



FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2011**

SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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**SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Broome being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Broome at 30th June 2011 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the Seventeenth day of October 2011.

A handwritten signature in black ink, appearing to read 'K R Donohoe', with a horizontal line underneath.

**K R DONOHOE
CHIEF EXECUTIVE OFFICER**

SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
Revenue				
Rates	23	14,009,252	14,027,700	12,884,658
Operating Grants, Subsidies and Contributions	29	4,824,087	4,023,067	4,858,966
Fees and Charges	28	7,537,004	6,965,905	6,401,030
Interest Earnings	2(a)	1,288,436	840,297	748,085
Other Revenue		19,573	0	40,373
		<u>27,678,352</u>	<u>25,856,969</u>	<u>24,933,112</u>
Expenses				
Employee Costs		(11,607,127)	(11,835,819)	(10,812,333)
Materials and Contracts		(6,220,876)	(7,064,008)	(5,346,335)
Utility Charges		(1,308,470)	(1,380,696)	(1,250,947)
Depreciation on Non-Current Assets	2(a)	(4,997,907)	(4,683,620)	(4,743,005)
Interest Expenses	2(a)	(331,399)	(410,767)	(374,254)
Insurance Expenses		(391,806)	(379,200)	(381,554)
Other Expenditure		(866,354)	(931,229)	(866,530)
		<u>(25,723,939)</u>	<u>(26,685,339)</u>	<u>(23,774,958)</u>
		1,954,413	(828,370)	1,158,154
Non-Operating Grants, Subsidies and Contributions				
Contributions	29	7,928,756	7,230,021	2,772,065
Profit on Asset Disposals	21	56,616	310,400	11,197
Loss on Asset Disposal	21	(43,665)	(56,000)	(16,260)
		<u>7,941,707</u>	<u>7,484,421</u>	<u>2,767,002</u>
NET RESULT		9,896,120	6,656,051	3,925,156
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	(398,407)	0	(666,919)
Total Other Comprehensive Income		<u>(398,407)</u>	<u>0</u>	<u>(666,919)</u>
TOTAL COMPREHENSIVE INCOME		<u>9,497,713</u>	<u>6,656,051</u>	<u>3,258,237</u>

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

SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
Revenue				
	2 (a)			
Governance		237,820	68,350	279,508
General Purpose Funding		16,965,265	16,283,300	15,627,103
Law, Order, Public Safety		456,814	215,727	108,407
Health		111,652	196,200	130,582
Education and Welfare		92,100	55,000	197,120
Housing		703,100	623,580	631,448
Community Amenities		4,181,300	3,486,327	3,186,770
Recreation and Culture		3,737,614	6,528,201	1,461,014
Transport		5,488,610	2,407,532	2,983,180
Economic Services		856,231	787,434	813,739
Other Property and Services		2,833,218	2,745,739	2,297,503
		<u>35,663,724</u>	<u>33,397,390</u>	<u>27,716,374</u>
Expenses Excluding Finance Costs				
	2 (a)			
Governance		(1,780,651)	(2,058,965)	(1,502,923)
General Purpose Funding		(68,164)	(121,178)	(71,118)
Law, Order, Public Safety		(1,304,496)	(1,305,734)	(1,181,590)
Health		(566,667)	(558,618)	(550,997)
Education and Welfare		(566,431)	(624,151)	(802,507)
Housing		(711,900)	(624,580)	(647,761)
Community Amenities		(5,668,602)	(5,856,580)	(5,010,633)
Recreation & Culture		(6,589,197)	(6,925,228)	(5,876,327)
Transport		(5,361,073)	(5,373,800)	(5,206,071)
Economic Services		(955,924)	(1,079,546)	(962,753)
Other Property and Services		(1,860,613)	(1,799,705)	(1,602,438)
		<u>(25,433,718)</u>	<u>(26,328,085)</u>	<u>(23,415,118)</u>
Finance Costs				
	2 (a)			
Law, Order, Public Safety		(4,390)	(4,391)	(5,274)
Housing		0	(14,899)	0
Community Amenities		(17,033)	(16,926)	(20,592)
Recreation & Culture		(150,172)	(214,298)	(161,251)
Economic Services		(50,551)	(51,070)	(59,047)
Other Property and Services		(111,740)	(111,670)	(129,936)
		<u>(333,886)</u>	<u>(413,254)</u>	<u>(376,100)</u>
NET RESULT		<u>9,896,120</u>	<u>6,656,051</u>	<u>3,925,156</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	(398,407)	0	(666,919)
Total Other Comprehensive Income		<u>(398,407)</u>	<u>0</u>	<u>(666,919)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>9,497,713</u></u>	<u><u>6,656,051</u></u>	<u><u>3,258,237</u></u>

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

SHIRE OF BROOME
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011

	NOTE	2011 \$	2010 \$	1 July 2009 \$
CURRENT ASSETS				
Cash and Cash Equivalents	3	15,042,654	3,189,205	7,354,837
Investments	4	7,479,902	12,108,407	6,555,017
Trade and Other Receivables	5	2,575,364	930,352	756,469
Inventories	6	23,869	18,154	31,949
TOTAL CURRENT ASSETS		<u>25,121,789</u>	<u>16,246,118</u>	<u>14,698,272</u>
NON-CURRENT ASSETS				
Other Receivables	5	108,866	128,530	95,384
Property, Plant and Equipment	7	48,550,577	28,360,252	29,241,483
Infrastructure	8	102,206,127	102,285,895	100,151,235
TOTAL NON-CURRENT ASSETS		<u>150,865,570</u>	<u>130,774,677</u>	<u>129,488,102</u>
TOTAL ASSETS		<u>175,987,359</u>	<u>147,020,795</u>	<u>144,186,374</u>
CURRENT LIABILITIES				
Trade and Other Payables	9	2,882,035	2,312,372	2,261,344
Long Term Borrowings	10	881,025	851,431	842,994
Provisions	11	1,780,929	1,646,438	1,369,072
TOTAL CURRENT LIABILITIES		<u>5,543,989</u>	<u>4,810,241</u>	<u>4,473,410</u>
NON-CURRENT LIABILITIES				
Long Term Borrowings	10	4,322,164	4,255,565	5,044,372
Provisions	11	318,295	289,626	261,466
TOTAL NON-CURRENT LIABILITIES		<u>4,640,459</u>	<u>4,545,191</u>	<u>5,305,838</u>
TOTAL LIABILITIES		<u>10,184,448</u>	<u>9,355,432</u>	<u>9,779,248</u>
NET ASSETS		<u>165,802,911</u>	<u>137,665,363</u>	<u>134,407,126</u>
EQUITY				
Retained Surplus		94,211,550	92,152,866	91,422,713
Reserves - Cash/Investment Backed	12	19,815,459	11,978,023	8,783,020
Reserves - Asset Revaluation	13	51,775,902	33,534,474	34,201,393
TOTAL EQUITY		<u>165,802,911</u>	<u>137,665,363</u>	<u>134,407,126</u>

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

**SHIRE OF BROOME
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTM ENT BACKED \$	ASSET REVALUATION RESERVES \$	TOTAL EQUITY \$
Balance as at 1 July 2009		92,968,913	8,783,020	34,201,393	135,953,326
Correction of Errors	35	<u>(1,546,200)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restated Balance		91,422,713	8,783,020	34,201,393	134,407,126
Net Result		3,925,156	0	0	0
Total Other Comprehensive Income		0	0	(666,919)	(666,919)
Reserve Transfers To/(From)		<u>(3,195,003)</u>	<u>3,195,003</u>	<u>0</u>	<u>0</u>
Balance as at 1 July 2010		92,152,866	11,978,023	33,534,474	137,665,363
Net Result		9,896,120	0	0	9,896,120
Land & Buildings Revaluation Increment		0	0	18,639,835	0
Road Infrastructure Revaluation Decrement		0	0	(398,407)	0
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers To/(From)		<u>(7,837,436)</u>	<u>7,837,436</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2011		94,211,550	19,815,459	51,775,902	165,802,911

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

SHIRE OF BROOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		13,975,888	13,827,700	12,859,063
Operating Grants, Subsidies and Contributions		4,824,087	4,023,067	4,858,966
Fees and Charges		5,914,063	6,925,905	6,251,080
Interest Earnings		1,288,436	840,297	748,085
Goods and Services Tax		1,108,436	1,817,899	1,108,436
Other Revenue		19,573	0	40,373
		<u>27,130,483</u>	<u>27,434,868</u>	<u>25,866,003</u>
Payments				
Employee Costs		(11,417,626)	(11,635,819)	(10,700,070)
Materials and Contracts		(5,488,957)	(6,933,873)	(4,893,937)
Utility Charges		(1,308,470)	(1,380,696)	(1,250,947)
Insurance Expenses		(391,806)	(379,200)	(381,554)
Interest expenses		(331,399)	(410,767)	(374,254)
Goods and Services Tax		(1,302,748)	(1,847,899)	(1,302,748)
Other Expenditure		(866,354)	(931,229)	(866,530)
		<u>(21,107,360)</u>	<u>(23,519,483)</u>	<u>(19,770,040)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>6,023,123</u>	<u>3,915,385</u>	<u>6,095,963</u>
Cash Flows from Investing Activities				
Property, Plant & Equipment		(3,794,227)	(15,031,099)	(1,177,979)
Payments for Construction of Infrastructure		(3,169,245)	(3,817,819)	(5,514,118)
used for the Development of Assets		7,928,756	7,230,021	2,772,065
Proceeds from Sale of Plant & Equipment		109,385	635,000	23,681
Proceeds from Sale of Investments		5,060,000	0	0
		<u>5,060,000</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		5,703,174	(10,983,897)	(9,514,741)
Cash Flows from Financing Activities				
Repayment of Debentures		(853,805)	(853,806)	(845,370)
Proceeds from Self Supporting Loans		30,957	30,957	33,516
Proceeds from New Debentures		950,000	5,114,000	65,000
		<u>950,000</u>	<u>5,114,000</u>	<u>65,000</u>
Net Cash Provided By (Used In) Financing Activities		127,152	4,291,151	(746,854)
Net Increase (Decrease) in Cash Held		11,853,449	(2,777,361)	(4,165,632)
Cash at Beginning of Year		3,189,205	12,659,107	7,354,837
Cash and Cash Equivalents at the End of the Year	14(a)	<u>15,042,654</u>	<u>9,881,746</u>	<u>3,189,205</u>

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

**SHIRE OF BROOME
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 \$	2011 Budget \$
Revenue			
Governance		237,820	68,350
General Purpose Funding		2,956,013	2,255,600
Law, Order, Public Safety		456,814	215,727
Health		111,652	196,200
Education and Welfare		92,100	55,000
Housing		703,100	623,580
Community Amenities		4,181,300	3,486,327
Recreation and Culture		3,737,614	6,528,201
Transport		5,488,610	2,407,532
Economic Services		856,231	787,434
Other Property and Services		2,833,218	2,745,739
		<u>21,654,472</u>	<u>19,369,690</u>
Expenses			
Governance		(1,780,651)	(2,058,965)
General Purpose Funding		(68,164)	(121,178)
Law, Order, Public Safety		(1,308,886)	(1,310,125)
Health		(566,667)	(558,618)
Education and Welfare		(566,431)	(624,151)
Housing		(711,900)	(639,479)
Community Amenities		(5,685,635)	(5,873,506)
Recreation & Culture		(6,739,369)	(7,139,526)
Transport		(5,361,073)	(5,373,800)
Economic Services		(1,006,475)	(1,130,616)
Other Property and Services		(1,972,353)	(1,911,375)
		<u>(25,767,604)</u>	<u>(26,741,339)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(12,951)	(254,400)
Net Accrued (Income)/Expenditure & Future Provisions		283,859	80,135
Depreciation on Assets		4,997,907	4,683,620
Capital Expenditure and Revenue			
Purchase Land and Buildings		(2,526,191)	(11,740,099)
Purchase Infrastructure Assets - Drainage		(384,107)	(405,000)
Purchase Infrastructure Assets - Roads, Carparks, Footpaths & Bridges		(2,426,570)	(2,581,893)
Purchase Infrastructure Assets - Recreation Areas		(335,256)	(523,040)
Purchase Infrastructure Assets - Other		(23,312)	(307,886)
Purchase Plant and Equipment		(844,745)	(2,729,000)
Purchase Furniture and Equipment		(423,291)	(562,000)
Proceeds from Disposal of Assets		109,385	635,000
Repayment of Debentures		(853,805)	(853,806)
Proceeds from New Debentures		950,000	5,114,000
Self-Supporting Loan Principal Income		30,957	30,957
Transfers to Reserves and Restricted Cash Assets		(11,008,839)	(4,190,136)
Transfers from Reserves and Restricted Cash Assets		3,171,403	6,059,497
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,521,226	888,000
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,121,790	0
Amount Required to be Raised from Rates	23	<u><u>14,009,252</u></u>	<u><u>14,027,700</u></u>

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

All Funds through which the Council 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, but a separate statement of those monies appears at Note 20 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the statement of financial position.

All cash and cash equivalents are valued at cost and interest on those investments is recognised when accrued.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing a binding contract of sale.

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

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Property, plant and equipment are to be capitalised if the cost or valuation exceeds the values in the table below:

(i) Buildings – New , Upgrade or Renewal	Nil
(ii) Infrastructure – New , Upgrade or Renewal	Nil
(iii) Plant and Equipment – New , Upgrade or Renewal	5,000
(iv) Furniture and Equipment– New , Upgrade or Renewal	5,000
(v) Land (To be capitalised)	Nil

Items which cost, or are valued, less than these thresholds are expensed in the year of acquisition.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Item	Estimated Useful Life	Annual Dep'n Rate
Vehicles (High Use 1 year replacement program)	4 years	25.00%
Ride on Mowers	5 years	20.00%
Cars & Light Vehicles (2 to 3 replacement program)	6.67 years	15.00%
Trucks Small 2-5 tonne	6.67 years	15.00%
Trucks Medium 6-12 tonne	8 years	12.50%
Trucks Heavy >12 tonne & Medium Plant	10 years	10.00%
Plant Heavy, Graders, Scrapers, Dozers, etc	12 years	8.33%
Plant Portable (regular use)	5 years	20.00%
Plant Other (low use and/or long life)	16 years	6.25%
Computer Equipment (hardware/software)	4 years	25.00%
Furniture & Equipment	10 years	10.00%
Building Plant & Air Conditioning	15 years	6.67%
Buildings	40 years	2.50%
Buildings - Long Life Structures	50 years	2.00%
Infrastructure Fixed:		
Formation & Earthworks (roads, reserves, landfill)	100 years	1.00%
Pavement (roads, car parks, reserves, landfill)	40 years	2.50%
Seals Asphalt	25 Years	4.00%
Seals Bitumen	15 Years	6.67%
Road Plant & Bus Shelters	20 years	5.00%
Bridges	80 years	1.25%
Drainage facilities	60 years	1.67%
Footpaths, Dual Use Paths	50 years	2.00%

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 *'Impairment of Assets'* and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(q) Joint Venture

The municipality has no joint ventures.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(s) Superannuation

The Shire of Broome contributes to the Local Government Superannuation Scheme and other defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent a cash refund or a reduction in the future payments is available.

In addition where employees contribute at least 5% The Municipality makes an additional contribution so the total by the Municipality is 12%.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi)	AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii)	AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(viii)	AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix)	AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2009 - 5
AASB 2009 - 8
AASB 2009 - 10
AASB 2009 - 13
AASB 2010 - 1
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

2. REVENUES AND EXPENSES

2011
\$

2010
\$

(a) Net Result

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	31,540	27,331
- Other Services	2,376	0

Depreciation

Buildings	733,036	772,227
Furniture and Equipment	275,391	199,356
Plant and Equipment	1,146,012	1,070,637
Roads, Footpaths & Transport Infrastructure	2,309,398	2,241,038
Parks and Reserves	340,441	275,459
Drainage	136,506	133,247
Other Infrastructure	57,123	51,041
	<u>4,997,907</u>	<u>4,743,005</u>

Interest Expenses (Finance Costs)

Overdraft Interest	68	2
Debentures (<i>refer Note 22(a)</i>)	331,331	374,252
	<u>331,399</u>	<u>374,254</u>

Rental Charges

- Operating Leases	741,561	683,516
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(ii) Crediting as Revenue:

2011
\$

2011
Budget
\$

2010
\$

Investment and Interest Earnings

Investment Earnings			
- Reserve Funds	337,777	0	254,455
- Other Funds	93,718	0	169,420
Interest Earnings			
- Reserve Funds	317,463	432,420	64,202
- Other Funds	401,231	300,000	146,531
- Self Supporting Loans	8,401	7,577	8,682
Other Interest Revenue (<i>refer note 27</i>)	129,846	100,300	104,795
	<u>1,288,436</u>	<u>840,297</u>	<u>748,085</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

SHIRE MISSION STATEMENT

"To provide a range of affordable and sustainable services to our community with a strong focus so that our citizens and visitors enjoy a quality lifestyle."

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

Administration and operation of facilities and services to members of council; other costs that relate to the 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 by-laws, fire prevention, emergency services and animal control.

HEALTH

Food quality, eating house inspection, pest control and child health clinics.

EDUCATION AND WELFARE

Facilities for senior citizens aged care, infant, day care centres, pre-school; assistance to play group and other community services and development activities.

HOUSING

Provision of staff housing.

COMMUNITY AMENITIES

Rubbish collection services, tip operation, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance, sanitation maintenance and environmental protection.

RECREATION AND CULTURE

Operation/maintenance of halls, Broome Recreation and Aquatic Centre (BRAC), various parks and reserves, beaches, library, museum and other cultural activities.

TRANSPORT

Construction and maintenance of streets, roads, bridges, footpaths and street lighting.

ECONOMIC SERVICES

The regulation and provision of tourism facilities, area promotion and building control.

OTHER PROPERTY & SERVICES

Private works and provision of unclassified civic building facilities. General Administration support for Council's operations, allocated to other functions. Engineering, works and parks and gardens management, allocated to construction and maintenance jobs. Plant and depot operation and maintenance, allocated to construction and maintenance jobs.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

2. REVENUES AND EXPENSES (Continued)

(c) Conditions Over Contributions

Grant/Contribution	Program	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
		Balance ⁽¹⁾ 1 July 2009	2009/2010	2009/2010	Balance ⁽¹⁾ 30 June 2010	2010/2011	2010/2011	Balance 30 June 2011
		\$	\$	\$	\$	\$	\$	\$
Other Governance - Don't Zoom in Broome Project Grant	Governance	0	7,074	0	7,074	0	(4,978)	2,096
FESA State Emergency Service & Volunteer Bush Fire Brigade Operational and Grant Funding	Law Order & Public Safety	22,743	0	(14,355)	8,388	0	(6,774)	1,614
Health Grants - Zero Waste & National Packaging Covenant	Health	21,500	0	(21,500)	0	0	0	0
Clean Up Aboriginal Communities Operational Grant	Health	26,436	0	0	26,436	0	(10,300)	16,136
Kimberley Family Day Care Operational Grant, KIT and Child Care Benefit Funding	Education & Welfare	14,035	0	(14,035)	0	0	0	0
ISS Program and Flexible Support Funding Grants	Education & Welfare	30,696	0	(30,696)	0	0	0	0
Office of Crime Prevention Grant - Community Safety & Crime Prevention Plan & LGA Partnership Fund - Initiative Lighting Up Anne St Precinct	Education & Welfare	0	0	0	0	30,000	0	30,000
Healthway - Aboriginal Health Promotion for Streets Sport Program	Education & Welfare	0	0	0	0	1,500	0	1,500
HYPE Operational Grants	Education & Welfare	31,550	66,806	(31,550)	66,806	19,830	(66,806)	19,830
Care of Families & Children Grants - Broome Iterants Strategy	Education & Welfare	50,000	0	(40,493)	9,507	0	0	9,507
Community Facilities Town Beach Cultural Plan - Community Programs Grant	Education & Welfare	13,835	0	(13,587)	248	0	(248)	0
Other Community Amenities Grants - RLCIP Broome Cemetery Radar Survey and R4R Public Shade New Building Const grants.	Community Amenities	84,000	0	(84,000)	0	0	0	0
Urban Stormwater Drainage - Rangelands Anne St Drainage	Community Amenities	0	0	0	0	45,000	0	45,000
Minyirr Park funding to DEC for 25% contribution of Park Council fire truck	Community Amenities	0	0	0	0	50,000	0	50,000
Recreation Services - Physical Activities Plan Grants	Recreation & Culture	25,000	0	0	25,000	0	(25,000)	0
Other Recreation & Sport Grants - RLCIP Skatepark New Infra	Recreation & Culture	22,000	0	(22,000)	0	0	0	0
Parks and Ovals Grants - RLCIP Reconciliation Park Upgrade & Haynes Oval Reserve New Infra Grants.	Recreation & Culture	180,208	0	(180,208)	0	0	0	0
Parks and Ovals Grants - Lions Club BBQ grant.	Recreation & Culture	330	0	0	330	0	0	330
Parks and Ovals Grants - R4R Town Beach Area Lighting & Waterpark Town Beach grant .	Recreation & Culture	390,000	13,908	(374,248)	29,660	0	(29,660)	0
BRAC Aquatic Grants - Aquatic Infrastructure Renewal	Recreation & Culture	100,000	0	(100,000)	0	0	0	0
BRAC Ovals Grants - R4R BRAC Fences New Const grant	Recreation & Culture	480,000	0	(480,000)	0	0	0	0
BRAC Ovals Grants - R4R Pavillion Build New Const grants	Recreation & Culture	365,859	0	(13,039)	352,820	0	(352,820)	0
Multi-purpose Arts & Community Venue (Arts Centre) Trust	Recreation & Culture	40,000	0	0	40,000	0	0	40,000
Library - Childrens Book week and Historian Program Grants	Recreation & Culture	9,200	5,554	(4,754)	10,000	0	(10,000)	0
Library - Children's Book Council Aust (CBCA WA) Contributions	Recreation & Culture	0	3,335	0	3,335	3,806	(3,335)	3,806
Multi-purpose Arts & Community Venue (Arts Centre) RLCIP Solar Panels Grant	Recreation & Culture	0	0	0	0	183,000	0	183,000

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

2. REVENUES AND EXPENSES (Continued)

(c) Conditions Over Contributions (Continued)

Grant/Contribution	Program	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
		Balance ⁽¹⁾ 1 July 2009	2009/2010	2009/2010	Balance ⁽¹⁾ 30 June 2010	2010/2011	2010/2011	Balance 30 June 2011
		\$	\$	\$	\$	\$	\$	\$
Multi-purpose Arts & Community Venue (Arts Centre) DCA Construction Grant	Recreation & Culture	0	0	0	0	1,799,945	0	1,799,945
Parks and Ovals - RLCIP Round 2 grant Broome Visitor Centre/Reconciliation Park Drainage upgrade	Recreation & Culture	0	20,000	0	20,000	0	(20,000)	0
Swimming Areas & Beaches - Entrance Point Jetty Planning Grant RBFS	Recreation & Culture	0	0	0	0	38,300	0	38,300
Road Related Construction/Maintenance Grants including Royalities For Regions (R4R) Road Grants - Boulevard/Fredrick St Street Lighting	Transport	7,137	0	(7,100)	37	0	(37)	0
Road Construction - Unspent RRG grant for McGuigan Rd Upgrade.	Transport	0	43,824	0	43,824	0	(43,824)	0
Road Construction - Gubinge Road Landscaping MRWA grant	Transport	0	153,978	0	153,978	0	(140,600)	13,378
Road Construction - Dampier Tce Precinct Development RLCIP Round 2 Grant - Installation of retractable bollards	Transport	0	40,000	0	40,000	0	(40,000)	0
Tourism Grants - Visitors Center & Railway Line Project	Economic Services	70,000	0	(20,000)	50,000	0	0	50,000
Depot Operations Grants - R4R Depot Yards and Fencing	Other Property and Services	20,000	0	(1,649)	18,351	0	(18,351)	0
Depot Operations Grants - R4R Depot Other Infrastructure Renewal	Other Property and Services	100,000	0	(100,000)	0	0	0	0
Depot Operations Grants - R4R Depot Building Renewal	Other Property and Services	15,000	0	(14,157)	843	0	(843)	0
Depot Operations Grants - R4R Depot Building New Construction	Other Property and Services	150,000	0	(150,000)	0	0	0	0
Corporate Governance and Support - R4R (KRGs) - Senior Special Project Officer	Other Property and Services	0	67,752	0	67,752	105,000	(108,064)	64,688
Community Facilities Leased - RLCIP Bowling Club Infrs Upgrade Grant and Aboriginal EHO operational Grant	Other Property and Services	72,000	0	(72,000)	0	0	0	0
Corporate Governance and Support - R4R CLGF Yr2 Forward Buildings Capital Works Plan Grant	Other Property and Services	0	35,000	0	35,000	0	(9,263)	25,737
Corporate Governance and Support - LGIS bonus Risk Management Grant	Other Property and Services	0	25,866	0	25,866	0	(8,878)	16,988
Total		2,341,529	483,097	(1,789,371)	1,035,255	2,276,381	(899,781)	2,411,855

Notes:

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

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	2,692,980	3,189,205
Restricted	12,349,674	0
	15,042,654	3,189,205

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave Reserve	935,271	0
BRAC Reserve	33,564	0
Public Open Space Reserve	583,171	0
Drainage Reserve	645,533	0
Plant Reserve	1,316,814	0
Building Reserve	1,963,591	0
Car Park Reserve	36,854	0
Footpath Reserve	987,002	0
Road Reserve	2,119,709	0
Refuse Site Reserve	1,879,757	0
Equipment & Insurance Reserve	271,468	0
Restricted Cash Reserve	1,576,940	0
Unspent Grants	0	0
Unspent Loans	0	0
	12,349,674	0

4. INVESTMENTS

Unrestricted	14,117	130,384
Restricted	7,465,785	11,978,023
	7,479,902	12,108,407

Financial assets at fair value through profit or loss

At beginning of the year	12,108,407	6,555,017
Revaluation to Income Statement	0	0
Additions	431,495	5,553,390
Disposals	5,060,000	0
At end of the year	7,479,902	12,108,407

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave Reserve	565,402	1,242,897
BRAC Reserve	20,290	61,300
Public Open Space Reserve	352,546	829,175
Drainage Reserve	390,246	1,094,898
Plant Reserve	796,057	1,643,065
Building Reserve	1,187,056	2,186,176
Car Park Reserve	22,279	301,474
Footpath Reserve	596,676	846,966
Road Reserve	1,281,434	406,943
Refuse Site Reserve	1,136,375	1,761,742
Equipment & Insurance Reserve	164,111	551,889
Restricted Cash Reserve	953,313	1,051,498
	7,465,785	11,978,023

**Included in the Restricted Cash Reserve is \$2,411,885 of Unspent Grants (refer Note 2(c)) and \$118,398 of Unspent Loans (refer Note 22(c))

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	158,686	133,166
Sundry Debtors	1,922,049	488,954
GST Receivable	193,085	149,332
Loans - Clubs/Institutions	22,252	30,957
Bonds and Deposits held by others	45,461	46,894
Other current receivables	233,831	81,049
	<u>2,575,364</u>	<u>930,352</u>
Non-Current		
Rates Outstanding - Pensioners	9,709	7,121
Loans - Clubs/Institutions	99,157	121,409
	<u>108,866</u>	<u>128,530</u>
6. INVENTORIES		
Current		
Fuel, Cement and BRAC Stock	23,869	18,154
	<u>23,869</u>	<u>18,154</u>
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - At Valuation 2011	68,430,824	0
Land and Buildings - At Cost	0	27,931,912
Less Accumulated Depreciation	<u>(26,335,782)</u>	<u>(6,275,648)</u>
	42,095,042	21,656,264
Furniture and Equipment - Cost	2,021,769	1,959,869
Less Accumulated Depreciation	<u>(1,303,859)</u>	<u>(1,362,270)</u>
	717,910	597,599
Plant and Equipment - Cost	12,321,076	11,782,293
Less Accumulated Depreciation	<u>(6,583,451)</u>	<u>(5,675,904)</u>
	5,737,625	6,106,389
	<u>48,550,577</u>	<u>28,360,252</u>

VALUATION METHODOLOGY

The Shire conducted a valuation of land & building assets as at 30 June 2011.

Land assets were revalued according to market value. The valuation was completed by licenced valuers KPP Opteon.

Building assets were revalued by management using a depreciated replacement cost based on the Rawlinsons Guidelines

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Leased Plant & Equipment \$	Total \$
Balance as at 1 July 2010	21,656,264	597,599	6,106,389	0	28,360,252
Additions	2,526,191	423,291	844,745	0	3,794,227
(Disposals)	0	(33,884)	(62,549)	0	(96,433)
Revaluation - Increments	38,591,080	0	0	0	38,591,080
Depreciation (Expense)	(20,678,493)	(269,096)	(1,150,537)	0	(22,098,126)
Other Movements	0	0	0	0	0
Balance as at 30 June 2011	<u>42,095,042</u>	<u>717,910</u>	<u>5,738,048</u>	<u>0</u>	<u>48,551,000</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
8. INFRASTRUCTURE		
Roads - Management Valuation 2011	100,970,790	0
Roads - Management Valuation 2010	0	100,953,187
Less Accumulated Depreciation	<u>(24,656,417)</u>	<u>(23,922,291)</u>
	76,314,373	77,030,896
Carparks, Footpaths & Bridges - At cost	9,450,382	8,793,280
Less Accumulated Depreciation	<u>(2,127,542)</u>	<u>(1,905,729)</u>
	7,322,840	6,887,551
Recreation Areas - At cost	12,323,030	11,987,776
Less Accumulated Depreciation	<u>(2,486,425)</u>	<u>(2,138,847)</u>
	9,836,605	9,848,929
Drainage - Cost	8,380,960	7,996,853
Less Accumulated Depreciation	<u>(1,621,901)</u>	<u>(1,485,395)</u>
	6,759,059	6,511,458
Other Infrastructure - At cost	2,451,438	2,428,126
Less Accumulated Depreciation	<u>(478,188)</u>	<u>(421,065)</u>
	1,973,250	2,007,061
	<u>102,206,127</u>	<u>102,285,895</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads Infrastructure \$	Carparks, Footpaths & Bridges \$	Recreation Infrastructure \$	Drainage Infrastructure \$	Other Infrastructure \$	Total \$
Balance as at 1 July 2010	77,030,896	6,887,551	9,848,929	6,511,458	2,007,061	102,285,895
Additions	1,769,468	657,102	335,256	384,107	23,312	3,169,245
(Disposals)	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0 (398,407)	0 0	0 0	0 0	0 0	0 (398,407)
Depreciation (Expense)	(2,087,584)	(221,813)	(347,580)	(136,506)	(57,123)	(2,850,606)
Other Movements	0	0	0	0	0	0
Balance as at 30 June 2011	<u>76,314,373</u>	<u>7,322,840</u>	<u>9,836,605</u>	<u>6,759,059</u>	<u>1,973,250</u>	<u>102,206,127</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	2,245,592	1,798,946
ATO Amounts Payable	38,876	96,276
Prepaid Rent, Grants and Services	314,970	186,181
Excess Rates	44,805	54,773
Accrued Expenses	112,820	78,396
Accrued Wages	69,857	43,516
Accrued Interest on Debentures	55,115	54,284
	<u>2,882,035</u>	<u>2,312,372</u>
10. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	881,025	851,431
	<u>881,025</u>	<u>851,431</u>
Non-Current		
Secured by Floating Charge		
Debentures	4,322,164	4,255,565
	<u>4,322,164</u>	<u>4,255,565</u>
Additional detail on borrowings is provided in Note 22.		
11. PROVISIONS		
Current		
Provision for Annual Leave	1,048,090	1,053,661
Provision for Long Service Leave	732,839	592,777
	<u>1,780,929</u>	<u>1,646,438</u>
Non-Current		
Provision for Long Service Leave	318,295	289,626
	<u>318,295</u>	<u>289,626</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
12. RESERVES - CASH/INVESTMENT BACKED			
(a) Leave Reserve			
Opening Balance	1,242,897	1,238,945	1,032,918
Amount Set Aside / Transfer to Reserve	257,776	265,000	209,979
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,500,673</u>	<u>1,503,945</u>	<u>1,242,897</u>
(b) Building Reserve			
Opening Balance	2,186,176	1,396,104	1,283,254
Amount Set Aside / Transfer to Reserve	1,213,071	688,000	1,080,941
Amount Used / Transfer from Reserve	<u>(248,600)</u>	<u>(847,640)</u>	<u>(178,019)</u>
	<u>3,150,647</u>	<u>1,236,464</u>	<u>2,186,176</u>
(c) Public Open Space Reserve			
Opening Balance	829,175	752,584	900,379
Amount Set Aside / Transfer to Reserve	297,542	299,000	293,234
Amount Used / Transfer from Reserve	<u>(191,000)</u>	<u>(400,913)</u>	<u>(364,438)</u>
	<u>935,717</u>	<u>650,671</u>	<u>829,175</u>
(d) Drainage Reserve			
Opening Balance	1,094,898	1,061,061	948,760
Amount Set Aside / Transfer to Reserve	243,181	247,000	149,467
Amount Used / Transfer from Reserve	<u>(302,300)</u>	<u>(380,001)</u>	<u>(3,329)</u>
	<u>1,035,779</u>	<u>928,060</u>	<u>1,094,898</u>
(e) Plant Reserve			
Opening Balance	1,643,065	1,982,766	1,206,679
Amount Set Aside / Transfer to Reserve	876,106	831,000	772,643
Amount Used / Transfer from Reserve	<u>(406,300)</u>	<u>(1,767,000)</u>	<u>(336,257)</u>
	<u>2,112,871</u>	<u>1,046,766</u>	<u>1,643,065</u>
(f) BRAC (Leisure Centre) Reserve			
Opening Balance	61,300	60,414	117,107
Amount Set Aside / Transfer to Reserve	2,554	3,000	4,193
Amount Used / Transfer from Reserve	<u>(10,000)</u>	<u>(28,852)</u>	<u>(60,000)</u>
	<u>53,854</u>	<u>34,562</u>	<u>61,300</u>
(g) Road Reserve			
Opening Balance	406,943	19,732	291,647
Amount Set Aside / Transfer to Reserve	3,359,400	995,406	950,888
Amount Used / Transfer from Reserve	<u>(365,200)</u>	<u>(559,126)</u>	<u>(835,592)</u>
	<u>3,401,143</u>	<u>456,012</u>	<u>406,943</u>
(h) Footpath Reserve			
Opening Balance	846,966	711,703	884,274
Amount Set Aside / Transfer to Reserve	925,212	138,000	165,508
Amount Used / Transfer from Reserve	<u>(188,500)</u>	<u>(286,969)</u>	<u>(202,816)</u>
	<u>1,583,678</u>	<u>562,734</u>	<u>846,966</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
12. RESERVES - CASH/INVESTMENT BACKED (continued)			
(i) Car Park Reserve			
Opening Balance	301,474	288,113	223,061
Amount Set Aside / Transfer to Reserve	120,559	121,000	242,444
Amount Used / Transfer from Reserve	<u>(362,900)</u>	<u>(322,500)</u>	<u>(164,031)</u>
	<u>59,133</u>	<u>86,613</u>	<u>301,474</u>
(j) IT and Equipment Reserve			
Opening Balance	551,889	527,262	534,173
Amount Set Aside / Transfer to Reserve	193,990	196,000	185,125
Amount Used / Transfer from Reserve	<u>(310,300)</u>	<u>(489,000)</u>	<u>(167,409)</u>
	<u>435,579</u>	<u>234,262</u>	<u>551,889</u>
(k) Refuse Site Reserve			
Opening Balance	1,761,742	1,475,275	1,360,768
Amount Set Aside / Transfer to Reserve	1,254,390	406,730	470,393
Amount Used / Transfer from Reserve	<u>0</u>	<u>(565,358)</u>	<u>(69,419)</u>
	<u>3,016,132</u>	<u>1,316,647</u>	<u>1,761,742</u>
(l) Restricted Cash Reserve			
Opening Balance	1,051,498	765,685	0
Amount Set Aside / Transfer to Reserve	2,265,058	0	1,051,498
Amount Used / Transfer from Reserve	<u>(786,303)</u>	<u>(412,138)</u>	<u>0</u>
	<u>2,530,253</u>	<u>353,547</u>	<u>1,051,498</u>
TOTAL CASH BACKED RESERVES	<u>19,815,459</u>	<u>8,410,283</u>	<u>11,978,023</u>

All of the cash backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash and restricted investments in Notes 3 and 4 to this report.

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

Leave Reserve -	To be used to fund annual and long service leave requirements.
IT and Equipment Reserve -	To be used to pay for office equipment and IT hardware to manage the peak funding requirements to replace obsolete equipment.
Refuse Site Reserve -	To be used for the current and future costs of maintaining the refuse site in accordance with operational needs and environmental guidelines.
Building Reserve -	To be used for renewal, upgrade, replacement or new building construction.
Public Open Space (P.O.S.) Reserve -	To be used for renewal, upgrade, replacement or new public open space facilities.
Drainage Reserve -	To be used for the construction of drainage headworks. Typically funds are from contributions made by developers.
Plant Reserve -	To be used for the purchase of major plant.
BRAC (Leisure Centre) Reserve -	To be used for the construction of a Recreation infrastructure and facilities.
Road Reserve -	To be used for renewal, upgrade, replacement or new streets and roads.
Footpath Reserve -	To be used for renewal, upgrade, replacement or new footpaths.
Carpark Reserve -	To be used for renewal, upgrade, replacement or new carparks.
Restricted Cash Reserve -	To be used for the future expenditure of unspent loans, grants and special council restricted funds.

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2011

13. RESERVES - ASSET REVALUATION

	2011	2010
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Opening Balance	4,779,847	4,779,847
Revaluation Increment	18,639,835	0
Revaluation Decrement	0	0
	<u>23,419,682</u>	<u>4,779,847</u>
(b) Infrastructure Including Roads		
Opening Balance	28,754,627	29,421,546
Revaluation Increment	0	0
Revaluation Decrement	(398,407)	(666,919)
	<u>28,356,220</u>	<u>28,754,627</u>
TOTAL ASSET REVALUATION RESERVES	<u>51,775,902</u>	<u>33,534,474</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

14. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>15,042,654</u>	<u>9,881,746</u>	<u>3,189,205</u>

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

Net Result	9,896,120	6,656,051	3,925,156
Depreciation	4,997,907	4,683,620	4,743,005
Writedown in fair value of Investments			
Impairment (Loss)/Reversal			
(Profit)/Loss on Sale of Asset	(12,951)	(254,400)	5,063
(Increase)/Decrease in Receivables-Rates & Rubbish	(33,364)	(200,000)	(25,595)
(Increase)/Decrease in Receivables-Sundry	(1,427,839)	(40,000)	(22,750)
(Increase)/Decrease in Receivables-Sundry Provisions	(195,102)	(30,000)	(127,200)
(Increase)/Decrease in Inventories	(5,715)	(10,000)	13,795
Increase/(Decrease) in Payables-Creditors	446,646	20,000	266,031
Increase/(Decrease) in Payables-Other	(56,569)	(10,000)	(9,751)
Increase/(Decrease) in Employee Provisions	189,501	200,000	112,263
Increase/(Decrease) in Provisions-Other	153,245	130,135	(11,989)
Grants/Contributions for the Development of Assets	<u>(7,928,756)</u>	<u>(7,230,021)</u>	<u>(2,772,065)</u>
Net Cash from Operating Activities	<u>6,023,123</u>	<u>3,915,385</u>	<u>6,095,963</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	1,200,000	1,200,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	25,000	25,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u>1,225,000</u>	<u>1,225,000</u>

Loan Facilities

Loan Facilities - Current	881,025	851,431
Loan Facilities - Non-Current	<u>4,322,164</u>	<u>4,255,565</u>
Total Facilities in Use at Balance Date	<u>5,203,189</u>	<u>5,106,996</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

15. CONTINGENT LIABILITIES	2011 \$	2010 \$
Shinju Matsuri Loan/Overdraft Guarantee	15,000	15,000
North West Expo Payment Guarantee	25,000	25,000
	40,000	40,000

16. CAPITAL AND LEASING COMMITMENTS	2011 \$	2010 \$
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(a) Finance Lease Commitments

Council has no finance lease commitments.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	6,146	521,023
- later than one year but not later than five years	0	56,598
- later than five years	0	0
	6,146	577,621

(c) Capital Expenditure Commitments

Contracted for:

- Building Construction & Fixed Plant	67,444	533,068
- Infrastructure Construction	107,376	0
- Mobile Plant and Equipment	586,534	0
- Furniture and Equipment	22,189	

Payable:

- not later than one year	783,541	473,068
- later than one year but not later than five years	0	60,000

The capital expenditure projects outstanding at the end of the reporting periods are:

30 June 2011

BRAC Amenities Pavilion - New Construction
 Broome Performing Arts Centre - Architectural Services
 Library Building Renewal
 Shire Administration Office Building Renewal
 Town Beach Cafe Building Renewal
 New Software Purchases
 Parks & Gardens Mobile Plant Replacement
 Works Mobile Plant Replacement
 Bidyadanga Road New Construction
 Cape Leveque Road Upgrade Construction
 Bedford Park Renwal Works

30 June 2010

BRAC Amenities Pavilion - Architectural Services
 Broome Performing Arts Centre - Architectural Services which will continue in future years.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

17. JOINT VENTURE

The Shire is not involved in any joint venture arrangements

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2011	2010
	\$	\$
Governance	4,091	5,455
General Purpose Funding	2,875,492	3,459,876
Law, Order, Public Safety	1,446,848	467,389
Health	0	1,929
Education and Welfare	1,918	26,425
Community Amenities	12,702,812	11,116,340
Recreation and Culture	26,913,277	21,260,250
Transport	88,683,056	85,526,283
Economic Services	8,865,613	7,198,522
Other Property and Services	29,433,367	15,824,184
Unallocated	5,060,885	2,134,142
	<u>175,987,359</u>	<u>147,020,795</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

19. FINANCIAL RATIOS	2011	2010	2009
Current Ratio	1.31	1.20	0.84
Untied Cash to Unpaid Trade Creditors Ratio	1.18	1.68	0.94
Debt Ratio	0.06	0.06	0.09
Debt Service Ratio	0.04	0.05	0.05
Gross Debt to Revenue Ratio	0.19	0.20	0.28
Gross Debt to Economically Realisable Assets Ratio	0.07	0.11	0.15
Rate Coverage Ratio	0.40	0.47	0.44
Outstanding Rates Ratio	0.01	0.01	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

20. TRUST FUNDS

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

	Balance 1 July 2010 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2011 \$
Footpath Damage Deposits	31,394	477	0	31,871
Library Transient Borrower Deposits	10,984	0	(180)	10,804
Election Nomination Deposits	0	0	0	0
Other General Purpose Deposits	6,082	130	0	6,212
BCITF Collection & Refund Deposits	9,623	144,436	(147,295)	6,764
Japanese Cemetery Improvements Deposits	0	0	0	0
Town Planning Related Bond Deposits	124,842	4,785	0	129,627
Cemetery Plot Reservation Deposits	1,399	0	0	1,399
Recreation Facility use Bond Deposits	110,834	16,109	(11,490)	115,453
Cash In Lieu Of Public Open Space	85,094	3,390	0	88,484
Parking Facilities Bond Deposits	0	0	0	0
Road & Footpath Facilities Bond Deposits	500,991	225,031	(66,331)	659,691
Capital Works Bond Deposits	2,781	51	0	2,832
Bank Guarantee Deposits Received	55,824	1,986	(27,277)	30,533
Contract Bonds & Retentions	0	0	0	0
Overpayments Held	0	0	0	0
Unclaimed Monies	19,936	1,585	(2,428)	19,093
BRB Levy	1,680	13,526	(14,153)	1,053
Staff Rental Bonds	2,340	16,357	(7,214)	11,483
	<u>963,804</u>			<u>1,115,299</u>

21. DISPOSALS OF ASSETS - 2010/2011 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance	0	22,000	0	25,000	0	3,000
General Purpose Funding	0	0	0	0	0	0
Law, Order, Public Safety	20,576	7,000	14,090	2,000	(6,486)	(5,000)
Health	0	0	0	0	0	0
Education and Welfare	0	0	0	0	0	0
Housing	0	0	0	0	0	0
Community Amenities	14,341	27,000	14,341	31,000	0	4,000
Recreation and Culture	4,942	6,900	8,261	24,000	3,319	17,100
Transport	0	0	0	0	0	0
Economic Services	0	0	0	0	0	0
Other Property and Services	56,574	317,700	72,693	553,000	16,119	235,300
	<u>96,433</u>	<u>380,600</u>	<u>109,385</u>	<u>635,000</u>	<u>12,952</u>	<u>254,400</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

22. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Loan Number	Loan Particulars/Purpose	Principal 1 July 2010 \$	New Loans \$	Principal Repayments		Principal 30 June 2011		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law Order & Public Safety									
176	New SES Shed (*)	79,783		16,017	16,017	63,766	63,766	4,303	4,303
Housing									
196	McMahon Estate Staff Housing			0	0	0	830,000	0	14,899
Community Amenities									
181	Millington Rd Drainage Construction (Interest paid by third party)	233,980		33,200	33,200	200,780	200,781	14,237	14,130
188	Refuse Site Building Improvements and Construction	52,352		25,358	25,358	26,994	26,994	2,514	2,514
Recreation & Culture									
170	Pistol Club (*)	3,190		3,190	3,190	0	0	80	81
178	Changerooms Const - Haynes Oval (*)	6,768		6,768	6,768	0	0	53	54
171	BRAC (Recreation Centre)	625,644		72,711	72,711	552,933	552,932	40,587	40,587
179	Changerooms Construction - Haynes Oval Council Loan	20,305		20,305	20,305	0	0	160	160
180	BRAC Oval Effluent Water Reticulation Stage 2	48,810		48,810	48,810	0	0	0	0
186	BRAC Stage 2 A	918,206		108,271	108,271	809,935	809,935	53,912	53,911
189	BRAC Stage 2 A - Ovals	263,153		81,591	81,591	181,562	181,562	16,587	16,587
191	BRAC Stage 2B - Oval Infrastructure	430,562		36,681	36,681	393,881	393,881	27,001	27,002
193	Arts Centre Redevelopment	0		0	0	0	3,200,000	0	57,442
194	BRAC Pavillion	0	950,000	0	0	950,000	1,084,000	10,524	17,205
Economic Services									
177	Roebuck Bay Caravan Park Sewerage Stage 2	19,064		19,064	19,064	0	0	144	144
182	Visitors Centre Construction	605,208		85,874	85,874	519,334	519,334	36,825	37,345
185	Visitors Centre Construction Stage 2	218,839		25,804	25,804	193,035	193,035	12,849	12,849
Other Property & Services									
168	Loan # 168 Administration Building	1,405,144		238,951	238,951	1,166,193	1,166,193	102,341	102,340
192	Loan # 192 Street Sweeper New Plant	113,364		26,229	26,229	87,135	87,135	5,354	5,355
195	Bowling Club Synthetic Lawn (*)	62,624		4,981	4,982	57,643	57,642	3,860	3,859
		5,106,996	950,000	853,805	853,806	5,203,191	9,367,190	331,331	410,767

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2010/2011

Loan Number	Loan Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$						Actual \$	Budget \$	
193	Arts Centre Redevelopment	0	3,200,000	WA Treasury Corporaton	Debenture	10	419,985	7.20%	0	3,200,000	0
194	BRAC Pavillion	(950,000)	1,084,000	WA Treasury Corporaton	Debenture	10	461,013	7.20%	0	1,084,000	(950,000)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 2010 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 2011 \$
Loan # 191 BRAC Stage 2B - Oval Infrastructure	26/06/2009	16,243	0	400	15,843
Loan # 194 BRAC Pavillion	23/04/2011	950,000	0	847,445	102,555
		16,243	0	400	118,398

(d) Overdraft

Council has utilised an overdraft facility during previous financial years with a maximum amount of \$1,200,000 with the Commonwealth Bank. The overdraft is established to cover periods when there are delays in receiving funding at the beginning/end of financial years. It is anticipated that this facility will not be required to be utilised during budget year prior to the due date of the rates.

The Credit Card with a maximum amount of \$25,000 with the Commonwealth Bank is used to procure goods & services typically paid for by a credit card such as travel, accommodation and IT equipment.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

23. RATING INFORMATION - 2010/2011 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
<u>Gross Rental Valuations</u>											
GRV - Broome Residential	7.1037	4,104	103,465,128	7,088,836	96,233	2,077	7,187,146	7,071,053	150,000	5,000	7,226,053
GRV - Broome Commercial Group	8.3892	560	46,433,901	3,864,342	21,242	2,376	3,887,960	3,855,044			3,855,044
GRV - Broome Tourism Group	10.0907	429	21,035,252	1,817,900	(1,926)	0	1,815,974	1,814,009			1,814,009
GRV - Broome Non-Current Parent Lots		20		29,424	(13,496)	0	15,928				0
GRV - Exempt		47	2,795,195								0
<u>Unimproved Value Valuations</u>											
UV - Dampier Pastoral	2.1938	13	5,147,009	118,880	(6,522)	0	112,358	118,880			118,880
UV - Dampier Mining	11.0075	22	591,925	44,786	4,365	515	49,666	55,237			55,237
UV - Dampier Coconut Wells	0.1546	35	65,541,500	100,865	0	0	100,865	100,897			100,897
UV - Dampier Twelve Mile	0.2948	78	34,818,500	102,644	0	0	102,644	102,625			102,625
UV - Dampier Short Stay Accomodation	3.4283	6	780,000	26,741	0	0	26,741	26,741			26,741
UV - Dampier Commercial Operations & Pearling Leases	2.1620	11	1,773,000	38,116	0	0	38,116	38,116			38,116
UV - Dampier Horticultural & Wattle Downs	0.3773	4	2,600,000	9,432	0	0	9,432	9,433			9,433
UV - Dampier Skuthorpe	0.4262	7	3,472,000	14,798	0	0	14,798	14,798			14,798
UV - Exempt		27	0				0				0
Sub-Totals		5,363	288,453,410	13,256,764	99,896	4,968	13,361,628	13,206,833	150,000	5,000	13,361,833
Minimum Rates	Minimum \$										
<u>Gross Rental Valuations</u>											
GRV - Broome Residential	957	145		138,765			138,765	143,550			143,550
GRV - Broome Commercial Group	957	10		9,570			9,570	9,570			9,570
GRV - Broome Tourism Group	957	461		441,177			441,177	441,177			441,177
GRV - Broome Non-Current Parent Lots		6		5,742			5,742	0			0
<u>Unimproved Value Valuations</u>											
UV - Dampier Pastoral	957	3		2,871			2,871	2,871			2,871
UV - Dampier Mining	957	38		36,366			36,366	44,022			44,022
UV - Dampier Coconut Wells	957	2		1,914			1,914	1,914			1,914
UV - Dampier Twelve Mile	957	0		0			0	0			0
UV - Dampier Commercial Operations & Pearling Leases	957	1		957			957	957			957
UV - Dampier Horticultural & Wattle Downs	957	2		1,914			1,914	1,914			1,914
UV - Dampier Skuthorpe	957	0		0			0	0			0
UV - Exempt				0			0				0
Sub-Totals		6,031	0	639,276	0	0	639,276	645,975	0	0	645,975
Ex-Gratia Rates							14,000,904				14,007,808
							19,892				19,892
							14,020,796				14,027,700
Discounts (refer note 26)							(6,216)				
Write Offs (refer note 26)							(5,328)				
Totals							14,009,252				14,027,700

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

24. SPECIFIED AREA RATE - 2010/2011 FINANCIAL YEAR

There are no specified area rates.

25. SERVICE CHARGES - 2010/2011 FINANCIAL YEAR

The Shire Of Broome imposes no service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/2011 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Write-Offs		5,328	23,000
Minimum Rate	Concessions Discount		6,216 NIL	NIL
Other Discounts and Write-Offs			11,544	23,000
General Debtors	Discount Write-Offs		NIL 9,129	NIL 23,000

No discount on rates is available.

27. INTEREST CHARGES AND INSTALMENTS - 2010/2011 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		52,799	37,000
Interest on Rates Instalments Plan	5.50%		77,047	63,300
Charges on Rates Instalment Plan		7	34,349	30,000
			164,195	130,300

Ratepayers had the options of paying rates in either two or four equal instalments, due on 10th September 2010, 12th November 2010, 14th January 2011 and 18th March 2011. Administration charges and interest applied to the unpaid instalments after the first instalment.

28. FEES & CHARGES

	2011 \$	2010 \$
Governance	385	335
General Purpose Funding	58,726	65,576
Law, Order, Public Safety	56,567	59,064
Health	97,852	91,916
Education and Welfare	0	1,172
Housing	699,766	631,148
Community Amenities	3,942,017	3,039,043
Recreation and Culture	698,816	743,051
Transport	13,638	6,773
Economic Services	713,688	689,341
Other Property and Services	1,255,549	1,073,611
	<u>7,537,004</u>	<u>6,401,030</u>

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

29. GRANT REVENUE	2011	2010
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	4,824,087	4,858,966
Non-Operating Grants, Subsidies and Contributions	7,928,756	2,772,065
	<u>12,752,843</u>	<u>7,631,031</u>
By Program:		
Governance	237,435	279,173
General Purpose Funding	2,767,441	2,572,073
Law, Order, Public Safety	393,446	44,069
Health	13,800	38,666
Education and Welfare	92,100	195,948
Housing	3,334	300
Community Amenities	100,746	24,689
Recreation and Culture	2,997,424	680,579
Transport	5,330,131	2,926,322
Economic Services	142,543	124,398
Other Property and Services	674,442	744,814
	<u>12,752,842</u>	<u>7,631,031</u>

30. COUNCILLORS' REMUNERATION	2011	2011	2010
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees - Council and Local Government Association	70,000	70,700	68,565
President's Allowance	30,200	25,500	25,500
Deputy President's Allowance	3,800	3,200	3,200
Travelling and Conference Expenses	69,075	45,000	40,365
Telecommunications and IT Allowances	30,600	30,600	29,758
	<u>203,675</u>	<u>175,000</u>	<u>167,388</u>

31. EMPLOYEE NUMBERS	2011	2010
The number of full-time equivalent employees at balance date	<u>148</u>	<u>143</u>

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2010/2011 financial year.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

34. FINANCIAL RISK MANAGEMENT

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

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets				
Cash and cash equivalents	15,042,654	3,189,205	15,042,654	3,189,205
Receivables	2,684,230	1,058,882	2,684,230	1,058,882
Financial assets at fair value through profit or loss	<u>7,479,902</u>	<u>12,108,407</u>	<u>7,479,902</u>	<u>12,108,407</u>
	<u><u>25,206,786</u></u>	<u><u>16,356,494</u></u>	<u><u>25,206,786</u></u>	<u><u>16,356,494</u></u>
Financial Liabilities				
Payables	2,882,035	2,312,372	2,882,035	2,312,372
Borrowings	<u>5,203,189</u>	<u>5,106,996</u>	<u>4,089,362</u>	<u>5,383,171</u>
	<u><u>8,085,224</u></u>	<u><u>7,419,368</u></u>	<u><u>6,971,397</u></u>	<u><u>7,695,543</u></u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss – based on quoted market prices at the reporting date or independent valuation.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit or loss

Council has two types of investments these being cash and cash equivalents and financial assets at fair value through profit or loss.

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30 June 2011		30 June 2010
	\$		\$
Impact of a 10% (*) movement in price of investments:			
- Equity	747,990		1,210,841
- Income Statement	747,990 (+)		1,210,841 (+)
Impact of a 1% (*) movement in interest rates on cash and investments:			
- Equity	225,226		152,976
- Income Statement	225,226		152,976

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

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

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

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

	30 June 2011	30 June 2010
Percentage of Rates and Annual Charges		
- Current	0%	27%
- Overdue	100%	73%
Percentage of Other Receivables		
- Current	35%	69%
- Overdue	65%	31%

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

34 FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	2,599,438	0	0	2,599,438	2,599,438
Borrowings	1,035,844	3,292,870	379,176	4,707,890	5,203,191
	<u>3,635,282</u>	<u>3,292,870</u>	<u>379,176</u>	<u>7,307,328</u>	<u>7,802,629</u>
<u>2010</u>					
Payables	2,081,403	0	0	2,081,403	2,081,403
Borrowings	1,183,539	4,015,749	1,183,218	6,382,506	5,106,996
	<u>3,264,942</u>	<u>4,015,749</u>	<u>1,183,218</u>	<u>8,463,909</u>	<u>7,188,399</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

34 FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2011								
Borrowings								
Fixed Rate								
Debentures	26,994	181,562	87,135	1,229,959	0	3,677,541	5,203,191	6.64%
Weighted Average Effective Interest Rate	6.34%	7.20%	5.12%	7.84%	N/A	6.24%		
Year Ended 30 June 2010								
Borrowings								
Fixed Rate								
Debentures	98,137	52,352	263,153	113,364	1,484,927	3,095,063	5,106,996	6.75%
Weighted Average Effective Interest Rate	N/A	3.28%	6.34%	7.20%	5.12%	6.87%		

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

35. PRIOR PERIOD CORRECTIONS

Balances relating to the 2010 comparative year have been amended due to the correction of prior period errors. These errors have been adjusted as shown below and, in accordance with the requirements of AASB101, a statement of financial position as at the beginning of the earliest comparative period has been included (refer statement of financial position column labelled as at 1 July 2009).

Prior period corrections totalling \$1,546,200 were made which represent a write off of fixed assets as a result of an audit conducted as part of the Asset Management Improvement Programme. These prior period corrections represent the net value of the written down cost of building infrastructure items that were found not to be under the ownership or located on land not vested in the Shire, including a software error where an asset register record was not correctly processed.

Effect of the above:	Original Balance	Amount of Adjustment	Adjusted Balance
	\$	\$	\$
Statement of Equity			
Retained Surplus	92,968,913	(1,546,200)	91,422,713
Note 7 - Property, Plant and Equipment			
Land & Buildings - Management Valuation	28,925,249	(1,546,200)	27,379,049

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BROOME**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Broome, which comprises the statement of financial position as at 30 June 2011, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

In our opinion, the financial report of the Shire of Broome is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the Shire's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BROOME (Continued)**

Report on Other Legal and Regulatory Requirements

During the course of our audit we became aware of the following instance where the Shire did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

Annual Financial Report

The Annual Financial Report for the year ended 30 June 2010 was not submitted to the Director General of the Department of Local Government within 30 days of the auditor's report becoming available as required by Financial Management Regulation 51 (2).

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

- a) There are no other matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as noted above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 20 October 2011
Perth, WA