

**SHIRE OF BROOME**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	51

**COMMUNITY 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.

Principal place of business:  
27 Weld Street  
BROOME WA 6725

**SHIRE OF BROOME  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the SHIRE OF BROOME for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the SHIRE OF BROOME at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 25<sup>th</sup> day of NOVEMBER 2020



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Chief Executive Officer

**Sam Mastrolembo**

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Name of Chief Executive Officer

SHIRE OF BROOME  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	23(a)	23,107,761	22,798,521	22,392,626
Operating grants, subsidies and contributions	2(a)	7,223,668	2,781,046	3,978,224
Fees and charges	2(a)	9,014,173	10,896,001	9,908,218
Interest earnings	2(a)	642,679	1,444,644	1,476,449
Other revenue	2(a)	849,676	1,098,490	1,621,900
		40,837,957	39,018,702	39,377,417
<b>Expenses</b>				
Employee costs		(15,652,244)	(16,746,319)	(14,832,097)
Materials and contracts		(7,900,947)	(11,309,836)	(13,223,815)
Utility charges		(1,980,087)	(1,946,680)	(1,882,925)
Depreciation on non-current assets	11(c)	(11,145,143)	(11,355,912)	(10,021,199)
Interest expenses	2(b)	(96,816)	(147,631)	(92,802)
Insurance expenses		(671,595)	(650,324)	(657,408)
Other expenditure		(1,699,729)	(3,015,397)	(2,613,860)
		(39,146,561)	(45,172,099)	(43,324,106)
		1,691,396	(6,153,397)	(3,946,689)
Non-operating grants, subsidies and contributions	2(a)	8,778,233	16,990,887	12,577,669
Profit on asset disposals	11(a)	38,051	74,132	7,273
(Loss) on asset disposals	11(a)	(112,475)	(189,301)	(21,881)
		8,703,809	16,875,718	12,563,061
<b>Net result for the period</b>		<b>10,395,205</b>	<b>10,722,321</b>	<b>8,616,372</b>
<b>Total comprehensive income for the period</b>		<b>10,395,205</b>	<b>10,722,321</b>	<b>8,616,372</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 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance		254,038	375,532	614,432
General purpose funding		25,796,689	24,228,489	24,703,828
Law, order, public safety		80,136	182,885	128,540
Health		160,019	187,168	197,486
Education and welfare		1,739	17,000	24,000
Housing		663,287	751,345	716,548
Community amenities		5,575,647	7,130,455	6,421,517
Recreation and culture		1,232,216	1,530,124	1,340,966
Transport		4,242,253	1,237,310	1,682,022
Economic services		779,025	1,163,579	1,033,114
Other property and services		2,052,908	2,214,815	2,514,964
		<b>40,837,957</b>	<b>39,018,702</b>	<b>39,377,417</b>
<b>Expenses</b>				
Governance		(2,214,058)	(2,956,639)	(2,481,720)
General purpose funding		(236,552)	(289,764)	(404,056)
Law, order, public safety		(1,122,478)	(1,375,023)	(1,049,151)
Health		(695,647)	(684,329)	(745,364)
Education and welfare		(367,293)	(505,242)	(587,946)
Housing		(731,915)	(862,650)	(860,897)
Community amenities		(8,234,489)	(9,750,148)	(8,162,850)
Recreation and culture		(11,450,126)	(13,525,969)	(11,413,945)
Transport		(9,983,007)	(9,373,317)	(12,345,614)
Economic services		(2,390,628)	(2,413,522)	(2,856,083)
Other property and services		(1,623,552)	(3,287,865)	(2,323,678)
		<b>(39,049,745)</b>	<b>(45,024,468)</b>	<b>(43,231,304)</b>
<b>Finance Costs</b>				
Recreation and culture		(65,508)	(98,824)	(91,836)
Economic services		(31,308)	(48,807)	(966)
		<b>(96,816)</b>	<b>(147,631)</b>	<b>(92,802)</b>
		<b>1,691,396</b>	<b>(6,153,397)</b>	<b>(3,946,689)</b>
Non-operating grants, subsidies and contributions	2(a)	8,778,233	16,990,887	12,577,669
Profit on disposal of assets	11(a)	38,051	74,132	7,273
(Loss) on disposal of assets	11(a)	(112,475)	(189,301)	(21,881)
		<b>8,703,809</b>	<b>16,875,718</b>	<b>12,563,061</b>
<b>Net result for the period</b>		<b>10,395,205</b>	<b>10,722,321</b>	<b>8,616,372</b>
<b>Total comprehensive income for the period</b>		<b>10,395,205</b>	<b>10,722,321</b>	<b>8,616,372</b>

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



SHIRE OF BROOME  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	43,577,663	42,169,411
Trade receivables	5	6,155,732	2,807,518
Inventories	6	44,406	49,463
Other current assets	7	104,803	350,640
<b>TOTAL CURRENT ASSETS</b>		<b>49,882,604</b>	<b>45,377,032</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	37,536	32,159
Other financial assets at amortised cost	8	89,026	87,586
Property, plant and equipment	9	73,033,075	87,045,403
Infrastructure	10	310,126,038	294,728,403
<b>TOTAL NON-CURRENT ASSETS</b>		<b>383,285,675</b>	<b>381,893,551</b>
<b>TOTAL ASSETS</b>		<b>433,168,279</b>	<b>427,270,583</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	6,343,271	7,495,460
Contract & Capital Grant Liabilities	14	9,875,827	0
Borrowings	15(b)	854,092	739,456
Employee related provisions	16	2,379,880	1,955,626
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,453,070</b>	<b>10,190,542</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15(b)	3,255,864	2,659,956
Employee related provisions	16	280,545	475,965
Other provisions	17	4,802,000	0
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,338,409</b>	<b>3,135,921</b>
<b>TOTAL LIABILITIES</b>		<b>27,791,479</b>	<b>13,326,463</b>
<b>NET ASSETS</b>		<b>405,376,800</b>	<b>413,944,120</b>
<b>EQUITY</b>			
Retained surplus		138,434,050	127,524,101
Reserves - cash backed	4	31,872,959	35,273,696
Revaluation surplus	12	235,069,791	251,146,323
<b>TOTAL EQUITY</b>		<b>405,376,800</b>	<b>413,944,120</b>

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



**SHIRE OF BROOME**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2018</b>		<b>116,134,519</b>	<b>38,046,906</b>	<b>251,146,323</b>	<b>405,327,748</b>
Comprehensive income					
Net result for the period		8,616,372	0	0	8,616,372
Total comprehensive income		8,616,372	0	0	8,616,372
Transfers from/(to) reserves		2,773,210	(2,773,210)	0	0
<b>Balance as at 30 June 2019</b>		<b>127,524,101</b>	<b>35,273,696</b>	<b>251,146,323</b>	<b>413,944,120</b>
Initial application of AASB 15/1058		(2,885,993)	0	0	(2,885,993)
Impact of amendment to FMR		0	0	(16,076,532)	(16,076,532)
<b>Restated balance at 1 July 2019</b>		<b>124,638,108</b>	<b>35,273,696</b>	<b>235,069,791</b>	<b>394,981,595</b>
Comprehensive income					
Net result for the period		10,395,205	0	0	10,395,205
Total comprehensive income		10,395,205	0	0	10,395,205
Transfers from/(to) reserves		3,400,737	(3,400,737)	0	0
<b>Balance as at 30 June 2020</b>		<b>138,434,050</b>	<b>31,872,959</b>	<b>235,069,791</b>	<b>405,376,800</b>

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

SHIRE OF BROOME  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		22,997,951	22,798,521	22,284,359
Operating grants, subsidies and contributions		603,644	2,781,046	2,299,955
Fees and charges		9,014,173	10,896,001	9,908,218
Interest received		642,679	1,444,644	1,476,449
Goods and services tax received		490,250	0	1,269,719
Other revenue		849,676	1,098,490	1,534,314
		34,598,373	39,018,702	38,773,014
<b>Payments</b>				
Employee costs		(15,184,518)	(16,746,319)	(15,068,488)
Materials and contracts		(9,094,583)	(11,309,836)	(6,685,019)
Utility charges		(1,980,087)	(1,946,680)	(1,882,925)
Interest expenses		(43,367)	(147,631)	(31,301)
Insurance paid		(671,595)	(650,324)	(657,408)
Goods and services tax paid		0	0	(3,943,577)
Other expenditure		(1,701,170)	(3,015,397)	(2,613,860)
		(28,675,320)	(33,816,187)	(30,882,578)
<b>Net cash provided by (used in) operating activities</b>	18	5,923,054	5,202,515	7,890,436
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(6,398,738)	(7,570,122)	(2,199,719)
Payments for construction of infrastructure		(17,971,831)	(25,120,496)	(22,385,310)
Non-operating grants, subsidies and contributions		18,654,060	16,990,887	12,577,669
Proceeds from sale of property, plant & equipment		491,163	585,000	72,814
<b>Net cash provided by (used in) investment activities</b>		(5,225,346)	(15,114,731)	(11,934,546)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(739,456)	(675,348)	(619,826)
Advances to community groups		0	(1,250,000)	0
Proceeds from new borrowings		1,450,000	3,250,000	1,700,000
<b>Net cash provided by (used in) financing activities</b>		710,544	1,324,652	1,080,174
<b>Net increase (decrease) in cash held</b>		1,408,252	(8,587,564)	(2,963,936)
Cash at beginning of year		42,169,411	38,609,225	45,133,347
<b>Cash and cash equivalents at the end of the year</b>	18	43,577,663	30,021,661	42,169,411

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

**SHIRE OF BROOME**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

	NOTE	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	24 (b)	2,144,226	4,006,759	4,346,500
		2,144,226	4,006,759	4,346,500
<b>Revenue from operating activities (excluding rates)</b>				
Governance		254,038	375,532	614,432
General purpose funding		2,688,928	1,429,968	2,311,202
Law, order, public safety		80,136	182,885	128,540
Health		160,019	187,168	197,486
Education and welfare		1,739	17,000	24,000
Housing		663,287	751,345	716,548
Community amenities		5,579,168	7,137,797	6,421,517
Recreation and culture		1,232,734	1,530,124	1,340,966
Transport		4,242,253	1,237,310	1,682,022
Economic services		779,025	1,163,579	1,033,114
Other property and services		2,086,920	2,281,605	2,522,237
		17,768,247	16,294,313	16,992,064
<b>Expenditure from operating activities</b>				
Governance		(2,227,148)	(2,970,884)	(2,481,720)
General purpose funding		(236,552)	(289,764)	(404,056)
Law, order, public safety		(1,122,478)	(1,375,023)	(1,055,516)
Health		(695,647)	(684,329)	(745,364)
Education and welfare		(367,293)	(505,242)	(587,946)
Housing		(731,915)	(862,650)	(860,897)
Community amenities		(8,236,485)	(9,762,121)	(8,173,819)
Recreation and culture		(11,515,634)	(13,632,793)	(11,505,781)
Transport		(9,983,007)	(9,373,317)	(12,345,614)
Economic services		(2,421,936)	(2,462,329)	(2,857,049)
Other property and services		(1,720,941)	(3,442,948)	(2,328,225)
		(39,259,036)	(45,361,400)	(43,345,987)
Non-cash amounts excluded from operating activities	24(a)	11,417,085	11,471,081	9,840,185
<b>Amount attributable to operating activities</b>		(7,929,477)	(13,589,247)	(12,167,237)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		8,778,233	16,990,887	12,577,669
Proceeds from disposal of assets	11(a)	491,163	585,000	72,814
Purchase of property, plant and equipment	9.(a)	(6,398,738)	(7,570,122)	(2,199,719)
Purchase and construction of infrastructure	10(a)	(17,971,831)	(25,120,496)	(22,385,310)
<b>Amount attributable to investing activities</b>		(15,101,173)	(15,114,731)	(11,934,546)
<b>FINANCING ACTIVITIES</b>				
Advances to community groups	15(b)	0	(1,250,000)	0
Repayment of borrowings	15(b)	(739,456)	(675,348)	(619,826)
Proceeds from borrowings	15(c)	1,450,000	3,250,000	1,700,000
Transfers to reserves (restricted assets)	4	(4,294,607)	(2,210,246)	(7,113,415)
Transfers from reserves (restricted assets)	4	7,695,344	6,791,051	9,886,625
<b>Amount attributable to financing activities</b>		4,111,281	5,905,457	3,853,384
<b>Surplus/(deficit) before imposition of general rates</b>		(18,919,369)	(22,798,521)	(20,248,399)
<b>Total amount raised from general rates</b>	23	23,107,761	22,798,521	22,392,626
<b>Surplus/(deficit) after imposition of general rates</b>	24(b)	<b>4,188,392</b>	<b>0</b>	<b>2,144,226</b>

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



## 1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* (FMR) take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. 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 pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire of Broome. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire of Broome has applied AASB 16 *Leases* which requires leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost.

The Shire has accounted for the removal of the vested land values associated with Broome Golf Club and Broome Turf Club by removing the land value and associated revaluation as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition. Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

SHIRE OF BROOME  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	202,684	318,880	231,880
General purpose funding	2,316,198	955,818	1,903,512
Health	5,589	0	0
Education and welfare	1,739	17,000	24,000
Community amenities	36,045	38,000	66,671
Recreation and culture	320,759	178,557	112,540
Transport	4,198,274	1,117,052	1,512,818
Economic services	3,615	130,739	50,000
Other property and services	138,765	25,000	76,803
	7,223,668	2,781,046	3,978,224
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	1,276,580	1,200,000	0
Community amenities	66,461	158,922	200,000
Recreation and culture	4,995,100	13,472,924	5,229,229
Transport	2,229,897	2,159,041	2,937,562
Economic services	210,195	0	4,118,408
Other property and services	0	0	92,470
	8,778,233	16,990,887	12,577,669
<b>Total grants, subsidies and contributions</b>	<b>16,001,901</b>	<b>19,771,933</b>	<b>16,555,893</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, donations and other contributions**

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

**Grants, donations and other contributions (Continued)**

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, amounts are disclosed in Note 14.

SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Other revenue</b>			
Reimbursements and recoveries	722,972	1,082,490	1,604,115
Other	126,704	16,000	17,785
	849,676	1,098,490	1,621,900
<b>Fees and Charges</b>			
General purpose funding	93,765	97,650	91,370
Law, order, public safety	66,332	130,765	77,234
Health	154,430	187,168	194,460
Housing	660,493	749,995	716,549
Community amenities	5,261,487	6,618,583	5,825,122
Recreation and culture	851,641	1,216,370	1,115,994
Transport	4,769	15,000	3,564
Economic services	738,780	899,256	910,772
Other property and services	1,182,477	981,214	973,153
	9,014,173	10,896,001	9,908,218
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Loans receivable - clubs/institutions	0	22,646	0
Reserve accounts interest	281,433	779,435	951,628
Rates instalment and penalty interest (refer Note 23(c))	259,375	300,000	315,438
Other interest earnings	101,871	342,563	209,383
	642,679	1,444,644	1,476,449

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	52,925	110,500	59,000
- Other services	12,679	15,000	3,700
	65,604	125,500	62,700
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 15(b))	96,816	147,631	92,802
	96,816	147,631	92,802

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2020	2019
		\$	\$
Cash at bank and on hand		43,577,663	42,169,411
		43,577,663	42,169,411
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		3,552,800	6,135,600
- Restricted cash and cash equivalents		40,024,863	36,033,811
		43,577,663	42,169,411
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Reserves cash backed - Leave Reserve	4	1,076,266	1,051,077
Reserves cash backed - Restricted Cash	4	0	712,180
Reserves cash backed - Community Sponsorship	4	97,271	61,744
Reserves cash backed - EDL Sponsorship	4	134,882	145,189
Reserves cash backed - Road Reserve	4	1,824,122	2,061,646
Reserves cash backed - Public Art Reserve	4	6,182	167,572
Reserves cash backed - Carpark Reserve	4	295,639	533,886
Reserves cash backed - Footpath Reserve	4	2,349,298	2,179,884
Reserves cash backed - BRAC (Leisure Centre) Re:	4	58,224	98,488
Reserves cash backed - Public Open Space	4	1,976,821	3,385,685
Reserves cash backed - Drainage reserve	4	1,235,496	1,693,987
Reserves cash backed - Plant	4	1,886,301	2,026,247
Reserves cash backed - Buildings	4	2,361,421	2,647,090
Reserves cash backed - Refuse Site Reserve	4	3,253,067	3,259,029
Reserves cash backed - Regional Resource Recove	4	14,121,030	14,243,536
Reserves cash backed - IT & Equipment	4	710,263	518,997
Reserves cash backed - Kimberley Zone	4	486,676	487,459
		31,872,959	35,273,696
<b>Other restricted cash and cash equivalents</b>			
Bonds and deposits held	13	617,884	760,115
Contract & Grant Liabilities	14	7,534,020	0
<b>Total restricted cash and cash equivalents</b>		40,024,863	36,033,811

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

##### Cash and cash equivalents (Continued)

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 2020**

**4. RESERVES - CASH BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$			\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	1,051,077	25,189	0	1,076,266	1,600,292	38,700	0	1,638,992	1,592,185	47,197	(588,305)	1,051,077
(b) Reserves cash backed - Restricted Cash	712,180	0	(712,180)	(0)	696,692	0	(28,991)	667,701	5,045,886	0	(4,333,706)	712,180
(c) Reserves cash backed - Community Sponsorship	61,744	159,259	(123,733)	97,271	60,393	1,459	0	61,852	84,449	2,503	(25,208)	61,744
(d) Reserves cash backed - EDL Sponsorship	145,189	136,076	(146,382)	134,882	103,457	1,348	(104,805)	0	182,371	5,406	(42,588)	145,189
(e) Reserves cash backed - Road Reserve	2,061,646	602,787	(840,311)	1,824,122	2,064,943	614,330	(94,920)	2,584,353	2,764,619	1,132,385	(1,835,358)	2,061,646
(f) Reserves cash backed - Public Art Reserve	167,572	1,377	(162,768)	6,181	166,534	216	(162,768)	3,982	162,748	4,824	0	167,572
(g) Reserves cash backed - Carpark Reserve	533,886	28,753	(267,000)	295,639	264,002	36,967	(267,000)	33,969	485,090	48,796	0	533,886
(h) Reserves cash backed - Footpath Reserve	2,179,884	584,866	(415,453)	2,349,298	2,142,033	114,235	(529,414)	1,726,854	2,338,141	334,701	(492,958)	2,179,884
(i) Reserves cash backed - BRAC (Leisure Centre) Reser	98,488	810	(41,074)	58,224	98,136	2,323	(88,834)	11,625	54,376	44,112	0	98,488
(j) Reserves cash backed - Public Open Space	3,385,685	1,497,993	(2,906,857)	1,976,821	3,071,273	551,367	(3,074,755)	547,885	2,300,553	1,353,132	(268,000)	3,385,685
(k) Reserves cash backed - Drainage reserve	1,693,987	13,743	(472,232)	1,235,497	1,310,990	39,152	(885,135)	465,007	1,839,818	78,489	(224,320)	1,693,987
(l) Reserves cash backed - Plant	2,026,247	103,054	(243,000)	1,886,301	2,011,508	47,176	(243,000)	1,815,684	1,559,839	466,408	0	2,026,247
(m) Reserves cash backed - Buildings	2,647,090	499,277	(784,946)	2,361,421	2,509,443	341,004	(714,000)	2,136,447	3,451,746	570,687	(1,375,343)	2,647,090
(n) Reserves cash backed - Refuse Site Reserve	3,259,029	297,548	(303,510)	3,253,067	2,789,925	56,069	(369,476)	2,476,518	3,377,489	242,108	(360,568)	3,259,029
(o) Reserves cash backed - Regional Resource Recovery	14,243,536	152,608	(275,114)	14,121,030	14,040,536	346,466	(154,573)	14,232,429	12,190,279	2,200,413	(147,156)	14,243,536
(p) Reserves cash backed - IT & Equipment	518,997	191,266	0	710,263	515,082	11,589	0	526,671	432,472	86,525	0	518,997
(q) Reserves cash backed - Kimberley Zone	487,459	0	(783)	486,676	332,061	7,845	(73,380)	266,526	184,845	495,729	(193,115)	487,459
	35,273,696	4,294,607	(7,695,344)	31,872,959	33,777,300	2,210,246	(6,791,051)	29,196,495	38,046,906	7,113,415	(9,886,625)	35,273,696

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Reserves cash backed - Restricted Cash	Ongoing	To be used for unspent grant, contribution and loan funds.
(c) Reserves cash backed - Community Sponsorship	Ongoing	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.
(d) Reserves cash backed - EDL Sponsorship	Ongoing	To hold funds to be spent on community projects as approved by Energy Development Limited.
(e) Reserves cash backed - Road Reserve	Ongoing	To be used for renewal, upgrade or new streets and roads.
(f) Reserves cash backed - Public Art Reserve	Ongoing	To hold funds set aside annually to fund future public art projects and initiatives within the Shire.
(g) Reserves cash backed - Carpark Reserve	Ongoing	To be used for renewal, upgrade or new carparks. Typically funds are from "Cash In Lieu" payments from developers.
(h) Reserves cash backed - Footpath Reserve	Ongoing	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	Ongoing	To be used for the construction of recreation infrastructure and facilities.
(j) Reserves cash backed - Public Open Space	Ongoing	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.
(k) Reserves cash backed - Drainage reserve	Ongoing	To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers.
(l) Reserves cash backed - Plant	Ongoing	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
(m) Reserves cash backed - Buildings	Ongoing	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
(n) Reserves cash backed - Refuse Site Reserve	Ongoing	To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines.
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	Ongoing	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.
(p) Reserves cash backed - IT & Equipment	Ongoing	To be used for renewal, upgrade or new office equipment, IT hardware and software.
(q) Reserves cash backed - Kimberley Zone	Ongoing	To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.

## 5. TRADE RECEIVABLES

### Current

Rates receivable	
Sundry receivables	
GST receivable	
Accrued Revenue	
Allowance for impairment - rates	
Allowance for impairment - sundry debtors	

### Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2020	2019
	\$	\$
	1,021,510	917,077
	4,939,275	883,293
	0	490,250
	497,485	735,618
	(167,704)	(135,992)
	(134,834)	(82,728)
	6,155,732	2,807,518
	37,536	32,159
	37,536	32,159

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

#### Classification and subsequent measurement

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

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

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

## 6. INVENTORIES

### Current

Fuel and materials  
 BRAC Stock

The following movements in inventories occurred during the year:

### Carrying amount at 1 July

Additions/Issuance to inventory

### Carrying amount at 30 June

	2020	2019
	\$	\$
	41,188	42,118
	3,218	7,345
	44,406	49,463
	49,463	34,015
	(5,057)	15,448
	44,406	49,463

### SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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

## 7. OTHER ASSETS AS HELD FOR SALE

### Other current assets

Bonds and deposits held by others  
 Prepayments

	2020	2019
	\$	\$
	9,055	47,159
	95,748	303,481
	104,803	350,640

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

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

## 8. OTHER FINANCIAL ASSETS

### (a) Current assets

### (b) Non-current assets

Other financial assets

#### Financial assets at fair value through profit and loss

- *Unlisted equity investments*

Financial assets at fair value through profit and loss -

LG Housing Trust

	2020	2019
	\$	\$
	89,026	87,586
	<u>89,026</u>	<u>87,586</u>
	89,026	87,586
	<u>89,026</u>	<u>87,586</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Other financial assets at amortised cost

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

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Financial assets at fair value through profit and loss

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

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

##### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.



## 9. PROPERTY, PLANT AND EQUIPMENT

### (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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress - Buildings	Right of Use Asset	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	3,020,192	16,076,532	19,096,724	58,734,757	58,734,757	77,831,481	1,216,167	9,280,390	180,946	0	88,508,984
Additions	0	0	0	1,033,256	1,033,256	1,033,256	347,111	272,434	546,918	0	2,199,719
(Disposals)	0	0	0	0	0	0	0	(87,422)	0	0	(87,422)
Depreciation (expense)	0	0	0	(1,757,755)	(1,757,755)	(1,757,755)	(309,224)	(1,508,899)	0	0	(3,575,878)
Transfers	0	0	0	180,946	180,946	180,946	0	0	(180,946)	0	0
<b>Carrying amount at 30 June 2019</b>	3,020,192	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	3,020,192	16,076,532	19,096,724	61,682,062	61,682,062	80,778,786	1,720,417	11,646,148	546,918	0	94,692,269
Accumulated depreciation at 30 June 2019	0	0	0	(3,490,858)	(3,490,858)	(3,490,858)	(466,363)	(3,689,645)	0	0	(7,646,866)
<b>Carrying amount at 30 June 2019</b>	3,020,192	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403
Additions	0	0	0	952,913	952,913	952,913	658,240	1,887,800	2,899,785	0	6,398,738
(Disposals)	0	0	0	0	0	0	0	(565,587)	0	0	(565,587)
Depreciation (expense)	0	0	0	(1,795,338)	(1,795,338)	(1,795,338)	(393,159)	(1,580,450)	0	0	(3,768,947)
Transfers	0	0	0	546,918	546,918	546,918	0	0	(546,918)	0	0
Impact of amendment to FMR	0	(16,076,532)	(16,076,532)	0	0	(16,076,532)	0	0	0	0	(16,076,532)
<b>Carrying amount at 30 June 2020</b>	3,020,192	0	3,020,192	57,895,697	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075
<b>Comprises:</b>											
Gross carrying amount at 30 June 2020	3,020,192	0	3,020,192	63,181,893	63,181,893	66,202,085	2,378,657	12,748,720	2,899,785	0	84,229,247
Accumulated depreciation at 30 June 2020	0	0	0	(5,286,196)	(5,286,196)	(5,286,196)	(859,522)	(5,050,454)	0	0	(11,196,172)
<b>Carrying amount at 30 June 2020</b>	3,020,192	0	3,020,192	57,895,697	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075

## 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons (level 2 and 3 inputs)
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons per lettable area (level 2 inputs), depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)

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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Roads	Footpaths, Carparks & Bridges	Drainage	Recreation Areas	Infrastructure Others	Works in Progress Roads, Footpaths and Bridges Infrastructure	Works in Progress - Drainage	Works in Progress - Other Infrastructure	Works in Progress - Recreation Areas	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	190,624,517	36,821,259	32,495,503	10,572,094	4,646,895	1,984,984	425,666	1,147,528	69,968	278,788,414
Additions	12,395,300	2,315,740	49,862	416,932	993,829	375,257	64,986	5,060,488	712,916	22,385,310
Depreciation (expense)	(3,416,467)	(860,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	(6,445,321)
Transfers	1,984,983	0	425,666	0	1,147,528	(1,984,983)	(425,666)	(1,147,528)	0	0
<b>Carrying amount at 30 June 2019</b>	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	5,060,488	782,884	294,728,403
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	251,415,605	39,136,999	32,971,031	10,989,026	6,788,252	375,258	64,986	5,060,488	782,884	347,584,529
Accumulated depreciation at 30 June 2019	(49,827,272)	(860,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	(52,856,126)
<b>Carrying amount at 30 June 2019</b>	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	5,060,488	782,884	294,728,403
Additions	1,413,351	674,685	736,909	969,086	4,559,545	2,904,842	47,863	660,522	6,005,028	17,971,831
Recognition of asset rehabilitation	0	0	0	0	4,802,000	0	0	0	0	4,802,000
Depreciation (expense)	(4,081,162)	(919,824)	(697,607)	(1,173,293)	(504,310)	0	0	0	0	(7,376,196)
Transfers	296,701	78,557	64,986	782,884	5,060,488	(375,258)	(64,986)	(5,060,488)	(782,884)	0
<b>Carrying amount at 30 June 2020</b>	199,217,223	38,109,448	32,391,767	10,457,147	20,332,198	2,904,842	47,863	660,522	6,005,028	310,126,038
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	253,125,657	39,890,241	33,772,926	12,740,996	21,210,285	2,904,842	47,863	660,522	6,005,028	370,358,360
Accumulated depreciation at 30 June 2020	(53,908,434)	(1,780,793)	(1,381,159)	(2,283,849)	(878,087)	0	0	0	0	(60,232,322)
<b>Carrying amount at 30 June 2020</b>	199,217,223	38,109,448	32,391,767	10,457,147	20,332,198	2,904,842	47,863	660,522	6,005,028	310,126,038

SHIRE OF BROOME  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads	3	Cost approach using depreciated replacement cost	Independent registered valuer	June-2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths, Carparks & Bridges	3	Cost approach using depreciated replacement cost	Independent registered valuer	June-2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Drainage	3	Cost approach using depreciated replacement cost	Independent registered valuer	June-2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Recreation Areas	3	Cost approach using depreciated replacement cost	Independent registered valuer	June-2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Others	3	Cost approach using depreciated replacement cost	Independent registered valuer	June-2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement between mandatory revaluation dates**

All assets are initially recognised at cost where the value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently reported in accordance with the mandatory measurement framework.

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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

**Revaluation**

The fair value of Lands and Buildings, Investment Property, Infrastructure are determined at least every 5 years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* Plant and equipment and right of use assets are reported at cost.

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

**Land under control and land under roads**

In Western Australia, all Land under roads is Crown Land and the responsibility for managing which is vested in the local government. In addition to Land under roads, there are various Crown land which are not owned by the Shire but which is under its control or management. Land under roads and vested Crown land under the control or management the Shire are deemed to be concessionary leases and within the scope of AASB 16.

Effective 1 January 2019, the AASB issued AASB 2018-8 *Amendments to Australian Accounting Standards Right-of-Use Assets of Not-for-Profit Entities* providing a temporary option for not-for-profit (NFP) entities to measure a class or classes of right-of-use (ROU) assets arising from the application of the new leases standard, AASB 16 Leases, to 'peppercorn' or concessionary leases at:

**Land under control and land under roads (Continued)**

- Fair value in accordance with AASB 13 Fair Value Measurement; or
- Cost in accordance with AASB 16, which would incorporate the measurement of the lease liability.

The *Local Government (Financial Management) Regulations 1996* amended in November 2020, prescribed concessionary leases to be reported at cost. Consequently, the Shire reported Land under roads and Crown land under the control or management at 30 June 2020 at cost of \$nil.

**Initial recognition**

Right-of-use assets are measured at cost including the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs, including dismantling and removing the underlying asset

This includes all leased assets, other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'. The Shire has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

**Subsequent Measurement**

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

**Depreciation and impairment of right-of-use assets**

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If the ownership of the leased asset transfers to the Shire at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020	2019
	\$	\$
Depreciation expense of right-of-use assets	-	-
Lease interest expense	-	-
Expense variable lease payment not included in	-	-
Short term leases	460,385	616,633
Low-value lease	-	-
<b>Total amount recognised in the s</b>		
<b>tatement if comprehensive income</b>	<b>460,385</b>	<b>616,633</b>

SHIRE OF BROOME  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	565,587	491,163	38,051	(112,475)	700,169	585,000	74,132	(189,301)	87,422	72,814	7,273	(21,881)
	565,587	491,163	38,051	(112,475)	700,169	585,000	74,132	(189,301)	87,422	72,814	7,273	(21,881)

The following assets were disposed of during the year.

Plant and Equipment

Other property and services

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Utility Crew Cab 4WD Isuzu D-M	19,202	20,064	861	0
Isuzu NPR 300 Light Truck 2WD	42,620	25,455	0	(17,165)
Mini Excavator 1-2 Tonnes Bobc	8,000	11,000	3,000	0
Isuzu MUX LSU Silver (DCS)	31,580	28,336	0	(3,244)
Hyundai i30 Active CRDi 5D	9,375	7,364	0	(2,011)
John Deere Mower	8,000	13,800	5,800	0
Wheel Loader Komatsu	73,496	71,500	0	(1,996)
Scrubber Nilfisk (CA531) - BRA	0	518	518	0
Truck 2WD Dual Cab	34,960	25,455	0	(9,506)
Hino 300 series 717 Single Cab	40,001	23,636	0	(16,365)
Howard Stealth S2 Dual winged	5,000	5,000	0	0
Skidsteer Loader CCF class 800	32,806	22,000	0	(10,806)
Volvo Wheel Loader L60F	51,558	75,000	23,442	0
Toyota Prado T/D 5 Door WGN A/	47,335	34,245	0	(13,090)
Grader Komatsu	138,292	100,000	0	(38,292)
Turfcutter Ryan JR 18"	0	909	909	0
ISUZU MUX 4x4 SUV	23,360	26,882	3,522	0
	565,587	491,163	38,051	(112,475)
	565,587	491,163	38,051	(112,475)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown below.

	2020	2019
	\$	\$
Plant and equipment	154,699	129,720
	154,699	129,720

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

**11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

(c) Depreciation	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	1,795,338	118,033	1,757,755
Furniture and equipment	393,159	54,637	309,224
Plant and equipment	1,580,450	6,296,173	1,508,899
Roads	4,081,162	4,682,096	3,416,467
Footpaths, Carparks & Bridges	919,824	0	860,969
Drainage	697,607	0	683,552
Recreation Areas	1,173,293	60,635	1,110,556
Infrastructure Others	504,310	144,338	373,777
	11,145,143	11,355,912	10,021,199

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

The depreciable amount of all fixed assets including buildings 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 unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

**Depreciation rates**

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

**Depreciation rates**

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

	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 Infrastructure Fixed:	50 years	2.00%
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, jetties and long-life coastal infrastructure	80 years	1.25%
Drainage facilities	60 years	1.67%
Footpaths, Dual Use Paths	50 years	2.00%
Other Recreation Infrastructure	33 Years	3.03%
Other Infrastructure	33 Years	3.03%

**Depreciation (Continued)**

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

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

## 12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Closing Balance	2019 Opening Balance	2019 Closing Balance
	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	34,853,440	18,776,908	34,853,440	34,853,440
Revaluation surplus - Furniture and equipment	201,314	201,314	201,314	201,314
Revaluation surplus - Roads	148,062,212	148,062,212	148,062,212	148,062,212
Revaluation surplus - Footpaths, Carparks & Bridges	30,512,688	30,512,688	30,512,688	30,512,688
Revaluation surplus - Drainage	27,400,598	27,400,598	27,400,598	27,400,598
Revaluation surplus - Recreation Areas	8,014,788	8,014,788	8,014,788	8,014,788
Revaluation surplus - Infrastructure Others	2,101,283	2,101,283	2,101,283	2,101,283
	251,146,323	235,069,791	251,146,323	251,146,323

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



### 13. TRADE AND OTHER PAYABLES

#### Current

Sundry creditors	
Rates paid in advance	
Accrued salaries and wages	
ATO liabilities	
Bonds and customer deposits and prepayments	
Accrued and other liabilities	

2020	2019
\$	\$
4,444,302	5,101,744
360,703	307,254
460,849	473,218
251,261	0
617,884	760,115
208,272	853,129
<b>6,343,271</b>	<b>7,495,460</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other payables

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

##### Trade and other payables (Continued)

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.

### 14. CONTRACT & CAPITAL GRANT LIABILITIES

Contract Liability	
Capital Grant Liability	
Developer Contributions	

2020	2019
\$	\$
386,266	0
7,147,754	0
2,341,807	0
<b>9,875,827</b>	<b>0</b>

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

**15. INFORMATION ON BORROWINGS**

(a) Borrowings	2020	2019
	\$	\$
Current	854,092	739,456
Non-current	3,255,864	2,659,956
	<b>4,109,956</b>	<b>3,399,412</b>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2020					30 June 2019					
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Recreation and culture</b>																			
BRAC Stage 2B (Car Park & Oval Co	191	WATC		0	0	0	0	0	0	0	0	0	0	0	60,765	0	60,765	2,905	0
Civic Centre Redevelopment	193	WATC	3.9500%	1,463,196	0	468,783	52,175	994,413	1,463,196	0	468,784	53,540	994,412	1,913,996	0	450,800	71,832	1,463,196	
BRAC Pavillion	194	WATC	5.8600%	236,216	0	114,699	12,309	121,517	236,216	0	114,699	12,938	121,517	344,477	0	108,261	17,099	236,216	
Town Beach Redevelopment	195	WATC	1.6165%	0	1,450,000		1,025	1,450,000	0	2,000,000	0	9,700	2,000,000	0	0	0	0	0	
<b>Economic services</b>																			
Chinatown Revitalisation Project	196	WATC	1.8900%	1,700,000		155,974	31,308	1,544,026	1,700,000		91,865	48,807	1,608,135	0	1,700,000	0	966	1,700,000	
				3,399,412	1,450,000	739,456	96,816	4,109,956	3,399,412	2,000,000	675,348	124,985	4,724,064	2,319,238	1,700,000	619,826	92,802	3,399,412	
<b>Self Supporting Loans</b>																			
<b>Recreation and culture</b>																			
Broome Golf Club				0	0	0	0	0	0	1,250,000	0	22,646	1,250,000	0	0	0	0	0	
				0	0	0	0	0	0	1,250,000	0	22,646	1,250,000	0	0	0	0	0	
				3,399,412	1,450,000	739,456	96,816	4,109,956	3,399,412	3,250,000	675,348	147,631	5,974,064	2,319,238	1,700,000	619,826	92,802	3,399,412	

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 30TH JUNE 2020

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Town Beach Redevelopment	WATC	Semi-annual	15	1.6165%	1,450,000	2,000,000	1,450,000	2,000,000	0	0
Broome Golf Club	WATC	Semi-annual	15	TBD	0	1,250,000	0	1,250,000	0	0
					1,450,000	3,250,000	1,450,000	3,250,000	0	0

(d) Undrawn Borrowing Facilities

	2020	2019
<b>Loan facilities</b>		
Loan facilities - current	854,092	739,456
Loan facilities - non-current	3,255,864	2,659,956
<b>Total facilities in use at balance date</b>	<b>4,109,956</b>	<b>3,399,412</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 25.

## 16. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2019</b>			
Current provisions	945,264	1,010,362	1,955,626
Non-current provisions	0	475,965	475,965
	945,264	1,486,327	2,431,591
<b>Additional provision</b>	550,824	(321,990)	228,834
<b>Balance at 30 June 2020</b>	1,496,088	1,164,337	2,660,425
<b>Comprises</b>			
Current	1,496,088	883,792	2,379,880
Non-current	0	280,545	280,545
	1,496,088	1,164,337	2,660,425

### Amounts are expected to be settled on the following basis:

	2020	2019
	\$	\$
Less than 12 months after the reporting date	1,927,703	1,380,514
More than 12 months from reporting date	732,722	1,051,077
	2,660,425	2,431,591

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

##### Other long-term employee benefits (Continued)

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

##### Provisions

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

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

## 17. OTHER PROVISIONS

	2020	2019
	\$	\$
<b>Non-current</b>		
Restoration provision	4,802,000	0
Total non-current	4,802,000	0

### SIGNIFICANT ACCOUNTING POLICIES

#### Restoration provision

Shire of Broome recognised the future remediation liability for the waste management facility in the statement of financial position as it is probable that an outflow of obligation is certain and the amount at which the settlement will take place can be measured reliably. The liability is reported at the present value of the future net cash outflows that are expected to

#### Restoration provision (Continued)

be required to settle the liability in the normal course of business as per AASB 137. The restoration obligation has been estimated by an independent industry professional and the present value of the future restoration costs is to be reviewed annually and any changes in the estimate are to be reflected in the restoration provision at each reporting date.

## 18. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	43,577,663	30,021,661	42,169,411

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	10,395,205	10,722,321	8,616,372
Non-cash flows in Net result:			
Depreciation	11,145,143	11,355,912	10,021,199
(Profit)/loss on sale of asset	74,424	115,169	14,608
(Increase)/decrease in Units in LG Housing Trust	(1,441)	0	(87,586)
(Increase)/decrease in receivables	(3,353,591)	0	(516,817)
(Increase)/decrease in other assets	245,837	0	(201,355)
(Increase)/decrease in inventories	5,057	0	(15,448)
Increase/(decrease) in payables	(1,152,189)	(513,746)	2,888,750
Increase/(decrease) in provisions	228,834		(251,618)
Increase/(decrease) in Contract Assets	0	0	0
Increase/(decrease) in Contract & Grant Liabilities	9,875,827	0	0
Grants contributions for the development of assets	(18,654,060)	(16,990,887)	(12,577,669)
Change in accounting policies transferred to retained surplus	(2,885,993)	513,746	0
Net cash from operating activities	5,923,054	5,202,515	7,890,436

## 19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	486,676	632,650
General purpose funding	13,963,205	9,046,506
Law, order, public safety	6,804,811	484,314
Health	58,472	9,747
Education and welfare	2,285,110	0
Housing	3,594,369	3,665,222
Community amenities	38,686,192	55,759,713
Recreation and culture	42,867,936	48,028,679
Transport	282,793,345	249,561,564
Economic services	3,205,152	6,684,086
Other property and services	38,423,011	39,788,362
Unallocated	0	13,609,740
	433,168,279	427,270,583

## 20. CONTINGENT LIABILITIES

The Shire of Broome has no contingent liabilities at 30 June 2020.



## 21. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2020	2019
	\$	\$
	5,407,392	87,432
	30,640	332,641
	5,438,032	420,073
	5,438,032	420,073

### (b) Operating Lease Commitments

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

Payable:

- not later than one year

	2020	2019
	\$	\$
	503,322	384,181
	503,322	384,181

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

Under AASB 16, there is no distinction between operating and finance leases. Instead, practically all leases are accounted for using a single on-balance sheet model similar to finance leases pursuant to AASB 117. At the inception date of a lease, a liability is recognised representing an obligation to make future lease payments (i.e. the lease liability) and an asset is recognised representing the right to use the underlying asset for the lease term (i.e. right-of-use (ROU) asset). Interest expense on the lease liability and depreciation expense on the ROU asset is recognised in the statement of profit or loss. The lease expense recognition pattern is generally accelerated as compared to the pattern under previous accounting standards. AASB 16 includes two recognition in the statement of

#### Leases (Continued)

profit or loss. The lease expense recognition pattern is generally accelerated as compared to the pattern under previous accounting standards. AASB 16 includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). Operating leases include the short-term leases for staff accommodation. Lease liabilities are remeasured upon the occurrence of certain events (e.g., a change in the lease, term a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the re-measurement of the the lease liability is generally recognised as an adjustment to the ROU asset.

## 22. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting Fees	156,726	158,389	156,817
President's allowance	47,515	47,515	47,045
Deputy President's allowance	11,879	11,879	11,761
Travelling expenses	38,153	53,450	46,407
Telecommunications allowance	31,367	31,500	30,625
Other	701	0	0
	286,342	302,733	292,655

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	893,624	727,400
Post-employment benefits	78,026	67,291
Other long-term benefits	81,748	73,785
Termination benefits	38,246	13,189
	1,091,644	881,665

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

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

#### *Termination benefits*

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

## 22. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	298,461	151,889
Purchase of goods and services	2,605,290	321,803

### Related Parties

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

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

##### *iii. Entities subject to significant influence by the Shire*

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

SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
<b>Differential general rate / general rate</b>										
<b>Gross rental valuations</b>										
GRV - RESIDENTIAL	10.8224	4,876	115,308,256	12,479,122	58,006	18,614	12,555,742	12,479,121	12,479,121	12,251,373
GRV - RESIDENTIAL - VACANT	19.8104	181	2,945,650	583,545	5,730	(4,695)	584,581	583,545	583,545	381,407
GRV - COMMERCIAL	11.2119	540	52,644,669	5,902,468	269,302	(36,269)	6,135,500	5,902,468	5,902,468	5,966,212
GRV - TOURISM	14.6665	454	17,437,556	2,557,479	29,601	0	2,587,080	2,557,479	2,557,479	2,563,461
GRV - EXEMPT			4,593,883	0	0	0	0	0	0	0
<b>Unimproved valuations</b>										
UV - COMMERCIAL RURAL	3.1875	21	6,643,773	211,770	(159)	(77)	211,534	211,770	211,770	208,129
UV - MINING	11.7729	33	1,060,743	124,880	10,225	(402)	134,703	124,880	124,880	130,873
UV - RURAL	0.7623	53	17,486,000	133,296	5,961	0	139,257	133,296	133,296	116,929
<b>Sub-Total</b>		6,158	218,120,530	21,992,560	378,665	(22,829)	22,348,396	21,992,559	21,992,559	21,618,384
<b>Minimum payment</b>										
<b>Gross rental valuations</b>										
GRV - RESIDENTIAL	1,220	67	648,834	81,740	0	0	81,740	81,740	81,740	92,720
GRV - RESIDENTIAL - VACANT	1,220	202	910,232	246,440	0	0	246,440	246,440	246,440	223,260
GRV - COMMERCIAL	1,220	33	179,590	40,260	0	0	40,260	40,260	40,260	29,280
GRV - TOURISM	1,220	372	1,599,000	453,840	0	0	453,840	453,840	453,840	505,080
<b>Unimproved valuations</b>										
UV - COMMERCIAL RURAL	1,220	2	13,300	2,440	0	0	2,440	2,440	2,440	2,440
UV - MINING	500	31	48,652	15,500	0	0	15,500	15,500	15,500	14,500
UV - RURAL	1,220	4	191,300	4,880	0	0	4,880	4,880	4,880	4,880
<b>Sub-Total</b>		711	3,590,908	845,100	0	0	845,100	845,100	845,100	872,160
		6,869	221,711,438	22,837,660	378,665	(22,829)	23,193,496	22,837,659	22,837,659	22,490,544
Discounts/concessions (refer Note 23(b))							(85,735)		(39,138)	(97,918)
<b>Total amount raised from general rate</b>							23,107,761	22,798,521	22,798,521	22,392,626

**SIGNIFICANT ACCOUNTING POLICIES**

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

23. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Waivers or Concessions

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
General Rates	Charitable concession	50%		(4,408)	(4,408)	(4,602)
General Rates	Charitable concession	90%		(38,016)	(10,232)	(17,947)
General Rates	Charitable concession	37%		(8,576)	(8,576)	(11,626)
General Rates	Charitable concession	50%		(1,578)	(1,578)	(1,384)
General Rates	Charitable concession	50%		(5,002)	(5,002)	(3,369)
General Rates	Charitable concession	50%		(1,140)	(1,140)	(1,103)
General Rates	Charitable concession	50%		(1,252)	(1,252)	(1,239)
General Rates	Charitable concession	50%		(1,154)	(1,154)	(1,103)
General Rates	Charitable concession	50%		(1,097)	(1,097)	(1,000)
General Rates	Charitable concession	50%		(1,097)	(1,097)	(1,000)
General Rates	Charitable concession	50%		(1,308)	(1,308)	(1,278)
General Rates	Charitable concession	50%		(1,140)	(1,140)	(1,103)
General Rates	Charitable concession	50%		(1,154)	(1,154)	(1,103)
General Rates	Charitable concession	100%		(6,571)	0	0
General Rates	Charitable concession	100%		(12,243)	0	0
General Rates	UV-GRV Phase in			0	0	(36,043)
General Rates	Exempted	100%		0	0	(8,546)
General Rates	Exempted	100%		0	0	(5,472)
				(85,735)	(39,138)	(97,918)

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Circumstances in which  
the Waiver or Concession is  
Granted and to whom it was  
available

Objects and Reasons for the Waiver  
or Concession

General Rates	Varying concessions to a charitable organisation (90%, 50%, 50%, 37%)	Concession offered because of the nature of the undertaking of the organisation providing social housing and affordable housing.
General Rates	Phasing in of impact of change in valuation from UV to GRV	To reduce the financial impact of change in methodolog of valuation from UV to GRV.
General Rates	100% exemption to housing properties owned by University of WA to accommodate students undertaking placement in Broome	100% exemption in accordance with section 6.26(2)(j) of the Local Government Act 1995 and section 36 of the University of Western Australia Act 1911
General Rates	100% concession to property owned by a church with attached mailboxes.	Concession offered because of the nature of the undertaking of the organisation providing benefit to wider community.
General Rates	100% concession to Kimberley Ports Authority	Land is used exclusively for a charitable purpose
General Rates	100% concession for current year and past year to Rubibi Aboriginal Land, Heritage & Development co Pty Ltd	Concession offered because of the nature of the undertaking of the organisation providing benefit to wider community.

## 23. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
<b>Option one</b>				
Single full payment	22 Aug 2019	0.00	0.00%	11.00%
<b>Option two</b>				
First instalment	22 Aug 2019	10.00	0.00%	0.00%
Second instalment	09 Jan 2020	10.00	5.50%	11.00%
<b>Option three</b>				
First instalment	22 Aug 2019	10.00	0.00%	0.00%
Second instalment	24 Oct 2019	10.00	5.50%	11.00%
Third instalment	09 Jan 2020	10.00	5.50%	11.00%
Fouth instalment	12 Mar 2020	10.00	5.50%	11.00%

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Interest on unpaid rates	117,871	160,000	183,904
Interest on instalment plan	141,504	140,000	131,534
Charges on instalment plan	59,750	61,500	58,540
Payment arrangement fee	34,015	36,150	32,830
	<u>353,140</u>	<u>397,650</u>	<u>406,808</u>

## 24. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	11(a)	(38,051)	(74,132)
Less: Non-cash grants and contributions for assets		(488,063)	(7,273)
Less: Movement in liabilities associated with restricted cash		463,565	0
Less: Fair value adjustments to financial assets at at fair value through profit or loss		(1,441)	(100,209)
Movement in pensioner deferred rates (non-current)		(5,377)	0
Movement in employee benefit provisions		228,834	(87,586)
Add: Loss on disposal of assets	11(a)	112,475	0
Add: Depreciation on assets	11(c)	11,145,143	6,902
<b>Non cash amounts excluded from operating activities</b>		<b>11,417,085</b>	<b>11,355,912</b>
			<b>9,840,185</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Restricted cash	3	(40,024,863)	(29,196,495)
Less: Bonds and deposits held by others		(9,055)	(35,273,696)
Add: Borrowings	15(a)	854,092	(100,209)
Add: Liability associated with restricted cash - leave liability		2,379,880	739,456
Add: Liability associated with restricted cash - bonds and deposits		617,884	1,641,164
Add: Liability associated with restricted cash - Contract & Grant Liabilities		9,875,827	0
Add: Liability not expected to be paid within 12 months		65,093	0
<b>Total adjustments to net current assets</b>		<b>(26,241,142)</b>	<b>(24,500,437)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets		49,882,604	34,425,163
Less: Total current liabilities		(19,453,070)	45,377,032
Less: Total adjustments to net current assets		(26,241,142)	(9,924,726)
<b>Net current assets used in the Rate Setting Statement</b>		<b>4,188,392</b>	<b>0</b>
			<b>2,144,226</b>

SHIRE OF BROOME  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	1.50%	43,577,663	0	43,577,663	0
<b>2019</b>					
Cash and cash equivalents	2.39%	42,169,411	0	42,169,411	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	435,777	421,694

\* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b).



25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for rates receivable. No expected credit loss was forecasted for rates receivable as penalty interest applies to unpaid rates and properties associated with rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Specific provision	Total
<b>30 June 2020</b>						
Rates receivable						
Expected credit loss	2.00%	5.00%	8.00%	10.00%		
Gross carrying amount	1,810	688,282	103,982	84,300	0	878,373
Loss allowance	36	34,414	8,319	8,430	116,505	167,704
<b>30 June 2019</b>						
Rates receivable						
Expected credit loss	2.00%	5.00%	8.00%	10.00%		
Gross carrying amount	436,104	209,417	139,138	132,418	0	917,077
Loss allowance	8,722	10,471	11,131	13,242	92,426	135,992

The loss allowance as at 30 June 2019 and 1 June 2019 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Specific provision	Total
<b>30 June 2020</b>						
Sundry Receivables						
Expected credit loss	2.00%	5.00%	10.00%	15.00%		
Gross carrying amount	4,867,675	96,166	24,282	69,981	0	5,058,104
Loss allowance	97,354	4,808	2,428	10,497	19,747	134,834
<b>30 June 2019</b>						
Sundry Receivables						
Expected credit loss	2.00%	5.00%	8.00%	10.00%		
Gross carrying amount	538,045	208,559	27,227	109,462	0	883,293
Loss allowance	10,761	10,428	2,178	10,946	48,415	82,728

## 25. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(d).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b><u>2020</u></b>					
Payables	6,343,271	0	0	6,343,271	6,343,271
Borrowings	945,498	1,708,467	1,841,960	4,495,925	4,109,956
	<u>7,288,769</u>	<u>1,708,467</u>	<u>1,841,960</u>	<u>10,839,196</u>	<u>10,453,227</u>
<b><u>2019</u></b>					
Payables	7,495,460	0	0	7,495,460	7,495,460
Borrowings	836,251	1,920,356	936,850	3,693,457	3,399,412
	<u>8,331,711</u>	<u>1,920,356</u>	<u>936,850</u>	<u>11,188,917</u>	<u>10,894,872</u>

## 26. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Other General Purpose Deposits	0	15,162	(15,162)	0
Town Planning Related Bond Deposits	102,437	0	0	102,437
Cash In Lieu Of Public Open Space	100,209	0	0	100,209
BRB Levy	14,836	62,867	(72,762)	4,941
Unclaimed Monies	2,160	200	0	2,360
Chinatown Revitalisation DRD Grant	805,721	808	(806,529)	0
	1,025,363	79,037	(894,453)	209,947

## 27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Under the Infrastructure Contribution Agreement between the Western Australian Land Authority and the the Shire of Broome dated 8 December 2015, the Western Australian Land Authority agreed to undertake and complete the construction of the Broome Motocross Complex Stage 1 Relocation project as a contribution to the Shire of Broome.

On 24 September 2020, before the approval of the annual financial report, the construction of the Broome Motocross Complex was completed at a total cost of \$2,322,544 comprised as follows:

	<u>\$</u>
Building improvements	1,928,761
Roadworks	178,663
Fencing	27,364
Earthworks	<u>187,756</u>
	2,322,544

On the same date, full control and responsibility of the facility were transferred to the Shire of Broome.

## 28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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		AASB 15 carrying amount 01 July 19
	\$	\$	\$
<b>Contract and grants liabilities - current</b>			
Contract Liability	0	300,447	300,447
<b>Contract liabilities non-current</b>			
Adjustment to retained surplus from adoption of AASB 15	0	300,447	300,447

### 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 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 on 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		AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Capital Grant Liability	0	0	0
Developer Contributions	0	2,585,547	2,585,547
Adjustment to retained surplus from adoption of AASB 1058	0	2,585,547	2,585,547

## 28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2019
		\$
Retained surplus - 30/06/2019		127,524,101
Adjustment to retained surplus from adoption of AASB 15	300,447	
Adjustment to retained surplus from adoption of AASB 1058	2,585,547	(2,885,993)
Retained surplus - 01/07/2019		124,638,108

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.

### RIGHT-OF-USE ASSETS UNDER CONCESSIONARY LEASES

Prior to 1 July 2019, FMR 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. Following the amendments to the FMR, vested crown land and other land which is not owned by the local government, but which is under its control or management (including Land under roads), is a concessionary lease right of use (ROU) asset to be recognised at cost (\$nil). Consequently, Regulation 16 has been removed as it is redundant.

The impact on the Shire of Broome of the changes as at 30 June 2020 is as follows:

	Carrying amount		Carrying amount
	2019	Reclassification	2020
	\$	\$	\$
Broome Golf Club	8,264,330	0	0
Broome Turf Club	7,812,202	0	0
Revaluation surplus - Land - freehold land	34,853,440	(16,076,532)	18,776,908
	50,929,972	(16,076,532)	18,776,908

## 29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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 Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 1059 *Service Concession Arrangements*, amendments to the definition of material in both AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. These standards are applicable to future reporting periods and have not yet been adopted.

### (a) Service Concession Arrangements :Grantors

The Shire will adopt the AASB 1059 service concession arrangements on 1 July 2020 which will result in changes in accounting policies. The new standard will cause a fundamental change in accounting practice as grantors (Shire) move from a 'risks and rewards' approach to a 'control approach'. This change will improve the comparability of grantor financial reporting and make the economic impact of concession arrangements more transparent to taxpayers and other parties. However, Shire has been investigating and there has been no material impact recognised yet.

### (b) Amendments to AASB 101 and AASB 108 8 Definition of Material (AASB 2018-7)

These amendments are intended to make the definition of material in AASB 101 and has been replaced with following; *Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.*

Comparing to the previous definition the threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101 and specific impacts have not been identified yet.

**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

**30. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) 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.

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) 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.

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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



### 31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p><b>GOVERNANCE</b></p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	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.
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>To collect revenue to allow provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p><b>LAW, ORDER, PUBLIC SAFETY</b></p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision of various by-laws, fire prevention, emergency services and animal control.
<p><b>HEALTH</b></p> <p>To provide an operational framework for environmental and community health.</p>	Food quality, eating house inspection, pest control and child health clinics.
<p><b>EDUCATION AND WELFARE</b></p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	Facilities for senior citizens aged care, infant, day care centres, pre-school; assistance to play group and other community services and development activities.
<p><b>HOUSING</b></p> <p>To provide and maintain staff housing.</p>	Provision of staff housing.
<p><b>COMMUNITY AMENITIES</b></p> <p>To provide services required by the community.</p>	Rubbish collection services, tip operation, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance, sanitation maintenance and environmental protection.
<p><b>RECREATION AND CULTURE</b></p> <p>To establish and effectively manage infrastructure and resource which will help the social being of the community.</p>	Operation/maintenance of halls, Broome Recreation and Aquatic Centre (BRAC), various parks and reserves, beaches, library, museum and other cultural activities.
<p><b>TRANSPORT</b></p> <p>To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads, bridges, footpaths and street lighting.
<p><b>ECONOMIC SERVICES</b></p> <p>To help promote the Council's economic well being.</p>	The regulation and provision of tourism facilities, area promotion and building control.
<p><b>OTHER PROPERTY AND SERVICES</b></p> <p>To monitor and control Council's overheads operating accounts.</p>	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.

## 32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.16	1.12	1.64
Asset consumption ratio	0.84	0.86	0.88
Asset renewal funding ratio	0.96	1.05	1.37
Asset sustainability ratio	0.62	1.50	0.22
Debt service cover ratio	15.38	8.63	11.86
Operating surplus ratio	0.05	(0.11)	(0.13)
Own source revenue coverage ratio	0.85	0.82	0.80

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



# Auditor General

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Broome

Report on the Audit of the Financial Report

### **Opinion**

I have audited the annual financial report of the Shire of Broome which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Broome:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter – Basis of Accounting**

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

### ***Auditor's Responsibility for the Audit of the Financial Report***

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### **Other Matter**

The financial ratios for 2018 in Note 32 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the Shire of Broome for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



VINCE TURCO  
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
26 November 2020