

SHIRE OF CUE
ANNUAL BUDGET
FOR THE YEAR ENDED 30 JUNE 2021
LOCAL GOVERNMENT ACT 1995

TABLE OF CONTENTS

Statement / Note	Page	Note
Statement of Comprehensive Income by Nature or Type	2	
Basis of Preparation	3	
Statement of Comprehensive Income by Program	4	
Statement of Cash Flows	6	
Rate Setting Statement by Program	7	
Rates and Service Charges	8	1
Net Current Assets	13	2
Reconciliation of Cash	16	3
Fixed Assets	17	4
Asset Depreciation	20	5
Borrowings	21	6
Cash Backed Reserves	23	7
Fees and Charges	25	8
Grant Revenue	25	9
Revenue Recognition	26	10
Other Information	28	11
Major Land Transactions	30	12
Major Trading Undertaking	30	13
Interests in Joint Arrangements	30	14
Trust	30	15

SHIRE'S VISION

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

RSM Australia Pty Ltd

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Compilation Report

To the Council

Shire of Cue

Scope

We have compiled the accompanying special purpose financial statements.

The specific purpose for which the special purpose financial report has been prepared is to provide information relating to the financial performance and financial position of the Shire that satisfies the information needs of the Council and the *Local Government Act 1995* and associated regulations.

The responsibility of the Shire

The Shire is solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the Council and the *Local Government Act 1995* and associated regulations.

Our responsibility

On the basis of information provided by the Shire, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: *Compilation of Financial Information*.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Management provided, into a financial report. Our procedures do not include any verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the Shire of Cue, may suffer arising from negligence on our part.

This report was prepared for the benefit of the Council of the Shire of Cue and the purpose identified above. We do not accept responsibility to any other person for the content of the report.



Signed at GERALDTON

Date 14th August 2020

RSM Australia Pty Ltd
Chartered Accountants

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SHIRE OF CUE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,365,615	2,392,737	2,337,128
Grants, subsidies and contributions	9(a)	1,109,086	2,080,476	1,390,264
Fees and charges	8	640,905	489,592	599,780
Interest earnings	11(a)(i)	113,500	170,091	184,500
Other revenue	11(a)(ii)	79,500	69,612	89,400
		<u>4,308,606</u>	<u>5,202,510</u>	<u>4,601,072</u>
Expenses				
Employee costs		(2,049,988)	(1,725,813)	(1,859,507)
Materials and contracts		(1,342,851)	(806,755)	(1,396,758)
Utility charges		(342,750)	(268,406)	(286,300)
Depreciation on non-current assets	5	(2,844,800)	(2,746,947)	(2,809,062)
Interest expenses	11(b)(ii)	(22,500)	(12,180)	(8,800)
Insurance expenses		(182,555)	(163,816)	(162,850)
Other expenditure		(228,700)	(75,914)	(225,700)
		<u>(7,014,145)</u>	<u>(5,799,831)</u>	<u>(6,748,977)</u>
Subtotal		<u>(2,705,539)</u>	<u>(597,322)</u>	<u>(2,147,905)</u>
Grants, subsidies and contributions	9(b)	11,512,179	1,661,493	1,410,545
Profit on asset disposals	4(c)	53,700	3,966	64,606
Loss on asset disposals	4(c)	0	(7,051)	(11,432)
		<u>11,565,879</u>	<u>1,658,408</u>	<u>1,463,719</u>
Net result		8,860,340	1,061,087	(684,186)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		8,860,340	1,061,087	(684,186)

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

SHIRE OF CUE

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30 JUNE 2021

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of *AASB 1051 Land Under Roads* paragraph 15 and *AASB 116 Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 15 to the budget.

2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

SHIRE OF CUE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue		\$	\$	\$
General purpose funding		3,455,401	4,497,477	3,487,592
Law, order, public safety		10,500	8,712	10,500
Health		1,200	1,208	500
Housing		73,320	25,480	25,480
Community amenities		84,885	72,303	85,500
Recreation and culture		8,100	6,093	7,000
Transport		253,000	272,576	492,500
Economic services		298,200	219,327	371,200
Other property and services		124,000	99,333	120,800
		<u>4,308,606</u>	<u>5,202,510</u>	<u>4,601,072</u>
Expenses excluding finance costs				
Governance		(397,697)	(255,266)	(408,911)
General purpose funding		(261,447)	(204,087)	(251,573)
Law, order, public safety		(113,100)	(58,323)	(81,399)
Health		(78,411)	(46,080)	(92,201)
Education and welfare		(74,556)	(2,590)	(16,955)
Housing		(285,937)	(192,795)	(259,910)
Community amenities		(445,479)	(322,339)	(400,186)
Recreation and culture		(922,896)	(623,146)	(988,224)
Transport		(3,671,806)	(3,475,027)	(3,492,499)
Economic services		(724,119)	(604,124)	(696,558)
Other property and services		(38,696)	(16,055)	(60,561)
		<u>(7,014,145)</u>	<u>(5,799,831)</u>	<u>(6,748,977)</u>
Subtotal		<u>(2,705,539)</u>	<u>(597,322)</u>	<u>(2,147,905)</u>
Grants, subsidies and contributions	9(b)	11,512,179	1,661,493	1,410,545
Profit on disposal of assets	4(c)	53,700	3,966	64,606
(Loss) on disposal of assets	4(c)	0	(7,051)	(11,432)
		<u>11,565,879</u>	<u>1,658,408</u>	<u>1,463,719</u>
Net result		8,860,340	1,061,087	(684,186)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		8,860,340	1,061,087	(684,186)

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

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE/ACTIVITIES

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

HEALTH

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

EDUCATION AND WELFARE

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

HOUSING

Provision and maintenance of staff and rental housing.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

Maintenance of Shire hall, recreation centre, Stan Gurney Memorial Park and various reserves. Operation of library and internet services. Co-ordination of Australia Day activities.

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

Private works operation, plant repair and operation costs.

SHIRE OF CUE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	2,365,615	2,333,772	2,337,128
Operating grants, subsidies and contributions	1,238,846	2,776,286	2,607,562
Fees and charges	640,905	489,592	599,780
Interest earnings	113,500	170,091	184,500
Other revenue	79,500	69,324	89,400
	<u>4,438,366</u>	<u>5,839,066</u>	<u>5,818,370</u>
Payments			
Employee costs	(2,049,988)	(1,811,632)	(1,859,507)
Materials and contracts	(1,373,851)	(315,664)	(1,396,758)
Utility charges	(342,750)	(268,406)	(286,300)
Interest expenses	(22,500)	(12,180)	(8,800)
Insurance expenses	(182,555)	(163,816)	(162,850)
Other expenditure	(228,700)	(75,914)	(225,700)
	<u>(4,200,345)</u>	<u>(2,647,611)</u>	<u>(3,939,915)</u>
Net cash provided by (used in) operating activities	3	<u>238,021</u>	<u>3,191,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4(a)	(7,067,500)	(870,572)
Purchase and construction of infrastructure	4(b)	(9,866,179)	(2,930,584)
Non-operating grants, subsidies and contributions	9(b)	11,512,179	1,661,493
Proceeds from sale of plant and equipment	4(c)	170,000	133,000
Net cash provided by (used in) investing activities		<u>(5,251,500)</u>	<u>(2,006,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(91,176)	(44,985)
Proceeds from new borrowings	6(b)	0	980,000
Net cash provided by (used in) financing activities		<u>(91,176)</u>	<u>935,015</u>
Net increase (decrease) in cash held		(5,104,655)	2,119,805
Cash at beginning of year		9,924,741	7,804,936
Cash and cash equivalents at the end of the year	3	<u><u>4,820,086</u></u>	<u><u>9,924,741</u></u>
		<u><u>5,376,575</u></u>	

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

SHIRE OF CUE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at 01 Jul - surplus/(deficit)		3,924,344	3,220,738	3,291,633
		3,924,344	3,220,738	3,291,633
Revenue from operating activities (excluding rates)				
General purpose funding		1,089,786	2,104,740	1,150,464
Law, order, public safety		10,500	8,712	10,500
Health		1,200	1,208	500
Housing		73,320	25,480	25,480
Community amenities		84,885	72,303	85,500
Recreation and culture		8,100	6,093	7,000
Transport		306,700	276,542	557,106
Economic services		298,200	219,327	371,200
Other property and services		124,000	99,333	120,800
		1,996,691	2,813,739	2,328,550
Expenditure from operating activities				
Governance		(397,697)	(255,266)	(408,911)
General purpose funding		(261,447)	(204,087)	(251,573)
Law, order, public safety		(113,100)	(58,323)	(81,399)
Health		(78,411)	(46,080)	(92,201)
Education and welfare		(74,556)	(2,590)	(16,955)
Housing		(285,937)	(192,795)	(259,910)
Community amenities		(445,479)	(322,339)	(400,186)
Recreation and culture		(922,896)	(623,146)	(988,224)
Transport		(3,671,806)	(3,482,078)	(3,503,931)
Economic services		(724,119)	(604,124)	(696,558)
Other property and services		(38,696)	(16,055)	(60,561)
		(7,014,145)	(5,806,882)	(6,760,409)
Non-cash amounts excluded from operating activities	2(a)	2,791,100	2,736,898	2,755,888
Amount attributable to operating activities		1,697,991	2,964,493	1,615,662
INVESTING ACTIVITIES				
Purchase property, plant and equipment	4(a)	(7,067,500)	(870,572)	(4,133,500)
Purchase and construction of infrastructure	4(b)	(9,866,179)	(2,930,584)	(2,720,900)
Non-operating grants, subsidies and contributions	9(b)	11,512,179	1,661,493	1,410,545
Proceeds from disposal of assets	4(c)	170,000	133,000	210,000
Amount attributable to investing activities		(5,251,500)	(2,006,664)	(5,233,855)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(91,176)	(44,985)	(45,000)
Proceeds from new borrowings	6(b)	0	980,000	980,000
Transfers to cash backed reserves (restricted assets)	7(a)	(85,000)	(429,258)	(463,135)
Transfers from cash backed reserves (restricted assets)	7(a)	1,364,070	68,021	809,200
Amount attributable to financing activities		1,187,894	573,778	1,281,065
Budgeted deficiency before general rates		(2,365,615)	1,531,607	(2,337,128)
Estimated amount to be raised from general rates	1(a)	2,365,615	2,392,737	2,337,128
Net current assets at 30 Jun - surplus/(deficit)	2(c)	0	3,924,344	0

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

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES

(a) Rating Information

General rate	Rate in	Number of properties	Rateable value	2020/21 Budget	2019/20 Actual	2019/20 Budget
Gross rental valuations	\$	#	\$	\$	\$	\$
GRV Residential	0.106200	93	561,024	59,581	60,050	60,050
GRV Commercial	0.106200	5	299,208	31,776	31,776	31,776
GRV Vacant Land	0.106200	0	0	0	0	0
GRV M & T Workforce	0.300000	2	246,750	74,025	74,025	74,025
UV Mining	0.283334	332	7,418,800	2,101,999	2,073,300	2,077,651
UV Pastoral	0.076564	14	563,097	43,112	43,112	43,112
Sub-Totals		446	9,088,879	2,310,493	2,282,263	2,286,614
Minimum payment						
Gross rental valuations						
GRV Residential	451	46	105,129	20,746	20,295	20,295
GRV Commercial	451	0	0	0	0	0
GRV Vacant Land	451	41	8,780	18,491	18,491	18,491
GRV M & T Workforce	451	0	0	0	0	0
UV Mining	451	131	100,402	59,081	56,375	55,924
UV Pastoral	451	4	12,295	1,804	1,804	1,804
Sub-Totals		222	226,606	100,122	96,965	96,514
		668	9,315,485	2,410,615	2,379,228	2,383,128
Discounts (Refer Note 1(h))				(6,355)	(6,355)	(1,000)
Rates Written-off				(43,645)	(5,378)	(50,000)
Interim and Back Rates				5,000	25,242	5,000
Total amount raised from general rates				2,365,615	2,392,737	2,337,128

All land (other than exempt land) in the Shire of Cue is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Cue. The general rates detailed for the 2020/21 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget, the estimated revenue to be received from all sources other than rates, as well as considering the extent of any increase in rating over the level adopted in the previous year. The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one	05 Oct 2020	15	3.0%	8.0%
Option two	07 Dec 2020	15	3.0%	8.0%
Option three	08 Feb 2021	15	3.0%	8.0%
Option four	12 Apr 2021	15	3.0%	8.0%

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Instalment plan admin charge revenue	1,500	1,200	1,500
Instalment plan interest earned	5,500	4,508	5,500
Unpaid rates and service charge interest earned	16,000	17,893	24,000
	<u>23,000</u>	<u>23,601</u>	<u>31,000</u>

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

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

The general rates detailed above for the 2020/21 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

The differential rates were advertised on the 29th July 2020. These rates are in accordance with the advertised schedule. As rates have not increased from 2020, Ministerial approval was not required for the above differential rates in accordance with the *Local Government (COVID-19 Response) Order 2020*.

Objectives and Reasons for Differential Rating

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

1. RATES AND SERVICE CHARGES (CONTINUED)

Gross Rental Value (GRV)

The Local Government Act 1995 determines that properties of a Non-Rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates. The Valuer General determines the GRV for all properties within the Shire of Cue every five years and assigns a GRV. The current valuation is effective from 1 July 2015. Interim valuations are provided monthly to Council by the Valuer General for properties where changes have occurred (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances Council recalculates the rates for the affected properties and issues interim rates notices.

GRV General

Consists of properties located within the townsite boundaries with a predominant residential use and all other GRV rated properties that do not fit into the other GRV categories. This rate is considered by Council to be the GRV general rate by which all other GRV rated properties are assessed.

GRV Commercial

Properties used for Commercial, Town Centre or Industrial purposes and open to the public and passing trade on a regular basis (more than 100 days a year). The rate reflects a differentiation from the GRV General rate to encourage property owners to develop commercial enterprise and stimulate economic activity in the town centre and industrial area. To facilitate this, the rate applied will be the same rate in the dollar as the GRV General rate category and a discount provided in accordance with section 6.46 of the *Local Government Act*. The discounted rate will be twenty percent of rates levied for the category. The discount will only apply if the rates are paid in full by the due date. This discount is not available to properties that are minimum rated, zoned residential, home based businesses or businesses that do not offer an open shopfront to the public on the property.

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

GRV Vacant

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

GRV Mining and Transient Workforce Facilities

Properties used for high density Minesite accommodation exclusive of Lodging Houses. The rate reflects the cost of servicing a high density development that places a significant amount of financial pressure on Council to provide services such as road maintenance, parking control, heavy vehicle movements, litter control, rubbish site maintenance, airport infrastructure and maintenance and other amenities. It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees and charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that the category of ratepayers that receive a significant benefit from the facilities make a fair contribution.

This differential rate maintains a proportional share of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and associated infrastructure and facilities required for developed residential and urban areas. These services and facilities are available to transient workforce workers in the same manner as they are available to other residents of the Shire and the contribution from this category has been set at a level that reflects this. Council is focussed on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing of public ablutions and other building maintenance programs. In addition, these properties have access to all other services and facilities provided by Council.

1. RATES AND SERVICE CHARGES (CONTINUED)

The average rates per transient workforce accommodation unit are less than the equivalent minimum rate for a single bedroom residence. Despite the lower rate per accommodation unit, transient workforce properties have the potential to have a greater impact on Council services and assets than other properties due to their number of occupants in a relatively small land parcel (i.e. concentrated bus and vehicle movements on local roads). In order to appropriately maintain and manage Councils asset and infrastructure in the longer term, a higher differential rate is proposed for this category to reflect the greater potential and actual intensity of use of Council assets and infrastructure.

Unimproved Value (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis.

UV Pastoral

Consists of properties that are outside of the townsite that have a commercial use inclusive of pastoral leases or pastoral use. This category is rated to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide for rural infrastructure and services in addition to the urban services and infrastructure which are available to be accessed by the properties in this category.

UV Mining

The object of this rate is to apply a base differential general rate to UV-Rated mining tenements and provide for the cost of operating all the facilities and services that are available to residents and ratepayers to use including rural roads upon which mining enterprises rely, other than those services and facilities for which separate fees and charges are levied on a cost-recovery basis. It should be noted that, even in relation to services for which separate fees and charges are levied, many of these fees and charges do not recover the full cost of operating the facility or providing the service. In such cases, the difference between the revenue derived from fees and charges and the actual costs of providing the services and facilities has to be met from rates. So it is appropriate that the category of ratepayers that receive a significant benefit from the facilities make a fair contribution.

In addition to contributing to the costs of facilities and services available to residents and ratepayers, the rate recognises the additional administrative burden and costs associated with administering this class of rates and the risks of non-collection due to tenement deaths and deregistration of mining companies, additional wear and tear on Shire assets as a result of frequent heavy vehicle use over extensive lengths of shire roads throughout the year, additional compliance burdens and costs, and unrecovered legal expenses.

The reason for the GRV Mining rate is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire, as well as a contribution to the Shire's administrative costs proportionate to the additional risks and burdens imposed upon the Shire by Mining Ratepayers.

Minimum Rates

The setting of minimum rates within rating categories is an important method of ensuring that all properties contribute an equitable rate amount. A minimum rate of \$451.00 has been set for all rate categories.

**SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021**

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Specified Area Rate

No Specified Area Rates are expected to be levied in the year ended 30th June 2021.

(g) Service Charges

No Service Charges are expected to be levied in the year ended 30th June 2021.

(h) Rates discounts

Rate or fee to which discount is granted	Discount	2020/21 Budget	2019/20 Actual	2019/20 Budget
	%	\$	\$	\$
GRV - Commercial	20.0%	6,355	6,355	1,000
		6,355	6,355	1,000

Circumstances in which discount is granted

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

(i) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30 June 2021.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

2. NET CURRENT ASSETS

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(a) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.

	Note	2020/21 Budget 30 Jun 21	2019/20 Actual 30 Jun 20	2019/20 Budget 30 Jun 20
Adjustments to operating activities		\$	\$	\$
Less: Profit on asset disposals	4(c)	(53,700)	(3,966)	(64,606)
Less: Movement in employee provisions		0	(11,676)	0
Less: Movement in fair value of financial assets		0	(288)	0
Less: Movement in deferred pensioner rates		0	(1,170)	0
Add: Loss on disposal of assets	4(c)	0	7,051	11,432
Add: Depreciation on assets	5	2,844,800	2,746,947	2,809,062
Amounts excluded from operating activities		2,791,100	2,736,898	2,755,888

(b) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.

	Note	2020/21 Budget 30 Jun 21	2019/20 Actual 30 Jun 20	2019/20 Budget 30 Jun 20
Adjustments to net current assets		\$	\$	\$
Less: Cash - restricted reserves	7(a)	(4,762,905)	(6,041,975)	(5,334,672)
Less: Current portion of borrowings		91,176	91,176	91,176
Total adjustments to net current assets		(4,671,729)	(5,950,799)	(5,243,496)

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

2. NET CURRENT ASSETS (CONTINUED)

(c) Composition of estimated net current assets

	Note	2020/21 Budget 30 Jun 21	2019/20 Actual 30 Jun 20	2019/20 Budget 30 Jun 20
Current assets		\$	\$	\$
Cash and cash equivalents- unrestricted	3	49,856	2,667,889	33,943
Cash and cash equivalents - restricted				
Cash backed reserves	7(a)	4,762,905	6,041,975	5,334,672
Unspent borrowings	6(c)	0	917,191	0
Deposits and bonds		7,326	7,326	7,960
Unspent grants, subsidies and contributions	9(c)	0	290,360	0
Receivables		630,485	1,050,605	268,579
Contract Asset		26,589	26,589	0
Inventories		16,831	16,831	23,205
		<u>5,493,992</u>	<u>11,018,766</u>	<u>5,668,359</u>
Less: current liabilities				
Trade and other payables		(603,499)	(634,499)	(218,681)
Income received in Advance		(2,525)	(2,525)	(3,595)
Contract liabilities		0	(290,360)	0
Loan Liability		(91,176)	(91,176)	(91,176)
Provisions		(125,064)	(125,064)	(111,411)
		<u>(822,264)</u>	<u>(1,143,624)</u>	<u>(424,863)</u>
Net current assets		<u>4,671,728</u>	<u>9,875,143</u>	<u>5,243,496</u>
Less: Total adjustments to net current assets	2(b)	<u>(4,671,729)</u>	<u>(5,950,799)</u>	<u>(5,243,496)</u>
Closing funding surplus / (deficit)		<u>0</u>	<u>3,924,344</u>	<u>0</u>

SHIRE OF CUE

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30 JUNE 2021

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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.

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 of Cue 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.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

PROVISIONS

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

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

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.

Superannuation

The Shire of Cue contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Cue contributes are defined contribution plans.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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.

EMPLOYEE BENEFITS

Short-term employee benefits

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

LAND HELD FOR RESALE

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

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

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

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

3. RECONCILIATION OF CASH

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

	Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Cash at bank and on hand		57,182	1,575,344	41,903
Term deposits		4,762,905	8,349,397	5,334,672
		<u>4,820,086</u>	<u>9,924,741</u>	<u>5,376,575</u>
Unrestricted cash and cash equivalents		49,856	2,667,889	33,943
Restricted cash and cash equivalents		4,770,230	7,256,852	5,342,632
		<u>4,820,086</u>	<u>9,924,741</u>	<u>5,376,575</u>

The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents, and financial assets at amortised cost:

Cash backed reserves	7(a)	4,762,905	6,041,975	5,334,672
Deposits and bonds		7,326	7,326	7,960
Unspent borrowings	6(c)	0	917,191	0
Unspent grants, subsidies and contributions	9(c)(i)	0	290,360	0
		<u>4,770,230</u>	<u>7,256,852</u>	<u>5,342,632</u>

Reconciliation of net cash provided by operating activities to net result

Net result		8,860,340	1,061,087	(684,186)
Depreciation	5	2,844,800	2,746,947	2,809,062
(Profit)/loss on sale of asset	4(c)	(53,700)	3,084	(53,174)
(Increase)/decrease in receivables		420,120	347,266	1,217,298
(Increase)/decrease in inventories		0	6,374	0
Increase/(decrease) in payables		(321,360)	671,992	0
Increase/(decrease) in employee provisions		0	16,196	0
Non-operating grants, subsidies and contributions		(11,512,179)	(1,661,493)	(1,410,545)
Net cash from operating activities		<u>238,021</u>	<u>3,191,454</u>	<u>1,878,455</u>

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

FINANCIAL ASSETS AT AMORTISED COST

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

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

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

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

(a) Property, Plant and Equipment

(i) Land and buildings

Housing

Staff Unit Housing Development
Pensioner Housing Development
GROH Housing
Staff Housing

Recreation and culture

Great Fingal Mine Office
Old Railway Building and Youth Centre
Town Hall Upgrades
Heritage Building Renovations
Bowling Green Upgrade

Transport

Works Depot Improvements

Economic services

Tourist Park House and Office
Tourist Park Ablutions
Old Gaol Restoration
Old Municipal Building Improvements
Pension Hut Renovation

Other property and services

Administration Building Improvements

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Staff Unit Housing Development	1,000,000		
Pensioner Housing Development	1,000,000		
GROH Housing	917,000		
Staff Housing	250,000		
Great Fingal Mine Office	2,000,000		
Old Railway Building and Youth Centre	395,000		
Town Hall Upgrades	190,000		
Heritage Building Renovations	130,000		
Bowling Green Upgrade	10,000		
Works Depot Improvements	30,000		
Tourist Park House and Office	400,000		
Tourist Park Ablutions	100,000		
Old Gaol Restoration	60,000		
Old Municipal Building Improvements	60,000		
Pension Hut Renovation	10,500		
Administration Building Improvements	35,000		
	6,587,500	342,039	3,260,500

(ii) Furniture and equipment

Governance

Council Furniture and Equipment

Housing

Staff Housing

Economic services

Pension Hut Furniture and Equipment

Other property and services

Administration Furniture and Equipment

Council Furniture and Equipment	10,000		
Staff Housing	15,000		
Pension Hut Furniture and Equipment	10,000		
Administration Furniture and Equipment	25,000		
	60,000	7,095	60,000

(iii) Plant and equipment

Transport

Caterpillar Skid Steer Loader
Toyota Landcruiser VX
Street Sweeper
Town Crew Tipping Tray Ute
Nissan Navarra 2WD
Ride-on Mower
Excavator Grapple
Bitumen Sprayer
Road Maintenance Equipment
Workshop Equipment
Dual Axle Heavy Duty Bitumen Trailer
Town Maintenance Equipment

Caterpillar Skid Steer Loader	120,000		
Toyota Landcruiser VX	85,000		
Street Sweeper	50,000		
Town Crew Tipping Tray Ute	45,000		
Nissan Navarra 2WD	30,000		
Ride-on Mower	25,000		
Excavator Grapple	15,000		
Bitumen Sprayer	12,000		
Road Maintenance Equipment	12,000		
Workshop Equipment	10,000		
Dual Axle Heavy Duty Bitumen Trailer	10,000		
Town Maintenance Equipment	6,000		
	420,000	521,438	813,000

Total Property, Plant and Equipment

	7,067,500	870,572	4,133,500
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SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS (CONTINUED)

(b) Infrastructure

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
(i) Road Infrastructure			
Transport			
Flood Damage Restoration	3,123,336		
Wilgie Mia Road	2,100,000		
Roads to Recovery	593,843		
Construction - Muni Funds Roads	190,000		
Regional Roads Group	180,000		
Cue-Beringarra Road	150,000		
Grid Widening Program	100,000		
	6,437,179	2,320,123	1,083,400
(ii) Other Infrastructure			
Community amenities			
Waste Site - Fencing and Improvements	325,000		
Deep Sewerage	240,000		
Cemetery Niche Wall	35,000		
Recreation and culture			
Playground Equipment	220,000		
Sporting Facilities	100,000		
Oval Infrastructure	50,000		
Walk and Cycle Trails	40,000		
Transport			
Airport Runway Resealing	1,400,000		
Artificial Lawn and Retic	45,000		
Economic services			
Heydon Place Industrial Development	372,500		
Museum Project	180,000		
Austin Street Development	100,000		
Garden Rock Development	100,000		
Streetscape	75,000		
Tourist Park Improvements	40,000		
CCTV	33,500		
RV Site	30,000		
Oasis Visitor Parking Project	23,000		
Standpipe Automation	20,000		
	3,429,000	610,461	1,637,500
Total Infrastructure	9,866,179	2,930,584	2,720,900
Total acquisitions	16,933,679	3,801,156	6,854,400

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately. Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS (CONTINUED)

(c) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

(i) 2020/21 Budget

Property, Plant and Equipment	Net Book Value	Sale Proceeds	Profit on Disposal	Loss on Disposal
Transport	\$	\$	\$	\$
Caterpillar Skid Steer Loader	23,700	45,000	21,300	0
Town Crew Tipping Tray Ute	25,200	30,000	4,800	0
Toyota Landcruiser VX	62,400	85,000	22,600	0
Nissan Navarra 2WD	5,000	10,000	5,000	0
	116,300	170,000	53,700	0

(ii) 2019/20 Actual

Property, Plant and Equipment	Net Book Value	Sale Proceeds	Profit on Disposal	Loss on Disposal
Transport	\$	\$	\$	\$
Mitsubishi Pajero Wagon 4x4 (CEO)	40,000	36,364	0	(3,636)
Mitsubishi Pajero Wagon 4x4 (DCEO)	35,837	37,273	1,435	0
Isuzu D-Max Space Cab 4x4 (Works Manager)	23,378	25,909	2,531	0
Isuzu D-Max Dual Cab Ute 4x4 (Roads Crew)	27,348	25,455	0	(1,893)
P72 Iveco Eurotech MP4500 Prime Mover	9,521	8,000	0	(1,521)
	136,084	133,000	3,966	(7,051)

(iii) 2019/20 Budget

Property, Plant and Equipment	Net Book Value	Sale Proceeds	Profit on Disposal	Loss on Disposal
Transport	\$	\$	\$	\$
Mitsubishi Pajero Wagon 4x4 (CEO)	26,663	40,000	13,337	0
Mitsubishi Pajero Wagon 4x4 (DCEO)	26,663	40,000	13,337	0
P34 2012 Caterpillar 226B3SC Skid Steer	22,689	40,000	17,311	0
Isuzu D-Max Space Cab 4x4 (Works Manager)	24,011	35,000	10,989	0
Isuzu D-Max Dual Cab Ute 4x4 (Roads Crew)	20,368	30,000	9,632	0
P66 - S20 Ride-on Street Sweeper	26,368	15,000	0	(11,368)
P72 Iveco Eurotech MP4500 Prime Mover	10,064	10,000	0	(64)
	156,826	210,000	64,606	(11,432)

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

5. ASSET DEPRECIATION

	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program	\$	\$	\$
Governance	1,830	1,816	0
Law, order, public safety	230	225	227
Health	1,420	1,222	909
Housing	36,830	35,489	35,796
Community amenities	10,450	10,418	9,530
Recreation and culture	115,220	107,409	103,850
Transport	2,120,200	2,090,006	2,115,500
Economic services	193,930	182,061	179,000
Other property and services	364,690	318,300	364,250
	2,844,800	2,746,947	2,809,062
By Class			
Land and buildings	226,400	218,160	217,243
Furniture and equipment	9,500	9,452	22,760
Plant and equipment	322,700	277,489	311,659
Road Infrastructure	1,978,900	1,958,438	1,985,000
Other Infrastructure	307,300	283,407	272,400
	2,844,800	2,746,947	2,809,062

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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

Asset	Years	Asset	Years
Land and buildings	30 to 50	Sealed roads and streets	
Furniture and equipment	4 to 10	formation	N/A
Plant and equipment	5 to 15	pavement	50
Parks and Ovals	12 to 35	seal	
Other Infrastructure	12 to 60	bituminous seals	20
Sewerage Piping	50	asphalt surfaces	25
Water Supply Piping Systems	75	Gravel Roads	
Water Supply Drainage Systems	75	formation	N/A
Footpaths - slab	40	pavement	50
		gravel sheet	12
		Formed roads	
		formation	N/A
		pavement	50

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

(i) 2020/21 Budget

	Principal 01 Jul 20	New Loans	Principal Repayments	Principal 30 Jun 21	Interest Repayments
Housing	\$	\$	\$	\$	\$
GROH House*	935,015	0	91,176	843,839	22,500
	935,015	0	91,176	843,839	22,500

(ii) 2019/20 Actual

	Principal 01 Jul 19	New Loans	Principal Repayments	Principal 30 Jun 20	Interest Repayments
Housing	\$	\$	\$	\$	\$
GROH House*	0	980,000	44,985	935,015	12,180
	0	980,000	44,985	935,015	12,180

(iii) 2019/20 Budget

	Principal 01 Jul 19	New Loans	Principal Repayments	Principal 30 Jun 20	Interest Repayments
Housing	\$	\$	\$	\$	\$
GROH House*	0	980,000	45,000	935,000	8,800
	0	980,000	45,000	935,000	8,800

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

* - WATC - Western Australian Treasury Corporation

SHIRE OF CUE
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2020/21

The Shire does not intend to undertake any new borrowings for the year ended 30 June 2021.

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2020/21 Budget	New loans unspent at 30 Jun 21	Amount as at 30 Jun 21
			\$	\$	\$	\$
Housing						
GROH House	Housing	2020	917,191	917,000	0	0
			917,191	917,000	0	0

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	15,000	15,000	15,000
Credit card balance at balance date	0	0	0
Total amount of credit unused	15,000	15,000	15,000

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

(i) 2020/21 Budget

	Opening Balance	Transfer Interest	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$
(a) Long Service Leave Reserve	62,945	625	0	0	63,570
(b) Building Maintenance Reserve	648,556	6,441	0	(235,000)	419,997
(c) Plant Replacement Reserve	514,091	5,105	0	(150,000)	369,196
(d) Streetscape Reserve	317,311	3,151	0	(123,000)	197,462
(e) Sports Facilities Reserve	122,177	1,213	0	0	123,390
(f) Tourist Park Development Reserve	252,361	2,506	0	(140,000)	114,867
(g) Water Playground Reserve	60,699	603	0	0	61,302
(h) Beringarra Road Reserve	2,660,835	26,423	0	(150,000)	2,537,258
(i) Tourism Reserve	123,258	1,224	0	(40,000)	84,482
(j) Housing / Land Development Reserve	191,829	1,905	25,000	(150,000)	68,734
(k) Heritage Reserve	626,815	6,225	0	(281,070)	351,970
(l) Road Maintenance Reserve	232,939	2,313	0	(50,000)	185,252
(m) Infrastructure Reserve	228,160	2,266	0	(45,000)	185,426
	<u>6,041,975</u>	<u>60,000</u>	<u>25,000</u>	<u>(1,364,070)</u>	<u>4,762,905</u>

(ii) 2019/20 Actual

	Opening Balance	Transfer Interest	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$
(a) Long Service Leave Reserve	62,406	539	0	0	62,945
(b) Building Maintenance Reserve	637,216	11,340	0	0	648,556
(c) Plant Replacement Reserve	504,540	9,551	0	0	514,091
(d) Streetscape Reserve	311,763	5,548	0	0	317,311
(e) Sports Facilities Reserve	120,040	2,136	0	0	122,177
(f) Tourist Park Development Reserve	247,949	4,413	0	0	252,361
(g) Water Playground Reserve	59,638	1,061	0	0	60,699
(h) Beringarra Road Reserve	2,681,140	47,715	0	(68,021)	2,660,835
(i) Tourism Reserve	121,102	2,155	0	0	123,258
(j) Housing / Land Development Reserve	188,474	3,354	0	0	191,829
(k) Heritage Reserve	615,855	10,960	0	0	626,815
(l) Road Maintenance Reserve	130,614	2,325	100,000	0	232,939
(m) Infrastructure Reserve	0	0	228,160	0	228,160
	<u>5,680,738</u>	<u>101,098</u>	<u>328,160</u>	<u>(68,021)</u>	<u>6,041,975</u>

(iii) 2019/20 Budget

	Opening Balance	Transfer Interest	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$
(a) Long Service Leave Reserve	62,406	707	0	0	63,113
(b) Building Maintenance Reserve	637,216	14,888	0	(150,000)	502,104
(c) Plant Replacement Reserve	504,540	12,526	0	(150,000)	367,066
(d) Streetscape Reserve	311,762	7,277	0	(100,000)	219,039
(e) Sports Facilities Reserve	120,041	2,805	0	0	122,846
(f) Tourist Park Development Reserve	247,949	5,796	0	(50,000)	203,745
(g) Water Playground Reserve	59,638	1,399	0	0	61,037
(h) Beringarra Road Reserve	2,681,140	62,307	0	(150,000)	2,593,447
(i) Tourism Reserve	121,102	2,834	0	(23,000)	100,936
(j) Housing / Land Development Reserve	188,475	4,418	0	0	192,893
(k) Heritage Reserve	615,854	14,388	0	(186,200)	444,042
(l) Road Maintenance Reserve	130,614	2,495	103,135	0	236,244
(m) Infrastructure Reserve	0	1,160	227,000	0	228,160
	<u>5,680,737</u>	<u>133,000</u>	<u>330,135</u>	<u>(809,200)</u>	<u>5,334,672</u>

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

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

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

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
General purpose funding	1,000	1,170	500
Law, order, public safety	3,000	2,195	3,000
Health	1,200	1,208	500
Housing	73,320	25,480	25,480
Community amenities	84,885	72,303	85,500
Recreation and culture	4,800	3,235	1,800
Transport	145,000	144,784	102,000
Economic services	290,700	214,070	357,200
Other property and services	37,000	25,149	23,800
	640,905	489,592	599,780

9. GRANT REVENUE

(a) Operating grants, subsidies and contributions

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
General purpose funding	952,786	1,912,856	941,964
Law, order, public safety	7,500	6,517	7,500
Recreation and culture	800	0	800
Transport	108,000	127,792	390,000
Other property and services	40,000	33,311	50,000
	1,109,086	2,080,476	1,390,264

(b) Non-operating grants, subsidies and contributions

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
General purpose funding	340,000	0	0
Housing	1,200,000	0	0
Community amenities	260,000	0	120,000
Recreation and culture	2,190,000	39,404	691,545
Transport	7,337,179	1,622,089	569,000
Economic services	185,000	0	30,000
	11,512,179	1,661,493	1,410,545
Total Operating and Non-operating Funding	12,621,265	3,741,969	2,800,809

(c) Unspent grants, subsidies and contributions liability

(i) Non-operating grants, subsidies and contributions

	Liability at 01 Jul 20	Increase in Liability	Decrease in Liability	Total Liability 30 Jun 21
	\$	\$	\$	\$
Transport	290,360	0	(290,360)	0
Roads to Recovery	290,360	0	(290,360)	0

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

10. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations satisfied	Payment terms	Returns / Refunds / Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund if event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund if event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

10. REVENUE RECOGNITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations satisfied	Payment terms	Returns / Refunds / Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

11. OTHER INFORMATION

(a) The net result includes as revenues

	2020/21 Budget	2019/20 Actual	2019/20 Budget
(i) Interest earnings	\$	\$	\$
Investments - Reserve funds	60,000	101,098	133,000
Investments - Other funds	32,000	46,592	22,000
Other interest revenue (Refer Note 1b)	21,500	22,401	29,500
	<u>113,500</u>	<u>170,091</u>	<u>184,500</u>
(ii) Other revenue			
Reimbursements and recoveries	12,000	11,828	20,400
Other	67,500	57,784	69,000
	<u>79,500</u>	<u>69,612</u>	<u>89,400</u>

(b) The net result includes as expenses

	2020/21 Budget	2019/20 Actual	2019/20 Budget
(i) Auditors remuneration	\$	\$	\$
Audit services	35,750	36,800	35,750
	<u>35,750</u>	<u>36,800</u>	<u>35,750</u>
(ii) Interest expenses (finance costs)			
Borrowings (Refer Note 6(a))	22,500	12,180	8,800
	<u>22,500</u>	<u>12,180</u>	<u>8,800</u>
(iii) Elected members remuneration			
Meeting fees	30,500	26,386	30,500
Mayor/President's allowance	10,900	9,988	10,900
Deputy Mayor/President's allowance	2,800	2,724	2,800
Travelling expenses	19,500	15,934	25,000
Telecommunications allowance	24,500	23,780	24,500
	<u>88,200</u>	<u>78,812</u>	<u>93,700</u>
(iv) Write offs			
General rate	43,645	5,378	50,000
	<u>43,645</u>	<u>5,378</u>	<u>50,000</u>

SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

11. OTHER INFORMATION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget 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.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

**SHIRE OF CUE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021**

12. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2020/21.

13. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any major trading undertakings will occur in 2020/21.

14. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2020/21.

15. TRUST FUNDS

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

Detail	Balance 30 Jun 20	Estimated amounts received	Estimated amounts paid	Estimated balance 30 Jun 21
	\$	\$	\$	\$
Cue LCDC	2,080	0	0	2,080
	2,080	0	0	2,080