



Shire of Cue

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SHIRE OF CUE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2021

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

SHIRE'S VISION

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

**SHIRE OF CUE
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FOR THE YEAR ENDED 30TH JUNE 2021**

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**SHIRE OF CUE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cue for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Cue at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 29th day of April 2022



Richard Towell
Chief Executive Officer

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	26(a)	2,432,703	2,365,615	2,396,607
Operating grants, subsidies and contributions	2(a)	5,609,433	1,109,086	3,664,962
Fees and charges	2(a)	777,755	640,905	493,862
Interest earnings	2(a)	81,445	113,500	170,093
Other revenue	2(a)	133,113	79,500	97,951
		<u>9,034,449</u>	<u>4,308,606</u>	<u>6,823,475</u>
Expenses				
Employee costs		(1,595,721)	(2,049,988)	(1,778,674)
Materials and contracts		(4,036,676)	(1,342,851)	(2,461,685)
Utility charges		(368,743)	(342,750)	(268,406)
Depreciation on non-current assets	10(b)	(2,687,808)	(2,844,800)	(2,746,947)
Interest expenses	2(d)	(21,590)	(22,500)	(23,675)
Insurance expenses		(182,327)	(182,555)	(163,816)
Other expenditure		(158,516)	(228,700)	(74,914)
		<u>(9,051,381)</u>	<u>(7,014,145)</u>	<u>(7,518,117)</u>
		(16,932)	(2,705,539)	(694,642)
Fair value adjustment to financial assets at fair value through profit or loss	7	647	0	288
Non-operating grants, subsidies and contributions	2(a)	3,237,551	11,512,179	215,804
Profit on asset disposals	10(a)	0	53,700	3,967
(Loss) on asset disposals	10(a)	0	0	(7,051)
		<u>3,238,198</u>	<u>11,565,879</u>	<u>213,008</u>
Net result for the period		<u>3,221,266</u>	<u>8,860,340</u>	<u>(481,634)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	1,121,598	0	0
Total other comprehensive income for the period		<u>1,121,598</u>	<u>0</u>	<u>0</u>
Total comprehensive income for the period		<u><u>4,342,864</u></u>	<u><u>8,860,340</u></u>	<u><u>(481,634)</u></u>

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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
General purpose funding		4,627,364	3,455,401	4,501,060
Law, order, public safety		8,348	10,500	6,775
Health		920	1,200	1,208
Education and welfare		1,238	0	0
Housing		25,900	73,320	25,676
Community amenities		84,042	84,885	72,303
Recreation and culture		33,030	8,100	4,958
Transport		3,580,293	253,000	1,858,997
Economic services		517,570	298,200	224,538
Other property and services		155,744	124,000	127,960
		<u>9,034,449</u>	<u>4,308,606</u>	<u>6,823,475</u>
Expenses				
Governance		(263,663)	(397,697)	(333,644)
General purpose funding		(172,685)	(261,447)	(163,729)
Law, order, public safety		(58,731)	(113,100)	(58,732)
Health		(61,267)	(78,411)	(48,056)
Education and welfare		(46,426)	(74,556)	(2,657)
Housing		(249,869)	(285,937)	(205,203)
Community amenities		(270,136)	(445,479)	(344,369)
Recreation and culture		(612,705)	(922,896)	(629,500)
Transport		(6,492,406)	(3,671,806)	(5,126,081)
Economic services		(805,227)	(724,119)	(580,717)
Other property and services		(18,266)	(38,696)	(25,429)
		<u>(9,051,381)</u>	<u>(7,014,145)</u>	<u>(7,518,117)</u>
		(16,932)	(2,705,539)	(694,642)
Fair value adjustment to financial assets at fair value through profit or loss	7	647	0	288
Non-operating grants, subsidies and contributions	2(a)	3,237,551	11,512,179	215,804
Profit on asset disposals	10(a)	0	53,700	3,967
(Loss) on asset disposals	10(a)	0	0	(7,051)
		<u>3,238,198</u>	<u>11,565,879</u>	<u>213,008</u>
		<u>3,221,266</u>	<u>8,860,340</u>	<u>(481,634)</u>
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	1,121,598	0	0
Total other comprehensive income for the period		<u>1,121,598</u>	<u>0</u>	<u>0</u>
Total comprehensive income for the period		<u>4,342,864</u>	<u>8,860,340</u>	<u>(481,634)</u>

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

SHIRE OF CUE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2021

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,632,911	4,334,261
Receivables and other assets	5	1,507,738	1,756,630
Inventories	6	43,665	28,161
Financial assets	7	7,897,116	5,590,479
TOTAL CURRENT ASSETS		<u>12,081,430</u>	<u>11,709,531</u>
NON-CURRENT ASSETS			
Receivables and other assets	5	5,634	7,701
Financial assets	7	18,452	17,805
Property, plant and equipment	8(a)	16,346,333	12,391,080
Infrastructure	9(a)	41,171,559	40,756,466
TOTAL NON-CURRENT ASSETS		<u>57,541,978</u>	<u>53,173,052</u>
TOTAL ASSETS		<u>69,623,408</u>	<u>64,882,583</u>
CURRENT LIABILITIES			
Trade and other payables	12	1,487,401	1,272,517
Employee related provisions	14(a)	169,179	126,543
Borrowings	13(a)	92,806	91,176
Other liabilities	2(c)	505,257	259,427
TOTAL CURRENT LIABILITIES		<u>2,254,643</u>	<u>1,749,663</u>
NON-CURRENT LIABILITIES			
Employee related provisions	14(a)	56,904	71,117
Borrowings	13(a)	751,033	843,839
TOTAL NON-CURRENT LIABILITIES		<u>807,937</u>	<u>914,956</u>
TOTAL LIABILITIES		<u>3,062,580</u>	<u>2,664,619</u>
NET ASSETS		<u>66,560,828</u>	<u>62,217,964</u>
EQUITY			
Retained surplus		21,838,291	18,481,671
Reserves - cash backed	4	5,906,621	6,041,975
Revaluation surplus	11	38,815,916	37,694,318
TOTAL EQUITY		<u>66,560,828</u>	<u>62,217,964</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 2021

	Note	Retained surplus \$	Reserves cash backed \$	Revaluation surplus \$	Total equity \$
Balance as at 1 July 2019		18,432,470	5,680,737	38,586,391	62,699,598
Net result for the period		(481,634)	0	0	(481,634)
Other comprehensive income	11	0	0	0	0
Change to regulations*		892,073	0	(892,073)	0
Transfers from/(to) reserves	4	(361,238)	361,238	0	0
Balance as at 30 June 2020		<u>18,481,671</u>	<u>6,041,975</u>	<u>37,694,318</u>	<u>62,217,964</u>
Net result for the period		3,221,266	0	0	3,221,266
Other comprehensive income	11	0	0	1,101,592	1,101,592
Additional assets to revaluation surplus**	11	0	0	20,006	20,006
Transfers from/(to) reserves	4	135,354	(135,354)	0	0
Balance as at 30 June 2021		<u><u>21,838,291</u></u>	<u><u>5,906,621</u></u>	<u><u>38,815,916</u></u>	<u><u>66,560,828</u></u>

* - Revaluation surplus derecognised due to the *Local Government (Financial Management) Regulations 1996* amendment to Regulation 17A.

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

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,433,168	2,365,615	2,322,960
Operating grants, subsidies and contributions		5,509,444	1,238,846	4,086,313
Fees and charges		779,800	640,905	491,817
Interest received		72,083	113,500	171,175
GST receipts on revenue		337,254	0	107,211
GST receipts from taxation authority		586,062	0	253,690
Other revenue		156,710	79,500	74,354
		<u>9,874,521</u>	<u>4,438,366</u>	<u>7,507,520</u>
Payments				
Employee costs		(1,511,367)	(2,049,988)	(1,812,119)
Materials and contracts		(3,693,063)	(1,373,851)	(1,947,031)
Utility charges		(354,870)	(342,750)	(268,406)
Interest expenses		(22,643)	(22,500)	(12,180)
Insurance paid		(182,327)	(182,555)	(163,816)
GST payments on purchases		(925,651)	0	(454,562)
GST payments to taxation authority		0	0	0
Other expenditure		(158,516)	(228,700)	(74,914)
		<u>(6,848,437)</u>	<u>(4,200,345)</u>	<u>(4,733,028)</u>
Net cash provided by (used in) operating activities	15	<u>3,026,084</u>	<u>238,021</u>	<u>2,774,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,483,381	11,512,179	475,231
Proceeds from sale of property, plant and equipment		0	170,000	133,000
Purchase of property, plant & equipment		(2,910,178)	(7,067,500)	(1,018,936)
Purchase of infrastructure		(2,902,824)	(9,866,179)	(1,178,998)
Proceeds/(Payments) from financial assets at amortised cost		(2,306,637)	0	640,258
Net cash provided by (used in) investment activities		<u>(4,636,258)</u>	<u>(5,251,500)</u>	<u>(949,445)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(91,176)	(91,176)	(44,985)
Proceeds from new borrowings		0	0	980,000
Net cash provided by (used in) financing activities		<u>(91,176)</u>	<u>(91,176)</u>	<u>935,015</u>
Net increase/(decrease) in cash held		<u>(1,701,350)</u>	<u>(5,104,655)</u>	<u>2,760,062</u>
Cash at beginning of year		4,334,261	9,924,741	1,574,199
Cash and cash equivalents at the end of the year	15	<u><u>2,632,911</u></u>	<u><u>4,820,086</u></u>	<u><u>4,334,261</u></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 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at 01 Jul - surplus/(deficit)	27(a)	4,009,069	3,924,344	3,220,738
Revenue from operating activities (excluding rates)				
Grants, subsidies and contributions	2(a)	5,609,433	1,109,086	3,664,962
Fees and charges	2(a)	777,755	640,905	493,862
Interest earnings	2(a)	81,445	113,500	170,093
Other revenue	2(a)	133,113	79,500	97,951
Profit on asset disposals	10(a)	0	53,700	3,967
		<u>6,601,746</u>	<u>1,996,691</u>	<u>4,430,835</u>
Expenditure from operating activities				
Employee costs		(1,595,721)	(2,049,988)	(1,778,674)
Materials and contracts		(4,036,676)	(1,342,851)	(2,461,685)
Utility charges		(368,743)	(342,750)	(268,406)
Depreciation on non-current assets	10(b)	(2,687,808)	(2,844,800)	(2,746,947)
Interest expenses	2(d)	(21,590)	(22,500)	(23,675)
Insurance expenses		(182,327)	(182,555)	(163,816)
Other expenditure		(158,516)	(228,700)	(74,914)
Loss on asset disposals	10(a)	0	0	(7,051)
		<u>(9,051,381)</u>	<u>(7,014,145)</u>	<u>(7,525,168)</u>
Non-cash amounts excluded from operating activities				
Less: Profit on asset disposals		0	(53,700)	(3,967)
Movement in employee benefit provisions (non-current)		(14,213)	0	12,549
Movement in pensioner deferred rates (non-current)		2,067	0	(1,170)
Add: Loss on disposal of assets		0	0	7,051
Add: Recognition of additional assets to revaluation surplus		20,006	0	0
Add: Depreciation on assets		2,687,808	2,844,800	2,746,947
Amount attributable to operating activities		<u>4,255,102</u>	<u>1,697,990</u>	<u>2,887,815</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	3,237,551	11,512,179	215,804
Proceeds from sale of property, plant and equipment	10(a)	0	170,000	133,000
Purchase of property, plant & equipment	8(a)	(3,053,738)	(7,067,500)	(1,018,936)
Purchase of infrastructure	9(a)	(2,902,824)	(9,866,179)	(1,178,998)
		<u>(2,719,011)</u>	<u>(5,251,500)</u>	<u>(1,849,130)</u>
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(91,176)	(91,176)	(44,985)
Proceeds from borrowings	13(b)	0	0	980,000
Transfers to reserves (restricted assets)	4	(69,646)	(85,000)	(429,259)
Transfers from reserves (restricted assets)	4	205,000	1,364,070	68,021
Amount attributable to financing activities		<u>44,178</u>	<u>1,187,894</u>	<u>573,777</u>
Surplus/(deficit) before imposition of general rates		<u>1,580,269</u>	<u>(2,365,616)</u>	<u>1,612,462</u>
Total amount raised from general rates	26(a)	<u>2,432,703</u>	<u>2,365,615</u>	<u>2,396,607</u>
Surplus/(deficit) after imposition of general rates	27(a)	<u>4,012,972</u>	<u>0</u>	<u>4,009,069</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 2021

1. 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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

AASB 1059 *Service Concession Arrangements: Grantors* (refer Note 30)

AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

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

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

1. BASIS OF PREPARATION (Continued)

CRITICAL ACCOUNTING ESTIMATES

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Borrowing liabilities
- Provisions

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

2. REVENUE, REVENUE RECOGNITION AND EXPENSES

(a) Revenue

Grant revenue

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	2,053,759	952,786	1,912,856
Law, order, public safety	7,923	7,500	4,581
Education and welfare	1,238	0	0
Recreation and culture	21,000	800	0
Transport	3,397,837	108,000	1,714,214
Economic services	47,553	0	0
Other property and services	80,123	40,000	33,311
	5,609,433	1,109,086	3,664,962
Non-operating grants, subsidies and contributions			
General purpose funding	12,393	340,000	0
Housing	0	1,200,000	0
Community amenities	0	260,000	0
Recreation and culture	0	2,190,000	39,404
Transport	3,165,927	7,337,179	176,400
Economic services	59,231	185,000	0
	3,237,551	11,512,179	215,804
Total grants, subsidies and contributions	8,846,984	12,621,265	3,880,766

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

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

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(a) Revenue (Continued)

Significant revenue	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Transport			
Flood damage restoration	3,272,789	3,123,336	1,586,422
Fees and charges			
General purpose funding	2,150	1,000	1,170
Law, order, public safety	425	3,000	2,195
Health	920	1,200	1,208
Housing	25,900	73,320	25,676
Community amenities	84,042	84,885	72,303
Recreation and culture	1,419	4,800	2,100
Transport	182,455	145,000	144,784
Economic services	452,014	290,700	219,277
Other property and services	28,430	37,000	25,149
	<u>777,755</u>	<u>640,905</u>	<u>493,862</u>

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

Interest earnings

Reserve accounts interest	54,009	60,000	101,098
Rates instalment and penalty interest (refer Note 26(e))	13,284	21,500	22,401
Other interest earnings	14,152	32,000	46,594
	<u>81,445</u>	<u>113,500</u>	<u>170,093</u>

Other revenue

Reimbursements and recoveries	32,611	12,000	35,425
Other	100,502	67,500	62,526
	<u>133,113</u>	<u>79,500</u>	<u>97,951</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

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

Fees and charges

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

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

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(b) Revenue - unrestricted

	Opening balance 01 Jul 19	Received 2020	Expended 2020	Closing balance 30 Jun 20	Received 2021	Expended 2021	Closing balance 30 Jun 21
	\$	\$	\$	\$	\$	\$	\$
Statutory revenue							
General rates (including waste disposal)	0	2,449,620	(2,449,620)	0	2,473,493	(2,473,493)	0
Statutory fees, permits and licences	0	3,025	(3,025)	0	9,410	(9,410)	0
Fines	0	400	(400)	0	0	0	0
Assets acquired below fair value							
Federal assistance grant - General	715,572	1,408,843	(1,364,866)	759,549	1,427,774	(1,449,837)	737,486
ESL grant	2,339	4,581	(6,076)	844	7,922	(8,126)	640
Federal assistance grant - Roads	294,090	504,013	(560,940)	237,163	625,985	(513,864)	349,284
MRWA subsidy	0	4,522	(4,522)	0	4,679	(4,679)	0
MRWA direct grant	0	80,278	(80,278)	0	117,140	(117,140)	0
Other funding	0	0	0	0	153,144	(153,144)	0
Reimbursements							
Flood damage reimbursement	0	1,189,817	(1,189,817)	0	3,272,789	(3,272,789)	0
Other reimbursements	0	35,425	(35,425)	0	32,611	(32,611)	0
Contracts with customers							
Fees and charges	0	490,437	(490,437)	0	706,545	(706,545)	0
Other revenue	0	62,526	(62,526)	0	101,149	(101,149)	0
	1,012,001	6,233,487	(6,247,932)	997,556	8,932,641	(8,842,787)	1,087,410

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

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(c) Revenue - restricted

	Opening balance 01 Jul 19	Received 2020	Expended 2020	Closing balance 30 Jun 20	Received 2021	Expended 2021	Closing balance 30 Jun 21
Payables							
Statutory revenue	\$	\$	\$	\$	\$	\$	\$
Prepaid rates	3,595	11,396	(12,467)	2,524	24,340	(23,534)	3,330
Other significant revenue							
Asset repair working capital	0	975,950	(396,605)	579,345	630,033	(825,642)	383,736
	3,595	987,346	(409,072)	581,869	654,373	(849,176)	387,066
Other liabilities							
Transfers to purchase / construct assets							
Skate park grant	0	39,404	(39,404)	0	0	0	0
Regional roads group	0	120,000	(120,000)	0	180,333	(180,333)	0
Roads to recovery	0	315,827	(56,400)	259,427	562,910	(772,396)	49,941
WABN shared pathways	0	0	0	0	169,799	(169,799)	0
LRCIP funding	0	0	0	0	467,709	(12,393)	455,316
Contributions	0	0	0	0	2,362,057	(2,362,057)	0
	0	475,231	(215,804)	259,427	3,742,808	(3,496,978)	505,257
	3,595	1,462,577	(624,876)	841,296	4,397,181	(4,346,154)	892,323

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

2. REVENUE, REVENUE RECOGNITION AND EXPENSES (Continued)

(d) Expenses

Significant expense	2021 Actual	2021 Budget	2020 Actual
Materials and contracts	\$	\$	\$
Transport			
Flood damage restoration	3,431,238	3,123,336	1,586,422
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	21,590	22,500	23,675
	<u>21,590</u>	<u>22,500</u>	<u>23,675</u>
Auditors remuneration			
Audit of the annual financial report	35,750	35,750	35,750

SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

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

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

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents

	NOTE	2021	2020
Cash at bank and on hand		\$ 2,632,911	\$ 1,315,204
Term deposits		0	1,501,026
Term deposits - reserves		0	1,518,031
Total cash and cash equivalents		<u>2,632,911</u>	<u>4,334,261</u>

Other financial assets at amortised cost

Term deposits	7	1,990,495	1,066,535
Term deposits - reserves	7	5,906,621	4,523,944
Total other financial assets at amortised cost		<u>7,897,116</u>	<u>5,590,479</u>

<u>10,530,027</u>	<u>9,924,740</u>
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Comprises:

Unrestricted		3,723,083	2,125,734
Restricted		6,806,944	7,799,006
		<u>10,530,027</u>	<u>9,924,740</u>

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

Cash backed reserves	4	5,906,621	6,041,975
Deposits and bonds	12	8,000	7,960
Unspent loans	13(b)	0	907,775
Other liabilities	2(c)	892,323	841,296
Total restricted cash and cash equivalents		<u>6,806,944</u>	<u>7,799,006</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

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

4. RESERVES - CASH BACKED (Continued)

	Opening balance	Transfer to	Transfer (from)	Closing balance
	\$	\$	\$	\$
(a) 2020/21 Actual				
(a) Long service leave reserve	62,945	464	0	63,409
(b) Building maintenance reserve	648,556	4,791	(55,000)	598,347
(c) Plant replacement reserve	514,091	3,797	0	517,888
(d) Streetscape reserve	317,311	2,344	0	319,655
(e) Sports facilities reserve	122,177	902	0	123,079
(f) Tourist park development reserve	252,361	1,864	0	254,225
(g) Water playground reserve	60,699	448	0	61,147
(h) Beringarra road reserve	2,660,834	19,672	(150,000)	2,530,506
(i) Tourism reserve	123,258	910	0	124,168
(j) Housing / land development reserve	191,829	26,417	0	218,246
(k) Heritage reserve	626,815	4,631	0	631,446
(l) Road maintenance reserve	232,939	1,722	0	234,661
(m) Infrastructure reserve	228,160	1,684	0	229,844
	6,041,975	69,646	(205,000)	5,906,621
(b) 2020/21 Budget				
(a) Long service leave reserve	62,945	625	0	63,570
(b) Building maintenance reserve	648,556	6,441	(235,000)	419,997
(c) Plant replacement reserve	514,091	5,105	(150,000)	369,196
(d) Streetscape reserve	317,311	3,151	(123,000)	197,462
(e) Sports facilities reserve	122,177	1,213	0	123,390
(f) Tourist park development reserve	252,361	2,506	(140,000)	114,867
(g) Water playground reserve	60,699	603	0	61,302
(h) Beringarra road reserve	2,660,835	26,423	(150,000)	2,537,258
(i) Tourism reserve	123,258	1,224	(40,000)	84,482
(j) Housing / land development reserve	191,829	26,905	(150,000)	68,734
(k) Heritage reserve	626,815	6,225	(281,070)	351,970
(l) Road maintenance reserve	232,939	2,313	(50,000)	185,252
(m) Infrastructure reserve	228,160	2,266	(45,000)	185,426
	6,041,975	85,000	(1,364,070)	4,762,905
(c) 2019/20 Actual				
(a) Long service leave reserve	62,406	539	0	62,945
(b) Building maintenance reserve	637,216	11,340	0	648,556
(c) Plant replacement reserve	504,540	9,551	0	514,091
(d) Streetscape reserve	311,763	5,548	0	317,311
(e) Sports facilities reserve	120,040	2,137	0	122,177
(f) Tourist park development reserve	247,949	4,412	0	252,361
(g) Water playground reserve	59,638	1,061	0	60,699
(h) Beringarra road reserve	2,681,140	47,715	(68,021)	2,660,834
(i) Tourism reserve	121,102	2,156	0	123,258
(j) Housing / land development reserve	188,474	3,355	0	191,829
(k) Heritage reserve	615,855	10,960	0	626,815
(l) Road maintenance reserve	130,614	102,325	0	232,939
(m) Infrastructure reserve	0	228,160	0	228,160
	5,680,737	429,259	(68,021)	6,041,975

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

4. RESERVES - CASH BACKED (Continued)

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

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

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

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

5. RECEIVABLES AND OTHER ASSETS

Current

	2021	2020
	\$	\$
Rates receivable	291,361	334,508
Sundry receivables	129,380	298,405
Allowance for impairment of receivables	(33,910)	(52,260)
Accrued income	1,110,386	1,063,010
ATO Receivables	721	112,967
Prepayments	9,800	0
	1,507,738	1,756,630

Non-current

Pensioner's rates and ESL deferred	5,634	7,701
	5,634	7,701

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

Rates outstanding (including non-current pensioners)

Includes:

Past due and not impaired	275,095	311,709
Impaired	21,900	30,500
	296,995	342,209

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

Up to one year	116,038	140,937
One to three years	109,787	90,021
Three or more years	71,170	111,251
	296,995	342,209

Sundry debtors

Includes:

Past due and not impaired	117,370	276,645
Impaired	12,010	21,760
	129,380	298,405

The table below illustrates the sundry debtors aging analysis

Up to one month	51,063	241,018
One to three months	26,644	29,360
Three months to one year	51,673	28,027
	129,380	298,405

Accrued income

The following illustrates the accrued income aging analysis

Up to 30 days	807,452	614,046
30 to 60 days	139	254,900
60 to 90 days	1,050	163,173
Over 90 days	301,745	30,891
	1,110,386	1,063,010

5. RECEIVABLES AND OTHER ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Classification and subsequent measurement

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

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

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

Other current assets

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

Non-current assets held for sale

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

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

Impairment and risk exposure

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

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

6. INVENTORIES

Current

Fuel and materials
 History books

	2021	2020
	\$	\$
	38,361	22,625
	5,304	5,536
	43,665	28,161

The following inventory movements occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year
 Additions to inventory

Carrying amount at 30 June

	28,161	23,205
	(5,140)	(5,028)
	20,644	9,984
	43,665	28,161

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

7. FINANCIAL ASSETS

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Current assets			
Financial assets at amortised cost - term deposits	3	1,990,495	1,066,535
Financial assets at amortised cost - reserve term deposits	3	5,906,621	4,523,944
		<u>7,897,116</u>	<u>5,590,479</u>
Non-current assets			
Financial assets at fair value through profit and loss			
Local government house trust		18,452	17,805
		<u>18,452</u>	<u>17,805</u>

Local government house trust

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

The local government house trust update was received in January 2021. It reported net assets of \$11,440,066 for 620 units as at 30 Jun 20. Therefore the value of 1 unit in the local government house is \$18,452.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land freehold	Buildings non-specialised	Buildings specialised	Furniture and equipment	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	407,000	1,390,452	7,320,613	57,980	2,837,400	12,013,445
Additions	20,674	73,912	396,112	6,800	521,438	1,018,936
(Disposals)	0	0	0	0	(136,084)	(136,084)
Depreciation (expense)	0	(36,468)	(181,692)	(9,452)	(277,605)	(505,217)
Balance at 30 June 2020	427,674	1,427,896	7,535,033	55,328	2,945,149	12,391,080
Comprises:						
Gross balance	427,674	1,532,657	8,034,704	64,780	3,208,338	13,268,153
Accumulated depreciation	0	(104,761)	(499,671)	(9,452)	(263,189)	(877,073)
Balance at 30 June 2020	427,674	1,427,896	7,535,033	55,328	2,945,149	12,391,080
Additions*	61,954	1,473,941	1,221,435	17,274	279,134	3,053,738
(Disposals)	0	0	0	0	0	0
Revaluation adjustments:						
Increments / (decrements)	222,372	(142,069)	1,021,289	0	0	1,101,592
Depreciation (expense)	0	(58,988)	(206,165)	(10,829)	(152,315)	(428,297)
Transfers	0	228,220	8,808	(8,808)	0	228,220
Balance at 30 June 2021	712,000	2,929,000	9,580,400	52,965	3,071,968	16,346,333
Comprises:						
Gross balance	712,000	6,491,000	21,627,500	72,155	3,487,472	32,390,127
Accumulated depreciation	0	(3,562,000)	(12,047,100)	(19,190)	(415,504)	(16,043,794)
Balance at 30 June 2021	712,000	2,929,000	9,580,400	52,965	3,071,968	16,346,333

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

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	2021	Price per hectare / market borrowing rate
Land - freehold land	3	Market approach using recent observable market data for similar properties with adjustments to reflect the existing use or zoning of the land restrictions	Independent registered valuer	2021	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2021	Market sales evidence
Buildings - non-specialised	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2021	Market sales evidence
Buildings - specialised	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2021	Construction costs and current condition, residual values and remaining useful life assessments inputs

(c) Cost

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

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Roads	Parks and ovals	Other infrastructure	Airport	Drainage and sewerage	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	37,247,456	1,285,257	1,733,597	1,334,671	218,217	41,819,198
Additions	733,701	131,913	79,779	233,605	0	1,178,998
(Disposals)	0	0	0	0	0	0
Depreciation (expense)	(1,958,322)	(101,421)	(77,975)	(97,229)	(6,783)	(2,241,730)
Balance at 30 June 2020	36,022,835	1,315,749	1,735,401	1,471,047	211,434	40,756,466
Comprises:						
Gross balance	54,439,608	2,240,086	2,369,042	2,742,605	510,000	62,301,341
Accumulated depreciation	(18,416,773)	(924,337)	(633,641)	(1,271,558)	(298,566)	(21,544,875)
Balance at 30 June 2020	36,022,835	1,315,749	1,735,401	1,471,047	211,434	40,756,466
Additions	2,863,738	15,346	23,740	0	0	2,902,824
(Disposals)	0	0	0	0	0	0
Depreciation (expense)	(1,961,554)	(109,539)	(76,560)	(105,075)	(6,783)	(2,259,511)
Transfers	0	0	(228,220)	0	0	(228,220)
Balance at 30 June 2021	36,925,019	1,221,556	1,454,361	1,365,972	204,651	41,171,559
Comprises:						
Gross balance	57,303,346	2,255,432	2,156,748	2,742,605	510,000	64,968,131
Accumulated depreciation	(20,378,327)	(1,033,876)	(702,387)	(1,376,633)	(305,349)	(23,796,572)
Balance at 30 June 2021	36,925,019	1,221,556	1,454,361	1,365,972	204,651	41,171,559

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

9. INFRASTRUCTURE (Continued)

(b) Fair value measurements

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

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

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

10. FIXED ASSETS (Continued)

(a) Disposals of assets

(i) 2020/21 Actual

Property, Plant and Equipment
 Transport

No assets were disposed in 2020/21

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

(ii) 2020/21 Budget

Property, Plant and Equipment
 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

(iii) 2019/20 Actual

Property, Plant and Equipment
 Transport

Mitsubishi Pajero Wagon 4x4 (CEO)	40,000	36,363	0	(3,637)
Mitsubishi Pajero Wagon 4x4 (DCEO)	35,837	37,273	1,436	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	3,967	(7,051)

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

10. FIXED ASSETS (Continued)

(b) Depreciation

Asset class	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	33,507	37,845	36,468
Buildings - specialised	231,646	188,555	181,692
Furniture and equipment	10,830	9,500	9,452
Plant and equipment	152,315	322,700	277,605
Roads	1,961,554	1,978,900	1,958,322
Parks and ovals	109,539	108,920	101,421
Other infrastructure	76,560	83,740	77,975
Airport	105,074	105,100	97,229
Drainage and sewerage	6,783	9,540	6,783
	2,687,808	2,844,800	2,746,947

SIGNIFICANT ACCOUNTING POLICIES

Depreciation rates

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

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

* - Not depreciated

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation on revaluation

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

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

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

11. REVALUATION SURPLUS

	Opening balance	Revaluation increment	Revaluation (decrement)	Change to surplus	Total movement	Closing balance
	\$	\$	\$	\$	\$	\$
(a) 2020/21 Actual						
Land and buildings*	5,339,579	1,101,592	0	20,006	1,121,598	6,461,177
Roads	31,263,338	0	0	0	0	31,263,338
Parks and ovals	0	0	0	0	0	0
Other infrastructure	11,563	0	0	0	0	11,563
Airport	972,579	0	0	0	0	972,579
Drainage and sewerage	107,259	0	0	0	0	107,259
	<u>37,694,318</u>	<u>1,101,592</u>	<u>0</u>	<u>20,006</u>	<u>1,121,598</u>	<u>38,815,916</u>
(b) 2019/20 Actual						
Land and buildings	5,339,579	0	0	0	0	5,339,579
Furniture and equipment	0	0	0	0	0	0
Plant and equipment**	892,073	0	0	(892,073)	(892,073)	0
Roads	31,263,338	0	0	0	0	31,263,338
Parks and ovals	0	0	0	0	0	0
Other infrastructure	11,563	0	0	0	0	11,563
Airport	972,579	0	0	0	0	972,579
Drainage and sewerage	107,259	0	0	0	0	107,259
	<u>38,586,391</u>	<u>0</u>	<u>0</u>	<u>(892,073)</u>	<u>(892,073)</u>	<u>37,694,318</u>

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

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

** - Revaluation surplus derecognised due to the *Local Government (Financial Management) Regulations 1996* amendment to Regulation 17A. The information above will no longer be presented in subsequent years. Refer to the statement of changes in equity for further information.

12. TRADE AND OTHER PAYABLES

Current

Revenue related

Revenue received in advance

Expense related

Sundry creditors

Accrued salaries and wages

Payroll creditors

Accrued expenses

Deposits and bonds

Note	2021 \$	2020* \$
2(c)	387,066	581,869
	921,598	559,515
	33,877	23,723
	50,120	32,322
	86,740	67,128
	8,000	7,960
	1,487,401	1,272,517

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Revenue received in advance

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

Revenue received in advance (Continued)

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

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

Further information is provided in Note 2(c).

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

13. INFORMATION ON BORROWINGS

(a) Borrowings

	<u>2021</u>	<u>2020</u>
	\$	\$
Current	92,806	91,176
Non-current	751,033	843,839
	<u>843,839</u>	<u>935,015</u>

(b) Repayments - Borrowings

	<u>2021 Actual</u>	<u>2021 Budget</u>	<u>2020 Actual</u>
	\$	\$	\$
Housing - GROH Housing			
Principal repayments	91,176	91,176	44,985
Interest and fee repayments (Refer Note 2(d))	21,590	22,500	23,675
	<u>112,766</u>	<u>113,676</u>	<u>68,660</u>

Principal Outstanding

Principal outstanding at 01 Jul	935,015	935,015	0
Proceeds from new borrowings	0	0	980,000
Principal repayments	(91,176)	(91,176)	(44,985)
Principal outstanding at 30 Jun	<u>843,839</u>	<u>843,839</u>	<u>935,015</u>

Unspent Borrowings

Unspent balance at 01 Jul	907,775	917,191	0
Proceeds from new borrowings	0	0	980,000
Expended during the year	(907,775)	(917,191)	(72,225)
Unspent balance at 30 Jun	<u>0</u>	<u>0</u>	<u>907,775</u>

Loan details

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

All loan repayments were financed by general purpose revenue.

New Loans

The Shire did not enter into any new loan agreements in 2020/21.

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

13. INFORMATION ON BORROWINGS (Continued)

(c) Undrawn Borrowing Facilities

	2021	2020
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	(14,805)	(1,489)
Total amount of credit unused	195	13,511
Loan facilities		
Loan facilities - current	92,806	91,176
Loan facilities - non-current	751,033	843,839
Total facilities in use at balance date	843,839	935,015
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

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

14. PROVISIONS

(a) Employee related provisions

	Provision for annual leave	Provision for long service leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current	101,471	25,072	126,543
Non-current	0	71,117	71,117
	<u>101,471</u>	<u>96,189</u>	<u>197,660</u>
Additional provision	42,496	48,106	90,602
Amounts used	(23,443)	(38,736)	(62,179)
Balance at 30 June 2021	<u>120,524</u>	<u>105,559</u>	<u>226,083</u>
Comprises			
Current	120,524	48,655	169,179
Non-current	0	56,904	56,904
	<u>120,524</u>	<u>105,559</u>	<u>226,083</u>

Amounts are expected to be settled on the following basis:

	2021	2020
	\$	\$
Less than 12 months after the reporting date		
Annual leave	120,524	101,471
Long service leave	48,655	25,072
More than 12 months from reporting date		
Long service leave	59,700	97,570
Receivable from other local governments	(2,796)	(26,453)
	<u>226,083</u>	<u>197,660</u>

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

14. PROVISIONS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$

Cash and cash equivalents (refer Note 3)	2,632,911	4,820,086	4,334,261
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Reconciliation of net cash provided by operating activities to net result

Net result	3,221,266	8,860,340	(481,634)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(647)	0	(288)
Depreciation	2,687,808	2,844,800	2,746,947
(Profit)/loss on sale of asset	0	(53,700)	3,084
Changes in assets and liabilities:			
(Increase)/decrease in receivables	127,405	420,120	(345,217)
(Increase)/decrease in inventories	(15,504)	0	(4,956)
Increase/(decrease) in revenue received in advance	(194,803)	0	581,869
Increase/(decrease) in payables	409,687	(321,360)	460,268
Increase/(decrease) in provisions	28,423	0	30,223
Non-operating grants, subsidies and contributions	(3,237,551)	(11,512,179)	(215,804)
Net cash from operating activities	<u>3,026,084</u>	<u>238,021</u>	<u>2,774,492</u>

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

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Program	2021	2020
	\$	\$
General purpose funding	5,040,812	4,609,154
Law, order, public safety	8,000	8,325
Health	2,763	3,192
Housing	1,997,246	1,500,661
Community amenities	381,704	273,176
Recreation and culture	3,737,665	3,865,697
Transport	44,863,918	43,826,741
Economic services	8,786,574	6,157,827
Other property and services	4,804,726	4,637,810
	<u>69,623,408</u>	<u>64,882,583</u>

17. CONTINGENT LIABILITIES

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

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

18. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

	2021	2020
	\$	\$
Contracted for:		
Railway Building Refurbishment (RFT 2020-01)	0	162,791
	<u>0</u>	<u>162,791</u>
Payable:		
- not later than one year	0	162,791

The Shire had no capital commitments at 30 June 2021.

(b) Operating Lease Commitments

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

19. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

20. INVESTMENT IN ASSOCIATES

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

21. MAJOR LAND TRANSACTIONS

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

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

23. INVESTMENT PROPERTIES

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

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

24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
President - Ross Pigdon			
Presidents allowance	10,896	10,900	10,896
Meeting Fees	7,469	5,880	5,866
Travelling expenses / reimbursements	2,357	2,786	4,630
Telecommunications allowance	3,480	3,500	3,480
	24,202	23,066	24,872
Deputy President - Les Price			
Deputy Presidents allowance	2,724	2,800	2,724
Meeting Fees	3,689	4,103	3,451
Travelling expenses / reimbursements	4,856	2,786	3,453
Telecommunications allowance	3,480	3,500	3,480
	14,749	13,189	13,108
Councillor - Fred Spindler			
Meeting Fees	3,451	4,103	3,451
Travelling expenses / reimbursements	0	2,786	0
Telecommunications allowance	3,480	3,500	3,480
Christmas lights prize	200	200	300
	7,131	10,589	7,231
Councillor - Elizabeth Houghton			
Meeting Fees	3,451	4,103	3,213
Travelling expenses / reimbursements	0	2,786	1,287
Telecommunications allowance	3,480	3,500	3,480
	6,931	10,389	7,980
Councillor - Leonie Fitzpatrick			
Meeting Fees	3,213	4,103	3,094
Travelling expenses / reimbursements	0	2,786	80
Telecommunications allowance	3,480	3,500	3,480
	6,693	10,389	6,654
Councillor - Ronald Hogben			
Meeting Fees	3,451	4,103	3,094
Travelling expenses / reimbursements	0	2,786	1,367
Telecommunications allowance	3,480	3,500	3,190
	6,931	10,389	7,651
Councillor - Ian Dennis			
Meeting Fees	3,808	4,103	3,927
Travelling expenses / reimbursements	0	2,786	1,322
Telecommunications allowance	3,480	3,500	3,480
	7,288	10,389	8,729
Total payments made to elected members*			
President's allowance	10,896	10,900	10,896
Deputy President's allowance	2,724	2,800	2,724
Meeting Fees	28,532	30,498	26,096
Travelling expenses / reimbursements	7,213	19,502	12,139
Telecommunications allowance	24,360	24,500	24,070
Christmas lights prize	200	200	300
	73,925	88,400	76,225

* - Prior year figure overstated by \$2,587 due to incorrect allocations.

25. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) compensation

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

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

	2021 Actual	2020 Actual
	\$	\$
	531,990	464,575
	67,585	65,501
	21,119	52,072
	0	0
	<u>620,694</u>	<u>582,148</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

	2021	2020
	Actual	Actual
	\$	\$
The following transactions occurred with related parties:		
Sale of goods and services	0	0
Purchase of goods and services:		
Key management personnel	148,209	43,760
Other related parties	13,100	3,793
	161,309	47,553

Joint venture entities:

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

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

Amounts payable to related parties:

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

Related Parties

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

Key management personnel

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

Entities subject to significant influence by the Shire

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

Close family members of key management personnel

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

SHIRE OF CUE
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FOR THE YEAR ENDED 30TH JUNE 2021

26. RATING INFORMATION

(a) Rates

Differential general rate / general rate	2021 Actual			Total revenue	2021 Budget Total revenue	2020 Actual Total revenue
	Rate in	Number of properties	Rateable value			
Gross rental valuations	\$	#	\$	\$	\$	\$
GRV residential	0.106200	93	555,512	58,995	59,581	60,050
GRV commercial	0.106200	6	359,048	38,131	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	361	7,405,889	2,098,340	2,101,999	2,073,301
UV pastoral	0.076564	14	563,097	43,113	43,112	43,112
Sub-total		476	9,130,296	2,312,604	2,310,493	2,282,264
Minimum payment						
Gross rental valuations						
GRV residential	451	47	105,129	21,197	20,746	20,295
GRV commercial	451	0	0	0	0	0
GRV vacant land	451	37	8,780	16,687	18,491	18,491
GRV M & T workforce	451	0	0	0	0	0
UV mining	451	125	100,402	56,375	59,081	56,375
UV pastoral	451	4	12,295	1,804	1,804	1,804
Sub-total		213	226,606	96,063	100,122	96,965
		689	9,356,902	2,408,667	2,410,615	2,379,229
Discounts/incentives (refer Note 26(d))				(7,355)	(6,355)	(7,355)
Rates written-off				(6,638)	(43,645)	(509)
Total amount raised from general rates				2,394,674	2,360,615	2,371,365
Interim and back rates				38,029	5,000	25,242
Totals				2,432,703	2,365,615	2,396,607

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

26. RATING INFORMATION (Continued)

(b) Specified area rate

No specified area rates were imposed by the Shire during the year ended 30 June 2021.

(c) Service charges

No service charges were imposed by the Shire during the year ended 30 June 2021.

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

Rates discounts

Rate or fee	Incentive	Discount	2021 Actual	2021 Budget	2020 Actual
Discount granted	\$	%	\$	\$	\$
Discount	N/A	20.0%	6,355	6,355	6,355
Incentive Draw	1,000	N/A	1,000	0	1,000
			7,355	6,355	7,355

Circumstances in which discount/incentive is granted

Discount

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

Incentive Draw

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

Waivers or concessions

No waivers or concessions were offered during the year ended 30 June 2021.

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26. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rate %
Option one				
Single full payment	05 Oct 2020	15	3.0%	8.0%
Option two				
First instalment	05 Oct 2020	15	3.0%	8.0%
Second instalment	07 Dec 2020	15	3.0%	8.0%
Third instalment	08 Feb 2021	15	3.0%	8.0%
Fourth instalment	12 Apr 2021	15	3.0%	8.0%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	12,620	5,500	17,893
Interest on instalment plan	664	16,000	4,508
	13,284	21,500	22,401

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27. RATE SETTING STATEMENT INFORMATION

(a) Net current assets brought and carried forward

	Note	2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Current assets				
Cash and cash equivalents	3	2,632,911	57,182	4,334,261
Receivables and other assets	5	1,507,738	657,074	1,756,630
Inventories	6	43,665	16,831	28,161
Financial assets	7	7,897,116	4,762,905	5,590,479
Current liabilities				
Trade and other payables	12	(1,487,401)	(606,024)	(1,272,517)
Borrowings	13(a)	(92,806)	(91,176)	(91,176)
Employee related provisions	14(a)	(169,179)	(125,064)	(126,543)
Other liabilities	2(c)	(505,257)	0	(259,427)
		<u>9,826,787</u>	<u>4,671,728</u>	<u>9,959,868</u>
Total adjustments to net current assets				
Reserves - cash backed	4	(5,906,621)	(4,762,905)	(6,041,975)
Loan liability - current	13(a)	92,806	91,176	91,176
Net funding position at 30 June		<u>4,012,972</u>	<u>0</u>	<u>4,009,069</u>

(b) Reconciliation of net current assets brought forward

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

Net current assets carried forward from the audited annual report	4,012,972
Net current assets carried forward for the purpose of the budget	4,130,145
Difference - Surplus / (Deficit)	<u>(117,173)</u>

28. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.01%	2,632,911	0	467,697	2,165,214
Financial assets at amortised cost	0.59%	7,897,116	7,897,116	0	0
2020					
Cash and cash equivalents	0.23%	4,334,261	3,019,057	1,246,479	68,725
Financial assets at amortised cost	0.79%	5,590,479	5,590,479	0	0

28. FINANCIAL RISK MANAGEMENT (Continued)

(a) Interest rate risk (Continued)

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	4,677	12,465

* - Holding all other variables constant

Borrowings

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

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and sundry debtors over a period of 60 months from 1 July 2016 to 30 June 2021 and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

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28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The loss allowance for rates receivable was determined as follows:

Rates receivable	Current	One to three years	Three or more years	Total
30 June 2021	\$ or %	\$ or %	\$ or %	\$
Expected default rate	0.4%	1.2%	28.3%	7.4%
Gross carrying amount	116,038	109,787	71,170	296,995
Expected credit loss	489	1,296	20,115	21,900
30 June 2020				
Expected default rate	0.8%	2.0%	24.8%	8.9%
Gross carrying amount	140,937	90,021	111,251	342,209
Expected credit loss	1,062	1,809	27,629	30,500

The loss allowance for sundry receivable was determined as follows:

Sundry receivables	Current	One to three months	Three or more months	Total
30 June 2021	\$ or %	\$ or %	\$ or %	\$
Expected default rate	0.6%	10.1%	17.4%	9.3%
Gross carrying amount	51,063	26,644	51,673	129,380
Expected credit loss	319	2,685	9,006	12,010
30 June 2020				
Expected default rate	0.0%	0.0%	77.6%	7.3%
Gross carrying amount	241,018	29,360	28,027	298,405
Expected credit loss	0	0	21,760	21,760
Loss allowance				

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2021	\$	\$	\$	\$	\$
Payables	1,437,281	0	0	1,437,281	1,437,281
Borrowings	107,415	429,660	375,952	913,027	843,839
	<u>1,544,696</u>	<u>429,660</u>	<u>375,952</u>	<u>2,350,308</u>	<u>2,281,120</u>
2020					
Payables	1,240,195	0	0	1,240,195	1,240,195
Borrowings	107,415	429,660	483,367	1,020,442	935,015
	<u>1,347,610</u>	<u>429,660</u>	<u>483,367</u>	<u>2,260,637</u>	<u>2,175,210</u>

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29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire entered into a road user agreement with Westgold Resources and Fenix Resources for the maintenance of the Cue-Beringarra road. Under the agreements the Shire estimates it will receive \$600,000 starting in 2021/22.

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the 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.

(a) AASB 1059 Service Concession Arrangements: Grantors

There was no impact from the application of AASB 1059 on the reported balances at the date of initial application.

31. TRUST FUNDS

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

	<u>01 Jul 20</u>	<u>Amounts received</u>	<u>Amounts paid</u>	<u>30 Jun 21</u>
	\$	\$	\$	\$
Cue Land Conservation District Committee	2,080	0	0	2,080
	<u>2,080</u>	<u>0</u>	<u>0</u>	<u>2,080</u>

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

32. OTHER SIGNIFICANT ACCOUNTING POLICIES

Goods and services tax (GST)

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

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

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

Current and non-current classification

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

Rounding off figures

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

Comparative figures

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

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

Budget comparative figures

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

Superannuation

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

33. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value of assets and liabilities

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

33. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

Impairment of assets

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

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

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

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

33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE / ACTIVITIES
Governance	Administration and operation of facilities and services to members of Council. Other costs that relate to tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
General Purpose Funding	Rates, general purpose government grants and interest revenue.
Law, Order, Public Safety	Supervision of various local laws, fire prevention, emergency services and animal control.
Health	Food quality and water control. Environmental Health Officer. Doctor Service.
Education and Welfare	Assistance to Cue Primary School, Thoo Thoo Wandi, 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.

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34. FINANCIAL RATIOS

	<u>2021</u> Actual	<u>2020</u> Actual	<u>2019</u> Actual
Current ratio	2.41	2.31	12.43
Asset consumption ratio	0.50	0.61	0.65
Asset renewal funding ratio	0.77	0.81	0.85
Asset sustainability ratio	0.98	0.65	0.73
Debt service cover ratio	23.88	30.20	N/A
Operating surplus ratio	(0.01)	(0.23)	(0.20)
Own source revenue coverage ratio	0.37	0.41	0.50

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$