

SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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The Shire of Broome conducts the operations of a local government with the following 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 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Broome has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the

14th day of

December 2023



Chief Executive Officer

Salvatore Mastrolemba

Name of Chief Executive Officer

SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),25	24,990,045	25,001,626	23,902,635
Grants, subsidies and contributions	2(a)	5,071,704	1,688,116	3,281,048
Fees and charges	2(a)	10,249,483	11,607,813	9,248,594
Interest revenue	2(a)	1,843,730	436,559	419,247
Other revenue	2(a)	1,623,088	1,337,814	984,805
		43,778,050	40,071,928	37,836,329
Expenses				
Employee costs	2(b)	(16,566,290)	(16,323,913)	(16,813,230)
Materials and contracts		(9,739,714)	(11,301,459)	(8,059,965)
Utility charges		(2,142,307)	(2,151,708)	(2,359,931)
Depreciation		(16,806,742)	(18,142,152)	(14,277,414)
Finance costs	2(b)	(273,946)	(202,898)	(242,307)
Insurance		(1,011,767)	(785,277)	(720,985)
Other expenditure	2(b)	(1,534,050)	(2,208,463)	(1,019,519)
		(48,074,816)	(51,115,870)	(43,493,351)
		(4,296,766)	(11,043,942)	(5,657,022)
Capital grants, subsidies and contributions	2(a)	4,854,817	12,633,743	8,583,402
Profit on asset disposals		92,049	202,995	34,267
Loss on asset disposals		(96,025)	(254,543)	(48,227)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	4,607	0	4,996
Loss on revaluation of Infrastructure - Others	9(a)	0	0	(8,383,982)
Loss on revaluation of Infrastructure - Landfill assets		(340,297)	0	0
		4,515,151	12,582,195	190,456
Net result for the period	24(b)	218,385	1,538,253	(5,466,566)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	17,846,697
Total other comprehensive income for the period	16	0	0	17,846,697
Total comprehensive income for the period		218,385	1,538,253	12,380,131

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



SHIRE OF BROOME
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	50,477,249	43,413,804
Trade and other receivables	5	1,813,447	2,015,721
Other financial assets	4(a)	96,154	0
Inventories	6	30,354	31,520
Other assets	7	160,912	225,940
TOTAL CURRENT ASSETS		52,578,116	45,686,985
NON-CURRENT ASSETS			
Trade and other receivables	5	82,550	48,671
Other financial assets	4(b)	1,255,708	1,347,255
Property, plant and equipment	8	87,047,673	86,054,785
Infrastructure	9	324,369,191	332,051,620
TOTAL NON-CURRENT ASSETS		412,755,122	419,502,331
TOTAL ASSETS		465,333,238	465,189,316
CURRENT LIABILITIES			
Trade and other payables	11	3,264,285	5,824,127
Other liabilities	12	7,356,858	4,329,941
Borrowings	13	551,033	444,162
Employee related provisions	14	1,772,619	2,783,876
Other provisions	15	234,420	91,147
TOTAL CURRENT LIABILITIES		13,179,215	13,473,253
NON-CURRENT LIABILITIES			
Borrowings	13	7,235,712	6,786,745
Employee related provisions	14	302,961	267,558
Other provisions	15	2,833,275	3,098,070
TOTAL NON-CURRENT LIABILITIES		10,371,948	10,152,373
TOTAL LIABILITIES		23,551,163	23,625,626
NET ASSETS		441,782,075	441,563,690
EQUITY			
Retained surplus		153,126,798	155,253,553
Reserve accounts	28	35,137,161	32,792,021
Revaluation surplus	16	253,518,116	253,518,116
TOTAL EQUITY		441,782,075	441,563,690

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 2023

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		162,665,877	30,846,263	235,671,419	429,183,559
Comprehensive income for the period					
Net result for the period		(5,466,566)	0	0	(5,466,566)
Other comprehensive income for the period	16	0	0	17,846,697	17,846,697
Total comprehensive income for the period		(5,466,566)	0	17,846,697	12,380,131
Transfers from reserve accounts	28	3,541,907	(3,541,907)	0	0
Transfers to reserve accounts	28	(5,487,665)	5,487,665	0	0
Balance as at 30 June 2022		155,253,553	32,792,021	253,518,116	441,563,690
Comprehensive income for the period					
Net result for the period		218,385	0	0	218,385
Total comprehensive income for the period		218,385	0	0	218,385
Transfers from reserve accounts	28	865,430	(865,430)	0	0
Transfers to reserve accounts	28	(3,210,570)	3,210,570	0	0
Balance as at 30 June 2023		153,126,798	35,137,161	253,518,116	441,782,075

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 2023

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		25,124,787	24,093,197
Grants, subsidies and contributions		5,233,068	3,288,853
Fees and charges		10,223,565	9,055,083
Interest revenue		1,843,730	419,247
Goods and services tax received		2,059,329	3,171,331
Other revenue		1,623,088	989,801
		46,107,567	41,017,512
Payments			
Employee costs		(17,585,775)	(16,602,430)
Materials and contracts		(12,211,222)	(9,135,633)
Utility charges		(2,142,307)	(2,359,931)
Finance costs		(189,071)	(242,307)
Insurance paid		(1,011,767)	(720,985)
Goods and services tax paid		(2,404,945)	(2,846,940)
Other expenditure		(1,534,050)	(1,024,515)
		(37,079,137)	(32,932,741)
Net cash provided by operating activities	17(b)	9,028,430	8,084,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for remediations related expenses		0	(118,562)
Payments for purchase of property, plant & equipment		(5,834,039)	(3,624,205)
Payments for construction of infrastructure		(5,150,713)	(14,655,205)
Capital grants, subsidies and contributions		8,082,676	8,470,388
Proceeds from sale of property, plant & equipment		381,253	251,046
Net cash (used in) investing activities		(2,520,823)	(9,676,538)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a)	(444,162)	(859,958)
Proceeds from new borrowings	27(a)	1,000,000	1,800,000
Net cash provided by financing activities		555,838	940,042
Net increase (decrease) in cash held		7,063,445	(651,725)
Cash at beginning of year		43,413,804	44,065,529
Cash and cash equivalents at the end of the year	17(a)	50,477,249	43,413,804

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



SHIRE OF BROOME
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	24,361,840	24,383,200	22,832,663
Rates excluding general rates	25	628,205	618,426	1,069,972
Grants, subsidies and contributions		5,071,704	1,688,116	3,281,048
Fees and charges		10,249,483	11,607,813	9,248,594
Interest revenue		1,843,730	436,559	419,247
Other revenue		1,623,088	1,337,814	984,805
Profit on asset disposals		92,049	202,995	34,267
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	4,607	0	4,996
		43,874,706	40,274,923	37,875,592
Expenditure from operating activities				
Employee costs		(16,566,290)	(16,323,913)	(16,813,230)
Materials and contracts		(9,739,714)	(11,301,459)	(8,059,965)
Utility charges		(2,142,307)	(2,151,708)	(2,359,931)
Depreciation		(16,806,742)	(18,142,152)	(14,277,414)
Finance costs		(273,946)	(202,898)	(242,307)
Insurance		(1,011,767)	(785,277)	(720,985)
Other expenditure		(1,534,050)	(2,208,463)	(1,019,519)
Loss on asset disposals		(96,025)	(254,543)	(48,227)
Loss on revaluation of non-current assets		(340,297)	0	(8,383,982)
		(48,511,138)	(51,370,413)	(51,925,560)
Non-cash amounts excluded from operating activities	26(a)	17,067,941	18,193,700	22,751,821
Amount attributable to operating activities		12,431,509	7,098,210	8,701,853
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		4,854,817	12,633,743	8,583,402
Proceeds from disposal of assets		381,253	445,073	251,046
		5,236,070	13,078,816	8,834,448
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		0	(690,746)	0
Purchase of property, plant and equipment	8(a)	(5,834,039)	(15,722,175)	(3,817,999)
Purchase and construction of infrastructure	9(a)	(5,150,713)	(16,307,738)	(14,593,559)
		(10,984,752)	(32,720,659)	(18,411,558)
Non-cash amounts excluded from investing activities	26(b)	0	0	236,868
Amount attributable to investing activities		(5,748,682)	(19,641,843)	(9,340,242)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	27(a)	1,000,000	690,746	1,800,000
Transfers from reserve accounts	28	865,430	9,970,352	3,541,907
		1,865,430	10,661,098	5,341,907
Outflows from financing activities				
Repayment of borrowings	27(a)	(444,162)	(444,162)	(859,958)
Transfers to reserve accounts	28	(3,210,570)	(1,818,355)	(5,487,665)
		(3,654,732)	(2,262,517)	(6,347,623)
Amount attributable to financing activities		(1,789,302)	8,398,581	(1,005,716)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(c)	2,891,583	4,145,052	4,535,688
Amount attributable to operating activities		12,431,509	7,098,210	8,701,853
Amount attributable to investing activities		(5,748,682)	(19,641,843)	(9,340,242)
Amount attributable to financing activities		(1,789,302)	8,398,581	(1,005,716)
Surplus or deficit after imposition of general rates	26(c)	7,785,108	0	2,891,583

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



SHIRE OF BROOME
FOR THE YEAR ENDED 30 JUNE 2023
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SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The financial report of the Shire of Broome which is a Class 2 local government, comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 *Leases* 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 measurement 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

Judgements and estimates

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation of provisions.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*
- AASB 2021-7a *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- AASB 2022-3 *Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15 Revenue from Contracts with Customers*

These amendments have no material impact on the current annual 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 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*
- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Single point in time/over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - 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	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Fees and charges - sale of stock	BRAC kiosk stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	24,990,045	0	24,990,045
Grants, subsidies and contributions	1,397,220	0	0	3,674,484	5,071,704
Fees and charges	9,614,390	0	610,616	24,477	10,249,483
Interest revenue	0	0	228,677	1,615,053	1,843,730
Other revenue	841,306	0	0	781,782	1,623,088
Capital grants, subsidies and contributions	0	4,331,130	0	523,687	4,854,817
Total	11,852,916	4,331,130	25,829,338	6,619,483	48,632,867

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	23,902,635	0	23,902,635
Grants, subsidies and contributions	3,135,938	145,110	0	0	3,281,048
Fees and charges	8,582,464	0	666,130	0	9,248,594
Interest revenue	0	0	256,212	163,035	419,247
Other revenue	8,834	0	0	975,971	984,805
Capital grants, subsidies and contributions	0	8,219,007	0	364,395	8,583,402
Total	11,727,236	8,364,117	24,824,977	1,503,401	46,419,731

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2023 Actual	2022 Actual
	\$	\$
Assets and services acquired below fair value		
Contributed assets	0	236,868
	0	236,868
Interest revenue		
Financial assets at amortised cost - self supporting loans	25,671	24,225
Interest on reserve account funds	1,046,705	106,508
Trade and other receivables overdue interest	228,676	256,212
Other interest revenue	542,678	32,302
	1,843,730	419,247
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$265,000		
Fees and charges relating to rates receivable		
Charges on instalment plan	52,042	49,684
The 2023 original budget estimate in relation to: Charges on instalment plan was \$51,200		

(b) Expenses

Auditors remuneration		
- Audit of the Annual Financial Report	144,950	130,000
- Other services – grant acquittals	12,050	27,500
	157,000	157,500
Employee Costs		
Employee benefit costs	12,716,195	10,476,961
Other employee costs	3,850,095	6,336,269
	16,566,290	16,813,230
Finance costs		
Interest and financial charges paid/payable for financial liabilities not at fair value through profit or loss	189,071	118,453
Provisions: unwinding of discount	84,875	123,854
	273,946	242,307
Other expenditure		
Impairment losses on trade receivables	0	(193,511)
Sundry expenses	1,534,050	1,213,030
	1,534,050	1,019,519

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Note	2023 \$	2022 \$
Cash at bank and on hand	50,477,249	43,413,804
Total cash and cash equivalents	50,477,249	43,413,804
Held as		
- Unrestricted cash and cash equivalents	9,208,736	7,357,686
- Restricted cash and cash equivalents	41,268,513	36,056,118
	50,477,249	43,413,804

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.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable

Held as

- Unrestricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit or loss

Financial assets at amortised cost

Self supporting loans receivable

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

Movement attributable to fair value increment

Units in Local Government House Trust - closing balance

	2023 \$	2022 \$
	96,154	0
	96,154	0
	96,154	0
	96,154	0
	96,154	0
	96,154	0
	1,153,846	1,250,000
	101,862	97,255
	1,255,708	1,347,255
	1,153,846	1,250,000
	1,153,846	1,250,000
	97,255	92,259
	4,607	4,996
	101,862	97,255

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 27(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 21.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

5. TRADE AND OTHER RECEIVABLES

	Note	2023 \$	2022 \$
Current			
Rates and statutory receivables		786,301	908,254
Trade receivables		696,252	1,209,544
GST receivable		498,231	152,615
Receivables for employee related provisions	14	61,437	0
Allowance for credit losses of rates and statutory receivables		(181,273)	(244,029)
Allowance for credit losses of trade receivables	21(b)	(47,501)	(10,663)
		1,813,447	2,015,721
Non-current			
Rates and statutory receivables		57,373	48,671
Receivables for employee related provisions		25,177	0
		82,550	48,671

Disclosure of opening and closing balances related to contracts with customers

Information about receivables 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:

	Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Trade and other receivables from contracts with customers		663,392	1,172,126	2,037,066
Contract assets		0	0	14,386
Allowance for credit losses of trade receivables	5	(47,501)	(10,663)	(206,945)
Total trade and other receivables from contracts with customers		615,891	1,161,463	1,844,507

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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.

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 21.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

6. INVENTORIES

Note	2023	2022
Current	\$	\$
Fuel and materials	20,025	24,924
BRAC Stock	10,329	6,596
	30,354	31,520
The following movements in inventories occurred during the year:		
Balance at beginning of year	31,520	65,150
Inventories expensed during the year	(364,195)	(238,252)
Additions to inventory	363,029	204,622
Balance at end of year	30,354	31,520

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
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FOR THE YEAR ENDED 30 JUNE 2023

7. OTHER ASSETS

Other assets - current

Prepayments
Bonds and deposits held by others

2023	2022
\$	\$
160,912	218,779
0	7,161
160,912	225,940

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 2023

8. 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	Buildings - work in progress	Furniture & equipment - work in progress	Total property, plant and equipment
	\$	\$		\$	\$	\$	\$	\$
Balance at 1 July 2021	3,020,192	66,654,755	69,674,947	1,115,442	6,776,322	192,324	43,074	77,802,109
Additions*	0	523,751	523,751	593,689	988,670	1,738,277	16,686	3,861,073
Disposals	0	0	0	(5,122)	(259,884)	0	0	(265,006)
Revaluation increments / (decrements) transferred to revaluation surplus	2,109,808	5,916,621	8,026,429	0	0	0	0	8,026,429
WIP reversal to expenses	0	0	0	0	0	0	(43,074)	(43,074)
Depreciation	0	(2,172,731)	(2,172,731)	(749,873)	(1,538,316)	0	0	(4,460,920)
Transfers	0	145,154	145,154	1,131,039	3,135	(145,154)	0	1,134,174
Balance at 30 June 2022	5,130,000	71,067,550	76,197,550	2,085,175	5,969,927	1,785,447	16,686	86,054,785
Comprises:								
Gross balance amount at 30 June 2022	5,130,000	71,067,550	76,197,550	4,211,693	13,745,057	1,785,447	16,686	95,956,433
Accumulated depreciation at 30 June 2022	0	0	0	(2,126,518)	(7,775,130)	0	0	(9,901,648)
Balance at 30 June 2022	5,130,000	71,067,550	76,197,550	2,085,175	5,969,927	1,785,447	16,686	86,054,785
Additions*	0	3,315,592	3,315,592	330,379	1,593,128	594,940	0	5,834,039
Disposals	0	0	0	0	(315,404)	(32,073)	0	(347,477)
Depreciation	0	(2,806,702)	(2,806,702)	(663,305)	(1,023,667)	0	0	(4,493,674)
Transfers	0	1,410,294	1,410,294	16,686	0	(1,410,294)	(16,686)	0
Balance at 30 June 2023	5,130,000	72,986,734	78,116,734	1,768,935	6,223,984	938,020	0	87,047,673
Comprises:								
Gross balance amount at 30 June 2023	5,130,000	75,793,436	80,923,436	4,558,758	14,484,230	938,020	0	100,904,444
Accumulated depreciation at 30 June 2023	0	(2,806,702)	(2,806,702)	(2,789,823)	(8,260,246)	0	0	(13,856,771)
Balance at 30 June 2023	5,130,000	72,986,734	78,116,734	1,768,935	6,223,984	938,020	0	87,047,673

* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2022	0	0	0	0	236,868	0	0	236,868
During the year ended 30 June 2023	0	0	0	0	0	0	0	0

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land/vested in and under the control of Council	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	Sales comparisons (level 2 and 3 inputs)
Buildings - non-specialised	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	Sales comparisons per lettable area (level 2 inputs), depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)
<p>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.</p> <p>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.</p>					
(ii) Cost					
Furniture and equipment			Cost	N/A	N/A
Plant and equipment			Cost	N/A	N/A

SHIRE OF BROOME
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9. 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.

	Infrastructure - Roads	Infrastructure - Footpaths, carparks & bridges	Infrastructure - Drainage	Infrastructure - Recreation areas	Infrastructure - Others	Work in Progress - Roads, footpaths and bridges infrastructure	Work in Progress - Drainage	Work in progress - Recreation areas	Work in progress - Other infrastructure	Infrastructure - Landfill assets	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	201,248,191	37,728,375	32,096,446	15,293,372	15,471,234	15,698,508	5,757	818,463	5,245,721	3,366,379	326,972,446
Additions*	1,960,975	3,103,681	130,792	2,690,473	4,443,267	599,152	0	1,726,865	0	0	14,655,205
Revaluation increments / (decrements) transferred to revaluation surplus	23,624	(18,713,163)	10,997,859	20,214,856	(2,702,911)	0	0	0	0	0	9,820,265
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	(8,383,982)	0	0	0	0	0	(8,383,982)
WIP reversal to expenses	0	0	0	0	0	0	0	(59,666)	(1,980)	0	(61,646)
Depreciation	(4,333,122)	(1,049,256)	(722,485)	(1,847,813)	(1,208,949)	0	0	0	0	(654,869)	(9,816,494)
Transfers	5,073,711	3,629,183	211,943	2,426,610	9,231,182	(15,698,508)	(5,757)	(758,797)	(5,243,741)	0	(1,134,174)
Balance at 30 June 2022	203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	599,152	0	1,726,865	0	2,711,510	332,051,620
Comprises:											
Gross balance at 30 June 2022	203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	599,152	0	1,726,865	0	3,366,379	332,706,489
Accumulated depreciation at 30 June 2022	0	0	0	0	0	0	0	0	0	(654,869)	(654,869)
Balance at 30 June 2022	203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	599,152	0	1,726,865	0	2,711,510	332,051,620
Additions*	1,232,329	561,146	72,314	750,508	395,850	656,096	0	1,453,446	29,024	0	5,150,713
(Disposals)	(37,752)	0	0	0	0	0	0	0	0	0	(37,752)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	0	0	(482,322)	(482,322)
Depreciation	(4,693,462)	(801,018)	(669,387)	(3,728,807)	(629,448)	0	0	0	0	(1,790,946)	(12,313,068)
Transfers	523,035	0	0	808,564	0	(523,035)	0	(808,564)	0	0	0
Balance at 30 June 2023	200,997,529	24,458,948	42,117,482	36,607,763	16,616,243	732,213	0	2,371,747	29,024	438,242	324,369,191
Comprises:											
Gross balance at 30 June 2023	205,690,991	25,259,966	42,786,869	40,336,570	17,245,691	732,213	0	2,371,747	29,024	3,067,695	337,520,766
Accumulated depreciation at 30 June 2023	(4,693,462)	(801,018)	(669,387)	(3,728,807)	(629,448)	0	0	0	0	(2,629,453)	(13,151,575)
Balance at 30 June 2023	200,997,529	24,458,948	42,117,482	36,607,763	16,616,243	732,213	0	2,371,747	29,024	438,242	324,369,191
* Asset additions included additions received at substantially less than fair value:											
During the year ended 30 June 2022	0	0	0	0	17,054,485	0	0	0	0	0	17,054,485
During the year ended 30 June 2023	0	0	0	0	0	0	0	0	0	0	0

SHIRE OF BROOME
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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths, carparks & bridges	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Recreation areas	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Others	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Landfill assets	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	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
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10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	13-100 years
Furniture and equipment	4-10 years
Plant and equipment	4-16 years
Infrastructure - Roads	10-250 years
Infrastructure - Footpaths, carparks & bridges	15-250 years
Infrastructure - Drainage	50-80 years
Infrastructure - Recreation areas	5-75 years
Infrastructure - Others	4-100 years
Infrastructure - Landfill assets	3 years

(b) Fully Depreciated Assets in Use

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

	2023	2022
	\$	\$
Furniture and equipment	650,272	8,910
Plant and equipment	5,445,814	4,997,511
Infrastructure - Recreation areas	281	
	6,096,367	5,006,421

SHIRE OF BROOME
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10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost, the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

The fair value of land, buildings and infrastructure 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.

Revaluation (continued)

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

For land, buildings and infrastructure increases in the carrying amount arising on revaluation of asset classes 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.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

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 or losses on disposal

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

SHIRE OF BROOME
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11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 Bonds and deposits held
 Accrued liabilities

2023	2022
\$	\$
1,657,216	3,681,408
543,613	522,122
70,512	114,143
641,896	635,329
351,048	871,125
3,264,285	5,824,127

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 income for the prepaid rates that have not been refunded.

SHIRE OF BROOME
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12. OTHER LIABILITIES

Current

Contract liabilities	0	265,314
Capital grant/contributions liabilities	5,489,456	2,363,454
Developer contributions	1,867,402	1,701,173
	7,356,858	4,329,941

Reconciliation of changes in contract liabilities

Opening balance	265,314	393,309
Additions	0	153,882
Revenue from contracts with customers included as a contract liability at the start of the period	(265,314)	(281,877)
	0	265,314

Reconciliation of changes in capital grant/contribution liabilities

Opening balance	2,363,454	2,598,395
Additions	3,126,002	2,363,454
Revenue from capital grant/contributions held as a liability at the start of the period	0	(2,598,395)
	5,489,456	2,363,454

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year	3,001,457	2,363,454
1 to 2 years	2,487,999	
	5,489,456	2,363,454

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

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13. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Unsecured		\$	\$	\$	\$	\$	\$
Loans		551,033	7,235,712	7,786,745	444,162	6,786,745	7,230,907
Total borrowings	27(a)	551,033	7,235,712	7,786,745	444,162	6,786,745	7,230,907

All borrowings are from the Western Australian Treasury Corporation and are unsecured.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 27(a).

Information regarding exposure to risk can be found at Note 21.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	1,000,118	1,574,784
Long service leave	696,913	1,209,092
	<u>1,697,031</u>	<u>2,783,876</u>
Employee related other provisions		
Employment on-costs	75,588	0
	<u>75,588</u>	<u>0</u>
Total current employee related provisions	<u>1,772,619</u>	<u>2,783,876</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	278,705	267,558
	<u>278,705</u>	<u>267,558</u>
Employee related other provisions		
Employment on-costs	24,256	0
	<u>24,256</u>	<u>0</u>
Total non-current employee related provisions	<u>302,961</u>	<u>267,558</u>
Total employee related provisions	<u>2,075,580</u>	<u>3,051,434</u>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2023	2022
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		941,279	1,535,484
More than 12 months from reporting date		<u>1,134,301</u>	<u>1,515,950</u>
		<u>2,075,580</u>	<u>3,051,434</u>
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	(61,437)	0

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related 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 provisions 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 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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

15. OTHER PROVISIONS

	Provision for remediation costs	Total
	\$	\$
Opening balance at 1 July 2022		
Current provisions	91,147	91,147
Non-current provisions	3,098,070	3,098,070
	3,189,217	3,189,217
Amounts used	(64,372)	(64,372)
Unused amounts reversed	(142,025)	(142,025)
Charged to profit or loss		
- unwinding of discount	84,875	84,875
Balance at 30 June 2023	3,067,695	3,067,695
Comprises		
Current	234,420	234,420
Non-current	2,833,275	2,833,275
	3,067,695	3,067,695

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

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 *Provisions, Contingent Liabilities and Contingent Assets*. 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.

Unused provision amounts reversed were allocated against the loss on revaluation of the associated landfill asset.

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

16. REVALUATION SURPLUS

	2023 Opening Balance	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	26,803,337	26,803,337	18,776,908	8,026,429	26,803,337
Revaluation surplus - Furniture and equipment	201,314	201,314	201,314	0	201,314
Revaluation surplus - Infrastructure - Roads	148,085,836	148,085,836	148,062,212	23,624	148,085,836
Revaluation surplus - Infrastructure - Footpaths, carparks & bridges	11,799,526	11,799,526	30,512,688	(18,713,162)	11,799,526
Revaluation surplus - Infrastructure - Drainage	38,398,458	38,398,458	27,400,598	10,997,860	38,398,458
Revaluation surplus - Infrastructure - Recreation areas	28,229,645	28,229,645	8,014,788	20,214,857	28,229,645
Revaluation surplus - Infrastructure - Others	0	0	2,702,911	(2,702,911)	0
	253,518,116	253,518,116	235,671,419	17,846,697	253,518,116

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	50,477,249	43,413,804
Restrictions			
The following classes of financial 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	3	41,268,513	36,056,118
		41,268,513	36,056,118
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	35,137,161	32,792,021
Contract liabilities	12	0	265,314
Capital grant liabilities	12	5,489,456	2,363,454
Bonds and deposits held		641,896	635,329
Total restricted financial assets		41,268,513	36,056,118

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

Net result		218,385	(5,466,566)
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(4,607)	(4,996)
Depreciation/amortisation		16,806,742	14,277,414
(Profit)/loss on sale of asset		3,976	13,960
Loss on revaluation of fixed assets		482,322	8,383,982
Assets received for substantially less than fair value		0	(236,868)
Reversal of WIP to operating expenses		0	104,720
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		168,395	1,071,626
(Increase)/decrease in other assets		65,028	(10,074)
(Increase)/decrease in inventories		1,166	33,630
(Increase)/decrease in contract assets		0	14,386
Increase/(decrease) in trade and other payables		(2,559,842)	(1,516,951)
Increase/(decrease) in employee related provisions		(975,854)	613,928
Increase/(decrease) in other provisions		(121,522)	123,854
Increase/(decrease) in other liabilities		3,026,917	(846,891)
Capital grants, subsidies and contributions		(8,082,676)	(8,470,383)
Net cash provided by/(used in) operating activities		9,028,430	8,084,771

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	700,000	700,000
Bank overdraft at balance date	0	0
Credit card limit	200,000	100,000
Credit card balance at balance date	(19,072)	(7,990)
Total amount of credit unused	880,928	792,010

Loan facilities

Loan facilities - current	551,033	444,162
Loan facilities - non-current	7,235,712	6,786,745
Total facilities in use at balance date	7,786,745	7,230,907

Unused loan facilities at balance date	0	0
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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

18. CONTINGENT LIABILITIES

In relation to land owned, vested or leased the Shire of Broome has identified the following sites where there may be possible sources of contamination. At the date of this report the Shire is yet to conduct investigations to ascertain the value and timing of remediation works.

1. 20 Cable Beach Rd, Djugun, 6725, Landfill, Crown Reserve 42502, Cable Beach Road, Broome.
2. 8 Napier Tce, Broome, 6725, Former Landfill, Crown Reserve 8176 (Lot 1317) Napier Terrace, Broome.
3. 317 Kavite Rd, Minyirr, 6725, Broome Turf Club, Crown Reserve 22648, 317 Kavite Road Cnr Gantheaume Point Road, Broome.
4. 197 Port Dr, Minyirr, 6725, Broome Golf Course, Crown Reserve 29300, Port Drive, Broome (Source Site)
5. 223 Port Drive, Minyirr, 6725, Broome Golf Course, Crown Reserve 29300, Port Drive, Broome (Source Site)
6. 73 Wattle Dr, Roebuck, 6725, Former Landfill, Crown Reserve 30803, Lot 73 Wattle Drive, Broome.

19. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	2,162,384	3,479,069
- plant & equipment purchases	1,898,648	1,410,313
	4,061,032	4,889,382
Payable:		
- not later than one year	4,061,032	4,889,382

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	57,835	48,703	47,515
President's meeting attendance fees	41,803	23,946	23,361
President's annual allowance for ICT expenses	7,000	3,500	3,500
President's travel and accommodation expenses	100	50	0
President's annual allowance for travel and accommodation expenses	0	0	50
	106,738	76,199	74,426
Deputy President's annual allowance	3,044	12,176	11,879
Deputy President's meeting attendance fees	17,858	17,858	17,423
Deputy President's ICT expenses	3,500	3,500	0
Deputy President's annual allowance for ICT expenses	0	0	3,500
Deputy President's travel and accommodation expenses	50	50	0
Deputy President's annual allowance for travel and accommodation expenses	0	0	50
	24,452	33,584	32,852
All other council member's meeting attendance fees	84,825	107,148	110,346
All other council member's annual allowance for ICT expenses	16,625	21,000	22,166
All other council member's annual allowance for travel and accommodation expenses	238	300	317
	101,688	128,448	132,829
20(b)	232,878	238,231	240,107

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	1,079,567	938,462
Post-employment benefits	104,726	88,217
Employee - other long-term benefits	176,305	64,558
Council member costs	232,878	240,107
20(a)	1,593,475	1,331,344

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

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

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

	2023 Actual	2022 Actual
	\$	\$
Sale of goods and services	139,012	162,609
Purchase of goods and services	75,304	22,691
Amounts outstanding from related parties:		
Trade and other receivables	19,585	0
Amounts payable to related parties:		
Trade and other payables	25,327	0

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 council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b)

ii. Other Related Parties

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. 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 rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	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 finance department under policies approved by the council. The finance department 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 and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds 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
	%	\$	\$	\$	\$
2023					
Cash and cash equivalents	3.82%	50,477,249	0	47,099,701	3,377,548
2022					
Cash and cash equivalents	0.96%	43,413,804	0	43,409,604	4,200

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	470,997	434,096

* 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 27(a).

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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.

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 *Financial Instruments* simplified approach to measuring expected credit losses using a lifetime expected loss expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 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 users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other 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 2023						
Trade receivables						
Expected credit loss	1.31%	5.00%	10.00%	16.89%	100.00%	
Gross carrying amount	365,738	206,983	102	109,593	13,836	696,252
Loss allowance	4,791	10,349	10	18,515	13,836	47,501
30 June 2022						
Trade receivables						
Expected credit loss	2%	5%	10%	15%	100.00%	
Gross carrying amount	859,224	113,548	77,574	153,504	5,693	1,209,543
Loss allowance	328	284	776	3,582	5,693	10,663

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade, other receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables	
	2023	2022
	Actual	Actual
	\$	\$
Opening loss allowance as at 1 July	10,663	206,945
Increase in loss allowance recognised in profit or loss during the year	0	(193,511)
Unused amount reversed	36,838	(2,771)
Closing loss allowance at 30 June	47,501	10,663

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. 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 17(c).

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
<u>2023</u>	\$	\$	\$	\$	\$
Trade and other payables	3,264,285	0	0	3,264,285	3,264,285
Borrowings	771,594	4,061,506	4,638,116	9,471,216	7,786,745
	4,035,879	4,061,506	4,638,116	12,735,501	11,051,030
<u>2022</u>					
Trade and other payables	5,824,127	0	0	5,824,127	5,824,127
Borrowings	444,162	2,868,897	3,917,848	7,230,907	7,230,907
	6,268,289	2,868,897	3,917,848	13,055,034	13,055,034

**SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the reporting period required to be disclosed in 2022/2023.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

23. 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 report 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) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

AASB 13 *Fair Value Measurement* 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.

j) Impairment of assets

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

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

24. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
General purpose funding To collect revenue to allow provision of services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
Health To provide an operational framework for environmental and community health.	Food quality, eating house inspection, pest control and child health clinics.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Facilities for senior citizens aged care, infant, day care centres, pre-school; assistance to play group and other community services and development activities.
Housing To provide and maintain staff housing.	Provision of staff housing.
Community amenities To provide services required by the community.	Rubbish collection services, tip operation, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance, sanitation maintenance and environmental protection.
Recreation and culture To establish and effectively manage infrastructure and resource which will help the social being of the community.	Operation/maintenance of halls, Broome Recreation and Aquatic Centre (BRAC), various parks and reserves, beaches, library, museum and other cultural activities.
Transport To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths and street lighting.
Economic services To help promote the Council's economic well being.	The regulation and provision of tourism facilities, area promotion and building control.
Other property and services To monitor and control Council's overheads operating accounts.	Private works and provision of unclassified civic building facilities. General Administration support for 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 2023

24. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2023	2022
	Actual	Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	12,729	5,575
General purpose funding	25,363,549	24,322,390
Law, order, public safety	104,254	106,485
Health	190,308	170,646
Housing	621,273	582,452
Community amenities	6,696,411	5,508,477
Recreation and culture	1,306,212	1,268,722
Transport	152,012	29,866
Economic services	753,139	409,612
Other property and services	3,603,115	2,190,319
	38,803,002	34,594,544
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	215,000	167,320
General purpose funding	2,553,543	2,094,859
Law, order, public safety	0	236,868
Health	6,977	5,185
Education and welfare	86,372	25,000
Community amenities	12,600	12,010
Recreation and culture	3,826,686	5,961,558
Transport	2,924,252	3,083,950
Economic services	203,096	150,000
Other property and services	97,995	127,700
	9,926,521	11,864,450
Total Income	48,729,523	46,458,994
Expenses		
Governance	(2,444,734)	(2,183,664)
General purpose funding	(298,982)	(538,621)
Law, order, public safety	(1,571,550)	(1,480,256)
Health	(799,105)	(716,640)
Education and welfare	(896,631)	(336,997)
Housing	(938,537)	(937,675)
Community amenities	(10,955,239)	(9,396,455)
Recreation and culture	(14,841,312)	(13,003,755)
Transport	(9,425,280)	(9,557,758)
Economic services	(2,651,475)	(2,332,914)
Other property and services	(3,688,293)	(11,440,825)
Total expenses	(48,511,138)	(51,925,560)
Net result for the period	218,385	(5,466,566)
(c) Total Assets		
Governance	582,488	395,873
General purpose funding	4,183,092	13,588,620
Law, order, public safety	6,776,475	3,684,173
Health	63,041	6,092
Housing	4,265,733	4,396,200
Community amenities	67,752,711	68,148,594
Recreation and culture	87,624,855	81,910,356
Transport	242,340,522	240,422,236
Economic services	5,232,291	5,607,215
Other property and services	46,512,030	47,029,958
	465,333,238	465,189,316

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2023

25. RATING INFORMATION

(a) General Rates

RATE TYPE				2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Rate Description	Basis of valuation	Rate in \$	Number of Properties	\$	\$	\$	\$	\$	\$	\$	\$
Residential	Gross rental valuation	0.083110	5,009	162,149,978	13,476,771	110,356	13,587,127	13,476,771	100,000	13,576,771	12,984,309
Vacant	Gross rental valuation	0.176000	190	3,619,490	637,012	(1,957)	635,055	637,012	0	637,012	623,919
Commercial	Gross rental valuation	0.110870	554	59,572,694	6,605,003	(34,343)	6,570,660	6,605,003	0	6,605,003	6,325,924
Tourism	Gross rental valuation	0.134670	564	21,602,106	2,909,177	(3,132)	2,906,045	2,909,177	0	2,909,177	2,616,928
Commercial Rural	Unimproved valuation	0.033890	21	10,560,860	357,865	0	357,865	357,865	0	357,865	16,516
Mining	Unimproved valuation	0.137090	32	1,116,265	153,029	9,491	162,520	153,029	0	153,029	129,145
Rural	Unimproved valuation	0.008110	54	17,809,000	144,343	(1,775)	142,568	144,343	0	144,343	135,922
Total general rates			6,424	276,430,393	24,283,200	78,640	24,361,840	24,283,200	100,000	24,383,200	22,832,663
Minimum payment		Minimum Payment \$									
Residential	Gross rental valuation	1,268	53	709,210	67,204	0	67,204	67,204	0	67,204	74,420
Vacant	Gross rental valuation	1,268	181	846,368	229,508	0	229,508	229,508	0	229,508	233,020
Commercial	Gross rental valuation	1,268	22	153,862	27,896	0	27,896	27,896	0	27,896	28,060
Tourism	Gross rental valuation	1,268	260	904,134	329,680	0	329,680	329,680	0	329,680	452,620
Commercial Rural	Unimproved valuation	1,268	2	13,300	2,536	0	2,536	2,536	0	2,536	2,440
Mining	Unimproved valuation	520	22	42,111	11,440	0	11,440	11,440	0	11,440	12,500
Rural	Unimproved valuation	1,268	4	191,300	5,072	0	5,072	5,072	0	5,072	4,880
Total minimum payments			544	2,860,285	673,336	0	673,336	673,336	0	673,336	807,940
Total general rates and minimum payments			6,968	279,290,678	24,956,536	78,640	25,035,176	24,956,536	100,000	25,056,536	23,640,603
Reversal of prior year concession							0			0	323,822
Concessions							(45,131)			(54,910)	(61,790)
Total Rates							24,990,045			25,001,626	23,902,635
Rate instalment interest							113,278			135,000	129,780
Rate overdue interest	Note 2(a)						115,398			130,000	126,432

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

SHIRE OF BROOME
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26. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23 Budget	2021/22
		(30 June 2023)	(30 June 2022)
		Carried Forward)	Carried Forward)
Note			
		\$	\$
(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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals		(92,049)	(34,267)
Less: Non-cash grants and contributions for assets		0	(236,864)
Less: Movement in liabilities associated with restricted cash		42,779	(356,478)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(4,607)	(4,996)
Add: Loss on disposal of assets		96,025	48,227
Add: Loss on revaluation of non-current assets	9(a)	482,322	8,383,982
Add: Depreciation	10(a)	16,806,742	14,277,414
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates		(8,702)	(14,019)
Employee benefit provisions		10,226	74,519
Other provisions		(264,795)	614,303
Non-cash amounts excluded from operating activities		17,067,941	22,751,821
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Property, plant and equipment received for substantially less than fair value	8(a)	0	236,868
Non-cash amounts excluded from investing activities		0	236,868
(c) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity 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: Reserve accounts	28	(35,137,161)	(32,792,021)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(96,154)	0
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	13	551,033	444,162
- Current portion of developer contributions held in reserve		1,701,173	1,701,173
- Current portion of capital expenditure provisions held in reserve		0	0
- Employee benefit provisions	28	1,367,316	1,324,537
Total adjustments to net current assets		(31,613,793)	(29,322,149)
Net current assets used in the Statement of Financial Activity			
Total current assets		52,578,116	45,686,985
Less: Total current liabilities		(13,179,215)	(13,473,253)
Less: Total adjustments to net current assets		(31,613,793)	(29,322,149)
Surplus or deficit after imposition of general rates		7,785,108	2,891,583

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27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
		1 July 2021	During 2021-22	Repayments During 2021-22	June 2022	During 2022-23	Repayments During 2022-23	30 June 2023	July 2022	During 2022-23	Repayments During 2022-23	30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Civic Centre Redevelopment		506,929	0	(506,929)	0	0	0	0	0	0	0	0
Town Beach Development		1,363,845	0	(87,554)	1,276,291	0	(88,975)	1,187,316	1,276,291	0	(88,975)	1,187,316
Chinatown Revitalisation Stage 1		1,385,091	0	(161,954)	1,223,137	0	(165,029)	1,058,108	1,223,136	0	(165,029)	1,058,107
Chinatown Revitalisation Stage 2		1,785,000	0	(103,521)	1,681,479	0	(105,549)	1,575,930	1,681,479	0	(105,549)	1,575,930
China Town Contingency		0	1,800,000	0	1,800,000	1,000,000	(84,609)	2,715,391	1,800,000	0	(84,609)	1,715,391
Total		5,040,865	1,800,000	(859,958)	5,980,907	1,000,000	(444,162)	6,536,745	5,980,906	0	(444,162)	5,536,744
Self Supporting Loans												
Life Saving Club		0	0	0	0	0	0	0	0	690,746	0	690,746
Broome Golf Club		1,250,000	0	0	1,250,000	0	0	1,250,000	1,250,000	0	0	1,250,000
Total Self Supporting Loans		1,250,000	0	0	1,250,000	0	0	1,250,000	1,250,000	690,746	0	1,940,746
Total Borrowings	13	6,290,865	1,800,000	(859,958)	7,230,907	1,000,000	(444,162)	7,786,745	7,230,906	690,746	(444,162)	7,477,490

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
Civic Centre Redevelopment		193	WATC*	3.95%	27/06/2022	0	0	(14,848)
Town Beach Development		195	WATC*	1.62%	15/06/2035	(21,112)	(20,272)	(20,730)
Chinatown Revitalisation Stage 1		196	WATC*	1.89%	20/06/2029	(22,942)	(22,340)	(24,630)
Chinatown Revitalisation Stage 2		198	WATC*	1.95%	30/06/2036	(32,529)	(32,276)	(34,020)
China Town Contingency		201	WATC*	4.75%	21/06/2037	(86,817)	(84,588)	0
Total						(163,400)	(159,476)	(94,228)
Self Supporting Loans Finance Cost Payments								
Life Saving Club		200	WATC*	4.78%	27/06/2039	(1,046)	(18,996)	0
Broome Golf Club		199	WATC*	1.95%	28/06/2036	(24,625)	(24,426)	(24,225)
Total Self Supporting Loans Finance Cost Payments						(25,671)	(43,422)	(24,225)
Total Finance Cost Payments						(189,071)	(202,898)	(118,453)

* WA Treasury Corporation

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27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
				%	\$	\$	\$	\$	\$	\$
Broome Surf Life Saving Club	WATC*	Semi-annual	16	4.78%	1,000,000	690,746	1,000,000	690,746	(84,709)	0
					1,000,000	690,746	1,000,000	690,746	(84,709)	0

* WA Treasury Corporation

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28. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Carpark reserve	391,357	33,362	0	424,719	348,367	16,050	0	364,417	348,224	43,133	0	391,357
(b) Footpath reserve	1,854,112	178,494	0	2,032,606	2,284,249	9,145	(316,173)	1,977,221	2,283,309	18,184	(447,381)	1,854,112
	2,245,469	211,856	0	2,457,325	2,632,616	25,195	(316,173)	2,341,638	2,631,533	61,317	(447,381)	2,245,469
Restricted by council												
(c) Leave reserve	1,324,537	42,779	0	1,367,316	1,197,509	62,470	0	1,259,979	1,197,060	315,411	(187,934)	1,324,537
(d) Restricted cash	65,000	0	0	65,000	65,000	0	0	65,000	65,000	0	0	65,000
(e) Community sponsorship	81,722	2,568	0	84,290	81,488	327	0	81,815	81,454	268	0	81,722
(f) EDL sponsorship	62,229	1,504	(35,600)	28,133	62,051	248	0	62,299	62,024	205	0	62,229
(g) Road reserve	1,892,145	559,720	0	2,451,865	1,517,912	5,024	0	1,522,936	1,517,285	374,860	0	1,892,145
(h) Public art reserve	6,232	196	0	6,428	6,214	24	0	6,238	6,211	21	0	6,232
(i) BRAC (leisure centre) reserve	58,697	1,844	0	60,541	58,528	234	(58,000)	762	58,504	193	0	58,697
(j) Public open space	3,789,991	1,336,987	0	5,126,978	1,807,390	773,779	(769,501)	1,811,668	1,806,645	2,500,312	(516,966)	3,789,991
(k) Drainage reserve	1,636,813	51,023	(28,453)	1,659,383	1,538,930	10,336	0	1,549,266	1,538,300	98,513	0	1,636,813
(l) Plant reserve	1,616,587	48,023	(218,520)	1,446,090	1,896,171	7,592	(391,804)	1,511,959	1,895,391	12,412	(291,216)	1,616,587
(m) Buildings reserve	3,289,749	266,950	0	3,556,699	2,922,156	918,008	(512,934)	3,327,230	2,920,961	559,604	(190,816)	3,289,749
(n) Refuse site reserve	2,574,623	77,289	(284,404)	2,367,508	2,666,096	10,675	(1,101,855)	1,574,916	2,664,994	1,175,246	(1,265,617)	2,574,623
(o) Regional resource recovery park reserve	12,815,817	497,824	0	13,313,641	13,297,144	0	(6,785,085)	6,512,059	13,291,670	42,198	(518,051)	12,815,817
(p) IT & equipment reserve	936,537	103,350	0	1,039,887	714,944	2,863	(35,000)	682,807	714,651	345,812	(123,926)	936,537
(q) Kimberley zone reserve	395,873	8,657	(298,453)	106,077	394,738	1,580	0	396,318	394,580	1,293	0	395,873
	30,546,552	2,998,714	(865,430)	32,679,836	28,226,271	1,793,160	(9,654,179)	20,365,252	28,214,730	5,426,348	(3,094,526)	30,546,552
	32,792,021	3,210,570	(865,430)	35,137,161	30,858,887	1,818,355	(9,970,352)	22,706,890	30,846,263	5,487,665	(3,541,907)	32,792,021

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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28. RESERVE ACCOUNTS (Continued)

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 account	Purpose of the reserve account
Restricted by legislation/agreement	
(a) Carpark reserve	To be used for renewal, upgrade or new carparks. Typically, funds are from "Cash In Lieu" payments from developers.
(b) Footpath reserve	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.
Restricted by council	
(c) Leave reserve	To be used to fund annual and long service leave requirements.
(d) Restricted cash	To be used for unspent grant and loan funds.
(e) Community sponsorship	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.
(f) EDL sponsorship	To hold funds to be spent on community projects as approved by Energy Development Limited.
(g) Road reserve	To be used for renewal, upgrade or new streets and roads.
(h) Public art reserve	To hold funds set aside annually to fund future public art projects and initiatives within the Shire.
(i) BRAC (leisure centre) reserve	To be used for the construction of recreation infrastructure and facilities.
(j) Public open space	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) Drainage reserve	To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers.
(l) Plant reserve	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
(m) Buildings reserve	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
(n) Refuse site reserve	To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines.
(o) Regional resource recovery park reserve	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.
(p) IT & equipment reserve	To be used for renewal, upgrade or new office equipment, IT hardware and software.
(q) Kimberley zone reserve	To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.

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29. 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 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Town Planning Related Bond Deposits	106,562	0	0	106,562
Cash In Lieu Of Public Open Space	100,209	0	0	100,209
	206,771	0	0	206,771