



FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

SHIRE OF BROOME

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 supporting notes and other information for the financial year ended 30 June 2008 are in my opinion properly drawn up to present fairly the financial position of the Shire of Broome at 30 June 2008 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 24th day of November , 2008



.....
K.R. Donohoe

Chief Executive Officer

SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008
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SHIRE OF BROOME
INCOME STATEMENT BY PROGRAM FOR THE
YEAR ENDED 30 JUNE 2008

	2007/2008	2007/2008	2006/2007
	ACTUAL	BUDGET	ACTUAL
	\$	\$	\$
Revenues From Ordinary Activities			
Governance	76,959	12,200	14,413
General Purpose Funding	12,739,427	12,412,179	11,169,870
Law, Order, Public Safety	122,412	241,204	139,590
Health	45,475	151,075	148,040
Education & Welfare - General	273,319	327,188	305,832
Community Amenities	3,015,966	2,641,091	3,343,951
Recreation and Culture	1,494,148	882,084	1,652,984
Transport	2,122,373	2,057,697	2,600,756
Economic Services	918,006	809,100	1,451,541
Other Property and Services	2,802,600	2,093,159	2,086,119
	<u>23,610,685</u>	<u>21,626,977</u>	<u>22,913,096</u>
 Expenses from Ordinary Activities			
Excluding Borrowing Costs			
Governance	(1,370,922)	(1,501,780)	(1,388,523)
General Purpose Funding	(72,706)	(62,619)	(49,363)
Law Order and Public Safety	(992,829)	(1,031,621)	(870,502)
Health	(470,947)	(586,565)	(494,609)
Education & Welfare - General	(651,359)	(770,142)	(658,828)
Community Amenities	(3,860,130)	(4,118,650)	(3,625,123)
Recreation and Culture	(4,907,986)	(4,987,043)	(4,290,479)
Transport	(3,350,731)	(3,320,874)	(2,788,588)
Economic Services	(890,041)	(1,043,475)	(732,776)
Other Property and Services	(2,078,248)	(1,494,641)	(1,705,515)
	<u>(18,645,899)</u>	<u>(18,917,410)</u>	<u>(16,604,306)</u>
 Borrowing Costs Expense			
Law Order and Public Safety	(6,900)	(6,899)	(7,870)
Community Amenities	(27,059)	(27,059)	(35,552)
Recreation and Culture	(140,071)	(142,175)	(94,081)
Economic Services	(79,679)	(79,951)	(76,797)
Other Property and Services	(153,239)	(154,239)	(168,760)
	<u>(406,948)</u>	<u>(410,323)</u>	<u>(383,060)</u>
 NET RESULT	4	<u>4,557,838</u>	<u>2,299,244</u>
		<u>5,925,730</u>	

Read this statement in conjunction with the accompanying notes.

**SHIRE OF BROOME
BALANCE SHEET
AS AT 30 JUNE 2008**

	Note No	ACTUAL 2007/2008 \$	ACTUAL 2006/2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6(a)	1,022,890	764,157
Trade and Other Receivables	7(a)	1,323,347	1,636,862
Inventories	8	35,694	20,097
Investments	6(b)	7,152,916	7,042,972
TOTAL CURRENT ASSETS		9,534,847	9,464,088
NON CURRENT ASSETS			
Other Receivables	7(b)	125,291	154,737
Property Plant and Equipment	9(a)	30,812,955	28,921,589
Infrastructure	9(a)	68,333,443	66,221,221
TOTAL NON CURRENT ASSETS		99,271,689	95,297,547
TOTAL ASSETS		108,806,536	104,761,635
CURRENT LIABILITIES			
Trade and Other Payables	11(a)	2,005,937	2,303,466
Long Term Borrowings	11(a)	780,965	662,469
Provisions	11(a)	1,248,985	1,250,018
TOTAL CURRENT LIABILITIES		4,035,887	4,215,953
NON CURRENT LIABILITIES			
Provisions	11(b)	148,714	110,620
Long Term Borrowings	11(b)	5,284,067	5,655,032
TOTAL NON CURRENT LIABILITIES		5,432,781	5,765,652
TOTAL LIABILITIES		9,468,668	9,981,605
NET ASSETS		99,337,868	94,780,030
EQUITY			
Retained Surplus		88,012,560	83,535,722
Reserves - Cash/Investment Backed	12	6,545,461	6,464,461
Reserves - Asset Revaluation		4,779,847	4,779,847
TOTAL EQUITY		99,337,868	94,780,030

Read this statement in conjunction with the accompanying notes.

SHIRE OF BROOME
STATEMENT OF CHANGES IN EQUITY FOR THE
YEAR ENDED 30 JUNE 2008

	Note	ACTUAL 2007/2008 \$	ACTUAL 2006/2007 \$
RETAINED SURPLUS			
Balance as at 1 July		83,535,722	79,786,345
Net Result	4	4,557,838	5,925,730
Transfer (to)/from Reserves		(81,000)	(2,176,353)
Balance as at 30 June		<u>88,012,560</u>	<u>83,535,722</u>
RESERVES - CASH/INVESTMENT BACKED			
Balance as at 1 July		6,464,461	4,288,108
Amount transferred (to)/from Retained Surplus		81,000	2,176,353
Balance as at 30 June	12 (a)	<u>6,545,461</u>	<u>6,464,461</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July		4,779,847	4,779,847
Balance as at 30 June	12 (b)	<u>4,779,847</u>	<u>4,779,847</u>
TOTAL EQUITY		<u>99,337,868</u>	<u>94,780,030</u>

Read this statement in conjunction with the accompanying notes.

**SHIRE OF BROOME
CASH FLOW STATEMENT
FOR THE ENDED 30 JUNE 2008**

	Note	Actual 2007/2008 \$	Budget 2007/2008 \$	Actual 2006/2007 \$
Cash Flows from Operating Activities				
Receipts				
Rates		10,303,649	10,027,179	8,924,601
Grants & Subsidies - Operating		3,377,418	3,572,273	3,467,440
Contributions, Reimbursements and Donations		826,899	367,800	446,972
Fees and Charges		6,144,913	5,702,427	5,859,911
Interest Earnings		629,196	557,774	589,411
Goods and Services Tax		1,340,680	607,023	1,147,538
Other Revenue/Income		24,648	37,000	21,402
		<u>22,647,403</u>	<u>20,871,476</u>	<u>20,457,275</u>
Payments				
Employee Costs		(9,080,552)	(9,256,243)	(7,281,106)
Materials And Contracts		(4,595,554)	(4,009,476)	(3,512,522)
Utilities		(909,575)	(850,891)	(852,843)
Interest Expenses		(418,395)	(418,997)	(357,790)
Insurance Expenses		(282,758)	(331,470)	(303,868)
Goods and Services Tax		(1,225,002)	(606,736)	(1,328,028)
Other Expenditure		(815,668)	(845,766)	(643,774)
		<u>(17,327,504)</u>	<u>(16,319,579)</u>	<u>(14,279,931)</u>
Net Cash Provided by Operating Activities	13(a)	<u>5,319,899</u>	<u>4,551,897</u>	<u>6,177,344</u>
Cash Flows from Investing Activities				
Receipts				
Grants & Contributions for Assets		2,066,452	1,404,024	3,821,513
Proceeds Sale of Property, Plant & Equipment		734,802	525,000	70,850
Proceeds from sale of Investments		8,978,803	0	3,500,000
		<u>11,780,057</u>	<u>1,929,024</u>	<u>7,392,363</u>
Payments				
Payment for Property, Plant & Equipment		(3,966,910)	(3,076,937)	(3,765,907)
Payment for Infrastructure		(3,562,543)	(3,656,976)	(5,763,515)
Payment for Purchase of Investments		(9,088,747)	(3,846,484)	(10,542,972)
		<u>(16,618,200)</u>	<u>(10,580,397)</u>	<u>(20,072,394)</u>
Net Cash (Used) by Investing Activities		<u>(4,838,143)</u>	<u>(8,651,373)</u>	<u>(12,680,031)</u>
Cash Flows from Financing Activities				
Proceeds from New Debentures	10(b)	410,000	410,000	1,605,000
Proceeds from Repayment of Community Self Supporting Loans		29,446	30,159	30,739
Repayment of Debentures		(662,469)	(662,469)	(772,241)
Net Cash (Used) by Financing Activities		<u>(223,023)</u>	<u>(222,310)</u>	<u>863,498</u>
Net increase (Decrease) in Cash Held		258,733	(4,321,786)	(5,639,189)
Cash at Beginning of Year		764,157	6,470,783	6,403,346
Cash and Cash Equivalents at End of Year	6 & 13(a)	<u>1,022,890</u>	<u>2,148,997</u>	<u>764,157</u>

SHIRE OF BROOME
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2007/2008 Actual \$	2007/2008 Budget \$
Operating Revenues			
Governance		76,959	12,200
General Purpose Funding		2,423,539	2,370,000
Law, Order, Public Safety		122,412	241,204
Health		45,475	151,075
Education and Welfare		273,319	327,188
Community Amenities		3,015,966	2,641,091
Recreation and Culture		1,494,148	882,084
Transport		2,122,373	2,057,697
Economic Services		918,006	809,100
Other Property and Services		2,802,600	2,093,159
		<u>13,294,797</u>	<u>11,584,798</u>
Operating Expenses			
Governance		(1,370,922)	(1,501,780)
General Purpose Funding		(72,706)	(62,619)
Law, Order, Public Safety		(999,729)	(1,038,520)
Health		(470,947)	(586,565)
Education and Welfare		(651,359)	(770,142)
Community Amenities		(3,887,189)	(4,145,709)
Recreation & Culture		(5,048,057)	(5,129,218)
Transport		(3,350,731)	(3,320,874)
Economic Services		(969,720)	(1,123,426)
Other Property and Services		(2,231,487)	(1,648,880)
		<u>(19,052,847)</u>	<u>(19,327,733)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Income			
Depreciation on Assets	3	3,181,706	3,297,064
(Profit)/Loss on Asset Disposals	9 (b)	(390,642)	(117,000)
Movement in Accrued Expenses		0	(8,674)
Movement in Employee Provisions		210,892	0
Capital Expenditure and Income			
Purchase Land and Buildings		(430,275)	(900,870)
Purchase Plant and Equipment		(3,353,238)	(1,892,067)
Purchase Furniture and Equipment		(183,397)	(284,000)
Purchase Infrastructure Assets		(3,562,543)	(3,656,976)
Proceeds Disposal of Assets	9 (b)	734,802	525,000
Repayment of Debentures	10 (a)	(662,469)	(662,469)
Proceeds from New Borrowings	10 (b)	410,000	410,000
Self-Supporting Loan Principal Income		29,446	30,159
Transfers from loan funds (Restricted Cash)		60,000	40,000
Transfers to Other Restricted Cash		(255,781)	0
Transfers from Other Restricted Cash		288,986	110,000
Transfers to Reserves (Restricted Assets)	12	(2,487,996)	(513,492)
Transfers from Reserves (Restricted Assets)	12	2,406,996	1,324,081
Add: Surplus/(Deficit) July 1 B/Fwd		(289,242)	0
Less: Estimated Surplus/(Deficit) June 30 C/Fwd		265,083	0
Amount Raised from Rates	15	<u><u>(10,315,888)</u></u>	<u><u>(10,042,179)</u></u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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 by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

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

Fund Management

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.

Trust Management

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears in Note 14 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 Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, cash 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 Cash Flow Statement, 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 balance sheet.

(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 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Joint Venture

The municipality has no joint ventures.

(l) 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 the note entitled "Conditions Over Contributions". 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.

(m) Superannuation

The Shire of Broome contributes to the Local Government Superannuation Scheme and other employee nominated superannuation schemes.

In addition where employees contribute at least 5% The Municipality makes an additional contribution so the total by The Municipality is 12%. Contributions are charged as an expense as they occur.

No liability has been recognised in these financial statements.

(n) Rounding Off Figures

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

(o) Comparative Figures

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

(p) 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.

(q) 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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investments and Other Financial Assets (Continued)

Classification (Continued)

(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 balance sheet.

(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 income statement. 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.

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 income statement 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 income statement 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 income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(s) 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 Income Statement.

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.

(t) 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 from 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 Income Statement 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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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.

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.

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

Other

Fixed assets are to be capitalised if the cost or valuation exceeds:

(i) Buildings	\$5,000
(ii) Major Infrastructure	\$5,000
(iii) Plant and Equipment	\$3,000
(iv) Furniture and Equipment	\$3,000
(v) Tools	\$3,000
(vii) Land	\$ 0

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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	Annual Dep'n
(i) High Use Vehicles on a 1 year replacement program	25%
(ii) Ride on mowers	20%
(iii) Cars and light vehicles on a 2 year replacement program	15%
(iv) Small trucks, 2 to 5 Tonne	15%
(v) Medium trucks, 6 to 12 Tonne	12.50%
(vi) Heavy trucks greater than 12 Tonne and medium plant	10%
(vii) Heavy plant, graders, scrapers and the like	8.33%
(viii) Other portable plant, regular use	20%
(ix) Other plant, low use and/or long life	6.25%
(x) Computer equipment	20%
(xi) Furniture and equipment	10%
(xii) Tools	25%
(xiii) Air conditioning and other building plant	6.67%
(xiii) Buildings	2.50%
(xiv) Fixed Infrastructure;	
Formation & earth works for roads, reserves & waste management	1%
Bridges	1.25%
Drainage facilities	1.67%
Footpaths	2%
Paving, seals & services to car parks, roads, reserves & waste management	3.03%
Major plant and bus shelters	5%

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

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 2008.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv) AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

(vi) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii) AASB 1049 Whole of Government and General Government Sector Financial	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.
(viii) AASB 1050 Administered Items	December 2007	1 July 2008(+)	• AASB 1050 is only applicable to Government departments and will have no impact on Council.
(ix) AASB 1051 Land Under Roads	December 2007	1 July 2008(+)	• AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised.
(x) AASB 1052 Disaggregated Disclosures	December 2007	1 July 2008(+)	• AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements.
(xi) AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	• AASB 2007-09 will have significant impact on Council's financial statements as it has the effect of withdrawing AAS27. AAS27 is effectively replaced by existing topic based standards and new standards as also detailed here.
(xii) AASB 1004 Contributions	December 2007	1 July 2008(+)	• AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

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

(+) - Applicable to not-for-profit and/or public sector entities only.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

2 STATEMENT OF OBJECTIVE

The Shire of Broome is dedicated to providing high quality services to the community through the service-oriented programs below:

TITLE	ACTIVITY
Governance	Provision of facilities for council and compliance with statutory requirements. General community support and public relations.
General Purpose Income	Collection of general purpose grants and rates.
Law, Order & Public Safety	Ranger operations including supervision of various by-laws, fire prevention and support of emergency services.
Health	Provision of infant health services, health inspections and control, pest control and home and community care.
Education and Welfare	Provision of day and aged care facilities.
Housing	Provision of staff housing. Staff housing transactions are reported to other programs.
Community Amenities	Rubbish collection, tip operation, litter control, provision and maintenance of drainage infrastructure, town planning and provision of general public facilities.
Recreation & Culture	Environmental protection, provision of public hall, civic centre, library, recreation and swimming facilities and kiosks.
Transport	Construction and maintenance of roads, bridges, footpaths and street lighting.
Economic Services	Tourism promotion and building control.
Other Property & Services	General administrative support for council activities private works, management of leased properties, engineering, works management, parks & gardens management, depot management, plant operation and plant procurement.

The Shire of Broome practises activity based costing. As a result of this:

- All Staff housing transactions are reported to other programs.
- The net cost of the administration of council's activities are allocated to appropriate other programs.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

3. REVENUES & EXPENSES		ACTUAL	BUDGET	ACTUAL
Result from Ordinary Activities	Note	2007/2008	2007/2008	2006/2007
		\$	\$	\$
The result from ordinary activities includes:				
(i) Charging as an Expense:				
<u>Auditors remuneration</u>				
- Audit		26,386	15,700	14,962
- Other		6,052	5,000	5,770
		<u>32,438</u>	<u>20,700</u>	<u>20,732</u>
 <u>Depreciation of Non Current Assets</u>				
- Land & Buildings		698,555	820,950	651,424
- Plant & Equipment		880,804	813,114	773,310
- Furniture & Equipment		152,026	165,400	148,737
- Roads, Footpaths & Bridges Infrastructure Assets		1,033,864	1,115,700	994,587
- Drainage Infrastructure Assets		128,044	134,600	121,263
- Recreation Areas Infrastructure Assets		242,467	210,800	210,791
- Other Infrastructure Assets		45,946	36,500	35,419
		<u>3,181,706</u>	<u>3,297,064</u>	<u>2,935,531</u>
 <u>Interest Expenses</u>				
Debentures	10 (a)	<u>406,948</u>	<u>410,323</u>	<u>383,060</u>
 <u>Rental Charges</u>				
Operating Leases		<u>496,566</u>	<u>444,920</u>	<u>439,768</u>
 (ii) Crediting As Revenue				
<u>Interest Earnings</u>				
Reserve Funds	21	356,760	324,844	281,212
Other Funds	21	186,545	170,730	318,018
Other Interest	18	85,891	62,200	65,690
		<u>629,196</u>	<u>557,774</u>	<u>664,920</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

4. OPERATING REVENUES & EXPENSES ACCORDING TO NATURE & TYPE

		ACTUAL	BUDGET	ACTUAL
		2007/2008	2007/2008	2006/2007
		\$	\$	\$
(a) Revenues From Ordinary Activities				
	Note			
Rates	15	10,315,888	10,042,179	8,903,211
Grants & Subsidies - Operating	20	3,377,418	3,572,273	3,467,626
Contributions, Reimbursements and Donations		826,899	367,800	446,972
Fees and Charges	19	5,934,837	5,452,427	5,537,309
Interest Earnings	3(b)	629,196	557,774	664,920
Other Revenue/Income		24,648	37,000	21,402
		21,108,886	20,029,453	19,041,440
(b) Expenses From Ordinary Activities				
Employee Costs		(8,935,620)	(9,466,243)	(7,785,995)
Materials And Contracts		(4,475,868)	(4,049,476)	(3,909,000)
Utilities (Gas, electricity, water etc.)		(909,575)	(850,891)	(852,843)
Loan & Overdraft Fees & Interest	10	(406,948)	(410,323)	(383,060)
Insurance Expenses		(282,758)	(331,470)	(303,868)
Depreciation of non-current assets	3 (a)	(3,181,706)	(3,297,064)	(2,935,531)
Other Expenditure		(815,667)	(845,766)	(726,808)
		(19,008,142)	(19,251,233)	(16,897,105)
(c) Non Operating Revenue & Expenses				
Grants & Subsidies - Non Operating	20	1,784,383	1,369,024	2,641,719
Contributions, Reimbursements and Donations - Non Operating		282,069	35,000	1,179,794
Profit on Asset Disposals	9 (b)	435,347	193,500	50,143
Loss On Asset Disposal	9 (b)	(44,705)	(76,500)	(90,261)
		2,457,094	1,521,024	3,781,395
NET RESULT		4,557,838	2,299,244	5,925,730

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

5. CONDITIONS OVER CONTRIBUTIONS	ACTUAL 2007/2008 \$	ACTUAL 2006/2007 \$
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances) and held as Restricted Cash.		
Kimberley Family Day Care Operational Grant, KIT and Child Care Benefit Funding		
Unspent Grants From Previous Years	25,933	44,947
Add: Unspent grants in the reporting year.	19,487	25,933
Less: Previous Years Unspent grant now spent	25,933	44,947
Unspent Grant at 30 June	19,487	25,933
ISS Program and Flexible Support Funding		
Unspent Grants From Previous Years	13,906	0
Add: Unspent grants in the reporting year.	56,616	13,906
Less: Previous Years Unspent grant now spent	13,906	0
Unspent Grant at 30 June	56,616	13,906
Youth Coordinating Committee Coordinator Support Grant		
Unspent Grants From Previous Years	0	1,209
Add: Unspent grants in the reporting year.	0	0
Less: Previous Years Unspent grant now spent	0	1,209
Unspent Grant at 30 June	0	0
State Emergency Service FESA Operational and Grant Funding		
Unspent Grants From Previous Years	2,893	353
Add: Unspent grants in the reporting year.	18,601	2,893
Less: Previous Years Unspent grant now spent	2,893	353
Unspent Grant at 30 June	18,601	2,893
Helping Young People (HYPE) program operational funding		
Unspent Grants From Previous Years	0	1,209
Add: Unspent grants in the reporting year.	0	0
Less: Previous Years Unspent grant now spent	0	1,209
Unspent Grant at 30 June	0	0
Club Development Officer Grant		
Unspent Grants From Previous Years	46,000	0
Add: Unspent grants in the reporting year.	43,000	46,000
Less: Previous Years Unspent grant now spent	46,000	0
Unspent Grant at 30 June	43,000	46,000
Recreational Grants for; Jetty to Jetty, Triple J, the Arts Centre and Library		
Unspent Grants From Previous Years	21,023	30,384
Add: Unspent grants in the reporting year.	0	0
Less: Previous Years Unspent grant now spent	21,023	9,361
Unspent Grant at 30 June	0	21,023

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

5. CONDITIONS OVER CONTRIBUTIONS (Continued)	ACTUAL 2007/2008 \$	ACTUAL 2006/2007 \$
Clean Up Aboriginal Communities Operational Grant		
Unspent Grants From Previous Years	26,436	26,436
Add: Unspent grants in the reporting year.	0	0
Less: Previous Years Unspent grant now spent	0	0
Unspent Grant at 30 June	26,436	26,436
Aboriginal Environmental Health Grants		
Unspent Grants From Previous Years	22,554	0
Add: Unspent grants in the reporting year.	0	22,554
Less: Previous Years Unspent grant now spent	22,554	0
Unspent Grant at 30 June	0	22,554
Advance Road Related Construction/Maintenance Grants		
Unspent Grants From Previous Years	110,000	431,520
Add: Unspent grants in the reporting year.	10,000	110,000
Less: Previous Years Unspent grant now spent	110,000	431,520
Unspent Grant at 30 June	10,000	110,000
Tourism Grants - Visitors Center & Railway Line Project		
Unspent Grants From Previous Years	50,000	1,235,402
Add: Unspent grants in the reporting year.	50,000	50,000
Less: Previous Years Unspent grant now spent	50,000	1,235,402
Unspent Grant at 30 June	50,000	50,000
Advance Sundry Grants		
Unspent Grants From Previous Years	4,021	121
Add: Unspent grants in the reporting year.	0	4,021
Less: Previous Years Unspent grant now spent	3,700	121
Unspent Grant at 30 June	321	4,021
BRAC Emergency Shelter Grant		
Unspent Grants From Previous Years	79,500	0
Add: Unspent grants in the reporting year.	68,750	79,500
Less: Previous Years Unspent grant now spent	3,650	0
Unspent Grant at 30 June	144,600	79,500
Total Unspent Grants And Contributions	369,061	402,266

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

6. CASH AND INVESTMENTS	ACTUAL	ACTUAL
	2007/2008	2006/2007
a) Cash and Cash Equivalents	\$	\$
Cash on hand	3,850	3,800
Cash at bank	1,019,040	760,357
	<u>1,022,890</u>	<u>764,157</u>
Represented by:		
Restricted	369,061	462,266
Unrestricted	653,829	301,891
	<u>1,022,890</u>	<u>764,157</u>

Restrictions have been imposed by regulations or other externally imposed requirements to the following :

- Unexpended loan monies	0	60,000
- Unexpended Grants	369,061	402,266
	<u>369,061</u>	<u>462,266</u>

b) Investments

Financial Assets at Fair Value Through Profit or Loss At beginning of the year	7,042,972	0
Additions	9,088,747	10,542,972
Disposals	8,978,803	3,500,000
At end of the year	<u>7,152,916</u>	<u>7,042,972</u>

Represented by:		
Restricted	6,545,461	6,464,461
Unrestricted	607,455	578,511
	<u>7,152,916</u>	<u>7,042,972</u>

Restrictions have been imposed by regulations or other externally imposed requirements to the following :

- Reserve Accounts	Note 12(a)	6,545,461	6,464,461
		<u>6,545,461</u>	<u>6,464,461</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

7. TRADE AND OTHER RECEIVABLES	ACTUAL	ACTUAL
	2007/2008	2006/2007
	\$	\$
a) Current		
Rates Outstanding	89,399	77,160
Sundry Debtors	986,549	1,130,742
Bonds and Deposits held by others	35,437	30,132
Principal and Interest Payment Due	50,367	44,106
Other current receivables	65,072	163,529
Aust Tax Office Debtor - GST Credits Refundable	96,523	191,193
	<u>1,323,347</u>	<u>1,636,862</u>
b) Non Current		
Rates Outstanding - Pensioners deferred rates	4,409	4,409
Self Supporting Loans	120,882	150,328
	<u>125,291</u>	<u>154,737</u>
8. INVENTORIES		
Fuel, Cement and BRAC Stock - at cost	35,694	20,097
Land for Resale	0	0
	<u>35,694</u>	<u>20,097</u>
9. ASSET INFORMATION		
(a) By Nature And Type		
<u>Property Plant & Equipment</u>		
Land And Buildings - At cost	28,398,841	27,968,566
Less accumulated depreciation	(4,843,201)	(4,144,646)
	<u>23,555,640</u>	<u>23,823,920</u>
Furniture and Equipment -At cost	2,169,059	1,985,662
Less accumulated depreciation	(1,505,043)	(1,353,017)
	<u>664,016</u>	<u>632,645</u>
Plant and Equipment - At cost	10,525,582	8,922,595
Less accumulated depreciation	(3,932,283)	(4,457,571)
	<u>6,593,299</u>	<u>4,465,024</u>
	<u>30,812,955</u>	<u>28,921,589</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

9. ASSET INFORMATION (Continued)

(a) By Nature And Type (Continued)

	ACTUAL	ACTUAL
	2007/2008	2006/2007
Infrastructure	\$	\$
Drainage - Infrastructure Assets - At cost	7,957,502	7,656,100
Less accumulated depreciation	<u>(1,220,127)</u>	<u>(1,092,083)</u>
	6,737,375	6,564,017
Recreation Areas - Infrastructure Assets - At cost	9,024,936	8,358,381
Less accumulated depreciation	<u>(1,592,990)</u>	<u>(1,350,523)</u>
	7,431,946	7,007,858
Other - Infrastructure Assets - At cost	2,038,645	1,997,119
Less accumulated depreciation	<u>(323,249)</u>	<u>(277,303)</u>
	1,715,396	1,719,816
Roads Footpaths & Bridges - Infrastructure Assets - At cost	62,001,014	59,447,954
Less accumulated depreciation	<u>(9,552,288)</u>	<u>(8,518,424)</u>
	<u>52,448,726</u>	<u>50,929,530</u>
	<u>68,333,443</u>	<u>66,221,221</u>

All infrastructure is now being carried at cost. Whilst infrastructure is not subject to a policy of regular revaluation, it is subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB136 "Impairment of Assets".

(b) Disposal Of Assets

Total transactions	2007/2008	2007/2008	2007/2008
ASSET	NET BOOK	SALE	PROFIT
	VALUE	RECEIPTS	(LOSS)
Plant & Equipment			
Actual	344,160	734,802	390,642
Budget	408,000	525,000	117,000
Totals			
	<u>344,160</u>	<u>734,802</u>	<u>390,642</u>
	<u>408,000</u>	<u>525,000</u>	<u>117,000</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

9. ASSET INFORMATION (Continued)

(c) Asset Values By Program	ACTUAL NET VALUE \$ 30 JUNE 2008	ACTUAL NET VALUE \$ 30 JUNE 2007
Governance	0	83,564
General Purpose Funding	1,724,153	871,449
Law, Order, Public Safety	499,176	431,702
Health	119,528	251,132
Education & Welfare - General	1,491,869	2,073,723
Community Amenities	9,932,041	12,151,710
Recreation & Culture	18,884,270	13,918,094
Transport	53,929,823	52,679,715
Economic Services	6,397,824	1,787,735
Other Property & Services	13,906,965	18,229,897
Unallocated	1,920,887	2,282,914
	<u>108,806,536</u>	<u>104,761,635</u>

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

Land, Buildings, Furniture & Equipment and Plant & Equipment

	Land & Buildings	Furniture & Equipment	Plant & Equipment	Total
Balance at the beginning of the year.	23,823,920	632,645	4,465,024	28,921,589
Additions	430,275	183,397	3,353,238	3,966,910
Disposals	0	0	(344,160)	(344,160)
Net Depreciation Expense	(698,555)	(152,026)	(880,804)	(1,731,385)
Other Movements	0	0	1	1
Carrying amount at the end of year	<u>23,555,640</u>	<u>664,016</u>	<u>6,593,299</u>	<u>30,812,955</u>

Infrastructure

	Roads, Footpaths & Bridges	Drainage & Other	Recreation Areas	Total
Balance at the beginning of the year.	50,929,530	8,283,833	7,007,858	66,221,221
Additions	2,553,060	342,928	666,555	3,562,543
Net Depreciation Expense	(1,033,864)	(173,990)	(242,467)	(1,450,321)
Carrying amount at the end of year	<u>52,448,726</u>	<u>8,452,771</u>	<u>7,431,946</u>	<u>68,333,443</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

10. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Loan #	Principal	New Loans		Interest Repayments		Principal Repayments		Principal At	
		1-Jul-2007	Amount Borrowed						30-Jun-2008	
		Actual	2007/2008	2007/2008	2007/2008	2007/2008	2007/2008	2007/2008	2007/2008	2007/2008
		\$	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
			\$	\$	\$	\$	\$	\$	\$	\$
Law Order & Public Safety										
Bme Volunteer Sea Rescue (Self Supporting)	169	2,314	0	0	1	0	2,314	2,315	0	0
New SES Shed (FESA Self Supporting)	176	122,738	0	0	6,899	6,899	13,516	13,516	109,222	109,222
Community Amenities										
Millington Rd Drainage Construction (Interest Paid by others)	181	322,056	0	0	20,097	20,098	27,555	27,554	294,501	294,502
Refuse Site Building Improvements and Construction	188	119,000	0	0	6,961	6,961	20,442	20,442	98,558	98,558
Recreation & Culture										
Pistol Club (Self Supporting)	170	11,737	0	0	592	592	2,688	2,688	9,049	9,049
Changerooms Const - Haynes Oval (WKFA Self Supporting)	178	43,697	0	0	2,081	2,080	11,640	11,640	32,057	32,057
BRAC (Recreation Centre)	171	817,117	0	0	53,654	53,653	59,668	59,667	757,449	757,450
Changerooms Construction - Haynes Oval Council Loan	179	131,090	0	0	6,242	6,241	34,919	34,919	96,171	96,170
BRAC Oval Effluent Water Reticulation Stage 2	180	198,810	0	0	0	0	50,000	50,000	148,810	148,810
BRAC Stage 2 A	186	1,200,000	0	0	72,892	72,892	84,225	84,226	1,115,775	1,115,774
BRAC Stage 2 A - Ovals	189	0	410,000	410,000	4,610	6,717	0	0	410,000	410,000
Economic Services										
Roebuck Bay Caravan Park Sewerage Upgrade	175	87,211	0	0	4,506	4,506	42,307	42,306	44,904	44,905
Roebuck Bay Caravan Park Sewerage Stage 2	177	123,078	0	0	5,850	5,850	32,784	32,785	90,294	90,293
Visitors Centre Construction	182	833,021	0	0	51,951	51,950	71,272	71,272	761,749	761,749
Visitors Centre Construction Stage 2	185	286,000	0	0	17,373	17,645	20,074	20,074	265,926	265,926
Other Property & Services										
Administration Building	168	2,019,632	0	0	153,239	153,239	189,065	189,065	1,830,567	1,830,567
		6,317,501	410,000	410,000	406,948	409,323	662,469	662,469	6,065,032	6,065,032

All loan repayments were financed by general purpose income except for those loans designated "Self Supporting".

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

10. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate	Amount Used 2007/2008		Unspent \$ Actual
	2007/2008 Actual \$	2007/2008 Budget \$						2007/2008 Actual \$	2007/2008 Budget \$	
Loan 189 BRAC Stage 2A - Ovals	410,000	410,000	WA Treasury Corporaton	Debenture	5	86,665	7.20%		410,000	0
Totals	410,000	410,000				86,665		0	410,000	0

(c) Unspent Debebtures

Particulars/Purpose	Loan #	Date Borrowed	Balance 1-Jul-2007	During Year		Bal Unspent 29-Jun-2008
				Borrowed \$	Expended \$	
Refuse Site Building Improvements and Construction	188	1 Mar 2007	60,000	0	60,000	0

(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.

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 2008

11. TRADE, OTHER PAYABLES, AND INTEREST BEARING LIABILITIES

(a) Current	ACTUAL	ACTUAL
Payables and Provisions	2007/2008	2006/2007
<u>Trade and Other Payables</u>	\$	\$
Sundry Creditors	1,337,956	1,441,599
ATO Amounts Payable	19,579	26,644
Prepaid Rent, Grants and Services	133,692	107,087
Excess Rates	30,818	31,746
Accrued Expenses	98,495	117,553
Accrued Wages	313,508	495,501
Accrued Interest on Debentures (Loans)	71,889	83,336
	<u>2,005,937</u>	<u>2,303,466</u>
<u>Provisions (Employee Entitlements)</u>		
Provision for Annual Leave (Current)	771,286	784,595
Provision for LSL (Current)	477,699	465,423
	<u>1,248,985</u>	<u>1,250,018</u>
	<u>3,254,922</u>	<u>3,553,484</u>
 Long-Term Borrowings		
<u>Secured by Floating Charge</u>		
Debentures (Loan Principal Liability)	780,965	662,469
	<u>780,965</u>	<u>662,469</u>
Total Current	<u><u>4,035,887</u></u>	<u><u>4,215,953</u></u>
 (b) Non Current		
Payables and Provisions		
<u>Employee Entitlements - Non Current</u>		
Provision for LSL (Non Current)	148,714	110,620
	<u>148,714</u>	<u>110,620</u>
	<u>148,714</u>	<u>110,620</u>
 Interest Bearing Liabilities		
<u>Loan Liability - Non Current</u>		
Loan Liability - Total	6,065,032	6,317,501
Less Current Loan Liability	(780,965)	(662,469)
	<u>5,284,067</u>	<u>5,655,032</u>
Total Non Current	<u><u>5,432,781</u></u>	<u><u>5,765,652</u></u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

12. RESERVES	ACTUAL	BUDGET	ACTUAL
(a) Cash/Investment Backed Reserves	2007/2008	2007/2008	2006/2007
Leave Reserve	\$	\$	\$
Opening Balance	726,882	708,234	550,342
Transfer from Accumulated surplus including interest	172,798	182,961	176,540
Less Transfer to Accumulated surplus	0	(50,000)	0
	899,680	841,195	726,882
Building			
Opening Balance	890,476	686,781	544,517
Transfer from Accumulated surplus including interest	468,908	53,202	345,959
Less Transfer to Accumulated surplus	(234,900)	0	0
	1,124,484	739,983	890,476
Furniture & IT Equipment Reserve			
Opening Balance	324,362	241,572	200,548
Transfer from Accumulated surplus including interest	23,962	15,424	123,814
Less Transfer to Accumulated surplus	0	(47,000)	0
	348,324	209,996	324,362
Refuse Site Reserve			
Opening Balance	557,799	460,992	91,258
Transfer from Accumulated surplus including interest	407,106	97,815	466,541
Less Transfer to Accumulated surplus	0	(451,531)	0
	964,905	107,276	557,799
Public Open Space (P.O.S.) Reserve			
Opening Balance	501,248	448,674	212,763
Transfer from Accumulated surplus including interest	199,563	27,712	313,485
Less Transfer to Accumulated surplus	(323,296)	(138,000)	(25,000)
	377,515	338,386	501,248
Drainage Reserve			
Opening Balance	712,522	745,850	553,025
Transfer from Accumulated surplus including interest	201,594	26,186	419,497
Less Transfer to Accumulated surplus	(213,000)	(478,050)	(260,000)
	701,116	293,986	712,522
Plant Reserve			
Opening Balance	1,095,405	316,403	527,865
Transfer from Accumulated surplus including interest	389,400	58,224	567,540
Less Transfer to Accumulated surplus	(676,500)	0	0
	808,305	374,627	1,095,405
BRAC (Leisure Centre) Reserve			
Opening Balance	707,461	0	1,007,038
Transfer from Accumulated surplus including interest	96,688	0	65,423
Less Transfer to Accumulated surplus	(617,000)	0	(365,000)
	187,149	0	707,461

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

12. RESERVES (Continued)	ACTUAL	BUDGET	ACTUAL
(a) Cash/Investment Backed Reserves (Continued)	2007/2008	2007/2008	2006/2007
	\$	\$	\$
Road Reserve			
Opening Balance	183,828	249,463	101,814
Transfer from Accumulated surplus including interest	211,382	8,064	82,014
Less Transfer to Accumulated surplus	(228,200)	(28,000)	0
	167,010	229,527	183,828
Footpath Reserve			
Opening Balance	561,578	525,464	321,220
Transfer from Accumulated surplus including interest	267,077	31,744	240,358
Less Transfer to Accumulated surplus	(114,100)	(84,000)	0
	714,555	473,208	561,578
Carpark Reserve			
Opening Balance	202,900	273,640	177,718
Transfer from Accumulated surplus including interest	49,518	12,160	25,182
Less Transfer to Accumulated surplus	0	(47,500)	0
	252,418	238,300	202,900
Total Cash/Investment Backed Reserves	6,545,461	3,846,484	6,464,461

Note 5

The purposes of the reserves are as follows:

<u>Reserve Name</u>	<u>To Fund</u>
Leave Reserve -	Annual and long service leave requirements - progressively ongoing.
Furniture & IT Equipment Reserve -	Office furniture and equipment and IT hardware and manage peak funding requirements to replace obsolete equipment - progressively ongoing.
Refuse Site Reserve -	Future cost of maintaining the refuse site in accordance with environmental guidelines.
Building Reserve -	Renewal, upgrade or new building construction - progressively ongoing.
Public Open Space (P.O.S.) Reserve -	Construction of P.O.S. facilities - progressively ongoing.
Drainage Reserve -	Construction of storm water drainage headworks - progressively ongoing.
Plant Reserve -	Purchase of major plant - progressively ongoing.
BRAC (Leisure Centre) Reserve -	Construction of recreation infrastructure and facilities.
Road Reserve -	Construction of streets and roads - progressively ongoing.
Footpath Reserve -	Construction of footpaths - progressively ongoing.
Carpark Reserve -	Construction of carparks - progressively ongoing.

Council would expect further transfers to be made to the Leave Reserve and on going reserves as funds are utilised.

Reserve fund money will be used as required for the purpose for which the reserve is established.

(b) Reserves

Land and Building Revaluation Reserve

Opening Balance	4,779,847	4,779,847
Transfer to Revaluation Reserve	0	0
Less Transfer from Revaluation Reserve	0	0
	4,779,847	4,779,847
Total Non Cash Backed Reserves	4,779,847	4,779,847

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

13. 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:

	Note	Actual 2007/2008 \$	Budget 2007/2008 \$	Actual 2006/2007 \$
Cash and Cash Equivalents				
Cash	6 (a)	649,979	1,803,334	298,091
Cash On Hand	6 (a)	3,850	3,800	3,800
Other Restricted Cash	6 (a)	369,061	341,863	462,266
Cash at End of Year		1,022,890	2,148,997	764,157
Reconciliation Of Net Cash Provided By Operating Activities to Net Result				
Net Result		4,557,838	2,299,244	5,925,730
ADD				
Loss/-Profit on Sale of Assets		(390,642)	(117,000)	40,118
Asset Depreciation		3,181,706	3,297,064	2,935,531
Decrease/(Increase) in Sundry Debtors		144,193	250,000	341,823
Decrease/(Increase) in Bonds and Deposits paid		(5,305)	0	(186)
Decrease/(Increase) in Rates Debtors		(13,167)	(15,000)	18,983
Decrease/(Increase) in Finance & Borrowing Debtors		(6,261)	0	(13,948)
Decrease/(Increase) in Other Receivables		98,457	0	(61,561)
Decrease/(Increase) in Stock		(15,597)	(10,000)	11,423
Increase/(Decrease) in Accrued Expenses		(19,058)	(8,674)	85,441
Increase/(Decrease) in Prepayments to Council		26,605	0	(31,961)
Increase/(Decrease) in Accrued Wages		(181,993)	0	288,257
Increase/(Decrease) in Accrued Interest on Loans		(11,447)	0	25,270
Increase/(Decrease) in Sundry Creditors		(103,644)	50,000	383,031
Increase/(Decrease) in Employee Entitlements		37,061	200,000	216,632
Increase/(Decrease) in GST Payable/Receivable		87,605	287	(165,726)
Other Provisions		0	10,000	0
Less Non Operating Grants & Contributions		(2,066,452)	(1,404,024)	(3,821,513)
Net Cash provided by Operating Activities		5,319,899	4,551,897	6,177,344
b) Undrawn Borrowing Facilities				
<u>Credit Standby Arrangements</u>				
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		0		0
		1,225,000		1,225,000
<u>Loan Facilities</u>				
Loan Facilities - Current		780,965		662,469
Loan Facilities - Non-Current		5,284,067		5,655,032
		6,065,032		6,317,501
Unused Loan Facilities at Balance Date		Nil		Nil

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

14. TRUST - RESTRICTED

The Council holds these funds in a custodial role. As Council has no control over these funds they are not included in the financial statements being only disclosed by way of this note.

	ACTUAL 2007/2008 \$	ACTUAL 2006/2007 \$
Held as:		
Cash	715,559	73,416
Financial Assets at Fair Value		
Through Profit or Loss	47,959	973,741
Closing Balance	<u>763,518</u>	<u>1,047,157</u>

Trustee Classifications	BALANCE 30 JUNE 2007 \$	RECEIPTS 2007/2008 \$	PAYMENTS 2007/2008 \$	BALANCE 30 JUNE 2008 \$
Funds are held under the following classifications:				
Footpath Deposits	245,123	11,279	170,313	86,089
Library Deposits	11,818	3,030	3,670	11,178
Nomination Deposits	320	880	1,200	0
Other Deposits	12,449	7,970	2,400	18,019
BCITF Collections	34,149	227,226	248,810	12,565
Town Planning Bonds	61,112	2,314	14,834	48,592
Recreation Facilities Bonds	376,218	17,203	290,904	102,517
Road & Footpath Bonds	295,540	74,726	0	370,266
Capital Works Bonds	2,579	115	0	2,694
Cash In Lieu of Public Open Space	0	79,296	0	79,296
Contract Bonds	0	20,571	0	20,571
Builders Registration Board Levy	1,224	16,477	16,500	1,201
Unclaimed Moneys	6,625	4,104	199	10,530
Totals	<u>1,047,157</u>	<u>465,191</u>	<u>748,830</u>	<u>763,518</u>

Note:

The purposes for which the above money is held are as follows:

Footpath Deposits - To cover the cost of repairing damage to footpath as the result of building construction.

Library Deposits - To hold funds paid as bonds on library books borrowed.

Nomination Deposits - To hold funds refundable to nominees for local Government Elections.

Other Deposits - Miscellaneous deposits and holdings.

BCITF Collections - To hold funds payable to as a BCITF Levy.

Town Planning Bonds - To hold bonds paid for rezoning and similar activities.

Refundable Bonds Recreation Facilities - To hold funds payable on the return of goods borrowed or hired.

Road & Footpath Bonds - To hold funds to be used for the provision of roads and footpaths.

Capital Works Bonds - To hold funds to be used for the improvement of Roebuck Bay Caavan Park

Cash In Lieu of Public Open Space - To hold funds to be used for the provision of public open space.

Contract Bonds - To hold funds to be used if the depositing party defaults on a contract.

Builders Registration Board Levy - To hold funds payable to as a BRB Levy

Unclaimed Moneys - To hold funds from unrepresented cheques and other uncontactable creditors.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

15. RATING INFORMATION - RATES RAISED

RATE TYPE	Rate in \$ (Cents)	No of Prop's	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Revenue Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
Differential/General Rates											
<u>Gross Rental Valuations</u>											
GRV - Broome Residential	9.3130	3,707	57,071,986	5,127,584	122,711	16,092	5,266,387	5,087,293	162,320	5,000	5,254,613
GRV - Broome Commercial Group	9.5917	521	29,293,433	2,545,879	183,682	2,811	2,732,372	2,663,189			2,663,189
GRV - Broome Tourism Group	10.4775	567	14,417,198	1,244,652	153,326	3,356	1,401,334	1,258,891			1,258,891
GRV - Exempt	0	66	1,869,558	125,254	(102,639)	6,187	28,802	0			0
<u>Unimproved Value Valuations</u>											
UV - Dampier Pastoral	6.8830	17	1,680,378	116,027	322	146	116,495	116,027			116,027
UV - Dampier Mining	9.1891	30	629,062	39,677	4,364	158	44,199	39,282			39,282
UV - Dampier Coconut Wells	0.2165	35	37,820,000	81,880	0	0	81,880	81,880			81,880
UV - Dampier Twelve Mile	0.2389	72	33,745,000	79,685	141	0	79,826	79,685			79,685
UV - Dampier Short Stay Accomodation	3.2713	6	660,000	21,591	0	0	21,591	21,591			21,591
UV - Dampier Commercial Operations & Pearlring Leases	2.5075	10	1,008,000	25,276	0	0	25,276	25,276			25,276
UV - Dampier Horticultural & Wattle Downs	0.9606	4	800,000	7,685	0	0	7,685	7,685			7,685
UV - Dampier Skuthorpe	0.3772	7	3,184,000	12,010	0	0	12,010	12,010			12,010
UV - Exempt	0	20	0	0	0	0	0	0			0
UV - Ex-Gratia Roebuck Plains Station				16,143			16,143	14,000			14,000
Sub-totals		5,062	182,178,615	9,443,343	361,907	28,750	9,834,000	9,406,809	162,320	5,000	9,574,129

Minimum Payment

Minimum Rates											
<u>Gross Rental Valuations</u>											
GRV - Broome Residential	814	342	2,381,385	278,388			278,388	266,178			266,178
GRV - Broome Commercial Group	814	18	117,112	14,652			14,652	14,652			14,652
GRV - Broome Tourism Group	814	172	683,280	140,008			140,008	140,008			140,008
GRV - Exempt		3	0	2,442			2,442	0			0
<u>Unimproved Value Valuations</u>											
UV - Dampier Pastoral	814	2	13,940	1,628			1,628	1,628			1,628
UV - Dampier Mining	814	49	138,849	39,886			39,886	41,514			41,514
UV - Dampier Coconut Wells	814	2	287,000	1,628			1,628	1,628			1,628
UV - Dampier Twelve Mile	814	1	10,000	814			814	0			0
UV - Dampier Horticultural & Wattle Downs	814	1	10,000	814			814	2,442			2,442
UV - Dampier Skuthorpe	814	2	65,000	1,628			1,628	0			0
UV - Exempt											
Sub-totals		592	3,706,566	481,888			481,888	468,050			468,050
Totals		5,654	185,885,181	9,925,231	361,907	28,750	10,315,888	9,874,859	162,320	5,000	10,042,179

Notes.

1. See note 17 about Information About Discounts, Incentives, Concessions and Write Offs
2. All rate revenue is brought to account under General Purpose Income.
3. There are no specified area rates.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

ACTUAL 2007/2008 \$	BUDGET 2007/2008 \$	ACTUAL 2006/2007 \$
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16. SERVICE CHARGES

The Shire Of Broome imposes no service charges.

17. INFORMATION ABOUT DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE OFFS

Rates Bad/Doubtful Debts Write Off	1,707	0	2,601
Rates Discounts & Concessions	0	0	1,550
Rubbish Collection Pensioners Discount	7,107	7,500	14,418
	<u>8,814</u>	<u>7,500</u>	<u>18,569</u>

18. RATES - INTEREST PAYMENTS AND ADDITIONAL CHARGES

Penalty on Rates Outstanding at the due date

Penalty Interest Rate	11.0%	11.0%	11.0%
Penalty Interest Revenue Raised	35,233	26,000	26,803

Penalty interest is charged at the above rate on all unpaid rates from the due date.

Instalment Option Charges

Administration Fee for 3 instalments at \$7 per instalment.	21	21	15
Administration Fee Revenue Raised	26,852	23,000	24,346
Interest Rate	5.5%	5.5%	5.5%
Interest Rate Revenue Raised Inc Deferred	50,658	36,200	38,888

Other Rates Related Charges

Rates Enquiry Fees	42,117	40,000	46,014
	<u>154,860</u>	<u>125,200</u>	<u>136,051</u>

The instalment plan for 2007/2008 is outlined below.

Instalment Plan - Option

By two or four equal instalments due on
31 August 2007 plus and all arrears.
9 November 2007 plus Administration Fee & Interest.
18 January 2008 plus Administration Fee & Interest.
22 March 2008 plus Administration Fee & Interest.

The cost of the instalment plan is the Administration Fee at \$7 per instalment after the first instalment, and simple interest at the rate stated above calculated on the unpaid instalments.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL	ACTUAL
	2007/2008	2006/2007
	\$	\$
19. FEES AND CHARGES BY PROGRAM (EXCLUDING RATES)		
Governance	105	210
General Purpose Funding	69,122	70,568
Law, Order, Public Safety	36,707	75,064
Health	45,112	34,267
Education & Welfare	0	1,955
Community Amenities	2,670,728	2,584,014
Recreation and Culture	724,837	678,297
Transport	8,896	18,194
Economic Services	811,452	694,860
Other Property and Services	1,567,878	1,379,880
	<u>5,934,837</u>	<u>5,537,309</u>

Fees and charges relating to rates are shown with the rate information.

20. GRANT REVENUE

By nature and type:

Grants and subsidies - operating	3,377,418	3,467,626
Grants and subsidies - non operating	1,784,383	2,641,719
	<u>5,161,801</u>	<u>6,109,345</u>

Grants and subsidies are included as operating revenues in the operating statement in the following programs:

Governance	50,000	0
General Purpose Funding	2,257,961	2,123,181
Law, Order, Public Safety	54,557	49,750
Health	0	110,000
Education & Welfare	185,281	272,263
Community Amenities	5,000	508
Recreation and Culture	775,822	589,584
Transport	1,813,892	2,209,996
Economic Services	0	723,909
Other Property and Services	19,288	30,154
	<u>5,161,801</u>	<u>6,109,345</u>

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL	BUDGET	ACTUAL
	2007/2008	2007/2008	2006/2007
	\$	\$	\$
21. INVESTMENT INTEREST			
Interest Earned on the investment of Funds By Council			
Loans To Others	9,573	9,571	11,324
Reserves Accounts	356,760	324,844	281,212
Other Accounts	176,972	161,159	429,938
	<u>543,305</u>	<u>495,574</u>	<u>722,474</u>
22. COUNCILLOR'S EXPENSES AND FEES			
Expenses incurred by means of payments to councillor's or payments for their expenses to attend events, conferences and training.			
Meeting - Sitting Fees	53,026	56,000	57,365
Presidents Meetings - State & Local Sitting Fees	23,673	15,300	14,660
Conference & Related Travel Expenses	37,796	35,000	17,663
President's & Deputy's Allowances	29,928	27,900	21,150
Telecommunications & Other Allowances	10,200	10,800	9,234
	<u>154,623</u>	<u>145,000</u>	<u>120,072</u>
23. TRADING UNDERTAKINGS			
Council did not participate in any trading undertakings as defined by the act.			
24. CAPITAL AND LEASING COMMITMENTS			
As at 30 June in the financial year shown			
(a) Capital Expenditure Commitments Contracted For:	ACTUAL		ACTUAL
	2007/2008		2006/2007
	\$		\$
Buildings	0		12,000
Infrastructure	0		79,600
Plant	19,200		2,163,947
	<u>19,200</u>		<u>2,255,547</u>
(b) Operating Lease Payments Contracted For:			
Payable in the next year	328,093		487,788
Payable in the 2nd year	41,659		362,061
Payable in the 3rd to 5th years inclusive	31,841		71,813
	<u>401,593</u>		<u>921,662</u>
25. CONTINGENT LIABILITIES			
Shinju Matsuri Loan/Overdraft Guarantee	15,000		15,000
North West Expo Payment Guarantee	25,000		25,000
Minister for Mines Bank Guarantee 14.02.97	0		8,000
Minister for Mines Bank Guarantee 14.02.97	0		30,000
	<u>40,000</u>		<u>78,000</u>

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2008

26. FINANCIAL RATIOS	ACTUAL	ACTUAL	ACTUAL
	2007/2008	2006/2007	2005/2006
Current Ratio	0.84	0.74	0.77
Untied Cash to Trade Creditors Ratio	0.94	0.61	0.28
Debt Ratio	0.09	0.10	0.08
Debt Service Ratio	0.05	0.06	0.04
Gross Debt to Revenue Ratio	0.28	0.33	0.30
Gross Debt to Economically Realisable Asset Ratio	0.15	0.16	0.16
Rate Coverage Ratio	0.44	0.39	0.38
Outstanding Rates Ratio	0.01	0.01	0.01

The above ratios are calculated as follows:

The current ratio is determined by dividing current assets minus restricted assets by the current liabilities minus liabilities associated with restricted assets.

The untied cash to trade creditors ratio is determined by dividing untied (unrestricted) cash by the unpaid trade creditors.

The debt ratio is determined by dividing the total liabilities by the total assets .

The debit service ratio is determined by dividing the debt service cost (The principal & interest on loans) by the available operating revenue.

The gross debt to revenue ratio is determined by dividing the gross debt by the total revenue.

The gross debt to revenue ratio is determined by dividing the gross debt by the economically realisable assets (Total assets less infrastructure assets.)

The rate coverage ratio is determined by dividing the net rate revenue (Including Charges & Interest) by the operating revenue .

The outstanding rates ratio is determined by dividing the rates outstanding by the rates collectable .

27. EMPLOYEE NUMBERS	2008	2007
Average Number of Full Time Equivalent Employees	142	130
Full time positions: 110+ 32 FTE (Casuals and Part Time staff)		

28. EMPLOYEES REMUNERATION

Set out below, in bands of 10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

Salary Range		
100,000 - 109,999	2	1
110,000 - 119,999	1	2
120,000 - 129,999	1	1
150,000 - 159,999	0	1
170,000 - 179,999	1	0

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2008

29. FINANCIAL RISK MANAGEMENT

(a) Overview

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	
	2007/2008	2006/2007	2007/2008	2006/2007
	\$	\$	\$	\$
<u>Financial Assets</u>				
Cash and cash equivalents	1,022,890	764,157	1,022,890	764,157
Receivables	1,448,638	1,791,599	1,448,638	1,791,599
Financial assets at fair value through profit or loss	7,152,916	7,042,972	7,152,916	7,042,972
	<u>9,624,444</u>	<u>9,598,728</u>	<u>9,624,444</u>	<u>9,598,728</u>
<u>Financial Liabilities</u>				
Payables	2,005,937	2,303,466	2,005,937	2,303,466
Borrowings	6,065,032	6,317,501	5,852,045	6,126,722
	<u>8,070,969</u>	<u>8,620,967</u>	<u>7,857,982</u>	<u>8,430,188</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, including interest, 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 2008

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Investment Management

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 financial assets 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.

The major risk associated with financial assets is price risk – the risk that the capital value of financial assets 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 financial assets are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and financial assets 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.

	ACTUAL 2007/2008		ACTUAL 2006/2007
Impact of a 10% (i) movement in price of financial assets at fair value by profit & loss			
- Equity	715,292		704,297
- Income Statement	715,292	(ii)	704,297 (ii)
Impact of a 1% (i) movement in interest rates on cash and cash equivalents and financial assets at fair value through profit or loss			
- Equity	81,758		78,071
- Income Statement	81,758		78,071

Notes:

(i) 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.

(ii) Maximum impact.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) 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.

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 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:

	ACTUAL	ACTUAL
	2007/2008	2006/2007
<u>Rates and Annual Charges</u>		
As a Percentage:		
- Current	64%	85%
- Overdue	36%	15%
<u>Other Receivables</u>		
As a Percentage:		
- Current	79%	89%
- Overdue	21%	11%

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

29. FINANCIAL RISK MANAGEMENT (Continued)

(d) 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 \$
Year Ended 30/6/2008					
Payables	1,491,227	0	0	1,491,227	1,491,227
Borrowings	1,161,823	4,067,292	1,833,791	7,062,906	6,065,032
Year Ended 30/6/2007					
Payables	1,575,330	0	0	1,575,330	1,575,330
Borrowings	1,064,805	3,890,970	2,675,271	7,631,046	6,317,501

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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30/6/2008								
Borrowings - Fixed Rate								
Debentures	44,904	0	376,381	98,558	410,000	5,135,189	6,065,032	
Weighted Average Effective Interest Rate	6.05%	N/A	3.37%	6.34%	7.20%	6.92%		6.71%
Year Ended 30/6/2007								
Borrowings - Fixed Rate								
Debentures	2,314	87,211	0	508,412	119,000	5,600,564	6,317,501	
Weighted Average Effective Interest Rate	6.42%	5.95%	N/A	3.39%	6.34%	6.89%		6.59%

**INDEPENDENT AUDIT 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 balance sheet as at 30 June 2008 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement, rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 and fair presentation of the financial report 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 the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

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 2008 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF BROOME (continued)**

Statutory Compliance

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

Differential Rates

Council imposed differential rates that differed from those set forth in the local public notice. The details of those rates set forth in the local public notice and the reasons for these differences were not included by Council in its annual budget, rate notice or information accompanying the rate notice as required by Financial Management Regulation 23(b) and 56(4)(b).

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed 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: 24 November 2008
Perth, WA

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