

SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

Broome - a future, for everyone

Principal place of business:
27 Weld Street
BROOME WA 6725

**SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the SHIRE OF BROOME at 30 June 2021 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 1 day of DECEMBER 2021



Chief Executive Officer

Sam Mastrolembo

Name of Chief Executive Officer



SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	24(a)	23,282,829	23,163,321	23,107,761
Operating grants, subsidies and contributions	2(a)	3,920,623	1,987,815	7,223,668
Fees and charges	2(a)	9,711,973	11,746,269	9,014,173
Interest earnings	2(a)	408,171	1,402,174	642,679
Other revenue	2(a)	1,009,207	1,100,128	849,676
		38,332,803	39,399,707	40,837,957
Expenses				
Employee costs		(15,789,253)	(17,057,681)	(15,652,244)
Materials and contracts		(8,687,789)	(10,941,159)	(7,900,947)
Utility charges		(2,100,053)	(1,951,368)	(1,980,087)
Depreciation on non-current assets	11(b)	(12,525,339)	(11,653,092)	(11,145,143)
Interest expenses	2(b)	(138,797)	(165,706)	(96,816)
Insurance expenses		(767,166)	(681,829)	(671,595)
Other expenditure	2(b)	(1,577,698)	(3,054,638)	(1,699,729)
		(41,586,095)	(45,505,473)	(39,146,561)
		(3,253,292)	(6,105,766)	1,691,396
Non-operating grants, subsidies and contributions	2(a)	26,883,370	30,737,197	8,778,233
Profit on asset disposals	11(a)	11,822	89,309	38,051
(Loss) on asset disposals	11(a)	(436,769)	(432,857)	(112,475)
		26,458,423	30,393,649	8,703,809
Net result for the period		23,205,131	24,287,883	10,395,205
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	601,628	0	0
Total other comprehensive income for the period		601,628	0	0
Total comprehensive income for the period		23,806,759	24,287,883	10,395,205

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



SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		310,586	264,694	254,038
General purpose funding		25,336,415	24,521,869	25,796,689
Law, order, public safety		148,313	115,033	80,136
Health		183,957	187,984	160,019
Education and welfare		8,716	20,000	1,739
Housing		701,892	1,926,356	663,287
Community amenities		5,522,947	6,869,559	5,575,647
Recreation and culture		1,305,492	1,371,081	1,232,216
Transport		1,495,203	742,132	4,242,253
Economic services		1,423,589	869,000	779,025
Other property and services		1,895,693	2,511,999	2,052,908
		38,332,803	39,399,707	40,837,957
Expenses				
	2(b)			
Governance		(2,583,924)	(2,642,893)	(2,214,058)
General purpose funding		(503,141)	(466,775)	(236,552)
Law, order, public safety		(1,156,449)	(1,181,828)	(1,122,478)
Health		(721,968)	(616,829)	(695,647)
Education and welfare		(495,116)	(533,490)	(367,293)
Housing		(763,371)	(1,965,704)	(731,915)
Community amenities		(9,742,632)	(10,318,454)	(8,234,489)
Recreation and culture		(12,470,172)	(12,385,341)	(11,450,126)
Transport		(9,250,596)	(10,263,075)	(9,983,007)
Economic services		(1,924,955)	(2,603,695)	(2,390,628)
Other property and services		(1,834,974)	(2,361,683)	(1,623,552)
		(41,447,298)	(45,339,767)	(39,049,745)
Finance Costs				
	2(b)			
Law, order, public safety		0	(7,340)	0
Community amenities		(48,022)	0	0
Recreation and culture		(62,145)	(94,156)	(65,508)
Economic services		(28,630)	(64,210)	(31,308)
		(138,797)	(165,706)	(96,816)
		(3,253,292)	(6,105,766)	1,691,396
Non-operating grants, subsidies and contributions	2(a)	26,883,370	30,737,197	8,778,233
Profit on disposal of assets	11(a)	11,822	89,309	38,051
(Loss) on disposal of assets	11(a)	(436,769)	(432,857)	(112,475)
		26,458,423	30,393,649	8,703,809
Net result for the period		23,205,131	24,287,883	10,395,205
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	601,628	0	0
Total other comprehensive income for the period		601,628	0	0
Total comprehensive income for the period		23,806,759	24,287,883	10,395,205

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

SHIRE OF BROOME
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	44,065,529	43,577,663
Trade and other receivables	6	3,101,366	6,155,732
Inventories	7	65,150	44,406
Contract assets	2(a)	14,386	0
Other assets	8	215,867	104,803
TOTAL CURRENT ASSETS		47,462,298	49,882,604
NON-CURRENT ASSETS			
Trade and other receivables	6	34,652	37,536
Other financial assets	5(a)	1,342,259	89,026
Property, plant and equipment	9	77,802,109	73,033,075
Infrastructure	10	326,972,446	310,126,038
TOTAL NON-CURRENT ASSETS		406,151,466	383,285,675
TOTAL ASSETS		453,613,764	433,168,279
CURRENT LIABILITIES			
Trade and other payables	14	7,341,078	6,343,271
Other liabilities	15	5,176,832	9,875,827
Borrowings	16(a)	859,957	854,092
Employee related provisions	17	2,244,467	2,379,880
Other provisions	18	700,158	0
TOTAL CURRENT LIABILITIES		16,322,492	19,453,070
NON-CURRENT LIABILITIES			
Borrowings	16(a)	5,430,907	3,255,864
Employee related provisions	17	193,039	280,545
Other provisions	18	2,483,767	4,802,000
TOTAL NON-CURRENT LIABILITIES		8,107,713	8,338,409
TOTAL LIABILITIES		24,430,205	27,791,479
NET ASSETS		429,183,559	405,376,800
EQUITY			
Retained surplus		162,665,877	138,434,050
Reserves - cash backed	4	30,846,263	31,872,959
Revaluation surplus	13	235,671,419	235,069,791
TOTAL EQUITY		429,183,559	405,376,800

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



SHIRE OF BROOME
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		127,524,101	35,273,696	251,146,323	413,944,120
Change in accounting policy/amendment to FMR		(2,885,993)	0	(16,076,532)	(18,962,525)
Restated balance at the beginning of the financial year		124,638,108	35,273,696	235,069,791	394,981,595
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 reserves	4	7,695,344	(7,695,344)	0	0
Transfers to reserves	4	(4,294,607)	4,294,607	0	0
Balance as at 30 June 2020		138,434,050	31,872,959	235,069,791	405,376,800
Restated balance at 1 July 2020		138,434,050	31,872,959	235,069,791	405,376,800
Comprehensive income					
Net result for the period		23,205,131	0	0	23,205,131
Changes to the rehabilitation estimates					
Other comprehensive income/Changes to the rehabilitation estimates	13	0	0	601,628	601,628
Total comprehensive income		23,205,131	0	601,628	23,806,759
Transfers from reserves	4	4,206,992	(4,206,992)	0	0
Transfers to reserves	4	(3,180,296)	3,180,296	0	0
Balance as at 30 June 2021		162,665,877	30,846,263	235,671,419	429,183,559

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

SHIRE OF BROOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		23,355,813	23,163,321	22,997,951
Operating grants, subsidies and contributions		7,365,254	1,987,815	603,644
Fees and charges		9,771,141	11,746,269	9,014,173
Interest received		298,812	1,402,174	642,679
Goods and services tax received		0	0	490,250
Other revenue		1,005,974	1,100,128	849,676
		41,796,994	39,399,707	34,598,373
Payments				
Employee costs		(15,955,750)	(17,057,681)	(15,184,518)
Materials and contracts		(7,686,318)	(10,941,159)	(9,094,583)
Utility charges		(2,100,053)	(1,951,368)	(1,980,087)
Interest expenses		(88,320)	(165,706)	(43,367)
Insurance paid		(767,166)	(681,829)	(671,595)
Goods and services tax paid		(728,268)	0	0
Other expenditure		(1,577,698)	(3,054,638)	(1,701,170)
		(28,903,573)	(33,852,381)	(28,675,320)
Net cash provided by (used in) operating activities	19	12,893,421	5,547,326	5,923,053
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for remediation related expenses	18	(121,117)	0	0
Payments for purchase of property, plant & equipment	9(a)	(9,496,602)	(11,646,077)	(6,398,738)
Payments for construction of infrastructure	10(a)	(26,122,834)	(28,827,264)	(17,971,830)
Non-operating grants, subsidies and contributions	2(a)	22,184,375	30,737,197	18,654,060
Proceeds from sale of property, plant & equipment	11(a)	219,715	328,500	491,163
Net cash provided by (used in) investment activities		(13,336,463)	(9,407,644)	(5,225,345)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(854,092)	(875,554)	(739,456)
Advances to community groups	16(b)	(1,250,000)	(1,250,000)	
Proceeds from new borrowings	16(b)	3,035,000	3,335,000	1,450,000
Net cash provided by (used in) financing activities		930,908	1,209,446	710,544
Net increase (decrease) in cash held		487,866	(2,650,872)	1,408,252
Cash at beginning of year		43,577,663	39,404,161	42,169,411
Cash and cash equivalents at the end of the year	19	44,065,529	36,753,289	43,577,663

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

SHIRE OF BROOME
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25 (b)	4,188,392	2,226,546	2,144,226
		4,188,392	2,226,546	2,144,226
Revenue from operating activities (excluding rates)				
Governance		310,586	264,694	254,038
General purpose funding		2,053,586	1,358,548	2,688,928
Law, order, public safety		148,313	115,033	80,136
Health		183,957	187,984	160,019
Education and welfare		8,716	20,000	1,739
Housing		701,892	1,926,356	663,287
Community amenities		5,522,947	6,871,348	5,579,168
Recreation and culture		1,305,492	1,371,081	1,232,734
Transport		1,495,203	742,132	4,242,253
Economic services		1,423,589	869,000	779,025
Other property and services		1,907,515	2,599,519	2,086,920
		15,061,796	16,325,695	17,768,247
Expenditure from operating activities				
Governance		(2,583,924)	(2,642,893)	(2,227,148)
General purpose funding		(503,141)	(466,775)	(236,552)
Law, order, public safety		(1,156,449)	(1,189,168)	(1,122,478)
Health		(721,968)	(616,829)	(695,647)
Education and welfare		(495,116)	(533,490)	(367,293)
Housing		(763,371)	(1,965,704)	(731,915)
Community amenities		(9,790,654)	(10,362,862)	(8,236,485)
Recreation and culture		(12,532,317)	(12,479,497)	(11,515,634)
Transport		(9,250,596)	(10,263,075)	(9,983,007)
Economic services		(1,953,585)	(2,667,905)	(2,421,936)
Other property and services		(2,271,743)	(2,750,132)	(1,720,941)
		(42,022,864)	(45,938,330)	(39,259,036)
Non-cash amounts excluded from operating activities	25(a)	11,009,157	11,996,640	11,417,085
Amount attributable to operating activities		(11,763,519)	(15,389,449)	(7,929,477)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	26,883,370	30,737,197	8,778,233
Proceeds from disposal of assets	11(a)	219,715	328,500	491,163
Payments for remediation related expenses	18	(121,117)	0	0
Purchase of property, plant and equipment	9(a)	(9,496,602)	(11,646,077)	(6,398,738)
Purchase and construction of infrastructure	10(a)	(26,122,834)	(28,827,264)	(17,971,831)
		(8,637,468)	(9,407,644)	(15,101,173)
Amount attributable to investing activities		(8,637,468)	(9,407,644)	(15,101,173)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(854,092)	(875,554)	(739,456)
Proceeds from borrowings	16(b)	3,035,000	3,335,000	1,450,000
Advances to community groups	16(b)	(1,250,000)	(1,250,000)	0
Transfers to reserves (restricted assets)	4	(3,180,296)	(2,289,684)	(4,294,607)
Transfers from reserves (restricted assets)	4	4,206,992	2,714,010	7,695,344
Amount attributable to financing activities		1,957,604	1,633,772	4,111,281
Surplus/(deficit) before imposition of general rates		(18,443,383)	(23,163,321)	(18,919,369)
Total amount raised from general rates	24(a)	23,282,829	23,163,321	23,107,761
Surplus/(deficit) after imposition of general rates	25(b)	4,839,446	0	4,188,392

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

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

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 28 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	249,927	242,500	202,684
General purpose funding	1,912,440	922,048	2,316,198
Health	6,671	3,000	5,589
Education and welfare	8,716	20,000	1,739
Community amenities	19,878	22,000	36,045
Recreation and culture	91,346	61,960	320,759
Transport	1,460,677	649,807	4,198,274
Economic services	60,244	0	3,615
Other property and services	110,724	66,500	138,765
	3,920,623	1,987,815	7,223,668
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	553,594	1,276,580
Community amenities	(124,069)	0	66,461
Recreation and culture	10,440,864	15,948,997	4,995,100
Transport	4,169,137	2,588,606	2,229,897
Economic services	12,397,438	11,646,000	210,195
	26,883,370	30,737,197	8,778,233
	30,803,993	32,725,012	16,001,901
Fees and charges			
General purpose funding	48,553	96,500	93,765
Law, order, public safety	120,193	91,435	66,332
Health	177,286	184,984	154,430
Housing	700,436	1,926,356	660,493
Community amenities	5,119,044	6,460,685	5,261,487
Recreation and culture	1,181,588	1,221,209	851,641
Transport	13,501	15,000	4,769
Economic services	1,278,599	670,000	738,780
Other property and services	1,072,773	1,080,099	1,182,477
	9,711,973	11,746,269	9,014,173

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, rent, ticket sales, sale of goods or information, fines, penalties and administration fees.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	3,920,623	1,987,815	7,223,668
Fees and charges	9,098,994	11,248,209	8,516,546
Other revenue	184,953	100,000	126,704
Non-operating grants, subsidies and contributions	26,883,370	30,737,197	8,778,233
	<u>40,087,940</u>	<u>44,073,221</u>	<u>24,645,150</u>

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers included as a contract liability or capital grants at the start of the period	9,875,827	2,428,524	0
Revenue from contracts with customers recognised during the year	3,328,743	10,907,500	15,866,917
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	26,883,370	30,737,197	8,778,233
	<u>40,087,940</u>	<u>44,073,221</u>	<u>24,645,150</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Contract assets	14,386	0	0
Contract liabilities and capital grants from contracts with customers	(5,176,832)	(2,883,692)	(9,875,827)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

Audit of the Annual Financial Report
 Other services

Interest expenses (finance costs)

Borrowings
 Finance cost on remediation provision

Other expenditure

Impairment loss on trade and other receivables
 Sundry expenses

Note	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	59,090	60,000	52,925
	5,465	8,000	12,679
	64,555	68,000	65,604
	90,774	165,706	96,816
16(b)	48,023	0	0
	138,797	165,706	96,816
	145,665	0	83,818
	1,432,033	3,054,638	1,615,911
	1,577,698	3,054,638	1,699,729

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	BRAC kiosk	Single point in time	In full in advance, on 30 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		44,065,529	43,577,663
Total cash and cash equivalents		44,065,529	43,577,663
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		34,866,524	40,024,863
		34,866,524	40,024,863
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	30,846,263	31,872,959
Contract & capital grant liabilities from contracts with customers	15	3,386,304	7,534,020
Bonds and deposits held	14	633,957	617,884
Total restricted assets		34,866,524	40,024,863

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 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.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

**SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	\$ 1,076,266	\$ 120,794	\$ 0	\$ 1,197,060	\$ 1,106,777	\$ 17,708	\$ 0	\$ 1,124,485	\$ 1,051,077	\$ 25,189	\$ 0	\$ 1,076,266
(b) Reserves cash backed - Restricted Cash	0	65,000	0	65,000	0	9,955	0	9,955	712,180	0	(712,180)	0
(c) Reserves cash backed - Community Sponsorship	97,271	489	(16,286)	81,454	267,180	1,011	(141,988)	126,203	61,744	159,259	(123,733)	97,271
(d) Reserves cash backed - EDL Sponsorship	134,882	650	(73,508)	62,024	148,230	932	(90,000)	59,162	145,189	136,076	(146,382)	134,882
(e) Reserves cash backed - Road Reserve	1,824,122	529,163	(836,000)	1,517,285	2,199,841	540,219	0	2,740,060	2,061,646	602,787	(840,311)	1,824,122
(f) Reserves cash backed - Public Art Reserve	6,182	29	0	6,211	5,020	80	0	5,100	167,573	1,377	(162,768)	6,182
(g) Reserves cash backed - Carpark Reserve	295,639	52,585	0	348,224	0	56,023	0	56,023	533,886	28,753	(287,000)	295,639
(h) Reserves cash backed - Footpath Reserve	2,349,298	51,088	(117,077)	2,283,309	2,065,861	70,406	(71,930)	0	2,179,884	584,866	(415,453)	2,349,298
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	58,224	280	0	58,504	56,394	902	0	57,296	98,488	810	(41,074)	58,224
(j) Reserves cash backed - Public Open Space	1,976,821	1,042,671	(1,212,847)	1,806,645	2,065,861	532,294	(454,780)	2,143,375	3,385,685	1,497,993	(2,906,857)	1,976,821
(k) Reserves cash backed - Drainage reserve	1,235,496	302,804	0	1,538,300	1,015,529	164,853	0	1,180,382	1,693,986	13,743	(472,232)	1,235,496
(l) Reserves cash backed - Plant	1,886,301	9,090	0	1,895,391	1,830,423	29,287	(200,000)	1,659,710	2,026,247	103,054	(243,000)	1,886,301
(m) Reserves cash backed - Buildings	2,361,421	758,101	(198,561)	2,920,961	2,367,103	485,062	(448,467)	2,403,698	2,647,090	499,277	(784,946)	2,361,421
(n) Reserves cash backed - Refuse Site Reserve	3,253,067	15,677	(603,750)	2,664,994	3,605,232	50,670	(1,250,000)	2,405,902	3,259,029	297,548	(303,510)	3,253,067
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	14,121,030	68,052	(897,412)	13,291,670	13,685,429	218,967	0	13,904,396	14,243,536	152,608	(275,114)	14,121,030
(p) Reserves cash backed - IT & Equipment	710,263	99,498	(95,110)	714,651	692,586	104,564	(30,000)	767,150	518,997	191,266	0	710,263
(q) Reserves cash backed - Kimberley Zone	486,676	64,346	(156,442)	394,580	495,304	6,751	(26,845)	475,210	487,459	0	(783)	486,676
	31,872,959	3,180,296	(4,206,992)	30,846,263	29,542,433	2,289,684	(2,714,010)	29,118,107	35,273,696	4,294,607	(7,695,344)	31,872,959

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

In accordance with Council resolutions or adopted budget 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. To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund: <ul style="list-style-type: none"> 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.
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	Ongoing	To be used for renewal, upgrade or new office equipment, IT hardware and software.
(p) Reserves cash backed - IT & Equipment	Ongoing	To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.
(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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

5. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at amortised cost
 Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	1,250,000	0
	92,259	89,026
	<u>1,342,259</u>	<u>89,026</u>
	1,250,000	0
	<u>1,250,000</u>	<u>0</u>
	92,259	89,026
	<u>92,259</u>	<u>89,026</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(b) as self supporting loans.

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.

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 26.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
Accrued Revenue	
Allowance for impairment - rates	
Allowance for impairment - sundry debtors	
ATO Receivable	

Non-current

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

2021	2020
\$	\$
1,008,322	1,021,510
2,089,103	4,939,275
(24,863)	497,485
(241,258)	(167,704)
(206,945)	(134,834)
477,007	0
3,101,366	6,155,732
34,652	37,536
34,652	37,536

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 26.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

7. INVENTORIES

Current

Fuel and materials
 BRAC Stock

The following movements in inventories occurred during the year:

Balance at beginning of year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	57,723	41,188
	7,427	3,218
	65,150	44,406
	44,406	49,463
	20,744	(5,057)
	65,150	44,406

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

8. OTHER ASSETS

Other assets - current

Prepayments

Bonds and deposits held by others

	2021	2020
	\$	\$
Prepayments	214,067	95,748
Bonds and deposits held by others	1,800	9,055
	215,867	104,803

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land/vested in and under the control of Council	Buildings - non- specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Progress - Buildings	Work in Progress - Furniture & Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	19,096,724	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403
Additions		952,913	952,913	658,240	1,887,800	2,899,785		6,398,738
(Disposals)	0	0	0	0	(565,587)	0	0	(565,587)
Revaluation increments / (decrements) transferred to revaluation surplus/impact of amendment to FMIR	(16,076,532)	0	(16,076,532)	0	0	0	0	(16,076,532)
Depreciation (expense)	0	(1,795,338)	(1,795,338)	(393,159)	(1,580,450)	0	0	(3,768,947)
Transfers	0	546,918	546,918	0	0	(546,918)	0	0
Balance at 30 June 2020	3,020,192	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075
Comprises:								
Gross balance amount at 30 June 2020	3,020,192	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	(5,286,196)	(5,286,196)	(859,522)	(5,050,454)	0	0	(11,196,172)
Balance at 30 June 2020	3,020,192	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075
Comprises:								
Additions	0	8,023,002	8,023,002	117,219	1,120,984	192,324	43,074	9,496,602
(Disposals)	0	(252,028)	(252,028)	0	(392,635)	0	0	(644,662)
Depreciation (expense)	0	(1,911,701)	(1,911,701)	(520,912)	(1,650,293)	0	0	(4,082,906)
Transfers	0	2,899,785	2,899,785	0	0	(2,899,785)	0	0
Balance at 30 June 2021	3,020,192	66,654,755	69,674,947	1,115,442	6,776,322	192,324	43,074	77,802,109
Comprises:								
Gross balance amount at 30 June 2021	3,020,192	73,815,100	76,835,292	2,495,876	13,191,577	192,324	43,074	92,758,143
Accumulated depreciation at 30 June 2021	0	(7,160,345)	(7,160,345)	(1,380,434)	(6,415,255)	0	0	(14,956,034)
Balance at 30 June 2021	3,020,192	66,654,755	69,674,947	1,115,442	6,776,322	192,324	43,074	77,802,109

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
Land/vested in and under the contr		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.

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Roads			Footpaths, Carpark & Bridges		Drainage		Recreation Areas		Infrastructure Others		Rehabilitation Assets		works in Progress - Roads, Footpaths and Bridges		works in Progress - Drainage		works in Progress - Other Infrastructure		works in Progress - Recreation Areas		Total Infrastructure	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	201,568,333	38,276,030	32,287,479	9,878,470	6,414,475	0	0	375,258	64,986	5,060,488	0	0	0	0	0	0	0	0	0	0	0	0	294,728,403
Additions	1,413,351	674,665	736,909	969,086	4,559,545	0	0	2,904,842	47,863	660,522	0	0	0	0	0	0	0	0	0	0	0	0	17,971,831
Recognition of asset rehabilitation	0	0	0	0	0	4,802,000	0	0	0	0	4,802,000	0	0	0	0	0	0	0	0	0	0	0	4,802,000
Depreciation (expense)	(4,081,162)	(919,824)	(697,607)	(1,173,293)	(504,310)	0	0	0	(64,986)	(5,060,488)	0	0	0	0	0	0	0	0	0	0	0	0	(7,376,196)
Transfers	296,701	78,557	64,986	782,884	5,060,488	0	0	(375,258)	(64,986)	(5,060,488)	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2020	199,217,223	38,109,448	32,391,767	10,457,147	15,530,198	4,802,000	0	2,904,842	47,863	660,522	4,802,000	0	0	0	0	0	0	0	0	0	0	0	310,126,038
Comprises:																							
Gross balance at 30 June 2020	253,125,657	39,890,241	33,772,926	12,740,996	16,408,285	4,802,000	0	2,904,842	47,863	660,522	4,802,000	0	0	0	0	0	0	0	0	0	0	0	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	(878,087)	0	0	0	0	0	0	0	0	0	0	0	0	0	(60,232,322)
Balance at 30 June 2020	199,217,223	38,109,448	32,391,767	10,457,147	15,530,198	4,802,000	0	2,904,842	47,863	660,522	4,802,000	0	0	0	0	0	0	0	0	0	0	0	310,126,038
Additions	4,473,342	378,462	372,859	842,468	250,297	0	0	14,417,732	0	5,212,770	0	0	0	0	0	0	0	0	0	0	0	0	26,122,834
Impairment (losses) / reversals transferred to revaluation surplus	0	0	0	0	0	(833,993)	0	0	0	0	(833,993)	0	0	0	0	0	0	0	0	0	0	0	(833,993)
Depreciation (expense)	(4,171,245)	(938,108)	(710,286)	(1,367,712)	(653,454)	(601,628)	0	(1,907,444)	(42,106)	(344,193)	0	0	0	0	0	0	0	0	0	0	0	0	(8,442,433)
Transfers	1,728,871	178,573	42,106	5,361,449	344,193	3,366,379	0	(1,907,444)	(42,106)	(344,193)	0	0	0	0	0	0	0	0	0	0	0	0	(5,361,449)
Balance at 30 June 2021	201,248,191	37,728,375	32,096,446	15,293,372	15,471,234	3,366,379	0	15,415,130	5,757	5,529,099	3,366,379	0	0	0	0	0	0	0	0	0	0	0	326,972,446
Comprises:																							
Gross balance at 30 June 2021	259,327,870	40,447,276	34,187,890	18,944,933	17,002,775	3,366,379	0	15,415,130	5,757	5,529,099	3,366,379	0	0	0	0	0	0	0	0	0	0	0	395,045,572
Accumulated depreciation at 30 June 2021	(58,079,679)	(2,718,901)	(2,091,444)	(3,651,561)	(1,531,541)	0	0	0	(2,091,444)	(1,531,541)	0	0	0	0	0	0	0	0	0	0	0	0	(68,073,126)
Balance at 30 June 2021	201,248,191	37,728,375	32,096,446	15,293,372	15,471,234	3,366,379	0	15,415,130	5,757	5,529,099	3,366,379	0	0	0	0	0	0	0	0	0	0	0	326,972,446

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

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

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

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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 roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(a) Disposals of Assets

	2021	2021	2021	2021	2021	2021	2021	2020	2020	2020	2020	
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss
Buildings - non-specialised	252,028	0	0	(252,028)	0	0	0	0	0	0	0	0
Plant and equipment	392,635	219,715	11,822	(184,741)	672,048	328,500	89,309	(432,857)	565,587	491,163	38,051	(112,475)
	644,662	219,715	11,822	(436,769)	672,048	328,500	89,309	(432,857)	565,587	491,163	38,051	(112,475)

The following assets were disposed of during the year.

	2021	2021	2021	2020
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss
Plant and Equipment				
Other property and services				
Compressor Air Champion Rotary Screw with Filters	2,011	0	0	(2,011)
Toyota Prado (DIS)	32,414	33,060	646	0
Pressure Cleaner Spitwater	0	153	153	0
Mower Rotary Push Type (Not In Service)	0	612	612	0
Rosmech Mistral Road Sweeper with Hino 500 series	249,317	100,000	0	(149,317)
Howard Stealth Wing Tip Mower	0	587	587	0
Self Propelled Elevated Work Platform	20,722	15,480	0	(5,242)
Hino 500 Series Hooklift Truck	73,774	60,000	0	(13,774)
Yanmar 4 High Pressure pump with dieselmotor and electric start pump	0	0	0	0
Spreader Fertilizer Sitrex S400	0	8	8	0
Compact Sweeper Rosmech Azura	0	9,815	9,815	0
Graytill Smartspray Ute mounted Spray System	14,397		0	(14,397)
	392,635	219,715	11,822	(184,741)
Other Asset class				
Program				
Recreation and culture	252,028	0	0	(252,028)
	252,028	0	0	(252,028)
	644,662	219,715	11,822	(436,769)

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(b) Depreciation

	2021	2021	2020
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	1,911,701	123,141	1,795,338
Furniture and equipment	520,912	10,359	393,159
Plant and equipment	1,650,293	6,033,186	1,580,450
Roads	4,171,245	5,258,977	4,081,162
Footpaths, Carparks & Bridges	938,108	0	919,824
Drainage	710,286	0	697,607
Recreation Areas	1,367,712	60,471	1,173,293
Infrastructure Others	653,454	166,958	504,310
Rehabilitation Assets	601,628	0	0
	12,525,339	11,653,092	11,145,143

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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
High Use Vehicles	4 years
Ride on Mowers	3-5 years
Cars & Light Vehicles	5 -6.67 years
Trucks Small 2-5 tonne	6.67 years
Trucks Medium 6-12 tonne	5-8 years
Trucks Heavy >12 tonne & Medium Plant	6-16 years
Plant Heavy, Graders, Scrapers, Dozers, etc	12 years
Plant Portable (regular use)	3-16 years
Plant Other (low use and/or long life)	16 years
Computer Equipment (hardware/software)	4 years
Furniture & Equipment	5-10 years
Building Plant & Air Conditioning	15 years
Buildings	40 years
Buildings - Long Life Structures Infrastructure Fixed:	50 years
Formation & Earthworks (roads, reserves, landfill)	100 years
Paving, Seals & Services	5-100 years
Road Plant & Bus Shelters	20 years
Bridges, jetties and long-life coastal infrastructure	80 years
Drainage facilities	60 years
Footpaths, Dual Use Paths	50 years
Light Plant, Tractors 4 to 12 Tonne	6.67 Years
Other Infrastructure & Other Recreation Infrastructure	33 Years

gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation on revaluation

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:

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

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2021

12. LEASES

(a) Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	2021 Actual \$	2020 Actual \$
Less than 1 year	1,433,394	2,203,367
1 to 2 years	1,328,478	1,433,394
2 to 3 years	1,239,925	1,328,478
3 to 4 years	1,148,091	1,239,925
4 to 5 years	881,959	1,148,091
> 5 years	7,790,833	8,672,792
	13,822,680	16,026,047

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

13. REVALUATION SURPLUS

	2021		2021		2020		2020		2020	
	Opening Balance	Change in Accounting Estimate	Closing Balance	Revaluation (Decrement)	Opening Balance	Revaluation Movement on Revaluation	Closing Balance	Revaluation (Decrement)	Opening Balance	Closing Balance
Revaluation surplus - Land - freehold land	18,776,908	0	18,776,908		34,853,440	(16,076,532)	18,776,908		34,853,440	18,776,908
Revaluation surplus - Furniture and equipment	201,314	0	201,314		201,314	0	201,314		201,314	201,314
Revaluation surplus - Roads	148,062,212	0	148,062,212		148,062,212	0	148,062,212		148,062,212	148,062,212
Revaluation surplus - Footpaths, Carparks & Bridges	30,512,688	0	30,512,688		30,512,688	0	30,512,688		30,512,688	30,512,688
Revaluation surplus - Drainage	27,400,598	0	27,400,598		27,400,598	0	27,400,598		27,400,598	27,400,598
Revaluation surplus - Recreation Areas	8,014,788	0	8,014,788		8,014,788	0	8,014,788		8,014,788	8,014,788
Revaluation surplus - Infrastructure Others	2,101,283	601,628	2,702,911		2,101,283	0	2,101,283		2,101,283	2,101,283
	235,069,791	601,628	235,671,419		251,146,323	(16,076,532)	235,069,791		251,146,323	235,069,791

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Accrued and other liabilities

2021	2020
\$	\$
5,659,954	4,444,302
417,615	360,703
517,271	460,849
0	251,261
633,957	617,884
112,281	208,272
7,341,078	6,343,271

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 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

Prepaid rates

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
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FOR THE YEAR ENDED 30 JUNE 2021

15. OTHER LIABILITIES

Current

Contract liabilities
 Capital Grant Liability
 Developer Contributions

	2021	2020
	\$	\$
	393,309	386,266
	2,598,395	7,147,754
	2,185,128	2,341,807
	<u>5,176,832</u>	<u>9,875,827</u>

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Grant liabilities & developer contribution represent the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2021

16. INFORMATION ON BORROWINGS

	2021	2020
(a) Borrowings	\$	\$
Current	859,957	854,092
Non-current	5,430,907	3,255,864
	6,290,864	4,109,956

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30-June-2021		30-June-2021		30-June-2021		30-June-2021		30-June-2020		30-June-2020		30-June-2020		30-June-2020		
				Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Budget Principal	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	
Recreation and culture																				
Civic Centre Redevelopment	193	WATC*	3.9500%	994,413	0	(487,484)	(34,860)	0	(487,484)	0	(487,484)	(34,860)	506,927	1,463,196	0	(468,783)	(52,175)	994,413	0	
BRAC Pavilion	194	WATC*	5.8600%	121,517	0	(121,517)	(5,966)	0	(121,518)	0	(121,518)	(5,966)	0	236,216	0	(114,699)	(12,309)	121,517	0	
Town Beach Redevelopment	195	WATC*	1.6165%	1,450,000	0	(86,155)	(23,032)	0	(86,155)	0	(86,155)	(23,032)	1,966,104	0	1,450,000	0	(1,025)	1,450,000	0	
Broome Surf Life Saving Club		WATC*		0	0	0	(7,340)	300,000	0	300,000	(7,340)	0	300,000	0	0	0	0	0	0	
Economic services																				
Chinatown Revitalisation Project Stage 1	196	WATC*	1.8900%	1,544,026	0	(158,936)	(28,344)	0	(158,936)	0	(158,936)	(28,344)	1,449,189	1,700,000	(155,974)	(31,308)	1,544,026	0	0	
Chinatown Revitalisation Project Stage 2	198	WATC*	1.9500%	0	1,785,000	0	(285)	1,785,000	0	1,785,000	(285)	1,785,000	6,007,230	3,399,412	(739,456)	(96,816)	1,544,026	0	0	
				4,109,956	1,785,000	(854,092)	(90,574)	5,040,864	(854,092)	3,335,000	(875,554)	(165,706)	7,183,510	3,399,412	1,450,000	(739,456)	(96,816)	4,109,956	0	0
Self Supporting Loans																				
Recreation and culture																				
Broome Golf Club	199	WATC*	1.8540%	0	1,250,000	0	(200)	1,250,000	0	1,250,000	(73,720)	(20,550)	1,176,280	0	0	0	0	0	0	
				0	1,250,000	0	(200)	1,250,000	0	1,250,000	(73,720)	(20,550)	1,176,280	0	0	0	0	0	0	0
				4,109,956	3,035,000	(854,092)	(90,774)	6,290,864	(875,554)	3,335,000	(875,554)	(165,706)	7,183,510	3,399,412	1,450,000	(739,456)	(96,816)	4,109,956	0	0

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
Broome Golf Club	WATC*	Semi-annual	15	1.9540%	\$ 1,250,000	\$ 1,250,000	(\$ 1,250,000)	(\$ 1,250,000)	\$ 0	\$ 0
Chinatown Revitalisation Project Stage 2	WATC*	Semi-annual	15	1.9500%	1,785,000	1,785,000	(1,785,000)	(1,785,000)	0	0
Broome Surf Life Saving Club	WATC*	TBC	TBC	TBC	0	300,000	0	(300,000)	0	0
* WA Treasury Corporation					3,035,000	3,335,000	(3,035,000)	(3,335,000)	0	0

(d) Undrawn Borrowing Facilities

	2021	2020
	\$	\$
Loan facilities		
Loan facilities - current	859,957	854,092
Loan facilities - non-current	5,430,907	3,255,864
Total facilities in use at balance date	6,290,864	4,109,956
Unused loan facilities at balance date	NIL	NIL

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 26.

SHIRE OF BROOME
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17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions	1,496,088	883,792	2,379,880
Non-current provisions	0	280,545	280,545
	1,496,088	1,164,337	2,660,425

Additional provision

	(88,765)	(134,154)	(222,919)
Balance at 30 June 2021	1,407,323	1,030,183	2,437,506

Comprises

Current	1,407,323	837,144	2,244,467
Non-current	0	193,039	193,039
	1,407,323	1,030,183	2,437,506

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

	2021	2020
	\$	\$
	1,256,407	1,927,703
	1,181,099	732,722
	2,437,506	2,660,425

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are 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

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

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

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.

18. OTHER PROVISIONS

	Provision for remediation costs	Total
	\$	\$
Opening balance at 1 July 2020		
Non-current provisions	4,802,000	4,802,000
	<u>4,802,000</u>	<u>4,802,000</u>
Additional provision	(1,435,621)	(1,435,621)
Amounts used	(121,117)	(121,117)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	(61,337)	(61,337)
Balance at 30 June 2021	<u>3,183,925</u>	<u>3,183,925</u>
Comprises		
Current	700,158	700,158
Non-current	2,483,767	2,483,767
	<u>3,183,925</u>	<u>3,183,925</u>

Provision for remediation costs

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

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.

19. 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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	44,065,529	36,753,289	43,577,663
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	23,205,131	24,287,883	10,395,205
Non-cash flows in Net result:			
Depreciation on non-current assets	12,525,339	11,653,092	11,145,143
(Profit)/loss on sale of asset	424,947	343,548	74,424
Change in accounting policies transferred to retained surplus	0	0	(2,885,993)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	3,057,250	0	(3,353,591)
(Increase)/decrease in other assets	(111,064)	0	245,837
(Increase)/decrease in inventories	(20,744)	0	5,057
(Increase)/decrease in contract assets	(14,386)	0	0
Increase/(decrease) in payables	997,807	0	(1,152,189)
Increase/(decrease) in employee provisions	(222,919)	0	0
Increase/(decrease) in other provisions	(61,337)	0	228,834
Increase/(decrease) in other liabilities	(4,698,995)	0	9,875,827
(Increase)/decrease in Units in LG Housing Trust	(3,233)	0	(1,441)
Non-operating grants, subsidies and contributions	(22,184,375)	(30,737,197)	(18,654,060)
Net cash from operating activities	12,893,421	5,547,326	5,923,053

SHIRE OF BROOME
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20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	394,580	486,676
General purpose funding	12,934,623	7,009,195
Law, order, public safety	6,645,075	6,804,811
Health	0	58,472
Education and welfare	2,245,375	2,285,110
Housing	3,572,304	3,594,369
Community amenities	33,948,575	38,686,192
Recreation and culture	57,519,257	43,578,088
Transport	293,313,271	283,674,078
Economic services	5,896,080	3,205,152
Other property and services	37,144,626	43,786,136
	453,613,764	433,168,279

SHIRE OF BROOME
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21. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2021	2020
	\$	\$
	2,298,615	5,407,392
	218,968	30,640
	<u>2,517,583</u>	<u>5,438,032</u>
	2,517,583	5,438,032

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

	2021	2020
	\$	\$
	227,547	503,322
	<u>227,547</u>	<u>503,322</u>

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

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

Leases (Continued)

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

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

22. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cr Harold Tracey			
President's annual allowance	47,515	47,515	47,515
Meeting attendance fees	23,361	23,361	23,361
ICT Allowance	3,500	3,500	3,500
Travel Allowance	50	50	50
	74,426	74,426	74,426
Cr Desiree Male			
Deputy President's annual allowance	11,879	11,879	11,879
Meeting attendance fees	17,423	17,423	17,423
ICT Allowance	3,500	3,500	3,500
Travel Allowance	50	50	50
	32,852	32,852	32,852
Cr Chris Mitchell JP			
Meeting attendance fees	17,423	17,423	17,338
ICT Allowance	3,500	3,500	3,485
Travel Allowance	50	50	50
	20,973	20,973	20,872
Cr Bruce Rudeforth Jnr			
Meeting attendance fees	17,423	17,423	17,338
ICT Allowance	3,500	3,500	3,485
Travel Allowance	50	50	50
	20,973	20,973	20,872
Cr Peter Taylor			
Meeting attendance fees	17,423	17,423	12,148
ICT Allowance	3,500	3,500	2,441
Travel Allowance	50	50	34
	20,973	20,973	14,623
Cr Nik Wevers			
Meeting attendance fees	17,423	17,423	12,148
ICT Allowance	3,500	3,500	2,441
Travel Allowance	50	50	34
	20,973	20,973	14,623
Cr Fiona West			
Meeting attendance fees	17,423	17,423	12,148
ICT Allowance	3,500	3,500	2,441
Travel Allowance	50	50	34
	20,973	20,973	14,623
Cr Elsta Foy			
Meeting attendance fees	17,423	17,423	17,423
ICT Allowance	3,500	3,500	3,500
Travel Allowance	50	50	50
	20,973	20,973	20,973

22. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cr Philip Matsumoto			
Meeting attendance fees	17,423	17,423	17,423
ICT Allowance	3,500	3,500	3,500
Travel Allowance	50	50	50
	20,973	20,973	20,973
Catherine Marriott			
Meeting attendance fees	0	0	4,777
ICT Allowance	0	0	960
Travel Allowance	0	0	14
	0	0	5,751
Mala Fairborn			
Meeting attendance fees	0	0	5,199
ICT Allowance	0	0	1,044
Travel Allowance	0	0	15
	0	0	6,258
	254,089	254,089	246,845
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	47,515	47,515	47,515
Deputy President's allowance	11,879	11,879	11,879
Meeting attendance fees	162,745	162,745	156,726
ICT Allowance	31,500	31,500	30,296
Travel Allowance	450	450	430
	254,089	254,089	246,845

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23. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	918,166	924,469
Post-employment benefits	80,696	78,026
Other long-term benefits	67,403	50,903
Termination benefits	2,203	38,246
	1,068,467	1,091,644

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 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).

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 exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Sale of goods and services	186,549	298,461
Purchase of goods and services	357,037	2,605,290

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

An 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
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24. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	2020/21		2020/21		2020/21		2020/21		2020/21		2020/21		2019/20		
		Number of Properties	Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rates \$	Budget Back Rates \$	Budget Total Revenue \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rates \$	Budget Back Rates \$	Actual Total Revenue \$
Gross rental valuations																
GRV - Residential	0.108224	4,918	116,221,696	12,585,662	53,518	2,769	12,641,949				12,585,661	0	0	0	12,585,661	12,555,742
GRV - Vacant	0.198104	176	2,904,940	575,480	10,626	(1,008)	585,097				575,480	0	0	0	575,480	584,581
GRV - Commercial	0.112119	545	54,978,563	6,164,142	19,509	(13,548)	6,170,103				6,182,956	0	0	0	6,182,956	6,135,500
GRV - Tourism	0.146665	454	17,635,596	2,586,525	-	-	2,586,525				2,586,525	0	0	0	2,586,525	2,587,080
Unimproved valuations																
UV - Commercial Rural	0.031875	21	19,304,079	615,318			615,318				211,611	0	0	0	211,611	211,534
UV - Mining	0.117729	39	1,211,081	142,579	(12,150)	(2,137)	128,293				142,579	0	0	0	142,579	134,703
UV - Rural	0.007623	54	17,509,000	133,471	0	0	133,471				133,471	0	0	0	133,471	139,257
Sub-Total		6,207	229,835,955	22,803,177	71,503	(13,924)	22,860,756				22,418,283	0	0	0	22,418,283	22,348,396
Minimum payment																
Gross rental valuations																
GRV - Residential	1.220	67	652,734	81,740	0	0	81,740				81,740	0	0	0	81,740	81,740
GRV - Vacant	1.220	176	810,422	214,720	0	0	214,720				214,720	0	0	0	214,720	246,440
GRV - Commercial	1.220	24	179,590	29,280	0	0	29,280				29,280	0	0	0	29,280	40,260
GRV - Tourism	1.220	371	1,599,000	452,620	0	0	452,620				452,620	0	0	0	452,620	453,840
Unimproved valuations																
UV - Commercial Rural	1.220	2	13,300	2,440	0	0	2,440				2,440	0	0	0	2,440	2,440
UV - Mining	500	29	47,441	14,500	0	0	14,500				14,500	0	0	0	14,500	15,500
UV - Rural	1.220	4	191,300	4,880	0	0	4,880				4,880	0	0	0	4,880	4,880
Sub-Total		673	3,493,787	800,180	0	0	800,180				800,180	0	0	0	800,180	845,100
Discounts/concessions (Note 24(b))																
Total amount raised from general rate		6,880	233,329,742	23,603,357	71,503	(13,924)	23,660,936				23,218,463	0	0	0	23,218,463	23,193,496
							(378,107)								(55,142)	(85,735)
							23,282,829								23,163,321	23,107,761

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.

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24. RATING INFORMATION (Continued)

(b) Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
General Rates	Concession	50%		1,140	1,140	1,140
General Rates	Concession	50%		1,252	1,252	1,252
General Rates	Concession	50%		1,154	1,154	1,154
General Rates	Concession	50%		1,097	1,097	1,097
General Rates	Concession	50%		1,097	1,097	1,097
General Rates	Concession	50%		1,308	1,308	1,308
General Rates	Concession	50%		1,140	1,140	1,140
General Rates	Concession	50%		1,154	1,154	1,154
General Rates	Concession	40%		4,408	4,408	4,408
General Rates	Concession	37%		8,576	8,576	8,576
General Rates	Concession	90%		5,002	5,002	5,002
General Rates	Concession	90%		26,236	26,236	38,016
General Rates	Concession	50%		1,578	1,578	1,578
General Rates	Concession	80%		73,140	0	0
General Rates	Concession	80%		43,489	0	0
General Rates	Concession	80%		38,007	0	0
General Rates	Concession	80%		36,559	0	0
General Rates	Concession	80%		25,397	0	0
General Rates	Concession	80%		20,547	0	0
General Rates	Concession	80%		19,344	0	0
General Rates	Concession	80%		16,104	0	0
General Rates	Concession	80%		13,811	0	0
General Rates	Concession	80%		10,277	0	0
General Rates	Concession	80%		10,091	0	0
General Rates	Concession	80%		8,640	0	0
General Rates	Concession	80%		7,559	0	0
General Rates	Concession	100%		0	0	6,571
General Rates	Concession	100%		0	0	12,243
				378,107	55,142	85,735
Total discounts/concessions (Note 24(a))				378,107	55,142	85,735

**SHIRE OF BROOME
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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	Objects and Reasons for the Waiver
Concession is Granted	available	or Concession
General Rates	Varying concessions to a charitable organisation (90%, 50%, 37%)	Concession offered because of the nature of the undertaking of the organisation providing social housing and affordable housing.
General Rates	80% concession to pastoral properties	Concession offered to reduce the impact of valuation increase and corresponding rates during the period.

24. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	20/08/2020	0	0.0%	8.0%
Option Two				
First instalment	20/08/2020	10	0.0%	8.0%
Second instalment	07/01/2021	10	5.5%	8.0%
Option Three				
First instalment	20/08/2020	10	0.0%	8.0%
Second instalment	22/10/2020	10	5.5%	8.0%
Third instalment	07/01/2021	10	5.5%	8.0%
Fourth instalment	18/03/2021	10	5.5%	8.0%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	75,728	160,000	117,871
Interest on instalment plan	0	150,000	141,504
Charges on instalment plan	0	60,780	59,750
Payment arrangement fee	50	8,000	29,095
	75,778	378,780	348,220

SHIRE OF BROOME
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25. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2019/20
	(30 June 2021 Carried Forward) \$	Budget (30 June 2021 Carried Forward) \$	(30 June 2020 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities			
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> .			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a) (11,822)	(89,309)	(38,051)
Less: Non-cash grants and contributions for assets	0	0	(488,063)
Less: Movement in liabilities associated with restricted cash	(1,614,759)	0	463,565
Less: Fair value adjustments to financial assets at fair value through profit and loss	(3,233)	0	(1,441)
Movement in pensioner deferred rates (non-current)	2,884	0	(5,377)
Movement in employee benefit provisions	(222,919)	0	228,834
Movement in other provisions (non-current)	(61,337)	0	0
Add : Other increase/decrease and non-cash movements	(41,765)	0	0
Add: Loss on disposal of assets	11(a) 436,769	432,857	112,475
Add: Depreciation on non-current assets	11(b) 12,525,339	11,653,092	11,145,143
Non cash amounts excluded from operating activities	11,009,157	11,996,640	11,417,085
(b) Surplus/(deficit) after imposition of general rates			
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.			
Adjustments to net current assets			
Less: Reserves - cash backed	3 (34,866,524)	(32,001,799)	(40,024,863)
Less: Financial assets at amortised cost - self supporting loans	5(a) 0	(73,408)	0
Less: Current assets not expected to be received at end of year			
- Bonds and deposits held by others	(1,800)	0	(9,055)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	16(a) 859,957	875,554	854,092
- Current portion of contract liability held in reserve	5,176,832	2,883,692	9,875,827
- Employee benefit provisions	1,197,060	1,665,592	2,379,880
-Liability associated with restricted cash - bonds and deposits	633,957	0	617,884
-Liability not expected to be paid within 12 months	700,158	0	65,093
Total adjustments to net current assets	(26,300,360)	(26,650,369)	(26,241,142)
Net current assets used in the Rate Setting Statement			
Total current assets	47,462,298	39,960,910	49,882,604
Less: Total current liabilities	(16,322,492)	(13,310,541)	(19,453,070)
Less: Total adjustments to net current assets	(26,300,360)	(26,650,369)	(26,241,142)
Net current assets used in the Rate Setting Statement	4,839,446	0	4,188,392

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26. 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 \$
2021					
Cash and cash equivalents	0.93%	44,065,529	0	44,065,529	
2020					
Cash and cash equivalents	1.50%	43,577,663	0	43,577,663	

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	440,655	435,777

* 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 16(b).

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26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other 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. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 before 1 July 2020 or 1 July 2021 respectively 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Specific provision	Total
30 June 2021						
Rates receivable						
Expected credit loss	2%	5%	8%	10%		
Gross carrying amount	22,028	560,555	123,785	110,074	191,880	1,008,322
Loss allowance	441	28,028	9,903	11,007	191,880	241,258
30 June 2020						
Rates receivable						
Expected credit loss	2%	5%	8%	10%		
Gross carrying amount	1,810	688,282	103,982	84,300	0	878,374
Loss allowance	36	34,414	8,319	8,430	116,505	167,704

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Specific provision	Total
30 June 2021						
Trade and other receivables						
Expected credit loss	2%	5%	10%	15%		
Gross carrying amount	1,588,315	70,903	49,015	251,927	128,943	2,089,103
Loss allowance	31,766	3,545	4,902	37,789	128,943	206,945
30 June 2020						
Trade and other receivables						
Expected credit loss	2%	5%	10%	15%		
Gross carrying amount	4,867,675	96,166	24,282	69,981		5,058,104
Loss allowance	97,354	4,808	2,428	10,497	19,747	134,834

26. 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 16(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
	\$	\$	\$	\$	\$
2021					
Payables	7,341,078	0	0	7,341,078	7,341,078
Borrowings	859,957	2,250,089	3,180,818	6,290,864	6,290,864
	8,201,035	2,250,089	3,180,818	13,631,942	13,631,942
2020					
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
	7,288,769	1,708,467	1,841,960	10,839,196	10,453,227

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

No service concession arrangement have been identified.

SHIRE OF BROOME
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 FOR THE YEAR ENDED 30 JUNE 2021

28. 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 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Town Planning Related Bond Deposits	102,437	4,125	0	106,562
Cash In Lieu Of Public Open Space	100,209	0	0	100,209
Unclaimed Monies	2,360	0	(2,360)	0
BRB Levy	4,941	0	(4,941)	0
	<u>209,947</u>	<u>4,125</u>	<u>(7,301)</u>	<u>206,771</u>

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

29. 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 end of the reporting period.

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2021

30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE 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>GENERAL PURPOSE FUNDING To collect revenue to allow provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p>LAW, ORDER, PUBLIC SAFETY 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>HEALTH To provide an operational framework for environmental and community health.</p>	Food quality, eating house inspection, pest control and child health clinics.
<p>EDUCATION AND WELFARE 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>HOUSING To provide and maintain staff housing.</p>	Provision of staff housing.
<p>COMMUNITY AMENITIES 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>RECREATION AND CULTURE 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>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads, bridges, footpaths and street lighting.
<p>ECONOMIC SERVICES To help promote the Council's economic well being.</p>	The regulation and provision of tourism facilities, area promotion and building control.
<p>OTHER PROPERTY AND SERVICES 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.

SHIRE OF BROOME
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

31. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.27	1.16	1.12
Asset consumption ratio	0.83	0.84	0.86
Asset renewal funding ratio	1.09	0.96	1.05
Asset sustainability ratio	1.71	0.62	1.50
Debt service cover ratio	9.51	15.38	8.63
Operating surplus ratio	(0.11)	0.05	(0.11)
Own source revenue coverage ratio	0.82	0.85	0.82

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 2021 Shire of Broome

To the Councillors of the Shire of Broome

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Broome (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on other legal and regulatory requirements

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

- (i) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Staff acting in higher duties had capacity to approve their own timesheet and were paid at a rate that was higher than their approved higher duties form. Staff also authorised bank payments while acting in higher duties capacity however, there was no further documentation to support the arrangement, or the relevant documentation was approved after the arrangement. This increased the risk of unauthorised and incorrect payroll payments, fraud and or errors occurring without being detected.
 - b) Due to issues with the current payroll system, several complex journals are required to correct and balance the general ledger accounts. During the year, payroll reconciliations were not timely and formally signed due to these balancing issues; instead, correcting journals were posted at year end. This increased the risk that processing errors of employee costs and leave balances may not be timely or appropriately corrected.
 - c) Documentation to support procurement decision making such as quotations and procurement plans could not be provided for some samples tested. This practice increased the likelihood of not receiving value for money in procurement and/or pricing change between quotation and invoicing.
 - d) Sufficient and appropriate documentation to support journal adjustments was not always readily available. We also noted several journals processed by the IT Vision service provider which were not formally reviewed by the Shire for appropriateness. This increased the risk of erroneous transactions or fraud occurring without detection.
 - e) SynergySoft system purchasing delegation limits are not always aligned with authorised purchasing delegation limits. In addition, we found that some staff acting on higher duties arrangements appeared to have inappropriate levels of access, with potential to bypass system segregation of duties controls. This increased the risk of inappropriate approval of transactions and or fraudulent transactions occurring, which may result in financial loss.
 - f) There is no evidence that the ordering of goods was approved prior to ordering as purchase orders were dated on or after the suppliers' invoices were received.
 - g) A modification was made to vendor bank accounts details on the weekend and the bank account details were not independently checked prior to payment. Several staff are authorised to make purchases up to \$2,000 (without second authorisation), and bank details for these transactions are not checked. There are several duplicated suppliers, and suppliers that have never been used within the supplier masterfile. This increased the risk of erroneous transactions or fraud occurring without detection.
 - h) SynergySoft user access is not periodically reviewed to ensure ongoing access continues to be appropriate. Further, network access had not, in all cases, been disabled for former employees. Whilst the remote access server records remote logins and unsuccessful login attempts, there is no evidence that these are reviewed. This increased the risk of inappropriate or unauthorised access to the Shire's IT systems and/or information, and thereby the confidentiality, integrity, and availability of the Shire's information.
 - i) Formal review needs to be performed to determine whether Town Planning bonds need to be held in trust or returned. The Shire is not recognising the trust funds in accordance with s6.9(1) of the Local Government Act 1995
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Broome for the year ended 30 June 2021 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 financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the 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 financial report to confirm the information contained in this website version of the financial report.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
3 December 2021