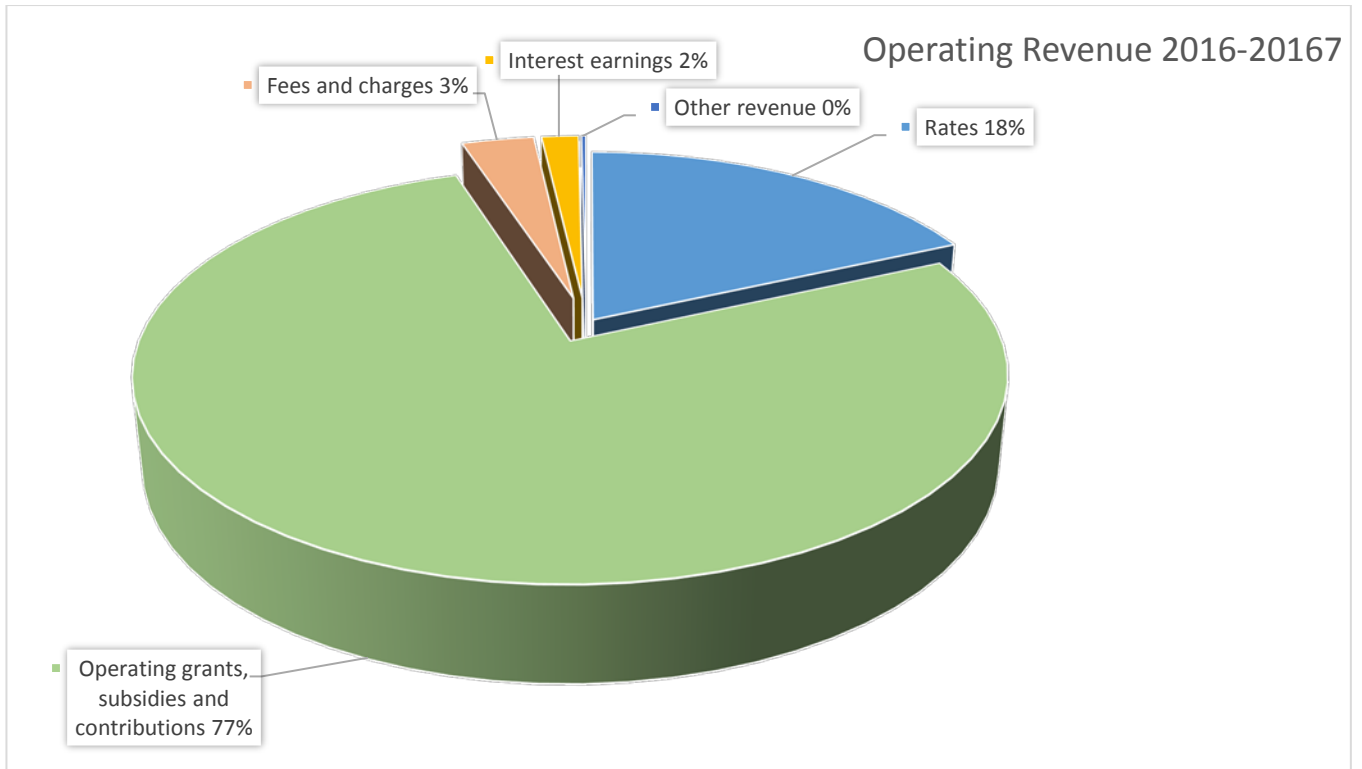
Operating revenue was \$12,099,845. This is made up of flood damage repair grant funding received during the year of \$6,554,623. Other operating revenue consists of General Purpose Funding being rates of \$2,209,290 and operating grants, subsidies and contributions of \$2,721,936. Other operating revenue consisted of fees and charges \$390,374, interest earnings \$200,301 and other revenue \$23,321.

Operating expenditure consists of employee costs \$1,730,616, materials and contracts of \$7,373,828 with \$6,559,788 being made up of flood damage repair works. Utility charges \$217,101, insurance expense \$155,722 and other expenditure of \$113,047. Depreciation on non-current assets amounted to \$2,245,413.

Non-operating grants, subsidies and contributions totalled \$1,546,129 and capital expenditure for the year came to \$3,054,585. More details of capital expenditure can be found in notes six and seven of the Financial Report.

Cash backed reserves started the year at \$5,927,831 with transfers to reserves for the year totalling \$794,849 for future projects and transfers from reserves totalling \$605,909. The closing balance for cash backed reserves for 2016/17 sits at \$6,071,771. More information on reserve accounts can be found in note eleven of the Financial Report.

Graphical overview of operating revenue and expenditure



INTEGRATED PLANNING

Understanding the Process

The Strategic Community Plan is a long term plan that sets out the Council's vision and strategies to achieve it. The plan was adopted by the Shire on behalf of the community on the 16th of June 2013. This is part of WA's Integrated Planning and Reporting Framework illustrated below:

The Plan aims to provide direction for implementing desired strategies through the Annual Budget, Corporate Business Plan and other planning documents by or with other levels of government, agencies and stakeholders to influence policy, planning, infrastructure and service delivery.

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

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

The Corporate Business Plan was completed in June 2013 as part of the operational and prioritisation of the actions and strategies identified within the Strategic Community Plan.

The Corporate Business Plan has been developed in consultation with the Shire's Asset management Plans, Long Term Financial Plan and Workforce Plan to assess financial and other resources. This meets the compliance requirements of the Local Government (Administration) Regulations 1996 to develop and adopt a Plan for the Future.

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

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



INTEGRATED PLANNING Strategic Community Plan

The Shire of Cue continues the development of informing strategies that will enable the Shire to deliver on the Strategic Community Plan.

Focus Areas	Outcomes	Results
Economic	<p>Help grow the local economy by showcasing our attractions.</p> <p>Increase the number of people visiting the area.</p> <p>Visitors stay longer in the community.</p> <p>Short-term employees can reside in the Shire</p>	<p>Developing a regional focus on tourism.</p> <p>Visitor numbers have increased over the previous year with a focus on developing attractions to bring more people to the area.</p> <p>Development of tourism trails. Council is still committed to finding an iconic event. Work has commenced on improving the overall Streetscape.</p> <p>New staff houses have been provided and continues to be developed.</p>

<p>Leadership</p>	<p>Community contribution to how local issues are managed.</p> <p>Effective communication on key decisions.</p> <p>A sustainable and progressive local government.</p>	<p>Council are committed to continue to respond to electors concerns. Council meetings and forums are held with the option of public question time. The Policy manual has been updated to reflect the changing business environment.</p> <p>Electors are advised via the 'Dryblower', Agenda's, Minutes and local public notices.</p> <p>The Shire is actively engaged with Cue Parliament, Regional Road Groups, Mid-West Tourism Alliance, Murchison Regional Vermin Council and the Murchison Executive Group. Housing / building maintenance schedules prepared and are being actioned.</p>
<p>Community</p>	<p>Essential services help us to prosper as a community.</p> <p>Increased affordable housing options for existing residents and to attract new families.</p> <p>Our community can more easily access the range of services they need at the time they need them.</p> <p>Young people are active and contributing positively in our community</p>	<p>All community buildings and facilities are being maintained. A Streetscape plan has been developed and adopted.</p> <p>New Town Planning Scheme currently being prepared. Attended meetings with Mid-West Development Commission to identify gaps in our housing stock.</p> <p>Council are working with St John's and Health Department of Western Australia to improve services.</p>

	<p>Stronger, inclusive communities across the Shire that define our identity</p>	<p>Council continues to uphold this commitment.</p> <p>Working with Wadjari and other indigenous community members.</p>
<p>Environment</p>	<p>Protection of our resources to maintain and increase productivity</p> <p>We recognise, protect and uphold the value of our natural landscape and encourage visitors to do the same</p>	<p>Have continued to explore options to conserve and diversify utility consumption. Animal control is being undertaken on a regular basis.</p> <p>Council continues to uphold this commitment.</p>

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

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

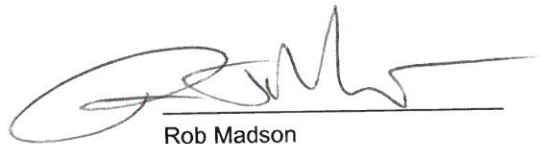
SHIRE OF CUE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 24th day of NOVEMBER 2017



Rob Madson
Chief Executive Officer

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

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

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

SHIRE OF CUE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

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

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

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

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

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

SHIRE OF CUE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

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

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

SHIRE OF CUE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

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

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

**SHIRE OF CUE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(a) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(b) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) Borrowing Costs

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

(l) Provisions

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

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

(m) Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

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

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

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

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

(o) Interests in Joint Arrangements

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

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

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

(p) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

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

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

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

[AASB 10, 124 & 1049]

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

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

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

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	23,000	22,300
Depreciation		
Buildings - non-specialised	175,836	225,414
Furniture and equipment	22,385	56,166
Plant and equipment	231,212	267,050
Roads	1,594,853	1,538,770
Parks & Ovals	75,717	79,696
Other Infrastructure	39,276	42,161
Airport	96,434	104,253
Drainage & Sewage	9,700	7,246
	<u>2,245,413</u>	<u>2,320,756</u>
(ii) Crediting as revenue:		
Other revenue		
Other	23,321	294,238
	<u>23,321</u>	<u>294,238</u>
	<u>2,245,413</u>	<u>2,320,756</u>
	2017	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	157,562	148,200
- Other funds	9,270	19,500
Other interest revenue (refer note 27)	33,469	37,000
	<u>200,301</u>	<u>204,700</u>
	<u>200,301</u>	<u>201,595</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire of Cue is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

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

GOVERNANCE

Objective:

Administration and operation of facilities and services to members of Council. Other costs that relate to tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

HEALTH

Objective:

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

EDUCATION AND WELFARE

Objective:

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

HOUSING

Objective:

Provision and maintenance of staff and rental housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Rubbish collection services, maintenance of refuse sites, administration of the town planning scheme, control and co-ordination of cemeteries, and maintenance of public conveniences.

RECREATION AND CULTURE

Objective:

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

TRANSPORT

Objective:

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

ECONOMIC SERVICES

Objective:

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

OTHER PROPERTY AND SERVICES

Objective:

Private works operation, plant repair and operation costs.

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

2. REVENUE AND EXPENSES (Continued)

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

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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

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

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

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

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

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

5. INVENTORIES

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

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

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

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

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

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

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

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

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

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

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

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

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

	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	138,534	64,171
Accrued salaries and wages	63,790	37,717
ATO liabilities	88,296	3,319
Payroll Creditors	26,607	33,465
Accrued Expenses	285,438	33,425
Deposits and Bonds	7,160	11,657
	609,825	183,754
	609,825	183,754

9. LONG-TERM BORROWINGS

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

10. PROVISIONS

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

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

11. RESERVES - CASH BACKED

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

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

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

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

12. REVALUATION SURPLUS

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

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

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

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

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

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

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

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

14. CONTINGENT LIABILITIES

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

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

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

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

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

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

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

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

The above ratios are calculated as follows:

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

Notes:

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

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

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

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

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

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

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

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

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

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

19. TRUST FUNDS

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

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

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

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

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

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

(b) New Debentures - 2016/17

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

(c) Unspent Debentures

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

(d) Overdraft

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

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

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

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

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

23. NET CURRENT ASSETS

Composition of net current assets

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

Difference

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

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

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAF

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

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

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

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

No discounts are offered for early payment of rates.

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options		15	5.50%	11.00%
First Instalment	07/10/2016			
Second Instalment	09/12/2016			
Third Instalment	10/02/2017			
Fourth Instalment	14/04/2017			
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			28,174	35,000
Interest on instalment plan			5,295	2,000
			<u>33,469</u>	<u>37,000</u>

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

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

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

29. GRANT REVENUE

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

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

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

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

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

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

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

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

2017
\$

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

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

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

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

32. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

Associated companies/individuals:

Purchase of goods and services

2017

\$

169,000

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

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

33. MAJOR LAND TRANSACTIONS

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

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

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

Fair value is determined as follows:

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

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

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

Notes:

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

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

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

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

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

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

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



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

Opinion

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Basis for Opinion

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

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

Other Information

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

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

Responsibilities of Management and Council for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 29th day of November 2017

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

RATIO INFORMATION

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

	2017	2016	2015
Asset consumption ratio	0.77	0.637	0.792
Asset renewal funding ratio	1.122	0.735	0.682

The above ratios are calculated as follows:

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