

SHIRE OF BROOME

BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE'S 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.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2021**

BY NATURE OR TYPE

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	23,163,321	23,161,849	22,798,521
Operating grants, subsidies and contributions	9	1,987,815	8,840,280	2,781,046
Fees and charges	8	11,746,269	10,355,634	10,896,001
Interest earnings	10(a)	1,402,174	1,410,644	1,444,644
Other revenue	10(b)	1,100,128	1,346,479	1,098,490
		39,399,707	45,114,886	39,018,702
Expenses				
Employee costs		(17,057,681)	(16,391,397)	(16,746,319)
Materials and contracts		(10,941,159)	(11,397,440)	(11,309,836)
Utility charges		(1,951,368)	(1,946,680)	(1,946,680)
Depreciation on non-current assets	5	(11,653,092)	(11,355,912)	(11,355,912)
Interest expenses	10(d)	(165,706)	(147,631)	(147,631)
Insurance expenses		(681,829)	(652,098)	(650,324)
Other expenditure		(3,054,638)	(2,809,849)	(3,015,397)
		(45,505,473)	(44,701,007)	(45,172,099)
Subtotal		(6,105,766)	413,879	(6,153,397)
Non-operating grants, subsidies and contributions	9	30,737,197	10,387,443	16,990,887
Profit on asset disposals	4(b)	89,309	74,132	74,132
Loss on asset disposals	4(b)	(432,857)	(189,301)	(189,301)
		30,393,649	10,272,274	16,875,718
Net result		24,287,883	10,686,153	10,722,321
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		24,287,883	10,686,153	10,722,321

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

FOR THE YEAR ENDED 30TH JUNE 2021

BASIS OF PREPARATION

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 12 to the budget.

2019/20 ACTUAL BALANCES

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

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 14.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE**REVENUES****RATES**

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

REVENUES (CONTINUED)**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES**EMPLOYEE COSTS**

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2021**
BY REPORTING PROGRAM

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		264,694	451,646	375,532
General purpose funding		24,521,869	25,308,194	24,228,489
Law, order, public safety		115,033	137,120	182,885
Health		187,984	150,389	187,168
Education and welfare		20,000	35,500	17,000
Housing		1,926,356	751,345	751,345
Community amenities		6,869,559	7,298,171	7,130,455
Recreation and culture		1,371,081	972,698	1,530,124
Transport		742,132	6,540,206	1,237,310
Economic services		869,000	1,066,940	1,163,579
Other property and services		2,511,999	2,402,677	2,214,815
		39,399,707	45,114,886	39,018,702
Expenses excluding finance costs	5,10(c)(e)(f)(f)			
Governance		(2,642,893)	(2,367,117)	(2,956,639)
General purpose funding		(466,775)	(194,388)	(289,764)
Law, order, public safety		(1,181,828)	(1,305,472)	(1,375,023)
Health		(616,829)	(668,162)	(684,329)
Education and welfare		(533,490)	(495,542)	(505,242)
Housing		(1,965,704)	(862,650)	(862,650)
Community amenities		(10,318,454)	(9,970,981)	(9,750,148)
Recreation and culture		(12,385,341)	(12,959,727)	(13,525,969)
Transport		(10,263,075)	(10,236,413)	(9,373,317)
Economic services		(2,603,695)	(2,499,714)	(2,413,522)
Other property and services		(2,361,683)	(2,993,210)	(3,287,865)
		(45,339,767)	(44,553,376)	(45,024,468)
Finance costs	6, 10(d)			
Law, order, public safety		(7,340)	0	0
Recreation and culture		(94,156)	(98,824)	(98,824)
Economic services		(64,210)	(48,807)	(48,807)
		(165,706)	(147,631)	(147,631)
Subtotal		(6,105,766)	413,879	(6,153,397)
Non-operating grants, subsidies and contributions	9	30,737,197	10,387,443	16,990,887
Profit on disposal of assets	4(b)	89,309	74,132	74,132
(Loss) on disposal of assets	4(b)	(432,857)	(189,301)	(189,301)
		30,393,649	10,272,274	16,875,718
Net result		24,287,883	10,686,153	10,722,321
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		24,287,883	10,686,153	10,722,321

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

FOR THE YEAR ENDED 30TH JUNE 2021

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE**GOVERNANCE**

To provide a decision making process for the efficient allocation of scarce resources.

ACTIVITIES

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 the matters which do not concern specific council services

GENERAL PURPOSE FUNDING

To collect revenue to allow provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

To provide an operational framework for environmental and community health

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

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

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

HOUSING

To provide and maintain staff housing

Provision of staff housing

COMMUNITY AMENITIES

To provide services required by the community

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

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social being of the community

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

TRANSPORT

To provide safe, effective and efficient transport services to the community

Construction and maintenance of streets, roads, bridges, footpaths and streetlighting.

ECONOMIC SERVICES

To help promote the Council's economic well being.

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

OTHER PROPERTY AND SERVICES

To monitor and control Council's overheads operating accounts.

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

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

BY NATURE OR TYPE

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		23,163,321	23,161,849	22,798,521
Operating grants, subsidies and contributions		1,987,815	8,840,280	2,781,046
Fees and charges		11,746,269	10,355,634	10,896,001
Interest earnings		1,402,174	1,410,644	1,444,644
Other revenue		1,100,128	1,346,479	1,098,490
		39,399,707	45,114,886	39,018,702
Payments				
Employee costs		(17,057,681)	(16,391,397)	(16,746,319)
Materials and contracts		(10,941,159)	(11,397,440)	(11,309,836)
Utility charges		(1,951,368)	(1,946,680)	(1,946,680)
Interest expenses		(165,706)	(147,631)	(147,631)
Insurance expenses		(681,829)	(652,098)	(650,324)
Other expenditure		(3,054,638)	(2,809,849)	(3,015,397)
		(33,852,381)	(33,345,095)	(33,816,187)
Net cash provided by (used in) operating activities	3	5,547,326	11,769,791	5,202,515
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(11,646,077)	(6,872,506)	(7,570,122)
Payments for construction of infrastructure	4(a)	(28,827,264)	(20,008,896)	(25,120,496)
Non-operating grants, subsidies and contributions used for the development of assets	9	30,737,197	10,387,443	16,990,887
Proceeds from sale of plant & equipment	4(b)	328,500	534,055	585,000
Net cash provided by (used in) investing activities		(9,407,644)	(15,959,904)	(15,114,731)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(875,554)	(675,348)	(675,348)
Advances to community groups	6	(1,250,000)	0	(1,250,000)
Proceeds from new borrowings	6(b)	3,335,000	2,000,000	3,250,000
Net cash provided by (used in) financing activities		1,209,446	1,324,652	1,324,652
Net increase (decrease) in cash held		(2,650,872)	(2,865,461)	(8,587,564)
Cash at beginning of year		39,404,161	42,269,622	38,609,225
Cash and cash equivalents at the end of the year	3	36,753,289	39,404,161	30,021,661

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2021**
BY REPORTING PROGRAM

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	2,226,546	2,144,226	4,006,759
		2,226,546	2,144,226	4,006,759
Revenue from operating activities (excluding rates)				
Governance		264,694	451,646	375,532
General purpose funding		1,358,548	2,146,345	1,429,968
Law, order, public safety		115,033	137,120	182,885
Health		187,984	150,389	187,168
Education and welfare		20,000	35,500	17,000
Housing		1,926,356	751,345	751,345
Community amenities		6,871,348	7,305,513	7,137,797
Recreation and culture		1,371,081	972,698	1,530,124
Transport		742,132	6,540,206	1,237,310
Economic services		869,000	1,066,940	1,163,579
Other property and services		2,599,519	2,469,467	2,281,605
		16,325,695	22,027,169	16,294,313
Expenditure from operating activities				
Governance		(2,642,893)	(2,381,362)	(2,970,884)
General purpose funding		(466,775)	(194,388)	(289,764)
Law, order, public safety		(1,189,168)	(1,305,472)	(1,375,023)
Health		(616,829)	(668,162)	(684,329)
Education and welfare		(533,490)	(495,542)	(505,242)
Housing		(1,965,704)	(862,650)	(862,650)
Community amenities		(10,362,862)	(9,982,954)	(9,762,121)
Recreation and culture		(12,479,497)	(13,066,551)	(13,632,793)
Transport		(10,263,075)	(10,236,413)	(9,373,317)
Economic services		(2,667,905)	(2,548,521)	(2,462,329)
Other property and services		(2,750,132)	(3,148,293)	(3,442,948)
		(45,938,330)	(44,890,308)	(45,361,400)
Non-cash amounts excluded from operating activities	2 (b)(ii)	11,996,640	11,471,081	11,471,081
Amount attributable to operating activities		(15,389,449)	(9,247,832)	(13,589,247)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	30,737,197	10,387,443	16,990,887
Purchase property, plant and equipment	4(a)	(11,646,077)	(6,872,506)	(7,570,122)
Purchase and construction of infrastructure	4(a)	(28,827,264)	(20,008,896)	(25,120,496)
Proceeds from disposal of assets	4(b)	328,500	534,055	585,000
Amount attributable to investing activities		(9,407,644)	(15,959,904)	(15,114,731)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(875,554)	(675,348)	(675,348)
Proceeds from new borrowings	6(b)	3,335,000	2,000,000	3,250,000
Proceeds from self supporting loans	6(a)	(1,250,000)	0	(1,250,000)
Transfers to cash backed reserves (restricted assets)	7(a)	(2,289,684)	(3,857,961)	(2,210,246)
Transfers from cash backed reserves (restricted assets)	7(a)	2,714,010	6,805,742	6,791,051
Amount attributable to financing activities		1,633,772	4,272,433	5,905,457
Budgeted deficiency before general rates		(23,163,321)	(20,935,303)	(22,798,521)
Estimated amount to be raised from general rates	1	23,163,321	23,161,849	22,798,521
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	2,226,546	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
GRV - Residential	10.82240	4,918	116,292,696	12,585,661			12,585,661	12,571,426	12,479,121
GRV - Vacant	19.81040	176	2,904,940	575,480			575,480	568,243	583,545
GRV - Commercial/Industrial	11.21190	547	55,146,367	6,182,956			6,182,956	6,137,774	5,902,468
GRV - Tourism	14.66650	454	17,635,596	2,586,525			2,586,525	2,587,080	2,557,479
Unimproved valuations									
UV - Commercial Rural	3.18750	21	6,638,773	211,611			211,611	211,533	211,770
UV - Mining	11.77290	39	1,211,081	142,579			142,579	138,685	124,880
UV - Rural	0.76230	54	17,509,000	133,471			133,471	141,146	133,296
Sub-Totals		6,209	217,338,453	22,418,283	0	0	22,418,283	22,355,887	21,992,559
Minimum payment									
	\$								
Gross rental valuations									
GRV - Residential	1,220	67	652,734	81,740			81,740	81,740	81,740
GRV - Vacant	1,220	176	810,422	214,720			214,720	246,440	246,440
GRV - Commercial/Industrial	1,220	24	179,590	29,280			29,280	40,260	40,260
GRV - Tourism	1,220	371	1,599,000	452,620			452,620	453,840	453,840
Unimproved valuations									
UV - Commercial Rural	1,220	2	13,300	2,440			2,440	2,440	2,440
UV - Mining	500	29	54,849	14,500			14,500	15,500	15,500
UV - Rural	1,220	4	191,300	4,880			4,880	4,880	4,880
Sub-Totals		673	3,501,195	800,180	0	0	800,180	845,100	845,100
		6,882	220,839,648	23,218,463	0	0	23,218,463	23,200,987	22,837,659
Discounts/concessions (Refer note 1(f))							(55,142)	(39,138)	(39,138)
Total amount raised from general rates							23,163,321	23,161,849	22,798,521
Specified area rates (Refer note 1(e))							0	0	0
Total rates							23,163,321	23,161,849	22,798,521

All land (other than exempt land) in the Shire of Broome is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Broome.

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

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

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Full payment	20/08/2020	0	0.0%	8.0%
Option two				
First Instalment	20/08/2020	10	0.0%	0.0%
Second Instalment	07/01/2021	10	5.5%	8.0%
Option three				
First Instalment	20/08/2020	10	0.0%	0.0%
Second Instalment	22/10/2020	10	5.5%	8.0%
Third Instalment	07/01/2021	10	5.5%	8.0%
Fourth and Final instalment	18/03/2021	10	5.5%	8.0%

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	60,780	58,430	61,500
Instalment plan interest earned	150,000	131,534	140,000
Unpaid rates and service charge interest earned	160,000	139,606	160,000
	370,780	329,570	361,500

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

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

Differential general rate

Description	Characteristics	Objects	Reasons
GRV – Residential	This rating category consists of properties located within the townsite boundaries which have a predominantly residential use.	This is the base rate by which all other GRV rated properties are assessed.	Other GRV rating categories have a higher demand on Shire resources and vacant land is encouraged to be developed.
GRV – Vacant	This rating category consists of vacant properties located within the townsite boundaries, including land zoned as Residential, Tourist, Commercial or Industrial.	To encourage land owners to develop vacant land and to reflect the different method used for the valuation of vacant land as compared to the GRV Residential, Commercial and Tourism rate category.	Excessive vacant land leaves subdivisions appearing barren and unsightly, to the detriment of the aesthetics of the area. The rate in the dollar for this category is 83% higher than the GRV
GRV – Commercial	This rating category consists of properties used for Commercial, Town Centre or Industrial purposes and non residential vacant land, excluding properties with a tourism use.	To raise additional revenue to fund the costs associated with the higher level of service provided to properties in this category.	The Shire incurs higher costs to service these areas including car park infrastructure, landscaping and other amenities. In addition, extra costs are also associated with tourism and economic development activities that have a benefit to these ratepayers. The rate in the dollar for this category is 4% higher than the GRV –Residential base rate.
GRV – Tourism	This rating category consists of properties with a tourism use within the townsite.	To raise additional revenue to fund the costs associated with the higher reliance on Shire resources and the higher level of service provided to properties in this category.	This category is rated higher than the base rate for GRV to fund costs associated with the heavier use of infrastructure and other Council assets and services in addition to contribution toward tourism promotion activities. The rate in the dollar for this category is 36% higher than the GRV –Residential base rate.
UV - Rural	This rating category consists of properties that are exclusively for rural use.	This is the base rate by which all other UV rated properties are assessed.	Other UV rating categories have a higher demand on Shire resources.
UV - Commercial Rural	This rating category consists of properties that are outside of the townsite that have a commercial use inclusive of: - Pearlring Leases; - Pastoral leases or Pastoral use;	To raise additional revenue to fund the additional cost impacts attributed to the servicing of these properties.	The Shire incurs higher costs in infrastructure maintenance as a result of extra vehicle movements on the shire's road network due to the activities associated with these properties
UV – Mining	This rating category consists of properties that are used for mining, exploration or prospecting purposes.	This rating category consists of properties that are used for mining, exploration or prospecting purposes.	This category is rated higher than UV-Commercial to reflect the higher road infrastructure maintenance costs to Council as a result of frequent heavy vehicle use over extensive lengths of shire roads throughout the year.

(d) Differential Minimum Payment

Description	Objects & Reason
A minimum payment of \$1,220 has been applied to all rating categories except UV-Mining.	The object and reason for this minimum payment is to ensure that all property owners in the Shire of Broome are levied a unified and equitable minimum amount. It is also recognition that every property receives some minimum level of benefit of the works and services provided by the Shire.
A minimum payment of \$500 has been applied to rating category for UV-Mining.	UV of mining tenements ranges from \$15 to \$74,000 and an average UV of \$17,334. The minimum rate for the UV - Mining category is set at a lower level compared to the other rating categories in order to ensure that the rate burden is distributed equitably between all other property owners paying the minimum amount. This also ensures that less than 50% of the properties in this category are on the minimum rate to ensure compliance with Section 6.35 of the Local Government Act 1995.

Adopted differential rates did not vary from the differential rates as per the local public notice. The Shire of Broome does not levy any Specified Area Rates.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

The Shire did not raise specified area rates for the year ended 30th June 2021.

(e) Service Charges

The Shire did not raise service charges for the year ended 30th June 2021.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Rates discounts

Rate or fee to which discount is granted	Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 Budget	Circumstances in which discount is granted
			\$	\$	\$	
			55,142	0	47,858	Charitable exemptions
			0			
			55,142	0	47,858	

(g) Waivers or concessions

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

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

2 (a). NET CURRENT ASSETS

		2020/21 Budget 30 June 2021	2020/21 Budget 01 July 2020	2019/20 Estimated Actual 30 June 2020	2019/20 Budget 30 June 2020
	Note	\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	4,751,490	6,978,036	6,978,036	825,166
Cash - restricted reserves	3	32,001,799	32,426,125	32,426,125	29,196,495
Receivables		3,158,158	3,158,158	3,158,158	2,454,712
Contract assets		0	0	0	1,914,778
Inventories		49,463	49,463	49,463	34,012
		39,960,910	42,611,782	42,611,782	34,425,163
Less: current liabilities					
Trade and other payables		(7,595,669)	(7,595,669)	(7,595,669)	(4,606,708)
Contract liabilities		(2,883,692)	(8,047,692)	(8,047,692)	(2,428,524)
Long term borrowings		(875,554)	(739,456)	(739,456)	(675,348)
Provisions		(1,955,626)	(1,955,626)	(1,955,626)	(2,214,146)
		(13,310,541)	(18,338,443)	(18,338,443)	(9,924,726)
Net current assets		26,650,369	24,273,339	24,273,339	24,500,437

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

2 (b). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Operating activities excluded from budgeted deficiency

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

	Note	2020/21 Budget 30 June 2021	2020/21 Budget 01 July 2020	2019/20 Estimated Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
Net current assets	2	26,650,369	24,273,339	24,273,339	24,500,437
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
Adjustments to net current assets					
Less: Cash - restricted reserves	3	(32,001,799)	(32,426,125)	(32,426,125)	(29,196,495)
Add: Current liabilities associated with restricted assets					
- Unspent grants, contributions and reimbursements		0	5,164,000	5,164,000	667,701
- Developer contributions		2,579,839	2,579,839	2,579,839	1,726,854
- Cash in lieu of parking		303,853	303,853	303,853	33,969
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		875,554	739,456	739,456	675,348
- Employee benefit provisions		1,665,592	1,647,884	1,647,884	1,638,992
Add: Movement in provisions between current and non-current provisions		(73,408)	(55,700)	(55,700)	(46,806)
Adjusted net current assets - surplus/(deficit)		0	2,226,546	2,226,546	0
(ii) Operating activities excluded from budgeted deficiency					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
Adjustments to operating activities					
Less: Profit on asset disposals	4(b)	(89,309)	(74,132)	(74,132)	(74,132)
Add: Loss on disposal of assets	4(b)	432,857	189,301	189,301	189,301
Add: Depreciation on assets	5	11,653,092	11,355,912	11,355,912	11,355,912
Non cash amounts excluded from operating activities		11,996,640	11,471,081	11,471,081	11,471,081

(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit.

Refer to note 14 for further explanation of the impact of the changes in accounting policies

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

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

CONTRACT ASSETS

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

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

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

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

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.

CONTRACT LIABILITIES

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

LAND HELD FOR RESALE

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

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

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

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

3. RECONCILIATION OF CASH

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

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash - unrestricted	4,751,490	6,978,036	825,166
Cash - restricted	32,001,799	32,426,125	29,196,495
	36,753,289	39,404,161	30,021,661
The following restrictions have been imposed by regulation or other externally imposed requirements:			
RESTRICTED CASH RESERVE BANK	9,955	0	667,701
COMMUNITY SPONSORSHIP RESERVE BANK	126,203	267,180	61,852
ENERGY DEVELOPMENTS LIMITED WEST KIMBERLEY C	59,162	148,230	0
ROAD RESERVE BANK	2,740,060	2,199,841	2,584,353
CARPARK RESERVE BANK	56,023	0	33,969
FOOTPATH RESERVE BANK	0	1,524	1,726,854
BUILDING RESERVE BANK	2,403,698	2,367,103	2,136,447
BRAC RESERVE BANK	57,296	56,394	11,625
DRAINAGE RESERVE BANK	1,180,382	1,015,529	465,007
PLANT RESERVE BANK	1,659,710	1,830,423	1,815,684
PUBLIC OPEN SPACE RESERVE BANK	2,143,375	2,065,861	547,885
LEAVE RESERVE BANK	1,124,485	1,106,777	1,638,992
REFUSE SITE RESERVE BANK	2,405,902	3,605,232	2,476,518
REGIONAL RESOURCE RECOVERY PARK RESERVE BAN	13,904,396	13,685,429	14,232,429
KIMBERLEY ZONE RESERVE BANK	475,210	495,304	266,526
PUBLIC ART RESERVE BANK	5,100	5,020	3,982
EQUIPMENT RESERVE BANK	767,150	692,586	526,671
Unspent grants and contributions not held in reserve	2,883,692	2,883,692	
	32,001,799	32,426,125	29,196,495
Reconciliation of net cash provided by operating activities to net result			
Net result	24,287,883	10,686,153	10,722,321
Depreciation	11,653,092	11,355,912	11,355,912
(Profit)/loss on sale of asset	343,548	115,169	115,169
Increase/(decrease) in payables	0	0	(513,746)
Change in accounting policies transferred to retained surplus (refer to Note 14)	0	0	513,746
Grants/contributions for the development of assets	(30,737,197)	(10,387,443)	(16,990,887)
Net cash from operating activities	5,547,326	11,769,791	5,202,515

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program						2020/21 Budget total	2019/20 Actual total	2019/20 Budget total
	Law, order, public safety	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>									
Buildings - non-specialised	3,999,594	60,000	5,084,925	-	15,000	310,133	9,469,652	4,394,594	4,929,493
Furniture and equipment	-	-	0	-	0	237,925	237,925	480,047	419,959
Plant and equipment	65,000	503,000	20,500	-	0	1,350,000	1,938,500	1,997,865	2,220,670
	4,064,594	563,000	5,105,425	-	15,000	1,898,058	11,646,077	6,872,506	7,570,122
<i>Infrastructure</i>									
Infrastructure - Roads	-	-	-	3,609,860	12,164,051	-	15,773,911	6,241,282	4,952,494
Infrastructure - Drainage	-	0	-	-	-	-	0	1,113,609	1,087,483
Infrastructure - Recreation Areas	-	-	2,944,141	-	-	-	2,944,141	6,476,737	6,124,289
Infrastructure - Other	-	191,800	7,295,599	200,000	2,421,813	-	10,109,212	6,177,268	12,956,230
	-	191,800	10,239,740	3,809,860	14,585,864	-	28,827,264	20,008,896	25,120,496
Total acquisitions	4,064,594	754,800	15,345,165	3,809,860	14,600,864	1,898,058	40,473,341	26,881,402	32,690,618

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	0	0	0	0	49,245	35,000	-	(14,245)	49,245	35,000	-	(14,245)
Law, order, public safety	13,000	13,000	0	0	0	0	0	0	0	0	-	0
Community amenities	72,619	30,000	1,789	(44,408)	103,013	98,382	7,342	(11,973)	101,631	97,000	7,342	(11,973)
Recreation and culture	0	0	0	0	8,000	0	0	(8,000)	13,000	5,000	-	(8,000)
Other property and services	586,429	285,500	87,520	(388,449)	488,966	400,673	66,790	(155,083)	536,293	448,000	66,790	(155,083)
	672,048	328,500	89,309	(432,857)	649,224	534,055	74,132	(189,301)	700,169	585,000	74,132	(189,301)
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	672,048	328,500	89,309	(432,857)	649,224	534,055	74,132	(189,301)	700,169	585,000	74,132	(189,301)
	672,048	328,500	89,309	(432,857)	649,224	534,055	74,132	(189,301)	700,169	585,000	74,132	(189,301)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

- Plant replacement programme

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

5. ASSET DEPRECIATION

By Program

Law, order, public safety	
Health	
Housing	
Community amenities	
Recreation and culture	
Transport	
Economic services	
Other property and services	

By Class

Buildings - non-specialised	
Furniture and equipment	
Plant and equipment	
Infrastructure - Roads	
Infrastructure - Recreation Areas	
Infrastructure - Other	

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
53,925	93,468	93,468
1,225	1,228	1,228
22,186	22,246	22,246
970,010	912,020	912,020
2,836,628	3,536,759	3,536,759
5,258,977	4,682,096	4,682,096
131,470	131,750	131,750
2,378,671	1,976,345	1,976,345
11,653,092	11,355,912	11,355,912
123,141	118,033	118,033
10,359	54,637	54,637
6,033,186	6,296,173	6,296,173
5,258,977	4,682,096	4,682,096
60,471	60,635	60,635
166,958	144,338	144,338
11,653,092	11,355,912	11,355,912

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

DEPRECIATION (CONTINUED)

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 profit or loss in the period which they arise.

RECOGNITION OF ASSETS

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget	2020/21	2020/21	2020/21	Budget	Actual	2019/20	2019/20	2019/20	Actual	2019/20	2019/20	2019/20	Budget	
	Principal 1 July 2020	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2021	Principal 1 July 2019	Actual New loans	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2020	Budget Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 29 June 2020
		\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture															
Broome Golf Club	0	1,250,000	73,720	20,550	1,176,280					0		1,250,000	0	22,646	1,250,000
Broome Surf Life Saving Club	0	300,000	0	7,340	300,000	-	-	-	22,646	-	-	-	-	-	-
BRAC Stage 2B (Car Park & Oval Completion)	0		0	0	0	0	-	0	9,700	-	0		0	0	-
Civic Centre Redevelopment	994,411		487,484	34,680	506,927	1,463,196	-	468,784	53,540	994,412	1,463,194		468,784	53,540	994,410
BRAC Pavillion	121,518		121,518	5,366	0	236,216	-	114,699	12,938	121,517	236,217		114,699	12,938	121,518
Town Beach Groyne Loan	2,000,000		33,896	33,560	1,966,104		2,000,000	0		2,000,000		2,000,000	0	9,700	2,000,000
Economic services								0							
Chinatown Revitalisation Project Stage 1	1,608,135	0	158,936	29,286	1,449,199	1,700,000	-	91,865	48,807	1,608,135	-	1,700,000	91,865	48,807	1,608,135
Chinatown Revitalisation Project Stage 2	0	1,785,000		34,924	1,785,000					0					0
	4,724,064	2,085,000	801,834	145,156	6,007,230	3,399,412	2,000,000	675,348	147,631	4,724,064	1,699,411	3,700,000	675,348	124,985	4,724,063
Self Supporting Loans															
Recreation and culture															
Broome Golf Club	0	1,250,000	73,720	20,550	1,176,280	-	-	-	-	-	1,250,000	1,250,000	-	22,646	1,250,000
	0	1,250,000	73,720	20,550	1,176,280	-	-	-	-	-	1,250,000	1,250,000	-	22,646	1,250,000
	4,724,064	3,335,000	875,554	165,706	7,183,510	3,399,412	2,000,000	675,348	147,631	4,724,064	2,949,411	4,950,000	675,348	147,631	5,974,063

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2020/21

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent	
				%	\$	\$	\$	\$	
Broome Surf Life Saving Club	WATC	Loan 195	Semi-annual	15	2.26%	300,000	0	300,000	0
Broome Golf Club	WATC	Loan 197	Semi-annual	15	2.26%	1,250,000	0	1,250,000	0
Chinatown Revitalisation Project S	WATC	Loan 198	Semi-annual	15	2.26%	1,785,000	0	1,785,000	0
						3,335,000	0	3,335,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2020 nor is it expected to have unspent borrowing funds as at 30th June 2021.

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
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	60,000	60,000	60,000
Total amount of credit unused	760,000	760,000	760,000
Loan facilities			
Loan facilities in use at balance date	7,183,510	4,724,064	5,974,063

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RESTRICTED CASH RESERVE BANK	0	9,955	0	9,955	54,109	35,891	(90,000)	0	696,692	0	(28,991)	667,701
COMMUNITY SPONSORSHIP RESERVE BANK	267,180	1,011	(141,988)	126,203	61,745	63,447	141,988	267,180	60,393	1,459	0	61,852
ENERGY DEVELOPMENTS LIMITED WEST KIMBERLEY COMMUNITY DONATION ACCOU	148,230	932	(90,000)	59,162	145,189	1,348	1,693	148,230	103,457	1,348	(104,805)	0
ROAD RESERVE BANK	2,199,841	540,219	0	2,740,060	2,061,646	627,330	(489,135)	2,199,841	2,064,943	614,330	(94,920)	2,584,353
CARPARK RESERVE BANK	0	56,023	0	56,023	230,033	36,967	(267,000)	0	264,002	36,967	(267,000)	33,969
FOOTPATH RESERVE BANK	1,524	70,406	(71,930)	0	258,116	154,592	(411,184)	1,524	2,142,033	114,235	(529,414)	1,726,854
BUILDING RESERVE BANK	2,367,103	485,062	(448,467)	2,403,698	2,647,090	521,360	(801,347)	2,367,103	2,509,443	341,004	(714,000)	2,136,447
BRAC RESERVE BANK	56,394	902	0	57,296	98,488	2,323	(44,417)	56,394	98,136	2,323	(88,834)	11,625
DRAINAGE RESERVE BANK	1,015,529	164,853	0	1,180,382	1,693,987	39,152	(717,610)	1,015,529	1,310,990	39,152	(885,135)	465,007
PLANT RESERVE BANK	1,830,423	29,287	(200,000)	1,659,710	2,026,247	47,176	(243,000)	1,830,423	2,011,508	47,176	(243,000)	1,815,684
PUBLIC OPEN SPACE RESERVE BANK	2,065,861	532,294	(454,780)	2,143,375	3,485,894	1,486,824	(2,906,857)	2,065,861	3,071,273	551,367	(3,074,755)	547,885
LEAVE RESERVE BANK	1,106,777	17,708	0	1,124,485	1,051,077	55,700	0	1,106,777	1,600,292	38,700	0	1,638,992
REFUSE SITE RESERVE BANK	3,605,232	50,670	(1,250,000)	2,405,902	3,259,029	142,735	203,468	3,605,232	2,789,925	56,069	(369,476)	2,476,518
REGIONAL RESOURCE RECOVERY PARK RESERVE BANK	13,685,429	218,967	0	13,904,396	14,243,536	461,466	(1,019,573)	13,685,429	14,040,536	346,466	(154,573)	14,232,429
KIMBERLEY ZONE RESERVE BANK	495,304	6,751	(26,845)	475,210	487,459	7,845	0	495,304	332,061	7,845	(73,380)	266,526
PUBLIC ART RESERVE BANK	5,020	80	0	5,100	167,572	216	(162,768)	5,020	166,534	216	(162,768)	3,982
EQUIPMENT RESERVE BANK	692,586	104,564	(30,000)	767,150	518,997	173,589	0	692,586	515,082	11,589	0	526,671
	29,542,433	2,289,684	(2,714,010)	29,118,107	32,490,214	3,857,961	(6,805,742)	29,542,433	33,777,300	2,210,246	(6,791,051)	29,196,495

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
RESTRICTED CASH RESERVE BANK	On going	To be used for unspent grant and loan funds.
COMMUNITY SPONSORSHIP RESERVE BANK	On going	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.
ENERGY DEVELOPMENTS LIMITED WEST KIMBERLEY COMMUNITY DONATION ACCOU	On going	To hold funds to be spent on community projects as approved by Energy Development Limited.
ROAD RESERVE BANK	On going	To be used for renewal, upgrade or new streets and roads.
CARPARK RESERVE BANK	On going	To be used for renewal, upgrade or new carparks. Typically, funds are from "Cash In Lieu" payments from developers.
FOOTPATH RESERVE BANK	On going	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.
BUILDING RESERVE BANK	On going	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
BRAC RESERVE BANK	On going	To be used for the construction of recreation infrastructure and facilities.
DRAINAGE RESERVE BANK	On going	To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers.
PLANT RESERVE BANK	On going	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
PUBLIC OPEN SPACE RESERVE BANK	On going	To be used for renewal, upgrade, replacement or new public open space facilities and garden areas associated with buildings and other freely accessible public recreational facilities. Any contributions from developers are held in Trust.
LEAVE RESERVE BANK	On going	To be used to fund annual and long service leave requirements.
REFUSE SITE RESERVE BANK	On going	To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines.
REGIONAL RESOURCE RECOVERY PARK RESERVE BANK	On going	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 BANK	On going	To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.
PUBLIC ART RESERVE BANK	On going	To hold funds set aside annually to fund future public art projects and initiatives within the Shire.
EQUIPMENT RESERVE BANK	On going	To be used for renewal, upgrade or new office equipment, IT hardware and software.

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

8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
General purpose funding	96,500	91,500	97,650
Law, order, public safety	91,435	85,000	130,765
Health	184,984	144,800	187,168
Housing	1,926,356	749,995	749,995
Community amenities	6,460,685	6,631,299	6,618,583
Recreation and culture	1,221,209	824,617	1,216,370
Transport	15,000	5,000	15,000
Economic services	670,000	805,224	899,256
Other property and services	1,080,100	1,018,199	981,214
	11,746,269	10,355,634	10,896,001

9. GRANT REVENUE

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

By Program:

Operating grants, subsidies and contributions

Governance	242,500	366,494	318,880
General purpose funding	922,048	1,773,345	955,818
Health	3,000	5,589	0
Education and welfare	20,000	0	17,000
Community amenities	22,000	73,500	38,000
Recreation and culture	61,960	28,272	178,557
Transport	649,807	6,429,948	1,117,052
Economic services	0	138,132	130,739
Other property and services	66,500	25,000	25,000
	1,987,815	8,840,280	2,781,046

Non-operating grants, subsidies and contributions

Law, order, public safety	553,594	688,926	1,200,000
Community amenities	0	158,922	158,922
Recreation and culture	15,948,997	6,459,365	13,472,924
Transport	2,588,606	2,711,909	2,159,041
Economic services	11,646,000	368,321	0
	30,737,197	10,387,443	16,990,887

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

10. OTHER INFORMATION

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	481,112	774,295	779,435
- Other funds	611,062	365,209	365,209
Other interest revenue (refer note 1b)	310,000	271,140	300,000
	1,402,174	1,410,644	1,444,644
(b) Other revenue			
Reimbursements and recoveries	1,000,128	1,137,427	1,039,490
Other	100,000	209,052	59,000
	1,100,128	1,346,479	1,098,490
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	68,000	51,000	110,500
	68,000	51,000	110,500
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	165,706	147,631	147,631
Interest expense on lease liabilities			
	165,706	147,631	147,631
(e) Elected members remuneration			
Meeting fees	158,389	158,389	158,389
Mayor/President's allowance	47,515	47,515	47,515
Deputy Mayor/President's allowance	11,879	11,879	11,879
Travelling expenses	53,450	53,450	53,450
Telecommunications allowance	31,500	31,500	31,500
	302,733	302,733	302,733

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

11. MAJOR LAND TRANSACTIONS, TRADING UNDERTAKINGS AND INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2020/21.

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

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

12. TRUST FUNDS

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

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Verge Bonds	0	0	0	0
Library Transient Borrower Deposits	0	0	0	0
Civic Centre Event Takings	5,763	0	0	5,763
Key & Other General Purpose Deposits	0	0	0	0
BCITF Collection & Refund Deposits	0	0	0	0
Town Planning Related Bond Deposits	102,437	0	0	102,437
Cemetery Plot Reservation Deposits	0	0	0	0
Recreation Facility use Bond Deposits	0	0	0	0
Cash In Lieu Of Public Open Space	0	0	0	0
Road & Footpath Facilities Bond Deposits	0	0	0	0
Capital Works Bond Deposits	0	0	0	0
Bank Guarantee Deposits Received	0	0	0	0
Contract Bonds & Retentions	0	0	0	0
Unclaimed Monies	2,160	0	0	2,160
BRB Levy	6,567	0	0	6,567
Staff Rental Bonds	190	0	0	190
Key Deposits	0	0	0	0
	117,117	0	0	117,117

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

**13. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 14.

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

**14. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Broome adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Broome has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets	0	0	0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	857,367	857,367
Developer contributions	0	1,232,907	1,232,907
Contract liabilities non-current			
Developer contributions	0	325,635	325,635
Cash in lieu of parking	0	218,755	218,755
Adjustment to retained surplus from adoption of AASB 15		(2,634,664)	

LEASES

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Broome is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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

**14. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES (Continued)**

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Broome has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Broome has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19	Reclassification	AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Trade and other payables			
Adjustment to retained surplus from adoption of AASB 1058		0	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the Shire of Broome. When the taxable event occurs the financial liability is extinguished and the Shire of Broome recognises income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the Shire of Broome to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services have been recognised in budgeted revenue and budgeted expenditure as the value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

The impact on the Shire of Broome of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	127,423,890
Adjustment to retained surplus from adoption of AASB 15	(2,634,664)
Adjustment to retained surplus from adoption of AASB 1058	0
Retained surplus - 01/07/2019	124,789,226

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

15. BUDGET RATIOS

	2020/21 Budget	2019/20 Actual	2018/19 Actual	2017/18 Actual
Operating Surplus	-2.66%	6.28%	0.96%	-6.13%
Funds After Operations	96.22%	96.41%	92.13%	92.11%
PPE	-20.25%	7.53%	10.48%	-24.19%
Infrastructure	8.07%	4.84%	36.16%	-7.78%
Cash Reserves	88.23%	78.41%	89.54%	93.03%
Borrowings	19.34%	13.59%	9.23%	6.54%
Debt Servicing	2.49%	2.55%	1.84%	2.08%
Average Rates (UV)	7,819	4,392	4,010	3,641
Average Rates (GRV)	3,598	3,557	3,522	3,438

The ratios are calculated as follows:

OPERATIONS

Operating Surplus $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

ASSET RATIOS

PPE $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

FINANCING RATIOS

Cash Reserves $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing $\frac{\text{Principal and interest due}}{\text{General funds}}$

RATES RATIOS

Average Rates $\frac{\text{Rate revenue per category}}{\text{Number of properties per category}}$

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2021**

BY NATURE OR TYPE

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
	2 (b)(i)	2,226,546	2,144,226	4,006,759
		2,226,546	2,144,226	4,006,759
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	1,987,815	8,840,280	2,781,046
Fees and charges	8	11,746,269	10,355,634	10,896,001
Interest earnings	10(a)	1,402,174	1,410,644	1,444,644
Other revenue	10(b)	1,100,128	1,346,479	1,098,490
Profit on asset disposals	4(b)	89,309	74,132	74,132
		16,325,695	22,027,169	16,294,313
Expenditure from operating activities				
Employee costs		(17,057,681)	(16,391,397)	(16,746,319)
Materials and contracts		(10,941,159)	(11,397,440)	(11,309,836)
Utility charges		(1,951,368)	(1,946,680)	(1,946,680)
Depreciation on non-current assets	5	(11,653,092)	(11,355,912)	(11,355,912)
Interest expenses	10(d)	(165,706)	(147,631)	(147,631)
Insurance expenses		(681,829)	(652,098)	(650,324)
Other expenditure		(3,054,638)	(2,809,849)	(3,015,397)
Loss on asset disposals	4(b)	(432,857)	(189,301)	(189,301)
		(45,938,330)	(44,890,308)	(45,361,400)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	11,996,640	11,471,081	11,471,081
Amount attributable to operating activities		(15,389,449)	(9,247,832)	(13,589,247)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	30,737,197	10,387,443	16,990,887
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(11,646,077)	(6,872,506)	(7,570,122)
Purchase and construction of infrastructure	4(a)	(28,827,264)	(20,008,896)	(25,120,496)
Proceeds from disposal of assets	4(b)	328,500	534,055	585,000
Amount attributable to investing activities		(9,407,644)	(15,959,904)	(15,114,731)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(875,554)	(675,348)	(675,348)
Proceeds from new borrowings	6	3,335,000	2,000,000	3,250,000
Proceeds from self supporting loans	6(a)	(1,250,000)	0	(1,250,000)
Transfers to cash backed reserves (restricted assets)	7(a)	(2,289,684)	(3,857,961)	(2,210,246)
Transfers from cash backed reserves (restricted assets)	7(a)	2,714,010	6,805,742	6,791,051
Amount attributable to financing activities		1,633,772	4,272,433	5,905,457
Budgeted deficiency before general rates		(23,163,321)	(20,935,303)	(22,798,521)
Estimated amount to be raised from general rates	1	23,163,321	23,161,849	22,798,521
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	2,226,546	0

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