



# **ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
30 JUNE 2015**

**SHIRE OF BROOME**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**SHIRE OF BROOME  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

**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 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire of Broome at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

2nd day of October 2015.



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KR DONOHOE  
Chief Executive Officer

**SHIRE OF BROOME**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22(a)	20,315,923	19,696,295	18,310,570
Operating Grants, Subsidies and Contributions	29	12,726,245	5,579,769	6,707,106
Fees and Charges	28	10,186,692	10,471,810	10,376,153
Interest Earnings	2(a)	1,269,519	1,028,826	1,206,358
Other Revenue		31,850	25,000	1,784,345
		<u>44,530,229</u>	<u>36,801,700</u>	<u>38,384,532</u>
<b>Expenses</b>				
Employee Costs		(16,365,611)	(16,549,791)	(15,944,766)
Materials and Contracts		(9,526,859)	(10,447,636)	(9,352,936)
Utility Charges		(1,774,891)	(2,120,625)	(1,788,334)
Depreciation on Non-Current Assets	2(a)	(5,579,994)	(6,052,000)	(5,926,365)
Interest Expenses	2(a)	(271,433)	(281,674)	(346,901)
Insurance Expenses		(712,005)	(692,897)	(687,303)
Other Expenditure		(5,973,525)	(1,140,507)	(4,060,018)
		<u>(40,204,318)</u>	<u>(37,285,130)</u>	<u>(38,106,623)</u>
		4,325,911	(483,430)	277,909
Non-Operating Grants, Subsidies and Contributions	29	3,099,710	4,208,684	4,840,478
Loss on Revaluation of Assets				
Profit on Asset Disposal	20	18,102	0	9,182
Loss on Asset Disposal	20	(6,393)	(92,676)	(115,596)
		<u>3,111,419</u>	<u>4,116,008</u>	<u>4,734,064</u>
<b>NET RESULT</b>		<b>7,437,330</b>	<b>3,635,578</b>	<b>5,011,973</b>
<b>Other Comprehensive Income Items not reclassified subsequently to profit or loss</b>				
Changes on revaluation of Land & Buildings non-current assets	12	0	0	12,272,228
Changes on revaluation of Infrastructure including roads non-current assets	12	200,542,663	0	0
Changes on revaluation of Furniture and Equipment non-current assets		439,874	0	0
		<u>200,982,537</u>	<u>0</u>	<u>12,272,228</u>
<b>Total Other Comprehensive Income</b>		<b>200,982,537</b>	<b>0</b>	<b>12,272,228</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>208,419,867</b>	<b>3,635,578</b>	<b>17,284,201</b>

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 2015**

NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>			
Governance	5,628,678	89,743	3,416,182
General Purpose Funding	23,808,634	22,030,045	19,521,571
Law, Order, Public Safety	143,012	100,123	127,978
Health	185,763	165,661	171,869
Education and Welfare	128,753	41,500	96,546
Housing	549,624	586,866	646,622
Community Amenities	6,795,634	7,308,910	7,022,941
Recreation and Culture	1,252,605	1,312,505	1,180,917
Transport	2,411,221	1,889,886	718,800
Economic Services	1,006,342	892,049	975,539
Other Property and Services	2,619,962	2,384,412	4,505,568
	<u>44,530,228</u>	<u>36,801,700</u>	<u>38,384,533</u>
<b>Expenses Excluding Finance Costs</b>			
Governance	(8,241,505)	(3,372,450)	(5,914,015)
General Purpose Funding	(380,972)	(339,522)	(266,170)
Law, Order, Public Safety	(1,384,312)	(1,541,833)	(1,475,125)
Health	(723,080)	(742,899)	(688,488)
Education and Welfare	(742,261)	(801,139)	(777,671)
Housing	(645,306)	(626,680)	(599,107)
Community Amenities	(7,593,800)	(8,507,531)	(9,114,734)
Recreation & Culture	(9,078,395)	(10,224,566)	(9,106,405)
Transport	(7,285,896)	(8,103,701)	(6,202,488)
Economic Services	(1,392,884)	(1,244,549)	(1,259,564)
Other Property and Services	(2,464,473)	(1,495,586)	(2,355,956)
	<u>(39,932,884)</u>	<u>(37,000,456)</u>	<u>(37,759,723)</u>
<b>Finance Costs</b>			
Law, Order, Public Safety	(253)	(284)	(1,330)
Community Amenities	(4,868)	(4,883)	(7,433)
Recreation & Culture	(235,159)	(238,187)	(272,265)
Economic Services	(18,155)	(18,700)	(26,820)
Other Property and Services	(12,998)	(19,620)	(39,053)
	<u>(271,433)</u>	<u>(281,674)</u>	<u>(346,901)</u>

**SHIRE OF BROOME**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Housing		561,758	0	2,585,684
Community Amenities		87,080	240,000	66,400
Recreation & Culture		402,682	927,500	324,942
Transport		1,748,190	3,041,184	1,863,452
Economic Services		300,000	0	0
	<b>29</b>	<u>3,099,710</u>	<u>4,208,684</u>	<u>4,840,478</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Law, Order, Public Safety		0	(5,552)	(32,863)
Housing		0	0	(63,356)
Community Amenities		(6,393)	(34,216)	0
Recreation & Culture		0	0	(1,386)
Other Property and Services		18,102	(52,908)	(8,809)
	<b>20</b>	<u>11,709</u>	<u>(92,676)</u>	<u>(106,414)</u>
<b>NET RESULT</b>		<u>7,437,330</u>	<u>3,635,578</u>	<u>5,011,973</u>
<b>Other Comprehensive Income Items not reclassified subsequently to profit or loss</b>				
Changes on revaluation of Land & Buildings non-current assets	<b>12</b>	0	0	12,272,228
Changes on revaluation of Infrastructure including roads non-current assets	<b>12</b>	200,542,663	0	0
Changes on revaluation of Plant and Equipment non-current assets		<u>439,874</u>	0	0
<b>Total Other Comprehensive Income</b>		<u>200,982,537</u>	<u>0</u>	<u>12,272,228</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>208,419,867</u></u>	<u><u>3,635,578</u></u>	<u><u>17,284,201</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 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	29,437,472	27,339,666
Trade and Other Receivables	4	2,437,907	2,079,966
Inventories	5	<u>28,560</u>	<u>45,345</u>
<b>TOTAL CURRENT ASSETS</b>		<u>31,903,939</u>	<u>29,464,977</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	17,498	17,498
Property, Plant and Equipment	6	88,618,790	89,462,110
Infrastructure	7	<u>311,858,675</u>	<u>108,905,008</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>400,494,963</u>	<u>198,384,616</u>
<b>TOTAL ASSETS</b>		<u>432,398,902</u>	<u>227,849,593</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	2,669,411	4,962,334
Long Term Borrowings	9	988,046	1,273,806
Provisions	10	<u>1,890,407</u>	<u>2,166,958</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>5,547,864</u>	<u>8,403,098</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	3,780,696	4,768,742
Provisions	10	<u>282,673</u>	<u>309,950</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,063,369</u>	<u>5,078,692</u>
<b>TOTAL LIABILITIES</b>		<u>9,611,233</u>	<u>13,481,790</u>
<b>NET ASSETS</b>		<u>422,787,669</u>	<u>214,367,803</u>
<b>EQUITY</b>			
Retained Surplus		132,061,540	126,856,665
Reserves - Cash/Investment Backed	11	25,695,463	23,463,008
Reserves - Asset Revaluation	12	<u>265,030,666</u>	<u>64,048,130</u>
<b>TOTAL EQUITY</b>		<u>422,787,669</u>	<u>214,367,803</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ \$	ASSET REVALUATION \$	TOTAL EQUITY \$
Balance as at 1 July 2013		122,678,941	22,628,759	51,775,902	197,083,602
Comprehensive Income Net		5,011,973	0	0	5,011,973
Changes on Revaluation of Non-Current Assets	12	0	0	12,272,228	12,272,228
Reserve Transfers To/(From)		<u>(834,249)</u>	<u>834,249</u>	<u>0</u>	<u>0</u>
<b>Balance as at 1 July 2014</b>		<b>126,856,665</b>	<b>23,463,008</b>	<b>64,048,130</b>	<b>214,367,803</b>
Comprehensive Income Net		7,437,330	0	0	7,437,330
Changes on Revaluation of Non-Current Assets	12	0	0	200,982,536	200,982,536
Reserve Transfers To/(From)		<u>(2,232,455)</u>	<u>2,232,455</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30 June 2015</b>		<b><u>132,061,540</u></b>	<b><u>25,695,463</u></b>	<b><u>265,030,666</u></b>	<b><u>422,787,669</u></b>

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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		19,902,856	19,596,295	18,203,453
Operating Grants, Subsidies and Contributions		13,023,456	5,579,769	7,923,582
Fees and Charges		10,163,415	10,671,810	10,037,621
Interest Earnings		1,269,548	1,028,826	1,206,418
Goods and Services Tax		3,246,778	2,046,026	3,054,475
Other Revenue		31,326	25,000	22,463
		<u>47,637,379</u>	<u>38,947,726</u>	<u>40,448,012</u>
<b>Payments</b>				
Employee Costs		(16,630,100)	(16,546,791)	(15,537,685)
Materials and Contracts		(11,855,043)	(10,237,636)	(7,740,693)
Utility Charges		(1,774,891)	(2,120,625)	(1,788,334)
Interest expenses		(281,675)	(281,674)	(356,420)
Insurance Expenses		(712,005)	(692,897)	(687,303)
Goods and Services Tax		(3,494,381)	(2,076,026)	(3,185,882)
Other Expenditure		(5,931,189)	(1,140,507)	(3,942,937)
		<u>(40,679,284)</u>	<u>(33,096,156)</u>	<u>(33,239,254)</u>
<b>Net Cash Provided By Operating Activities</b>	13(b)	<u>6,958,095</u>	<u>5,851,570</u>	<u>7,208,758</u>
<b>Cash Flows from Investing Activities</b>				
Land Held for Resale				
Payments for Purchase of Property, Plant & Equipment		(1,588,035)	(3,115,500)	(4,788,832)
Payments for Construction of		(5,350,835)	(8,407,624)	(4,530,068)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		3,099,710	4,208,684	4,840,478
Proceeds from Sale of Plant & Equipment		242,776	278,000	102,091
		<u>(3,596,384)</u>	<u>(7,036,440)</u>	<u>(4,376,331)</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(3,596,384)</u>	<u>(7,036,440)</u>	<u>(4,376,331)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(1,273,806)	(1,273,805)	(1,240,948)
Proceeds from Self Supporting Loans		9,901	9,901	18,981
		<u>(1,263,905)</u>	<u>(1,263,904)</u>	<u>(1,221,967)</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(1,263,905)</u>	<u>(1,263,904)</u>	<u>(1,221,967)</u>
<b>Net Increase (Decrease) in Cash Held</b>		2,097,806	(2,448,774)	1,610,460
Cash at Beginning of Year		27,339,666	22,342,107	25,729,206
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u>29,437,472</u>	<u>19,893,333</u>	<u>27,339,666</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		5,628,678	89,743	3,416,182
General Purpose Funding		3,492,711	2,182,795	1,211,001
Law, Order, Public Safety		143,012	100,123	127,978
Health		185,763	165,661	171,869
Education and Welfare		128,753	41,500	96,546
Housing		1,111,382	586,866	3,232,306
Community Amenities		6,882,714	7,548,910	7,089,341
Recreation and Culture		1,655,287	2,240,005	1,505,859
Transport		4,159,411	4,931,070	2,582,252
Economic Services		1,306,342	892,049	975,539
Other Property and Services		2,638,065	2,384,412	4,514,750
		<u>27,332,118</u>	<u>21,163,134</u>	<u>24,923,623</u>
<b>Expenses</b>				
Governance		(8,241,505)	(3,372,450)	(5,914,015)
General Purpose Funding		(380,972)	(339,522)	(266,170)
Law, Order, Public Safety		(1,384,565)	(1,547,669)	(1,509,317)
Health		(723,080)	(742,899)	(688,488)
Education and Welfare		(742,261)	(801,139)	(777,671)
Housing		(645,306)	(626,680)	(662,463)
Community Amenities		(7,605,060)	(8,546,630)	(9,122,167)
Recreation & Culture		(9,313,554)	(10,462,753)	(9,380,056)
Transport		(7,285,896)	(8,103,701)	(6,202,488)
Economic Services		(1,411,039)	(1,263,249)	(1,286,384)
Other Property and Services		(2,477,472)	(1,568,114)	(2,413,004)
		<u>(40,210,710)</u>	<u>(37,374,806)</u>	<u>(38,222,223)</u>
<b>Net Result Excluding Rates</b>		(12,878,592)	(16,211,672)	(13,298,600)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	20	(11,709)	92,676	106,414
Movement in Deferred Pensioner Rates (Non-Current)		0		(7,131)
Movement in Employee Benefit Provisions		37,542	0	126,774
Non-Cash Contribution of Assets Acquisition		0	0	(1,756,875)
Depreciation on Assets	2(a)	5,579,994	6,052,000	5,926,365

**SHIRE OF BROOME**  
**RATE SETTING STATEMENT (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 Actual	2015 Budget	2014 Actual
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings	6(a)	(526,751)	(1,530,500)	(3,786,169)
Purchase Infrastructure Assets - Drainage	7(a)	(438,616)	(1,424,500)	(162,897)
Purchase Infrastructure Assets - Roads, Carparks,	7(a)	(2,633,065)	(4,267,992)	(3,418,619)
Purchase Infrastructure Assets - Recreation Areas	7(a)	(1,185,189)	(961,132)	(345,509)
Purchase Infrastructure Assets - Other	7(a)	(1,093,966)	(1,754,000)	(603,044)
Purchase Plant and Equipment	6(a)	(947,859)	(1,296,500)	(817,246)
Purchase Furniture and Equipment	6(a)	(113,424)	(288,500)	(185,418)
Proceeds from Disposal of Assets	20	242,776	278,000	102,091
Repayment of Debentures	21(a)	(1,273,804)	(1,273,805)	(1,240,949)
Self-Supporting Loan Principal Income		9,901	9,901	18,981
Transfers to Reserves and Restricted Cash Assets	11	(5,672,908)	(3,362,009)	(4,124,165)
Transfers from Reserves and Restricted Cash Assets	11	3,440,453	5,656,555	3,289,916
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	587,938	434,228	2,453,448
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	3,438,644	0	587,938
<b>Amount Required to be Raised from Rates</b>	22(a)	<u>20,315,923</u>	<u>19,847,250</u>	<u>18,310,571</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 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

**The Local Government Reporting Entity**

All Funds through which the 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. A separate statement of those monies appears at Note 19. to these financial statements.

**(b) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(c) Cash and Cash Equivalents**

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

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

**(f) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or-
      - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land Under Control***

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

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

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

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

***Revaluation***

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) 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 AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

***Depreciation***

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

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

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

Major depreciation periods used for each class of depreciable asset 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%

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

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

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

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

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

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

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

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

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

***Fair Value Hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**Income approach**

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

**Cost approach**

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

**(j) Trade and Other Payables**

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-Term Employee Benefits**

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

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

**Other Long-Term Employee Benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) 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 Council, are classified as finance leases.

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

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

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

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

**(o) Rates, Grants, Donations and Other Contributions**

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

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

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

**(p) Superannuation**

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

**(q) 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 the 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 sale where it is held as non-current based on the Council's intentions to release for sale.

**(r) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the 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 sale where it is held as non-current based on the Council's intentions to release for sale.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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

**(u) Budget Comparative Figures**

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

**SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the Standard will have any material effect.
(ii) 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, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	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).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Council has with those third parties it has dealings with. It may or may not be significant.

**SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Council.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Council's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Council currently uses the expected pattern of the future economic benefits of an asset as the basis of calculation

of depreciation, it is not expected to have a significant impact.

**SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Council as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) 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 were compiled, became mandatory and which were applicable to its operations.

These new and revised Standards were:

AASB 2011-7  
AASB 2012-3  
AASB 2013-3  
AASB 2013-8  
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, 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 2015**

<b>2. REVENUES AND EXPENSES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit	35,332	44,372
- Other Services	22,636	7,050
	<u>57,968</u>	<u>51,422</u>
<b>Depreciation</b>		
Buildings	1,536,947	1,926,074
Furniture and Equipment	352,384	432,142
Plant and Equipment	750,829	690,361
Roads, Footpaths & Transport Infrastructure	2,254,365	2,167,425
Parks and Reserves	389,203	380,208
Drainage	148,272	145,788
Other Infrastructure	147,994	184,367
	<u>5,579,994</u>	<u>5,926,365</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures ( <i>refer Note 21(a)</i> )	271,433	346,901
	<u>271,433</u>	<u>346,901</u>
<b>Rental Charges</b>		
- Operating Leases	565,569	621,066
	<u>565,569</u>	<u>621,066</u>
<b>Significant Expenditure</b>		
Governance - CLGF Key Worker Housing	4,795,477	2,874,026
Governance - other	3,446,028	3,039,989
	<u>8,241,505</u>	<u>5,914,015</u>
Significant expenditure in 2014 and 2015 relates to the distribution of a CLGF Key Worker Housing Grant to three Kimberley Shires.		
(ii) Crediting as Revenue:		
<b>Other Revenue</b>		
- Other Revenue	31,850	27,470
- Reimbursements and Recoverables	1,295,420	1,155,565
<b>Significant Revenue</b>		
Other Property & Services		
- St John Ambulance Building	0	1,588,125
- Naval Cadets Training Facility Building	0	168,750
	<u>0</u>	<u>1,756,875</u>

This significant revenue in 2014 relates to the initial recognition of Buildings on Land under the Shire's control in accordance with amendments to the Financial Management Regulations. They have been classified as Other Revenue by Nature or Type.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**2. REVENUES AND EXPENSES (Continued)**

(ii) Crediting as Revenue: (Continued)	2015 \$	2015 Budget \$	2014 \$
<b>Interest Earnings</b>			
Interest Earnings			
- Reserve Funds **	779,283	671,542	815,640
- Other Funds	240,516	186,000	189,005
- Self Supporting Loans	297	284	1,417
Other Interest Revenue ( <i>refer note 27</i> )	249,423	171,000	200,296
	<u>1,269,519</u>	<u>1,028,826</u>	<u>1,206,358</u>

\*\* Interest received on reserve accounts has been reported in advance of the receipt date. The maturity date of the term deposit was 30 June 2015, while the interest was received on the 1 July 2015 of \$ 167K.

**(b) Statement of Objective**

The Shire has adopted a Strategic Community Plan 2015 - 2025 which sets out the following vision and mission: (Adopted at Special Council Meeting 19 February 2015)

**VISION**

A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment.

**MISSION**

To deliver affordable and quality Local Government services.

Council operations as disclosed in the 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.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**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 AND 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 2015**

**2. REVENUES AND EXPENSES (Continued)**

**(c) Conditions Over Contributions**

Grant/Contribution	Program	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
		Balance <sup>(1)</sup> 1 July 2013	2013/2014	2013/2014	Balance <sup>(1)</sup> 30 June 2014	2014/2015	2014/2015	Balance 30 June 2015
		\$	\$	\$	\$	\$	\$	\$
Don't Zoom in Broome Project Grant	Governance	2,096	0	0	<b>2,096</b>	0	0	<b>2,096</b>
EDL sponsorship and spent	Governance	386,663	15,339	(44,576)	<b>357,426</b>	13,430	(77,029)	<b>293,826</b>
DLGC National Youth Week Grant	Governance	0	1,000	(753)	<b>247</b>	0	0	<b>247</b>
FESA State Emergency Service & Volunteer Bush Fire Brigade Operational and Grant funding	Law, Order & Public Safety	17,093	0	0	<b>17,093</b>	0	0	<b>17,093</b>
Clean Up Aboriginal Communities Operational Grant	Health	16,136	0	0	<b>16,136</b>	0	0	<b>16,136</b>
Department of Health - FIMMWA Mosquito Control Advisory Committee Funding 2013/2014 for Mosquito control	Health	0	13,268	(5,822)	<b>7,446</b>	21,200	(25,106)	<b>3,540</b>
Office of Crime Prevention Grant - Community Safety & Crime Prevention Plan & LGA Partnership Fund - Initiative Lighting Up Anne St Precinct	Education & Welfare	3,837	0	0	<b>3,837</b>	0	0	<b>3,837</b>
Department of Attorney-General - Hypernight Grant	Education & Welfare	0	50,000	(47,500)	<b>2,500</b>	0	0	<b>2,500</b>
Care of Families & Children Grants - Broome Iterants Strategy	Education & Welfare	9,507	0	0	<b>9,507</b>	0	0	<b>9,507</b>
OTCAM Donation for Broome Cemetery Committee from Mollie Bean	Community Amenities	150	0	0	<b>150</b>	0	0	<b>150</b>
Department of Regional Development - Northern Planning Fund - Land Use Supply Officer	Community Amenities	0	174,410	(85,234)	<b>89,176</b>	0	(89,176)	<b>0</b>
Rangelands NRM Water Quality Monitoring Program - Protection of Environment	Community Amenities	1,091	0	0	<b>1,091</b>	0	0	<b>1,091</b>
Rangelands NRM State of the Environment Report - Protection of Environment	Community Amenities	0	50,000	(21,800)	<b>28,200</b>	0	(28,200)	<b>0</b>
DLG Grant Chinatown Development Grant Job 107671 (Public Shade Chinatown)	Community Amenities	210,000	0	(126,843)	<b>83,157</b>	0	(83,157)	<b>0</b>
DRD Grant CLGF 2012/2013 Funding Allocation job 116129 (Jetty to Jetty Project Design & Construction, Feasibility & Planning)	Community Amenities	221,080	0	(199,647)	<b>21,433</b>	0	(21,433)	<b>0</b>
Local Government RforR 12-13 Grant - BRAC Aquatic - Exp job 117127	Recreation & Culture	169,789	0	(169,289)	<b>500</b>	0	(500)	<b>0</b>
Parks and Ovals Grants - Lions Club BBQ grant.	Recreation & Culture	330	0	0	<b>330</b>	0	0	<b>330</b>
State Library of WA - Library Grant	Recreation & Culture	0	23,387	(21,280)	<b>2,107</b>	21,544	(17,971)	<b>5,680</b>
Swimming Areas & Beaches - Entrance Point Jetty Planning Grant RBFS	Recreation & Culture	38,300	0	0	<b>38,300</b>	0	0	<b>38,300</b>
Grant from Sport 4 All - Kidsport Grant	Recreation & Culture	54,059	0	(18,420)	<b>35,639</b>	33,250	(64,639)	<b>4,250</b>
Road Construction - Regional Rd Group (RRG) Rural Rd Construction - Carnarvon St Napier Tce Roundabout	Transport	93,333	0	(93,333)	<b>0</b>	0	0	<b>0</b>

**SHIRE OF BROOME - NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

**2. REVENUES AND EXPENSES (Continued)**  
**(c) Conditions Over Contributions (Continued)**

Grant/Contribution	Program	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
		Balance <sup>(1)</sup> 1 July 2013	2013/2014	2013/2014	Balance <sup>(1)</sup> 30 June 2014	2014/2015	2014/2015	Balance 30 June 2015
		\$	\$	\$	\$	\$	\$	\$
Road Maintenance - Office Native Title Morrell Park maintenance	Transport	309,086	0	(29,849)	279,237	0	(8,163)	271,074
Roads to Recovery Unspent Grant re Carnarvon St Napier Tce Roundabout	Transport	116,667	0	(116,667)	0	0	0	0
Roads to Recovery Unspent Grant re Clementson St Upgrade Infra Stage 3	Transport	14,104	0	0	14,104	0	0	14,104
Roads to Recovery Unspent Grant re Unallocated	Transport	23,101	0	0	23,101	0	0	23,101
Royalties for Regions Grant Lorrikeet Drive	Transport	0	0	0	0	200,000	(59,245)	140,755
Street Lighting Const Grant Undergrnd Power C/Town Upgrade	Transport	30,848	0	(30,800)	48	0	0	48
MRD Grant Remote Access Road Grant - (Broome - Cape Leveque Road)	Transport	1,006	0	0	1,006	0	0	1,006
WALGA Grant Road Safety Activities	Transport	1,200	0	0	1,200	0	0	1,200
Frederick Street and Dampier St Connection - Urban New Infra	Transport	0	0	0	0	300,000	0	300,000
Sanderling/ Spoonbill Pedestrian Improvements - Upgrade Rd Const	Transport	0	0	0	0	21,333	0	21,333
Tourism Grants - Visitors Center & Railway Line Project	Economic Services	50,000	0	0	50,000	0	0	50,000
Perth Royal Show - Guest Town Promotion Contributions	Economic Services	0	25,000	(19,341)	5,659	110,000	(115,659)	0
WA POLICE HEADQUARTERS Community Safety Grant - (New Visitor Centre Building Upgrade CCTV)	Other Property & Services	24,905	0	(22,870)	2,035	0	0	2,035
Key Worker Housing	Housing	0	0	0	0	561,758	(5,916)	555,842
<b>Total</b>		<b>1,794,381</b>	<b>352,404</b>	<b>(1,054,024)</b>	<b>1,092,761</b>	<b>1,282,515</b>	<b>(596,194)</b>	<b>1,779,081</b>

**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.

(4) - Conditions Over Contributions includes \$1,344,500 of Unspent Grants held in the Restricted Cash Reserve at 30 June 2015, \$140,755 held in the Road Reserve at 30 June 2015, and \$293,826 held in the EDL Reserve at 30 June 2015.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	3,742,009	3,876,658
Restricted	25,695,463	23,463,008
	<u>29,437,472</u>	<u>27,339,666</u>

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

Leave Reserve	1,789,985	1,725,163
Building Reserve	2,922,792	2,832,185
Public Open Space Reserve	731,954	1,195,098
Drainage Reserve	1,637,696	1,729,997
Plant Reserve	1,047,874	1,055,259
BRAC Reserve	49,887	58,867
Road Reserve	1,616,575	1,146,835
Footpath Reserve	2,450,843	2,818,310
Car Park Reserve	445,040	397,832
Equipment & Insurance Reserve	303,028	291,662
Refuse Site Reserve	4,053,026	4,640,534
Restricted Cash Reserve **	3,254,337	2,769,059
EDL Reserve	293,826	357,425
Resource Recovery Reserve	4,243,920	2,005,562
Kimberly Zone Reserve	670,331	427,722
Community Sponsorship Reserve	30,194	11,498
Public Art Reserve	154,155	0
	<u>25,695,463</u>	<u>23,463,008</u>

\*\*Included in the Restricted Cash Reserve at 30 June 2015 is \$1,344,500 of Unspent Grants and \$1,909,837 of Unspent Loans (refer Note 21(c)).

**4. TRADE AND OTHER RECEIVABLES**

**Current**

Rates Outstanding	895,914	494,038
Sundry Debtors	1,234,471	1,365,755
ATO Receivable	250,249	162,654
Loans - Clubs/Institutions	0	9,901
Bonds and Deposits held by others	45,768	42,098
Other current receivables	11,505	5,520
	<u>2,437,907</u>	<u>2,079,966</u>

**Non-Current**

Rates Outstanding - Pensioners	17,498	17,498
	<u>17,498</u>	<u>17,498</u>

**5. INVENTORIES**

**Current**

Fuel, Cement	24,355	35,806
BRAC Stock	4,205	9,539
	<u>28,560</u>	<u>45,345</u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Land vested in and under the control of Council		
- at cost	16,076,532	16,076,532
Freehold Land at:		
- Independent Valuation 2014	<u>5,820,000</u>	<u>5,820,000</u>
Total Land	<u>21,896,532</u>	<u>21,896,532</u>
Buildings at:		
- Cost	652,969	0
- Independent Valuation 2014	59,724,538	59,724,538
Less Accumulated Depreciation	<u>(1,536,947)</u>	<u>0</u>
Total Buildings	<u>58,840,560</u>	<u>59,724,538</u>
Total Land and Buildings	<u>80,737,092</u>	<u>81,621,070</u>
Furniture and Equipment - Cost	847,395	3,061,293
- Management Valuation 2015	0	0
Less Accumulated Depreciation	<u>0</u>	<u>(2,414,812)</u>
	<u>847,395</u>	<u>646,481</u>
Plant and Equipment - Independent Valuation 2013	6,916,450	6,916,450
Plant and Equipment - Cost	1,359,185	665,878
Less Accumulated Depreciation	<u>(1,410,101)</u>	<u>(682,756)</u>
	<u>6,865,534</u>	<u>6,899,572</u>
Work in Progress - Land and Buildings	<u>168,769</u>	<u>294,987</u>
	<u><u>88,618,790</u></u>	<u><u>89,462,110</u></u>

**Furniture and Equipment:**

The Shire's Furniture and Equipment was revalued at 30 June 2015 by management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 3 inputs in the fair value hierarchy).

The revaluation resulted in an overall increment of \$439,874 in the net value of the Shire's Furniture and Equipment. All of this increment was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Land - Vested in and under the Control of Council**

In accordance with Local Government (Financial Management) Regulation 16(a). Council is required to include as an asset Crown Land under the control of the local government that is operated as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Under this regulation Crown Reserve 22648 being operated as the Broome Turf Club and Crown Reserves 293000 and 33592 being operated as the Broome Golf Course, have been recognised as Land Under Control as at 30 June 2013, in accordance with AASB 116 at a cost of \$16,076,532

**Land - Freehold**

The Shire's Freehold Land was revalued at 30th June 2014 by Liquid Pacific. The revaluation resulted in an increment of \$1,440,000 in the net value of the Shire's Freehold Land, which has been recognised in the Statement of Comprehensive Income and as an increase in the Shire's Land and Buildings Revaluation Reserve.

Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

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

**Buildings:**

The Shire's Buildings were revalued at 30th June 2014 by Liquid Pacific. The revaluation resulted in an increment of \$10,832,228 in the net value of the Shire's Buildings, which has been recognised in the Statement of Comprehensive Income and as an increase in the Shire's Land and Buildings Revaluation Reserve.

The Shire also recognised the value of two buildings constructed on Land the subject of a management order in favour of the Shire. The \$1,756,875 value of the buildings has been recognised in the Statement of Comprehensive Income as other revenue.

Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

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

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(a) - Movements in Carrying Amounts**

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

	<b>Land (Level 3) \$</b>	<b>Buildings (Level 3) \$</b>	<b>Total Land and Buildings \$</b>	<b>Plant and Equipment (Level 3) \$</b>	<b>Furniture and Equipment (Level 3) \$</b>	<b>Work in Progress \$</b>	<b>Total \$</b>
Balance as at the beginning of the year	21,896,532	59,724,538	81,621,070	6,899,572	646,481	294,987	89,462,110
Additions	0	405,597	405,597	947,859	113,424	121,154	1,588,034
(Disposals)	0	0	0	(231,067)	0	0	(231,067)
Revaluation - Increments	0	0	0	0	439,874	0	439,874
Transfer of Work in Progress	0	247,372	0	0	0	(247,372)	0
Depreciation (Expense)	0	(1,536,947)	(1,536,947)	(750,829)	(352,384)	0	(2,640,160)
Carrying amount at the end of year	<u>21,896,532</u>	<u>58,840,560</u>	<u>80,737,092</u>	<u>6,865,535</u>	<u>847,395</u>	<u>168,769</u>	<u>88,618,791</u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Management Valuation 2011	0	100,970,790
Roads - Management Valuation 2015	323,849,950	0
Roads - At cost	1,965,174	11,327,785
Less Accumulated Depreciation	<u>(92,351,199)</u>	<u>(30,747,074)</u>
	233,463,925	81,551,501
Carparks, Footpaths & Bridges - At cost	623,241	10,545,224
Carparks, Footpaths & Bridges - Management Valuation 2015	48,127,680	0
Less Accumulated Depreciation	<u>(18,405,020)</u>	<u>(2,829,410)</u>
	30,345,901	7,715,814
Recreation Areas - At cost	1,215,579	13,487,762
Recreation Areas - Management Valuation 2015	3,883,913	0
Less Accumulated Depreciation	<u>(2,396,529)</u>	<u>(3,588,524)</u>
	2,702,963	9,899,238
Drainage - Cost	360,282	8,909,983
Drainage - Management Valuation 2015	65,843,215	0
Less Accumulated Depreciation	<u>(25,044,609)</u>	<u>(2,050,513)</u>
	41,158,888	6,859,470
Other Infrastructure - At cost	621,563	4,107,204
Other Infrastructure - Management Valuation 2015	5,869,936	0
Less Accumulated Depreciation	<u>(3,208,090)</u>	<u>(1,566,810)</u>
	3,283,409	2,540,394
Work in Progress - Recreation Areas Infrastructure	0	30,390
Work in Progress - Roads, F/Paths & Bridges Infrastructure	109,532	64,882
Work in Progress - Other Infrastructure	715,723	243,319
Work in Progress - Drainage Infrastructure	<u>78,334</u>	<u>0</u>
	903,589	338,591
	<u>311,858,675</u>	<u>108,905,008</u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**7. INFRASTRUCTURE(Continued)**

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

The Shire's Infrastructure was revalued at 30th June 2015 by ARRB Group an independent specialist valuer. The revaluation resulted in an increment of \$200,542,662 in the net value of the Shire's infrastructure, which has been recognised in the Statement of Comprehensive Income and as an increase in the Shire's Infrastructure Revaluation Reserve (refer Note 12 for further details).

Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

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

**SHIRE OF BROOME**  
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**7. INFRASTRUCTURE (Continued)**

**(a) - 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.

	<b>Roads Infrastructure (Level 3) \$</b>	<b>Carparks, Footpaths &amp; Bridges (Level 3) \$</b>	<b>Recreation Infrastructure (Level 3) \$</b>	<b>Drainage Infrastructure (Level 3) \$</b>	<b>Other Infrastructure (Level 3) \$</b>	<b>Work in Progress \$</b>	<b>Total \$</b>
Balance as at the beginning of the year	81,551,501	7,715,814	9,899,238	6,859,470	2,540,394	338,591	108,905,008
Additions	1,965,174	558,359	1,185,190	360,282	585,995	695,837	5,350,837
Revaluation - Increments - (Decrements)	151,957,027	22,251,434	0 (8,022,651)	34,087,407	269,446	0	208,565,314 (8,022,651)
Transfer of Work in Progress	0	64,882	30,389	0	35,568	(130,839)	0
Depreciation (Expense)	(2,009,777)	(244,588)	(389,203)	(148,272)	(147,994)	0	(2,939,834)
Balance as at 30 June 2015	<u>233,463,925</u>	<u>30,345,901</u>	<u>2,702,963</u>	<u>41,158,887</u>	<u>3,283,409</u>	<u>903,589</u>	<u>311,858,674</u>

**SHIRE OF BROOME**  
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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	2,175,912	4,509,639
Accrued Interest on Debentures	11,878	22,120
Accrued Salaries and Wages	253,675	212,278
Excess Rates	177,552	153,918
Prepaid Rent, Grants and Services	0	2,743
Accrued Expenses	50,394	61,636
	<u>2,669,411</u>	<u>4,962,334</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge Debentures	<u>988,046</u>	<u>1,273,806</u>
	<u>988,046</u>	<u>1,273,806</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>3,780,696</u>	<u>4,768,742</u>
	<u>3,780,696</u>	<u>4,768,742</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
Analysis of Total Provisions		
Current	1,890,407	2,166,959
Non Current	282,671	309,950
	<u>2,173,078</u>	<u>2,476,909</u>
	<u>2,173,078</u>	<u>2,476,909</u>
	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>
Opening balance at 1 July 2014	1,341,441	1,135,468
Movement in provision	(146,571)	(157,260)
Balance at 30 June 2015	<u>1,194,870</u>	<u>978,208</u>
	<u>1,194,870</u>	<u>978,208</u>
	<b>Total \$</b>	<b>Total \$</b>
	<u>2,173,078</u>	<u>2,476,909</u>
	<u>2,173,078</u>	<u>2,476,909</u>

**SHIRE OF BROOME**  
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	<b>2015</b> <b>\$</b>	<b>2015</b> <b>Budget</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	1,725,163	1,684,468	1,686,568
Amount Set Aside / Transfer to Reserve	64,823	58,956	67,863
Amount Used / Transfer from Reserve	0	(35,782)	(29,268)
	<u>1,789,986</u>	<u>1,707,642</u>	<u>1,725,163</u>
<b>(b) Building Reserve</b>			
Opening Balance	2,832,185	2,665,193	3,377,754
Amount Set Aside / Transfer to Reserve	208,877	93,282	183,157
Amount Used / Transfer from Reserve	(118,269)	(255,000)	(728,726)
	<u>2,922,793</u>	<u>2,503,475</u>	<u>2,832,185</u>
<b>(c) Public Open Space Reserve</b>			
Opening Balance	1,195,098	947,046	1,210,374
Amount Set Aside / Transfer to Reserve	44,961	27,088	55,390
Amount Used / Transfer from Reserve	(508,105)	(233,904)	(70,666)
	<u>731,954</u>	<u>740,230</u>	<u>1,195,098</u>
<b>(d) Drainage Reserve</b>			
Opening Balance	1,729,997	1,676,487	1,654,777
Amount Set Aside / Transfer to Reserve	79,528	58,677	133,260
Amount Used / Transfer from Reserve	(171,828)	(247,500)	(58,040)
	<u>1,637,697</u>	<u>1,487,664</u>	<u>1,729,997</u>
<b>(e) Plant Reserve</b>			
Opening Balance	1,055,259	997,261	934,010
Amount Set Aside / Transfer to Reserve	39,614	34,904	307,695
Amount Used / Transfer from Reserve	(47,000)	(47,000)	(186,446)
	<u>1,047,873</u>	<u>985,165</u>	<u>1,055,259</u>
<b>(f) BRAC (Leisure Centre) Reserve</b>			
Opening Balance	58,867	57,620	65,795
Amount Set Aside / Transfer to Reserve	2,212	2,017	49,072
Amount Used / Transfer from Reserve	(11,192)	(57,000)	(56,000)
	<u>49,887</u>	<u>2,637</u>	<u>58,867</u>
<b>(g) Road Reserve</b>			
Opening Balance	1,146,835	1,089,254	1,424,386
Amount Set Aside / Transfer to Reserve	528,368	38,124	311,865
Amount Used / Transfer from Reserve	(58,628)	(150,409)	(589,416)
	<u>1,616,575</u>	<u>976,969</u>	<u>1,146,835</u>
<b>(h) Footpath Reserve</b>			
Opening Balance	2,818,310	2,683,769	2,447,133
Amount Set Aside / Transfer to Reserve	126,176	93,932	581,430
Amount Used / Transfer from Reserve	(493,644)	(599,784)	(210,253)
	<u>2,450,842</u>	<u>2,177,917</u>	<u>2,818,310</u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	<b>2015</b> <b>\$</b>	<b>2015</b> <b>Budget</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>11. RESERVES - CASH BACKED (continued)</b>			
<b>(i) Car Park Reserve</b>			
Opening Balance	397,832	394,076	371,046
Amount Set Aside / Transfer to Reserve	75,178	13,793	26,786
Amount Used / Transfer from Reserve	<u>(27,970)</u>	<u>(30,000)</u>	<u>0</u>
	<u>445,040</u>	<u>377,869</u>	<u>397,832</u>
<b>(j) IT and Equipment Reserve</b>			
Opening Balance	291,662	285,735	204,420
Amount Set Aside / Transfer to Reserve	11,366	10,001	124,242
Amount Used / Transfer from Reserve	<u>0</u>	<u>(12,000)</u>	<u>(37,000)</u>
	<u>303,028</u>	<u>283,736</u>	<u>291,662</u>
<b>(k) Refuse Site Reserve</b>			
Opening Balance	4,640,534	4,333,883	4,228,863
Amount Set Aside / Transfer to Reserve	758,725	741,286	759,455
Amount Used / Transfer from Reserve	<u>(1,346,233)</u>	<u>(2,044,000)</u>	<u>(347,784)</u>
	<u>4,053,026</u>	<u>3,031,169</u>	<u>4,640,534</u>
<b>(l) Restricted Cash Reserve</b>			
Opening Balance	2,769,059	2,484,434	3,561,971
Amount Set Aside / Transfer to Reserve	888,538	0	135,335
Amount Used / Transfer from Reserve	<u>(403,261)</u>	<u>(1,664,176)</u>	<u>(928,247)</u>
	<u>3,254,336</u>	<u>820,258</u>	<u>2,769,059</u>
<b>(m) EDL Reserve</b>			
Opening Balance	357,425	317,262	386,662
Amount Set Aside / Transfer to Reserve	13,430	11,104	15,339
Amount Used / Transfer from Reserve	<u>(77,029)</u>	<u>(80,000)</u>	<u>(44,576)</u>
	<u>293,826</u>	<u>248,366</u>	<u>357,425</u>
<b>(n) Resource Recovery Park Reserve</b>			
Opening Balance	2,005,562	1,971,533	900,000
Amount Set Aside / Transfer to Reserve	2,415,652	2,178,306	1,105,562
Amount Used / Transfer from Reserve	<u>(177,295)</u>	<u>(200,000)</u>	<u>0</u>
	<u>4,243,919</u>	<u>3,949,839</u>	<u>2,005,562</u>
<b>(o) Kimberley Zone Reserve</b>			
Opening Balance	427,722	220,300	175,000
Amount Set Aside / Transfer to Reserve	242,609	0	252,722
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>670,331</u>	<u>220,300</u>	<u>427,722</u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED (continued)</b>			
<b>(p) Community Sponsorship Reserve</b>			
Opening Balance	11,498	5,142	0
Amount Set Aside / Transfer to Reserve	18,695	539	14,992
Amount Used / Transfer from Reserve	0	0	(3,494)
	30,193	5,681	11,498
<b>(r) Public Art Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	154,155	0	0
Amount Used / Transfer from Reserve	0	0	0
	154,155	0	0
<b>TOTAL CASH BACKED RESERVES</b>	<b>25,695,461</b>	<b>19,518,917</b>	<b>23,463,008</b>

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

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

Leave Reserve

To be used to fund annual and long service leave requirements.

Building Reserve

To be used for renewal, upgrade, replacement or new building construction.

Public Open Space Reserve

To be used for renewal, upgrade, replacement or new public open space facilities.  
Any contributions from developers are held in Trust.

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 renewal, upgrade or purchase of new mobile plant and engineering equipment

BRAC (Leisure Centre) Reserve

To be used for the construction of 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.  
Typically funds are from contributions made by developers.

**SHIRE OF BROOME**  
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**FOR THE YEAR ENDED 30 JUNE 2015**

**11. RESERVES - CASH BACKED (continued)**

Carpark Reserve

To be used for renewal, upgrade, replacement or new carparks.  
Typically funds are from "Cash In Lieu" payments from developers.

IT and Equipment Reserve

To be used to pay for renewal, upgrade or new office equipment and IT hardware.

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.

Restricted Cash Reserve

To be used for unspent grant and loan funds.

EDL Reserve

To hold funds to be spent on community projects as approved by Energy Development Limited.

Resource Recovery Park Reserve

To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund:

- i) The future construction of a new facility;
- ii) the future subsequent and ongoing costs of maintaining the site in accordance with operational requirements and environmental guidelines; or
- iii) the costs of future rehabilitation of the site.

Kimberley Zone Reserve

To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.

Community Sponsorship Reserve

To hold funds remaining as at 30 June after allocation of both Annual and Ad-hoc sponsorships and external donations to be spent on both annual and ad-hoc sponsorships in accordance with the Community Sponsorship Program Policy.

Public Art Reserve

To hold funds set aside annually to fund public art projects and initiatives within the Shire.

Tourism Reserve

To hold funds set aside annually to fund future tourism projects and initiatives within the Shire.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>12. RESERVES - ASSET REVALUATION</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and Buildings</b>		
Opening Balance	35,691,910	23,419,682
Revaluation Increment	<u>0</u>	<u>12,272,228</u>
	<u>35,691,910</u>	<u>35,691,910</u>
<b>(b) Infrastructure Including Roads</b>		
Opening Balance	28,356,220	28,356,220
Revaluation Increment	<u>200,542,663</u>	<u>0</u>
	<u>228,898,883</u>	<u>28,356,220</u>
<b>(c) Furniture and Equipment</b>		
Opening Balance	0	0
Revaluation Increment	<u>439,874</u>	<u>0</u>
	<u>439,874</u>	<u>0</u>
 <b>TOTAL ASSET REVALUATION RESERVES</b>	 <u><u>265,030,667</u></u>	 <u><u>64,048,130</u></u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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:

	<b>2015</b> <b>\$</b>	<b>2015</b> <b>Budget</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Cash and Cash Equivalents	<u>29,437,472</u>	<u>19,893,332</u>	<u>27,339,666</u>

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

Net Result	7,437,330	3,635,578	5,011,973
Depreciation	5,579,994	6,052,000	5,926,365
(Profit)/Loss on Sale of Asset	(11,709)	92,676	106,414
(Increase)/Decrease in Receivables	(367,842)	70,000	967,588
(Increase)/Decrease in Inventories	16,785	(10,000)	(10,664)
Increase/(Decrease) in Payables	(2,292,922)	220,000	1,481,641
Increase/(Decrease) in Employee Provisions	(303,831)	0	322,794
Grants/Contributions for the Development of Assets	(3,099,710)	(4,208,684)	(4,840,478)
Non-Current Assets recognised due to changes in legislative requirements	0	0	(1,756,875)
<b>Net Cash from Operating Activities</b>	<u>6,958,095</u>	<u>5,851,570</u>	<u>7,208,758</u>

**(c) Undrawn Borrowing Facilities**  
**Credit Standby Arrangements**

Bank Overdraft limit	700,000	700,000	700,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	25,000	25,000	25,000
Credit Card Balance at Balance Date	0	0	0
<b>Total Amount of Credit Unused</b>	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>

**Loan Facilities**

Loan Facilities - Current	988,046	988,046	1,273,806
Loan Facilities - Non-Current	3,780,696	3,813,553	4,768,742
<b>Total Facilities in Use at Balance Date</b>	<u>4,768,742</u>	<u>4,801,599</u>	<u>6,042,548</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>0</u>	<u>0</u>
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**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>14. CONTINGENT LIABILITIES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Shinju Matsuri Loan/Overdraft Guarantee	15,000	15,000
North West Expo Payment Guarantee	0	25,000
	<u>15,000</u>	<u>40,000</u>
	<u>15,000</u>	<u>40,000</u>

*Contaminated Sites*

The Shire has reported 2 sites to the Department of Environmental Regulation (**DER**) as potentially contaminated under the *Contaminated Sites Act 2003 (WA)*. Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DER the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites. The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the DER guidelines.

**15. CAPITAL AND LEASING COMMITMENTS**

**(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	226,063	322,459
- later than one year but not later than five years	0	3,552
- later than five years	0	0
	<u>226,063</u>	<u>326,011</u>
	<u>226,063</u>	<u>326,011</u>

**(c) Capital Expenditure Commitments**

Contracted for:

- Building Construction & Fixed Plant	0	217,692
- Infrastructure Construction	271,697	74,799
- Mobile Plant and Equipment	294,334	0
- Furniture and Equipment	30,164	0

Payable:

- not later than one year	596,195	292,491
- later than one year but not later than five years	0	0

**SHIRE OF BROOME**  
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**(c) Capital Expenditure Commitments (continued)**

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

**30 June 2015**

**- Infrastructure Construction**

Amphitheatre Project Outlet Structure Renewal (Stage 1 & 2) Muni Funded  
Town Beach Boat Ramp  
Lorrikeet Extension  
Archer St  
Morgan Road Upgrade  
Footpaths at old broome estate as per RFT 13/08  
Archer Street Reconstruction Project  
Frederick Street Drainage  
De Castilla Street urban road

**30 June 2015**

**- Mobile Plant and Equipment**

Water truck - Hino  
D-MAX Tilt Tray  
Squirrel - Machinery West  
Elite Pool Covers Pty Ltd - Thermal blanket system as per RFQ15-18

**30 June 2015**

**- Furniture and Equipment**

Payroll Project - IT Vision

**30 June 2014**

Public Shade Chinatown - Final Payment  
Broome Motorsports Complex - Relocation Feasibility Study  
KRO Building Upgrade - Detailed Design and Business Case  
Haynes Oval Floodlighting - Consultancy Work  
De Castilla Street - Rehabilitation and Upgrade  
Broome Road to Roebuck Estate - Extension of Road

**30 June 2014**

Arts Centre Building Design & Construction & Renewal Energy Upgrade (Final retention payment)  
Amenities Upgrade Works at various amenities including BRAC  
Clementson St Reconstruction Stages 1 & 2 (Final retention payment)

**SHIRE OF BROOME**  
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	2015	2014	2013
<b>16. FINANCIAL RATIOS</b>			
Current Ratio	1.65	0.90	1.25
Asset Sustainability Ratio	1.24	1.87	0.72
Debt Service Cover Ratio	6.59	4.06	12.70
Operating Surplus Ratio	0.13	0.01	0.52
Own Source Revenue Coverage Ratio	0.82	0.87	0.09
Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$		
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$		
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$		
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$		
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$		

**Notes:**

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 63 of this document.

Three of the ratios disclosed above are distorted by items of significant revenue and expenses relating to:

- 2013 - The initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations amounting to \$16,076,532. This forms part of operating revenue.

- 2014- The initial recognition of Buildings on Land under the Shire's control in accordance with amendments to the Financial Management Regulations amounting to \$1,756,875 (refer to Notes 1(g), 1(h) and 2(a)(ii) for further details). This forms part of operating revenue.

- 2013 - The significant expense relating to the reduction in the fair value of the Shire's plant and equipment amounting to \$752,872. This forms part of operating expenses.

These items of significant revenue and expenditure are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2014 and 2013 column above would be as follows:

	2014	2013
Debt Service Cover Ratio	2.95	3.91
Operating Surplus Ratio	-0.05	0.00
Own Source Revenue Coverage Ratio	0.82	0.89

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**17. JOINT VENTURE**

The Shire is not involved in any joint venture arrangements

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
General Purpose Funding	7,909,758	7,157,254
Governance	964,157	785,147
Law, Order, Public Safety	871,124	908,017
Health	17,314	19,879
Education and Welfare	358	748
Housing	2,942,434	2,972,098
Community Amenities	53,328,212	17,565,591
Recreation and Culture	38,154,512	62,192,665
Transport	269,957,795	93,893,185
Economic Services	8,208,460	9,132,232
Other Property and Services	32,472,021	31,481,096
Unallocated	17,572,757	1,741,681
	<u>432,398,902</u>	<u>227,849,593</u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**19. 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 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Footpath Damage Deposits	32,276	0	0	32,276
Library Transient Borrower Deposits	8,169	40	(5,258)	2,951
Election Nomination Deposits	0	0	0	0
Civic Centre Takings	5,320	19,956	(25,276)	0
Other General Purpose Deposits	8,494	0	0	8,494
BCITF Collection & Refund Deposits	14,104	107,524	(113,041)	8,587
Japanese Cemetery Improvements Deposit	0	0	0	0
Town Planning Related Bond Deposits	184,597	0	(38,390)	146,207
Cemetery Plot Reservation Deposits	15,713	3,795	(55)	19,453
Recreation Facility use Bond Deposits	11,960	31,676	(32,063)	11,573
Parking Facilities Bond Deposits	0	0	0	0
Road & Footpath Facilities Bond Deposits	758,506	0	0	758,506
Capital Works Bond Deposits	3,060	0	0	3,060
Cash In Lieu Of Public Open Space	99,877	0	0	99,877
Bank Guarantee Deposits Received	52,618	0	0	52,618
BRB Levy	6,785	55,532	(56,521)	5,796
Overpayments Held	0	0	0	0
Unclaimed Monies	19,143	828	0	19,971
Contract Bonds & Retentions	0	0	0	0
Staff Rental Bonds	45,316	12,749	(17,583)	40,482
Key Deposits	2,434	210	(625)	2,019
	<u>1,268,372</u>	<u>232,310</u>	<u>(288,812)</u>	<u>1,211,870</u>

**20. DISPOSALS OF ASSETS - 2014/2015 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	0	0	0	0	0
General Purpose Funding	0	0	0	0	0	0
Law, Order, Public Safety	0	12,552	0	7,000	0	(5,552)
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	133,211	134,216	126,818	100,000	(6,393)	(34,216)
Recreation and Culture	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Economic Services	0	0	0	0	0	0
Other Property and Services	97,856	223,908	115,958	171,000	18,102	(52,908)
	<u>231,067</u>	<u>370,676</u>	<u>242,776</u>	<u>278,000</u>	<u>11,709</u>	<u>(92,676)</u>
					Loss (6,393)	0
					Profit 18,102	(92,676)
					<u>11,709</u>	<u>(92,676)</u>

**SHIRE OF BROOME - NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

**21. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Loan Number	Loan Particulars/Purpose	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Law Order &amp; Public Safety</b>									
176	New SES Shed (*)	9,900		9,900	9,900	0	0	253	284
<b>Community Amenities</b>									
181	Millington Rd Drainage Construction (Interest paid by third party)	87,860		42,566	42,566	45,294	45,293	4,868	4,883
<b>Recreation &amp; Culture</b>									
171	BRAC (Recreation Centre)	303,708		94,642	94,642	209,066	209,065	18,616	18,789
186	BRAC Stage 2 A	442,188		138,438	138,437	303,750	303,751	23,341	25,466
191	BRAC Stage 2B - Oval Infrastructure	268,872		47,211	47,211	221,661	221,661	16,465	16,490
193	Arts Centre Redevelopment	3,550,779		385,509	385,509	3,165,270	3,165,269	136,319	136,486
194	BRAC Pavilion	720,080		85,929	85,929	634,151	634,152	40,418	40,956
<b>Economic Services</b>									
182	Visitors Centre Construction	227,255		110,099	110,099	117,156	117,156	12,592	12,630
185	Visitors Centre Construction Stage 2	105,388		32,994	32,994	72,394	72,394	5,563	6,070
<b>Other Property &amp; Services</b>									
168	Loan # 168 Administration Building	326,518		326,518	326,518	0	0	12,998	19,620
		6,042,548	0	1,273,806	1,273,805	4,768,742	4,768,741	271,433	281,674

(\*) 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 2015**

**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2014/2015

The Shire of Broome did not take up any new borrowings during the year ended 30 June 2015

(c) Unspent Debentures

<b>Particulars</b>	<b>Date Borrowed</b>	<b>Balance 1 July 2014 \$</b>	<b>Borrowed During Year \$</b>	<b>Expended During Year \$</b>	<b>Balance 30 June 2015 \$</b>
Loan # 193 Arts Centre Redevelopment	27/06/2012	2,033,723	0	(123,886)	1,909,837
		2,033,723	0	(123,886)	1,909,837

(d) Overdraft

Council has utilised an overdraft facility during previous financial years with a maximum amount of \$700,000 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 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

**(a) Rates**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate / General Rate</b>											
GRV - Residential	8.5490	4,604	118,547,650	10,205,162	122,804	13,986	10,341,952	9,895,439	85,918	0	9,981,357
GRV - Residential - Vacant	15.6350	392	3,944,885	595,259	47,379	16,088	658,726	654,075	0	0	654,075
GRV - Commercial	10.0600	595	52,509,789	5,340,538	29,535	98,090	5,468,163	5,238,839	0	0	5,238,839
GRV - Tourism	12.5000	877	17,705,290	2,213,161	6,558	0	2,219,719	2,295,729	0	0	2,295,729
GRV - Exempt	-	806	2,916,478		0	(4,564)	(4,564)	0	0	0	0
<b>Unimproved Value Valuations</b>											
UV - Rural	0.5450	141	88,509,810	540,485	(68,769)	1,281	472,997	467,916	0	0	467,916
UV - Mining	15.0000	85	960,879	144,132	65,720	18	209,870	145,516	0	0	145,516
UV - Commercial Rural	2.5150	44	8,577,808	207,359	21,820	57,681	286,860	205,043	0	0	205,043
UV - Exempt	0.0000	0	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		7,544	293,672,589	19,246,096	225,047	182,580	19,653,723	18,902,557	85,918	0	18,988,475
<b>Minimum Payment</b>	<b>Minimum \$</b>										
<b>Differential General Rate / General Rate</b>							0				0
GRV - Residential	1,200	106	3,957,154	127,200	0	0	127,200	80,400	0	0	80,400
GRV - Residential - Vacant	1,200	67	560,230	80,400	0	0	80,400	159,600	0	0	159,600
GRV - Commercial	1,200	12	132,942	14,400	0	0	14,400	14,400	0	0	14,400
GRV - Tourism	1,200	437	2,371,248	524,400	0	0	524,400	524,400	0	0	524,400
<b>Unimproved Value Valuations</b>							0				0
UV - Rural	1,200	4	360,000	4,800	0	0	4,800	4,800	0	0	4,800
UV - Mining	1,200	36	829,691	43,200	0	0	43,200	43,200	0	0	43,200
UV - Commercial Rural	1,200	5	229,400	6,000	0	0	6,000	6,000	0	0	6,000
<b>Sub-Totals</b>		667	8,440,665	800,400	0	0	800,400	832,800	0	0	832,800
Ex-Gratia Rates							20,454,123				19,821,275
Concessions (refer note 26)							35,682				25,975
Discounts							(173,882)				(171,211)
Difference to Statement of Comprehensive Income											27,707
<b>Total Amount Raised From General Rate</b>							<b>20,315,923</b>				<b>19,696,295</b>
Write-Offs (refer note 26)							(1,641)				(3,500)
Waste Collection Rate (refer Note 24)							583,635				589,600
<b>Totals</b>							<b>20,897,917</b>				<b>20,261,947</b>

**General Note:**

- (1) The difference is due to Note 8 in the adopted 2014 -2015 budget not reconciling to the Statement of Comprehensive Income.
- (2) The Total Amount Raised from General Rate as per adopted 2014 - 2015 Budget does not agree back to the Rate Setting Statement Budget 2014 - 2015 due to the incorrect disclosure of Concessions and Discounts and the reconciliation difference to the Statement of Comprehensive Income as above. As illustrated below.

Balance as per Rate Setting Statement	19,847,250
Concessions (refer note 26)	(171,211)
Discounts	(7,451)
Difference	<u>27,707</u>
	19,696,295

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

(b) Information on Surplus/Deficit) Brought Forward

	2015 (30 June 2015 Carried Forward)	2014 (1 July 2014 Brought Forward)	2014 (30 June 2014 Carried Forward)
	\$		\$
<b>Surplus/(deficit) 1 July 2014 Brought Forward</b>	587,939	2,453,448	2,453,448
<b><u>Comprises:</u></b>			
Cash - Unrestricted	3,742,009	3,876,658	3,876,658
Cash - Restricted	25,695,463	23,463,008	23,463,008
Rates Outstanding	895,914	494,038	494,038
Sundry Debtors	1,234,471	1,365,755	1,365,755
ATO Receivable	250,249	162,654	162,654
Sundry Bonds and other receivables	57,273	47,618	47,618
Inventories			
- Fuel and Materials	24,355	35,806	35,806
- History Books	4,205	9,539	9,539
Loans - Clubs/Institutions Receivable	0	9,901	9,901
<b><u>Less:</u></b>			
Reserves - Cash Backed	(25,695,463)	(23,463,008)	(23,463,008)
Loans - Clubs/Institutions Receivable	-	(9,901)	(9,901)
Sundry Creditors	(2,175,912)	(4,509,639)	(4,509,639)
Other Payables	(227,946)	(218,297)	(218,297)
Accrued Interest on Debentures	(11,878)	(22,120)	(22,120)
Accrued Salaries and Wages	(253,675)	(212,278)	(212,278)
Current Employee Benefits Provision	(1,890,407)	(2,166,959)	(2,166,958)
Leave Liability not expected to be paid within 12 months	1,789,986	1,725,163	1,725,163
<b>Surplus/(Deficit)</b>	3,438,644	587,938	587,939

**Difference:**

There was no difference between the Surplus/(Deficit) 1 July 2014 Brought Forward position used in the 2015 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2014 audited financial report.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**23. SPECIFIED AREA RATE - 2014/2015 FINANCIAL YEAR**

The Shire Of Broome did not impose any Specified Area Rates.

**24. WASTE COLLECTION RATE - 2014/15 FINANCIAL YEAR**

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$
<b>Public Landfill Levy</b>					
- Rate	0.015	GRV & UV	221,932	576,224	589,600
- Interim Rate				7,411	0
- Back Rate				0	0
				583,635	589,600

A waste collection rate was imposed in accordance with Section 66 of the Waste Avoidance and Resource Recovery Act 2007.

**25. SERVICE CHARGES - 2014/2015 FINANCIAL YEAR**

The Shire Of Broome did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2014/2015 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	NIL	0	0
Minimum Rate	Discount	NIL	0	0
General Rates	Concession	100.00%	8,366	0
General Rates	Concession	48.00%	114,322	119,951
General Rates	Concession	27.00%	48,997	49,175
General Rates	Concession	11.00%	2,197	2,085
			173,882	171,211
<u>Other Discounts and Write-Offs</u>				
Rate Assessment	Write-Offs		1,641	3,500

No discount on rates is available.

**27. INTEREST, CHARGES AND INSTALMENTS - 2014/2015 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		152,863	75,000
Interest on Rates Instalments Plan	5.50%		96,560	96,000
Charges on Rates Instalment Plan		7	35,532	36,000
Pensioner Deferred Rate Interest	3.27%		0	0
			284,955	207,000

Ratepayers had the options of paying rates in either two or four equal instalments, due on 5th September 2014, 5th November 2014, 5th January 2015 and 5th March 2015.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>28. FEES &amp; CHARGES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	0	44
General Purpose Funding	63,759	68,224
Law, Order, Public Safety	100,871	80,337
Health	164,440	158,294
Education and Welfare	0	0
Housing	547,472	645,307
Community Amenities	6,340,976	6,253,146
Recreation and Culture	952,475	1,025,183
Transport	19,779	24,619
Economic Services	725,623	719,257
Other Property and Services	1,271,297	1,401,742
	<u>10,186,692</u>	<u>10,376,153</u>

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

<b>29. GRANT REVENUE</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	12,726,245	6,707,106
Non-Operating Grants, Subsidies and Contributions	3,099,710	4,840,478
	<u>15,825,955</u>	<u>11,547,584</u>
<b>By Program:</b>		
Governance	5,599,261	3,393,115
General Purpose Funding	3,179,529	942,480
Law, Order, Public Safety	41,844	44,442
Health	21,323	13,575
Education and Welfare	128,753	96,546
Housing	563,910	2,586,999
Community Amenities	194,197	494,407
Recreation and Culture	655,639	431,677
Transport	3,975,310	2,379,370
Economic Services	580,719	256,282
Other Property and Services	885,468	908,691
	<u>15,825,953</u>	<u>11,547,584</u>

<b>30. COUNCILLORS' REMUNERATION</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees - Council and Local Government Association	150,252	158,749	151,323
President's Allowance	46,350	46,350	45,000
Deputy President's Allowance	13,791	11,587	11,250
Travelling and Conference Expenses	34,338	55,450	39,830
Telecommunications and IT Allowances	29,750	31,950	30,541
	<u>274,481</u>	<u>304,086</u>	<u>277,944</u>

<b>31. EMPLOYEE NUMBERS</b>	<b>2015</b>	<b>2014</b>
The number of full-time equivalent employees at balance date	<u>141</u>	<u>148</u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**32. MAJOR LAND TRANSACTIONS**

Council did not participate in any Major Land Transactions during the year to 30 June 2015

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2014/2015 financial year.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	29,437,472	27,339,666	29,437,472	27,339,666
Receivables	<u>2,455,405</u>	<u>2,097,464</u>	<u>2,455,405</u>	<u>2,097,464</u>
	<u><u>31,892,877</u></u>	<u><u>29,437,130</u></u>	<u><u>31,892,877</u></u>	<u><u>29,437,130</u></u>
<b>Financial Liabilities</b>				
Payables	2,669,411	4,962,334	2,669,411	4,962,334
Borrowings	<u>4,768,742</u>	<u>6,042,548</u>	<u>4,768,742</u>	<u>6,042,548</u>
	<u><u>7,438,153</u></u>	<u><u>11,004,882</u></u>	<u><u>7,438,153</u></u>	<u><u>11,004,882</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.

**(a) Cash and Cash Equivalents**

**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.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**34. FINANCIAL RISK MANAGEMENT (Continued)**

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 investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>30 June 2015</b>	<b>30 June 2014</b>
	\$	\$
Impact of a 1% (*) movement in interest rates on cash		
- Equity	294,375	273,397
Statement of Comprehensive Income	294,375	273,397

**Notes:**

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

**(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.

**SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables (Continued)**

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

	<b>30 June 2015</b>	<b>30 June 2014</b>
Percentage of Rates and Annual Charges		
- Current	1%	1%
- Overdue	99%	99%
Percentage of Other Receivables		
- Current	63%	85%
- Overdue	37%	15%

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	2,669,411	0	0	2,669,411	2,669,411
Borrowings	<u>1,215,180</u>	<u>4,367,462</u>	<u>1,188,775</u>	<u>6,771,417</u>	<u>4,768,741</u>
	<u><u>3,884,591</u></u>	<u><u>4,367,462</u></u>	<u><u>1,188,775</u></u>	<u><u>9,440,828</u></u>	<u><u>7,438,152</u></u>
<b><u>2014</u></b>					
Payables	4,962,334	0	0	4,962,334	4,962,334
Borrowings	<u>1,560,342</u>	<u>3,668,540</u>	<u>1,827,999</u>	<u>7,056,881</u>	<u>6,042,546</u>
	<u><u>6,522,676</u></u>	<u><u>3,668,540</u></u>	<u><u>1,827,999</u></u>	<u><u>12,019,215</u></u>	<u><u>11,004,880</u></u>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<b><u>Year Ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	0	747,659	0	221,661	0	3,799,421	4,768,741	4.70%
Weighted Average Effective Interest Rate	0.00%	6.38%	0.00%	6.41%	0.00%	4.27%		
<b><u>Year Ended 30 June 2014</u></b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	336,419	0	1,166,397	0	268,872	4,270,861	6,042,549	5.12%
Weighted Average Effective Interest Rate	7.89%	0.00%	6.38%	0.00%	6.41%	4.27%		

**SHIRE OF BROOME  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**35. SUPPLEMENTARY RATIO INFORMATION**

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

	2015	2014	2013	2012
Asset Consumption Ratio	0.734	0.703	0.741	0.694
Asset Renewal Funding Ratio	0.533	2.114	3.049	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the preceding year (being 2012) have not been reported as financial information is not available.**

## **INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF BROOME**

### **Report on the Financial Report**

We have audited the financial report of the Shire of Broome (the Shire), which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and a summary of significant accounting policies and other explanatory notes and the statement by the Chief Executive Officer.

### **Shire's Responsibility for the Financial Report**

The Shire 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 and the Local Government (Financial Management) Regulations 1996. 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. Our audit has been conducted in accordance with Australian Auditing Standards. Those standards require that we comply with the 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 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 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire's financial position and of its performance.

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 followed applicable independence requirements of Australian professional ethical pronouncements.

### **Auditor's opinion on the Financial Report**

In our opinion, the financial report of the Shire of Broome:

- (i) gives a true and fair view of the financial position of the Shire of Broome as at 30 June 2015 and of its financial performance for the year ended on that date;
- (ii) complies with the Local Government Act 1995 Part 6 and the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (iii) in relation to the Supplementary Ratio Information presented in Note 35, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and reasonable assumptions.

### **Statutory Compliance**

We did not during the course of our audit become aware of any instances where the Shire did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 as they relate to the financial report.



RSM BIRD CAMERON



D J WALL  
Director

Perth, WA  
Dated: 5 October 2015