

SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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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 2022**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the SHIRE OF BROOME for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the SHIRE OF BROOME at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 13th day of April 2023



Chief Executive Officer

Salvatore Mastrolemba

Name of Chief Executive Officer

SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	26(a),2(a)	23,902,635	23,992,547	23,282,829
Operating grants, subsidies and contributions	2(a)	3,281,048	1,943,852	3,920,623
Fees and charges	25(c),2(a)	9,248,594	12,078,532	9,711,973
Interest earnings	2(a)	419,247	335,984	408,171
Other revenue	2(a)	989,801	1,182,519	1,009,207
		37,841,325	39,533,434	38,332,803
Expenses				
Employee costs		(16,813,230)	(17,141,230)	(15,789,253)
Materials and contracts		(8,059,965)	(10,467,153)	(8,687,789)
Utility charges		(2,359,931)	(2,144,443)	(2,100,053)
Depreciation	10(a)	(14,277,414)	(12,629,134)	(12,525,339)
Finance costs	2(b)	(242,307)	(122,688)	(138,797)
Insurance		(720,985)	(768,853)	(767,166)
Other expenditure	2(b)	(1,019,519)	(2,196,837)	(1,577,698)
		(43,493,351)	(45,470,338)	(41,586,095)
		(5,652,026)	(5,936,904)	(3,253,292)
Capital grants, subsidies and contributions	2(a)	8,583,402	8,226,226	26,883,370
Profit on asset disposals	10(b)	34,267	100,568	11,822
Loss on asset disposals	10(b)	(48,227)	(165,955)	(436,769)
Loss on revaluation of Infrastructure Others	9(a)	(8,383,982)	0	0
		185,460	8,160,839	26,458,423
Net result for the period	25(b)	(5,466,566)	2,223,935	23,205,131
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	17,846,697	0	601,628
Total other comprehensive income for the period	17	17,846,697	0	601,628
Total comprehensive income for the period		12,380,131	2,223,935	23,806,759

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

SHIRE OF BROOME
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	43,413,804	44,065,529
Trade and other receivables	5	2,015,721	3,101,366
Inventories	6	31,520	65,150
Other assets	7	225,940	230,253
TOTAL CURRENT ASSETS		45,686,985	47,462,298
NON-CURRENT ASSETS			
Trade and other receivables	5	48,671	34,652
Other financial assets	4	1,347,255	1,342,259
Property, plant and equipment	8	86,054,785	77,802,109
Infrastructure	9	332,051,620	326,972,446
TOTAL NON-CURRENT ASSETS		419,502,331	406,151,466
TOTAL ASSETS		465,189,316	453,613,764
CURRENT LIABILITIES			
Trade and other payables	12	5,824,127	7,341,078
Other liabilities	13	4,329,941	5,176,832
Borrowings	14	444,162	859,957
Employee related provisions	15	2,783,876	2,244,467
Other provisions	16	91,147	700,158
TOTAL CURRENT LIABILITIES		13,473,253	16,322,492
NON-CURRENT LIABILITIES			
Borrowings	14	6,786,745	5,430,907
Employee related provisions	15	267,558	193,039
Other provisions	16	3,098,070	2,483,767
TOTAL NON-CURRENT LIABILITIES		10,152,373	8,107,713
TOTAL LIABILITIES		23,625,626	24,430,205
NET ASSETS		441,563,690	429,183,559
EQUITY			
Retained surplus		155,253,553	162,665,877
Reserve accounts	29	32,792,021	30,846,263
Revaluation surplus	17	253,518,116	235,671,419
TOTAL EQUITY		441,563,690	429,183,559

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 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		138,434,050	31,872,959	235,069,791	405,376,800
Comprehensive income for the period					
Net result for the period		23,205,131	0	0	23,205,131
Other comprehensive income for the period	17	0	0	601,628	601,628
Total comprehensive income for the period		23,205,131	0	601,628	23,806,759
Transfers from reserves	29	4,206,993	(4,206,993)	0	0
Transfers to reserves	29	(3,180,297)	3,180,297	0	0
Balance as at 30 June 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	17	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 reserves	29	3,541,907	(3,541,907)	0	0
Transfers to reserves	29	(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

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 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		24,093,197	23,992,547	23,355,813
Operating grants, subsidies and contributions		3,288,853	1,943,852	7,365,254
Fees and charges		9,055,083	12,078,532	9,771,141
Interest received		419,247	335,984	298,812
Goods and services tax received		3,171,331	0	0
Other revenue		989,801	1,182,519	1,005,974
		41,017,512	39,533,434	41,796,994
Payments				
Employee costs		(16,602,430)	(17,141,230)	(15,955,750)
Materials and contracts		(9,135,633)	(10,467,153)	(7,686,318)
Utility charges		(2,359,931)	(2,144,443)	(2,100,053)
Finance costs		(242,307)	(122,688)	(88,320)
Insurance paid		(720,985)	(768,853)	(767,166)
Goods and services tax paid		(2,846,940)	0	(728,268)
Other expenditure		(1,024,515)	(2,196,837)	(1,577,698)
		(32,932,741)	(32,841,204)	(28,903,573)
Net cash provided by (used in) operating activities	18(b)	8,084,771	6,692,230	12,893,421
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for remediations related expenses	16	(118,562)	0	(121,117)
Payments for financial assets at amortised cost - self supporting loans		0	(300,000)	0
Payments for purchase of property, plant & equipment		(3,624,205)	(7,438,318)	(9,496,603)
Payments for construction of infrastructure	9(a)	(14,655,205)	(15,270,067)	(26,122,834)
Non-operating grants, subsidies and contributions		8,470,388	8,926,384	22,184,375
Proceeds from financial assets at amortised cost - self supporting loans		0	393,483	0
Proceeds from sale of property, plant & equipment	10(b)	251,046	694,000	219,715
Net cash provided by (used in) investing activities		(9,676,538)	(12,994,518)	(13,336,464)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(859,958)	(1,011,664)	(854,091)
Advances to community groups	28(a)	0	0	(1,250,000)
Proceeds from new borrowings	28(a)	1,800,000	2,100,000	3,035,000
Net cash provided by (used in) financing activities		940,042	1,088,336	930,909
Net increase (decrease) in cash held		(651,725)	(5,213,952)	487,866
Cash at beginning of year		44,065,529	42,478,719	43,577,663
Cash and cash equivalents at the end of the year	18(a)	43,413,804	37,264,767	44,065,529

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

SHIRE OF BROOME
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

		2022	2022	2021		2021
	NOTE	Actual	Budget	Actual - as Restated	Adjustments*	Actual - as Previously Reported
		\$	\$	\$		
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	27(c)	4,535,688	5,492,969	2,828,740	(1,359,652)	4,188,392
OPERATING ACTIVITIES						
Revenue from operating activities (excluding general rate)						
Operating grants, subsidies and contributions		3,281,048	1,943,852	3,920,623	0	3,920,623
Fees and charges		9,248,594	12,078,532	9,711,973	0	9,711,973
Interest earnings		419,247	335,984	408,171	0	408,171
Other revenue		989,801	1,182,519	1,009,207	0	1,009,207
Profit on asset disposals	10(b)	34,267	100,568	11,822	0	11,822
		13,972,957	15,641,455	15,061,796	0	15,061,796
Expenditure from operating activities						
Employee costs		(16,813,230)	(17,141,230)	(15,789,253)	0	(15,789,253)
Materials and contracts		(8,059,965)	(10,467,153)	(8,687,789)	0	(8,687,789)
Utility charges		(2,359,931)	(2,144,443)	(2,100,053)	0	(2,100,053)
Depreciation		(14,277,414)	(12,629,134)	(12,525,339)	0	(12,525,339)
Finance costs		(242,307)	(122,688)	(138,797)	0	(138,797)
Insurance		(720,985)	(768,853)	(767,166)	0	(767,166)
Other expenditure		(1,019,519)	(2,196,837)	(1,577,698)	0	(1,577,698)
Loss on asset disposals	10(b)	(48,227)	(165,955)	(436,769)	0	(436,769)
Loss on revaluation of non-current assets		(8,383,982)	0	0	0	0
		(51,925,560)	(45,636,293)	(42,022,864)	0	(42,022,864)
Non-cash amounts excluded from operating activities	27(a)	22,751,821	12,694,521	9,621,389	(1,387,768)	11,009,157
Amount attributable to operating activities		(15,200,782)	(17,300,317)	(17,339,679)	(1,387,768)	(15,951,911)
INVESTING ACTIVITIES						
Non-operating grants, subsidies and contributions		8,583,402	8,226,226	26,883,370	0	26,883,370
Proceeds from disposal of assets	10(b)	251,046	694,000	219,715	0	219,715
Proceeds from financial assets at amortised cost - self supporting loans	28(a)	0	300,000	0	0	0
Payments for financial assets at amortised cost - self supporting loans		0	(300,000)	0	0	0
Payments for remediation related expenses		0	0	0	121,117	(121,117)
Purchase of property, plant and equipment	8(a)	(3,817,999)	(7,438,318)	(9,496,603)	0	(9,496,603)
Purchase and construction of infrastructure	9(a)	(14,593,559)	(15,270,067)	(26,122,834)	0	(26,122,834)
Payments for site remediation costs	16	0	(700,158)	0	0	0
		(9,577,110)	(14,488,317)	(8,516,352)	121,117	(8,637,469)
Non-cash amounts excluded from investing activities	27(b)	236,868	0	2,322,545	2,322,545	0
Amount attributable to investing activities		(9,340,242)	(14,488,317)	(6,193,807)	2,443,662	(8,637,469)
FINANCING ACTIVITIES						
Repayment of borrowings	28(a)	(859,958)	(1,011,664)	(854,091)	0	(854,091)
Proceeds from borrowings	28(a)	1,800,000	2,100,000	3,035,000	0	3,035,000
Advances to community groups	5	0	0	(1,250,000)	0	(1,250,000)
Repayment of self-supporting loans by community groups		0	93,483	0	0	0
Transfers to reserves (restricted assets)	29	(5,487,665)	(2,441,206)	(3,180,297)	0	(3,180,297)
Transfers from reserves (restricted assets)	29	3,541,907	3,562,505	4,206,993	0	4,206,993
Amount attributable to financing activities		(1,005,716)	2,303,118	1,957,605	0	1,957,605
Surplus/(deficit) before imposition of general rates		(21,011,052)	(23,992,547)	(18,747,141)	(303,758)	(18,443,383)
Total amount raised from general rates	26(a)	23,902,635	23,992,547	23,282,829	0	23,282,829
Surplus/(deficit) after imposition of general rates	27(c)	2,891,583	0	4,535,688	(303,758)	4,839,446

*Refer to Note 31 for information on the adjustments made.

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

SHIRE OF BROOME
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

Basis of preparation

The financial report 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 Act, 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 which would have required the City 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 30 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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

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 or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant / Contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	23,902,635	0	23,902,635
Operating 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 earnings	0	0	256,212	163,035	419,247
Other revenue	8,834	0	0	980,967	989,801
Non-operating grants, subsidies and contributions	0	8,219,007	0	364,395	8,583,402
Total	11,727,236	8,364,117	24,824,977	1,508,397	46,424,727

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	23,282,829	0	23,282,829
Operating grants, subsidies and contributions	3,682,035	238,588	0	0	3,920,623
Fees and charges	9,098,994	0	612,979	0	9,711,973
Interest earnings	0	0	75,728	332,443	408,171
Other revenue	184,953	0	0	824,254	1,009,207
Non-operating grants, subsidies and contributions	0	22,903,196	0	3,980,174	26,883,370
Total	12,965,982	23,141,784	23,971,536	5,136,871	65,216,173

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
(a) Revenue (Continued)				
Assets and services acquired below fair value				
Contributed assets		236,868	0	2,322,545
		236,868	0	2,322,545
Interest earnings				
Financial assets at amortised cost - self supporting loans		24,225	21,528	200
Interest on reserve funds		106,508	95,918	263,296
Rates instalment and penalty interest (refer Note 26(b))		256,212	197,000	75,728
Other interest earnings		32,302	21,538	68,947
		419,247	335,984	408,171
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		130,000	73,000	59,090
- Other assurance services		27,500	10,000	5,465
		157,500	83,000	64,555
Finance costs				
Borrowings	28(b)	118,453	122,688	90,774
Other provisions: unwinding of discount	16	123,854	0	48,023
		242,307	122,688	138,797
Other expenditure				
Impairment / (reversal of impairment) on trade and other receivables		(193,511)	0	145,665
Sundry expenses		1,213,030	2,196,837	1,432,033
		1,019,519	2,196,837	1,577,698

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	43,413,804	44,065,529
18(a)	43,413,804	44,065,529
	7,357,686	9,199,005
18(a)	36,056,118	34,866,524
	43,413,804	44,065,529

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 reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 18.

4. OTHER FINANCIAL ASSETS

Non-current assets

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

Financial assets at amortised cost

Self supporting loans receivable

Financial assets at fair value through profit and loss

Units in Local Government House Trust

2022	2021
\$	\$
1,250,000	1,250,000
97,255	92,259
1,347,255	1,342,259
1,250,000	1,250,000
1,250,000	1,250,000
97,255	92,259
97,255	92,259

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 24 (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 and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

	Note	2022 \$	2021 \$
Rates receivable		908,254	1,008,322
Trade and other receivables		1,209,544	2,089,103
Accrued Income		0	(24,863)
Allowance for impairment - rates	22(b)	(244,029)	(241,258)
Allowance for impairment - sundry debtors	22(b)	(10,663)	(206,945)
ATO Receivable		152,615	477,007
		2,015,721	3,101,366

Non-current

Pensioner's rates and ESL deferred		48,671	34,652
		48,671	34,652

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 22.

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

	Note	2022	2021
Current		\$	\$
Fuel and materials		24,924	57,723
BRAC Stock		6,596	7,427
		31,520	65,150

The following movements in inventories occurred during the year:

Balance at beginning of year	65,150	44,406
Inventories expensed during the year	(238,252)	(249,331)
Additions to inventory	204,622	270,075
Balance at end of year	31,520	65,150

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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7. OTHER ASSETS

Other assets - current

Prepayments
 Bonds and deposits held by others
 Contract assets

2022	2021
\$	\$
218,779	214,067
7,161	1,800
0	14,386
225,940	230,253

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.

Contract assets

Contract assets primarily relate to the Shire's right to . consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at note 2 (b).

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2022

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.

	Note	Land/vested in and under the control of Council \$	Buildings - non- specialised \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in Progress - Buildings \$	Work in Progress - Furniture & Equipment \$	Total property, plant and equipment \$
Balance at 1 July 2020		3,020,192	57,895,697	60,915,889	1,519,135	7,698,265	2,899,785	0	73,033,074
Additions*		0	8,023,002	8,023,002	117,219	1,120,984	192,324	43,074	9,496,603
Disposals	10(b)	0	(252,028)	(252,028)	0	(392,634)	0	0	(644,662)
Depreciation	10(a)	0	(1,911,701)	(1,911,701)	(520,912)	(1,650,293)	0	0	(4,082,906)
Transfers		0	2,899,785	2,899,785	0	0	(2,899,785)	0	0
Balance at 30 June 2021		3,020,192	66,654,755	69,674,947	1,115,442	6,776,322	192,324	43,074	77,802,109
Comprises:									
Gross balance amount at 30 June 2021		3,020,192	73,815,100	76,835,292	2,495,876	13,191,577	192,324	43,074	92,758,143
Accumulated depreciation at 30 June 2021		0	(7,160,345)	(7,160,345)	(1,380,434)	(6,415,255)	0	0	(14,956,034)
Balance at 30 June 2021		3,020,192	66,654,755	69,674,947	1,115,442	6,776,322	192,324	43,074	77,802,109
Additions*		0	523,751	523,751	593,689	988,670	1,738,277	16,686	3,861,073
Disposals	10(b)	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	10(a)	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

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

During the year ended 30 June 2021	0	1,928,761	1,928,761	0	0	0	0	1,928,761
During the year ended 30 June 2022	0	0	0	0	236,868	0	0	236,868

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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)

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

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

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

SHIRE OF BROOME
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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.

						works in Progress - Roads, Footpaths and Bridges Infrastructure	Works in Progress - Drainage	Works in Progress - Other Infrastructure	Works in Progress - Recreation Areas	Rehabilitation Assets	Total Infrastructure
Note	Roads	Footpaths, Carparks & Bridges	Drainage	Recreation Areas	Infrastructure Others						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	199,217,223	38,109,448	32,391,767	10,457,147	15,530,198	2,904,842	47,863	660,522	6,005,028	4,802,000	310,126,038
Additions*	4,473,342	378,462	372,859	842,488	250,297	14,417,732	0	5,212,770	174,884	0	26,122,834
Impairment (losses) / reversals	0	0	0	0	0	0	0	0	0	(833,993)	(833,993)
Depreciation	10(a) (4,171,245)	(938,108)	(710,286)	(1,367,712)	(653,454)	0	0	0	0	(601,628)	(8,442,433)
Transfers	1,728,871	178,573	42,106	5,361,449	344,193	(1,907,444)	(42,106)	(344,193)	(5,361,449)	0	0
Balance at 30 June 2021	201,248,191	37,728,375	32,096,446	15,293,372	15,471,234	15,415,130	5,757	5,529,099	818,463	3,366,379	326,972,446
Comprises:											
Gross balance at 30 June 2021	259,327,870	40,447,276	34,187,890	18,944,933	17,002,775	15,415,130	5,757	5,529,099	818,463	3,366,379	395,045,572
Accumulated depreciation at 30 June 2021	(58,079,679)	(2,718,901)	(2,091,444)	(3,651,561)	(1,531,541)	0	0	0	0	0	(68,073,126)
Balance at 30 June 2021	201,248,191	37,728,375	32,096,446	15,293,372	15,471,234	15,415,130	5,757	5,529,099	818,463	3,366,379	326,972,446
Additions*	1,960,975	3,103,681	130,792	2,690,473	4,443,267	599,152	0	0	1,726,865	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	(1,980)	(59,666)	0	(61,646)
Depreciation	10(a) (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)	(5,243,741)	(758,797)	0	(1,134,174)
Balance at 30 June 2022	203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	315,774	0	283,378	1,726,865	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	0	1,726,865	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	0	1,726,865	2,711,510	332,051,620
* Asset additions included additions received at substantially less than fair value:											
During the year ended 30 June 2021	366,419	0	0	0	27,365	0	0	0	0	0	393,784
During the year ended 30 June 2022	0	0	0	0	0	0	0	0	0	0	0

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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads		3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths, Carparks & Bridges		3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Drainage		3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Recreation Areas		3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Others		3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	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.

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10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	2,172,731	345,751	1,911,701
Furniture and equipment	8(a)	749,873	10,402	520,912
Plant and equipment	8(a)	1,538,316	4,585,659	1,650,293
Roads	9(a)	4,333,122	5,588,387	4,171,245
Footpaths, Carparks & Bridges	9(a)	1,049,256	0	938,108
Drainage	9(a)	722,485	719,093	710,286
Recreation Areas	9(a)	1,847,813	1,313,858	1,367,712
Infrastructure Others	9(a)	1,208,949	65,984	653,454
Rehabilitation Assets	9(a)	654,869	0	601,628
		14,277,414	12,629,134	12,525,339

Assets Useful Life

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

Asset Class

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

Asset Class	Estimated Useful Life
Buildings	13-100 years
Furniture and equipment	4-10 years
Plant and equipment	4-16 years
Roads	10-250 years
Footpaths, Carparks & Bridges	15-250 years
Drainage	50-80 years
Recreation Areas	5-75 years
Infrastructure Others	4-100 years

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10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	0	0	0	0	0	0	0	0	252,028	0	0	(252,028)
Furniture and equipment	5,122	0	0	(5,122)	0	0	0	0	0	0	0	0
Plant and equipment	259,884	251,046	34,267	(43,105)	759,387	694,000	100,568	(165,955)	392,634	219,715	11,822	(184,741)
	265,006	251,046	34,267	(48,227)	759,387	694,000	100,568	(165,955)	644,662	219,715	11,822	(436,769)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Other property and services				
Bibliotheca RFID Library				
Systems - Smartserve 200	5,122	0	0	(5,122)
Tabletop Kiosk				
Holden Colorado Parks	21,698	26,700	5,002	0
Trailer Dean No 17 Flatbed				
Tilting	0	1,062	1,062	0
Holden Colorado (MRHS)	21,701	28,600	6,899	0
Trailer Caged Tipper Tandem	3,000	2,682	0	(318)
Trailer - Variable Message				
Display	19,798	235	0	(19,563)
Toyota Prado DSL	42,649	50,761	8,112	0
Truck - Prime Mover Hino 700				
series	60,926	50,000	0	(10,926)
Toro Ground Master 360 4WD				
Dean No17 Single Axel Tilt Flat	17,550	13,500	0	(4,050)
Bed	9,949	1,701	0	(8,248)
Trailer Dean No 17 Flatbed				
Tilting	0	1,260	1,260	0
Hino 500 series 2630 Medium				
Auto Tip	62,613	74,545	11,932	0
	265,006	251,046	34,267	(48,227)

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, where applicable, 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.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

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. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

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

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

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

Depreciation on revaluation

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

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11 LEASES

(a) Lessor - Property, Plant and Equipment Subject to Lease

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

Less than 1 year
 1 to 2 years
 2 to 3 years
 3 to 4 years
 4 to 5 years
 > 5 years

2022 Actual	2021 Actual
\$	\$
1,622,216	1,433,394
1,246,449	1,328,478
1,154,615	1,239,925
888,483	1,148,091
795,274	881,959
6,950,110	7,790,833
12,657,147	13,822,680

The Shire leases houses to staff with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The staff houses are not considered investment property as they are leased for use in the supply of services to the community.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

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12 TRADE AND OTHER PAYABLES

Current

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

	2022	2021
	\$	\$
	3,681,408	5,659,954
	522,122	417,615
	114,143	517,271
	635,329	633,957
	871,125	112,281
	5,824,127	7,341,078

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 the fair value of the 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 revenue for the prepaid rates that have not been refunded.

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2022

13. OTHER LIABILITIES

Current

Contract liabilities
Capital Grant Liability
Developer Contributions

Reconciliation of changes in contract liabilities

Opening balance
Additions
Revenue from contracts with customers included as a contract liability at the start of the period

2022	2021
\$	\$
265,314	393,309
2,363,454	2,598,395
1,701,173	2,185,128
4,329,941	5,176,832
2,991,704	7,534,020
2,517,336	2,991,704
(2,880,272)	(7,534,020)
2,628,768	2,991,704

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

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 the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values 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 24(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
WATC		444,162	6,786,745	7,230,907	859,957	5,430,907	6,290,864
Total secured borrowings	28(a)	444,162	6,786,745	7,230,907	859,957	5,430,907	6,290,864

* WA Treasury Corporation

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	1,574,784	1,407,323
Long Service Leave	1,209,092	837,144
	2,783,876	2,244,467
Long Service Leave	267,558	193,039
	267,558	193,039
	3,051,434	2,437,506

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:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	1,535,484	1,256,407
More than 12 months from reporting date	1,515,950	1,181,099
	3,051,434	2,437,506

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
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16. OTHER PROVISIONS

	Note	Provision for remediation costs	Total
		\$	\$
Opening balance at 1 July 2021			
Current provisions		700,158	700,158
Non-current provisions		2,483,767	2,483,767
		3,183,925	3,183,925
Amounts used		(118,562)	(118,562)
Charged to profit or loss			
- unwinding of discount	2(b)	123,854	123,854
Balance at 30 June 2022		3,189,217	3,189,217
Comprises			
Current		91,147	91,147
Non-current		3,098,070	3,098,070
		3,189,217	3,189,217

Other provisions

Amounts which are reliably 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. 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.

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
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17. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Change in Accounting Estimate	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	18,776,908	8,026,429	0	8,026,429	26,803,337	18,776,908	0	0	18,776,908
Revaluation surplus - Furniture and equipment	201,314	0	0	0	201,314	201,314	0	0	201,314
Revaluation surplus - Roads	148,062,212	23,624	0	23,624	148,085,836	148,062,212	0	0	148,062,212
Revaluation surplus - Footpaths, Carparks & Bridges	30,512,688	0	(18,713,162)	(18,713,162)	11,799,526	30,512,688	0	0	30,512,688
Revaluation surplus - Drainage	27,400,598	10,997,860	0	10,997,860	38,398,458	27,400,598	0	0	27,400,598
Revaluation surplus - Recreation Areas	8,014,788	20,214,857	0	20,214,857	28,229,645	8,014,788	0	0	8,014,788
Revaluation surplus - Infrastructure Others	2,702,911	0	(2,702,911)	(2,702,911)	0	2,101,283	601,628	601,628	2,702,911
	235,671,419	39,262,770	(21,416,073)	17,846,697	253,518,116	235,069,791	601,628	601,628	235,671,419

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

SHIRE OF BROOME
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18. 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	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	43,413,804	37,264,767	44,065,529

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	36,056,118	28,348,140	34,866,524
		36,056,118	28,348,140	34,866,524

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	29	32,792,021	28,348,140	30,846,263
Contract & capital grant liabilities from contracts with customers	13	2,628,768	0	2,991,704
Bonds and deposits held	12	635,329	0	633,957
Other Restricted Cash		0	0	394,600
Total restricted financial assets		36,056,118	28,348,140	34,866,524

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

Net result		(5,466,566)	2,223,935	23,205,131
Non-cash items:				
Depreciation/amortisation		14,277,414	12,629,134	12,525,339
(Profit)/loss on sale of asset		13,960	65,387	424,947
Loss on revaluation of fixed assets		8,383,982	0	0
Assets received for substantially less than fair value		(236,868)	0	0
Reversal of WIP to operating expenses		104,720		
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		1,071,626	0	3,057,250
(Increase)/decrease in other assets		(10,074)	0	(111,064)
(Increase)/decrease in inventories		33,630	0	(20,744)
(Increase)/decrease in contract assets		14,386	0	(14,386)
Increase/(decrease) in trade and other payables		(1,516,951)	0	997,807
Increase/(decrease) in employee related provisions		613,928	0	(222,919)
Increase/(decrease) in other provisions		123,854	700,158	(61,337)
Increase/(decrease) in other liabilities		(846,891)	0	(4,698,995)
(Increase)/decrease in Units in LG Housing Trust		(4,996)	0	(3,233)
Non-operating grants, subsidies and contributions		(8,470,383)	(8,926,384)	(22,184,375)
Net cash provided by/(used in) operating activities		8,084,771	6,692,230	12,893,421

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

Bank overdraft limit	700,000		700,000
Bank overdraft at balance date	0		0
Credit card limit	100,000		60,000
Credit card balance at balance date	0		0
Total amount of credit unused	800,000		760,000

Loan facilities

Loan facilities - current	444,162		859,957
Loan facilities - non-current	6,786,745		5,430,907
Total facilities in use at balance date	7,230,907		6,290,864

Unused loan facilities at balance date

0

0

SHIRE OF BROOME
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19. 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.

20. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2022	2021
	\$	\$
	3,479,069	2,298,615
	1,410,313	218,968
	4,889,382	2,517,583
	4,889,382	2,517,583

SHIRE OF BROOME
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21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cr Harold Tracey			
President's annual allowance	47,515	47,515	47,515
Meeting attendance fees	23,361	23,361	23,361
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	74,426	74,426	74,426
Cr Desiree Male			
Deputy President's annual allowance	11,879	11,879	11,879
Meeting attendance fees	17,423	17,423	17,423
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	32,852	32,852	32,852
Cr Chris Mitchell JP			
Meeting attendance fees	17,423	17,423	17,423
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	20,973	20,973	20,973
Cr Bruce Rudeforth Jnr			
Meeting attendance fees	17,423	17,423	17,423
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	20,973	20,973	20,973
Cr Peter Taylor			
Meeting attendance fees	17,423	17,423	17,423
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	20,973	20,973	20,973
Cr Nik Wevers			
Meeting attendance fees	17,423	17,423	17,423
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	20,973	20,973	20,973
Cr Fiona West			
Meeting attendance fees	5,808	17,423	17,423
Annual allowance for ICT expenses	1,167	3,500	3,500
Annual allowance for travel and accommodation expenses	17	50	50
	6,991	20,973	20,973
Cr Elsta Foy			
Meeting attendance fees	17,423	17,423	17,423
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	20,973	20,973	20,973
Cr Philip Matsumoto			
Meeting attendance fees	17,423	17,423	17,423
Annual allowance for ICT expenses	3,500	3,500	3,500
Annual allowance for travel and accommodation expenses	50	50	50
	20,973	20,973	20,973
	240,107	254,089	254,089
Fees, expenses and allowances to be paid or reimbursed to elected council members.	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	47,515	47,515	47,515
Deputy President's annual allowance	11,879	11,879	11,879
Meeting attendance fees	151,130	162,745	162,745
Annual allowance for ICT expenses	29,167	31,500	31,500
Annual allowance for travel and accommodation expenses	417	450	450
21(b)	240,107	254,089	254,089

(b) Key Management Personnel (KMP) Compensation

	2022 Actual \$	2021 Actual \$
The total of compensation paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	938,462	918,166
Post-employment benefits	88,217	80,696
Employee - other long-term benefits	64,558	67,403
Employee - termination benefits	0	2,203
Council member costs	240,107	254,089
21(a)	1,331,344	1,322,556

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.

Termination benefits

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

Council member costs

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

SHIRE OF BROOME
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21. RELATED PARTY TRANSACTIONS

(c) 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:

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	162,609	186,549
Purchase of goods and services	22,691	357,037

(d) 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.

ii. Other Related Parties

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

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.

iii. Entities subject to significant influence by the Shire

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

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22. 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 area under policies approved by the Council. The finance area 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 \$
2022					
Cash and cash equivalents	0.96%	43,413,804	0	43,409,604	4,200
2021					
Cash and cash equivalents	0.93%	44,065,529	0	44,061,129	4,400

Sensitivity

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

	2022 \$	2021 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	434,096	440,611

* 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 28(a).

SHIRE OF BROOME
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Specific provision	Total	Note
30 June 2022							
Rates receivable							
Expected credit loss	2%	5%	8%	10%			
Gross carrying amount	20,011	499,644	80,115	106,941	201,544	908,254	
Loss allowance	400	24,982	6,409	10,694	201,544	244,029	5
30 June 2021							
Rates receivable							
Expected credit loss	2%	5%	8%	10%			
Gross carrying amount	22,028	560,555	123,785	110,074	191,880	1,008,322	
Loss allowance	441	28,028	9,903	11,006	191,880	241,258	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Specific provision	Total	
30 June 2022							
Trade and other receivables							
Expected credit loss	2%	5%	10%	15%			
Gross carrying amount	859,224	113,548	77,574	153,504	5,693	1,209,544	
Loss allowance	328	284	776	3,582	5,693	10,663	5
30 June 2021							
Trade and other receivables							
Expected credit loss	2%	5%	10%	15%			
Gross carrying amount	1,588,315	70,903	49,015	251,927	128,943	2,089,103	
Loss allowance	31,766	3,545	4,902	37,789	128,943	206,945	5

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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Rates receivable		Trade and other receivables	
	2022	2021	2022	2021
	Actual	Actual	Actual	Actual
Opening loss allowance as at 1 July	\$	\$	\$	\$
	241,258	167,704	206,945	134,834
Increase in loss allowance recognised in profit or loss during the year	2,771	73,554	0	72,111
Unused amount reversed	0	0	(196,282)	0
Closing loss allowance at 30 June	244,029	241,258	10,663	206,945

Trade receivables and contract assets 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 trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2022

22. 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 18(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	Note
	\$	\$	\$	\$	\$	
<u>2022</u>						
Trade and other payables	5,824,127	0	0	5,824,127	5,824,127	12
Borrowings	444,162	2,868,897	3,917,848	7,230,907	7,230,907	14
	6,268,289	2,868,897	3,917,848	13,055,034	13,055,034	
<u>2021</u>						
Trade and other payables	7,341,078	0	0	7,341,078	7,341,078	12
Borrowings	859,957	2,250,089	3,180,818	6,290,864	6,290,864	14
	8,201,035	2,250,089	3,180,818	13,631,942	13,631,942	

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2022

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the reporting period that are to be included in 2021/2022.

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

Interest income 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 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 cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

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

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

SHIRE OF BROOME
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25. 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
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FOR THE YEAR ENDED 30 JUNE 2022

25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	5,575	1,620	60,659
General purpose funding	24,322,390	24,314,912	23,423,975
Law, order, public safety	106,485	120,861	148,313
Health	170,646	189,731	177,286
Housing	582,452	2,031,236	701,892
Community amenities	5,508,477	6,615,788	5,503,069
Recreation and culture	1,268,722	1,318,143	1,214,146
Transport	29,866	26,552	34,526
Economic services	409,612	911,027	1,363,345
Other property and services	2,190,319	2,160,280	1,796,791
	34,594,544	37,690,150	34,424,002
Grants, subsidies and contributions			
Governance	167,320	11,000	249,927
General purpose funding	2,094,859	822,334	1,912,440
Law, order, public safety	236,868	10,000	0
Health	5,185	5,000	6,671
Education and welfare	25,000	25,000	8,716
Community amenities	12,010	12,000	(104,191)
Recreation and culture	5,961,558	5,513,887	10,532,210
Transport	3,083,950	3,455,857	5,629,814
Economic services	150,000	0	12,457,682
Other property and services	127,700	315,000	110,724
	11,864,450	10,170,078	30,803,993
Total Income	46,458,994	47,860,228	65,227,995
Expenses			
Governance	(2,183,664)	(2,240,459)	(2,583,924)
General purpose funding	(538,621)	(339,348)	(503,141)
Law, order, public safety	(1,480,256)	(1,146,436)	(1,156,449)
Health	(716,640)	(806,634)	(721,968)
Education and welfare	(336,997)	(424,795)	(495,116)
Housing	(937,675)	(2,247,459)	(763,371)
Community amenities	(9,396,455)	(10,750,551)	(9,804,428)
Recreation and culture	(13,003,755)	(13,995,567)	(12,532,317)
Transport	(9,557,758)	(11,233,425)	(9,250,596)
Economic services	(2,332,914)	(2,210,496)	(1,953,585)
Other property and services	(11,440,825)	(241,123)	(2,257,969)
Total expenses	(51,925,560)	(45,636,293)	(42,022,864)
Net result for the period	(5,466,566)	2,223,935	23,205,131

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
(c) Fees and Charges	\$	\$	\$
General purpose funding	125,809	95,365	48,553
Law, order, public safety	76,375	90,639	120,193
Health	170,646	189,731	177,286
Housing	582,152	2,031,236	700,436
Community amenities	5,429,026	6,379,383	5,119,044
Recreation and culture	1,190,796	1,252,218	1,181,588
Transport	16,300	15,000	13,501
Economic services	433,499	712,027	1,278,599
Other property and services	1,223,991	1,312,933	1,072,773
	9,248,594	12,078,532	9,711,973

	2022	2021
(d) Total Assets	\$	\$
Governance	395,873	394,580
General purpose funding	13,588,620	12,934,623
Law, order, public safety	3,684,173	6,645,075
Health	6,092	0
Education and welfare	0	2,245,375
Housing	4,396,200	3,572,304
Community amenities	68,148,594	33,948,575
Recreation and culture	81,910,356	57,519,257
Transport	240,422,236	293,313,271
Economic services	5,607,215	5,896,080
Other property and services	47,029,958	37,144,624
	465,189,316	453,613,764

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. RATING INFORMATION

(a) General Rates

RATE TYPE	Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
GRV - Residential	0.110204	4,942	116,990,608	12,892,833	86,810	4,666	12,984,309	12,892,832	100,000	0	12,992,832	12,641,949
GRV - Vacant	0.201729	187	2,909,899	587,011	46,117	(9,209)	623,919	587,011	0	0	587,011	585,097
GRV - Commercial	0.114171	555	55,404,595	6,325,598	79	247	6,325,924	6,325,598	0	0	6,325,598	6,170,103
GRV - Tourism	0.149349	454	17,635,598	2,633,859	(8,543)	(8,388)	2,616,928	2,633,859	0	0	2,633,859	2,586,525
Unimproved valuations												
UV - Commercial Rural	0.032458	21	13,230,113	429,423	(133,038)	(279,869)	16,516	429,423	0	0	429,423	615,318
UV - Mining	0.119883	32	1,135,382	136,113	(5,674)	(1,294)	129,145	136,113	0	0	136,113	128,293
UV - Rural	0.007763	54	17,508,953	135,922	0	0	135,922	135,922	0	0	135,922	133,471
Sub-Total		6,245	224,815,148	23,140,759	(14,249)	(293,847)	22,832,663	23,140,758	100,000	0	23,240,758	22,860,756
Minimum payment												
Gross rental valuations												
GRV - Residential	1,220	61	585,647	74,420	0	0	74,420	74,420	0	0	74,420	81,740
GRV - Vacant	1,220	191	869,843	233,020	0	0	233,020	233,020	0	0	233,020	214,720
GRV - Commercial	1,220	23	170,491	28,060	0	0	28,060	28,060	0	0	28,060	29,280
GRV - Tourism	1,220	371	1,598,998	452,620	0	0	452,620	452,620	0	0	452,620	452,620
Unimproved valuations												
UV - Commercial Rural	1,220	2	13,300	2,440	0	0	2,440	2,440	0	0	2,440	2,440
UV - Mining	500	25	48,318	12,500	0	0	12,500	12,500	0	0	12,500	14,500
UV - Rural	1,220	4	141,300	4,880	0	0	4,880	4,880	0	0	4,880	4,880
Sub-Total		677	3,427,897	807,940	0	0	807,940	807,940	0	0	807,940	800,180
		6,922	228,243,045	23,948,699	(14,249)	(293,847)	23,640,603	23,948,698	100,000	0	24,048,698	23,660,936
Reversal of prior year concession							323,822				0	0
Concessions on general rates (Refer note 26(b))							(61,790)				(56,151)	(378,107)
Total amount raised from general rates							23,902,635				23,992,547	23,282,829

* Rateable value is based on the value of properties at the time the rate is raised.

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

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26. RATING INFORMATION (Continued)

(b) Waivers or Concessions

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

Type

Waiver/
Concession

Discount

Discount

2022
Actual

2022
Budget

2021
Actual

			%	\$	\$	\$	\$
General Rates	Rate	Concession	50%		22,478	20,702	20,330
General Rates	Rate	Concession	37%		8,733	8,733	8,576
General Rates	Rate	Concession	90%		26,716	26,716	26,236
General Rates	Rate	Concession	80%		0	0	322,965
General Rates	Rate	Concession	100%		3,863	0	0
					61,790	56,151	378,107
Total discounts/concessions (Note 26)					61,790	56,151	378,107

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

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

Objects and reasons of the Waiver
or Concession

General Rates	Varying concessions to a charitable organisation (100%, 90%, 50%, 37%)	Concession offered because of the nature of the undertaking of the organisation providing social housing and affordable housing.
General Rates	80% concession to pastoral properties	Concession offered to reduce the impact of valuation increase and corresponding rates during the period.

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26. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	19-August-2021	0.00	0.0%	7.0%
Option Two				
First instalment	19-August-2021	10.20	0.0%	7.0%
Second instalment	06-January-2022	10.20	5.5%	7.0%
Option Three				
First instalment	19-August-2021	10.20	0.0%	7.0%
Second instalment	21-October-2021	10.20	5.5%	7.0%
Third instalment	06-January-2022	10.20	5.5%	7.0%
Fourth instalment	10-March-2022	10.20	5.5%	7.0%
		2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Interest on unpaid rates		126,432	117,000	75,728
Interest on instalment plan		129,780	80,000	0
Charges on instalment plan		49,684	61,200	0
Payment arrangement fee		1,559	0	50
		307,455	258,200	75,778

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27. RATE SETTING STATEMENT INFORMATION

		2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2021/22 (1 July 2021 Brought Forward)	Adjustments*	2020/21 (30 June 2021 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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
Adjustments to operating activities						
Less: Profit on asset disposals	10(b)	(34,267)	(100,568)	(11,822)	0	(11,822)
Less: Non-cash grants and contributions for assets		(236,864)	0	(2,322,545)	(2,322,545)	0
Less: Movement in liabilities associated with restricted cash		(356,478)	0	(35,885)	1,578,874	(1,614,759)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(4,996)	0	(3,233)	0	(3,233)
Add: Loss on disposal of assets	10(b)	48,227	165,955	436,769	0	436,769
Add: Loss on revaluation of fixed assets	9(a)	8,383,982	0	0	0	0
Add: Depreciation	10(a)	14,277,414	12,629,134	12,525,339	0	12,525,339
Non-cash movements in non-current assets and liabilities:						
Pensioner deferred rates		(14,019)	0	2,884	0	2,884
Employee benefit provisions		74,519	0	(87,506)	135,413	(222,919)
Other provisions		614,303	0	(2,318,233)	(2,256,896)	(61,337)
Impairment of infrastructure		0		1,435,621	1,435,621	0
Other increase/decrease and non-cash movements		0	0	0	41,765	(41,765)
Non-cash amounts excluded from operating activities		22,751,821	12,694,521	9,621,389	(1,387,768)	11,009,157
(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 Rate Setting Statement 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)	236,868	0	2,322,545	2,322,545	0
Non-cash amounts excluded from investing activities		236,868	0	2,322,545	2,322,545	0
(c) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
Less: Reserve accounts	29	(32,792,021)	(28,348,140)	(30,846,263)	4,020,261	(34,866,524)
- Bonds and deposits held by others			0	0	1,800	(1,800)
- Other liabilities		0	(873,991)	0	0	0
Add: Current liabilities not expected to be cleared at end of year					0	
- Current portion of borrowings	14	444,162	854,092	859,957	0	859,957
- Current portion of developer contributions held in reserve		1,701,173	0	2,185,128	(2,991,704)	5,176,832
- Liability associated with restricted cash - bonds and deposits			0	0	(633,957)	633,957
- Liability not expected to be paid within 12 months			0	0	(700,158)	700,158
- Employee benefit provisions		1,324,537	2,379,880	1,197,060	0	1,197,060
Total adjustments to net current assets		(29,322,149)	(25,988,159)	(26,604,118)	(303,758)	(26,300,360)
Net current assets used in the Rate Setting Statement						
Total current assets		45,686,985	43,562,983	47,462,298	0	47,462,298
Less: Total current liabilities		(13,473,253)	(17,574,824)	(16,322,492)	0	(16,322,492)
Less: Total adjustments to net current assets		(29,322,149)	(25,988,159)	(26,604,118)	(303,758)	(26,300,360)
Net current assets used in the Rate Setting Statement		2,891,583	0	4,535,688	(303,758)	4,839,446

*Refer to Note 31 for information on the adjustments made.

SHIRE OF BROOME
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28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
Purpose	Note	1 July 2020	During 2020-21	Repayments During 2020-21	June 2021	During 2021-22	Repayments During 2021-22	30 June 2022	July 2021	During 2021-22	Repayments During 2021-22	30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Civic Centre Redevelopment		994,413	0	(487,484)	506,929	0	(506,929)	0	506,929	0	(506,929)	0
Town Beach Development		1,450,000	0	(86,155)	1,363,845	0	(87,554)	1,276,291	1,363,845	0	(87,554)	1,276,291
BRAC Pavillion		121,517	0	(121,517)	0	0	0	0	0	0	0	0
Chinatown Revitalisation Stage 1		1,544,026	0	(158,935)	1,385,091	0	(161,954)	1,223,137	1,385,090	0	(161,954)	1,223,136
Chinatown Revitalisation Stage 2		0	1,785,000	0	1,785,000	0	(103,521)	1,681,479	1,785,000	0	(107,655)	1,677,345
China Town Contingency		0	0	0	0	1,800,000	0	1,800,000	0	1,800,000	(54,089)	1,745,911
Total		4,109,956	1,785,000	(854,091)	5,040,865	1,800,000	(859,958)	5,980,907	5,040,864	1,800,000	(918,181)	5,922,683
Self Supporting Loans												
Life Saving Club		0	0	0	0	0	0	0	0	300,000	(18,094)	281,906
Broome Golf Club		0	1,250,000	0	1,250,000	0	0	1,250,000	1,250,000	0	(75,389)	1,174,611
Total Self Supporting Loans		0	1,250,000	0	1,250,000	0	0	1,250,000	1,250,000	300,000	(93,483)	1,456,517
Total Borrowings	14	4,109,956	3,035,000	(854,091)	6,290,865	1,800,000	(859,958)	7,230,907	6,290,864	2,100,000	(1,011,664)	7,379,200

* WA Treasury Corporation

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.

(b) Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
Civic Centre Redevelopment		Recreation and culture	193	WATC*	3.95%	(14,848)	(15,067)	(34,302)
Town Beach Development		Recreation and culture	195	WATC*	1.62%	(20,730)	(22,554)	(23,032)
BRAC Pavillion		Recreation and culture	194	WATC*	5.86%	0	0	(4,611)
Chinatown Revitalisation Stage 1		Economic services	196	WATC*	1.89%	(24,630)	(26,059)	(28,344)
Chinatown Revitalisation Stage 2		Economic services	198	WATC*	1.95%	(34,020)	(24,790)	(285)
China Town Contingency		Economic services	201	WATC*	4.75%	0	(12,690)	0
Total						(94,228)	(101,160)	(90,574)
Self Supporting Loans Interest Repayments								
Life Saving Club		Recreation and culture	200	WATC*	TBC	0	(4,167)	0
Broome Golf Club		Recreation and culture	199	WATC*	1.95%	(24,225)	(17,361)	(200)
Total Self Supporting Loans Interest Repayments						(24,225)	(21,528)	(200)
Total Interest Repayments	2(b)					(118,453)	(122,688)	(90,774)

* WA Treasury Corporation

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2022

29. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Reserves cash backed - Leave Reserve	1,197,060	315,411	(187,934)	1,324,537	932,995	313,851	(115,646)	1,131,200	1,076,266	120,794	0	1,197,060
(b) Reserves cash backed - Restricted Cash	65,000	0	0	65,000	0	0	0	0	0	65,000	0	65,000
(c) Reserves cash backed - Community Sponsorship	81,454	268	0	81,722	100,799	0	0	100,799	97,271	469	(16,286)	81,454
(d) Reserves cash backed - EDL Sponsorship	62,024	205	0	62,229	55,522	145	0	55,667	134,882	650	(73,508)	62,024
(e) Reserves cash backed - Road Reserve	1,517,285	374,860	0	1,892,145	1,517,140	235,580	0	1,752,720	1,824,122	529,163	(836,000)	1,517,285
(f) Reserves cash backed - Public Art Reserve	6,211	21	0	6,232	6,211	20	0	6,231	6,182	29	0	6,211
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	58,504	193	0	58,697	58,500	187	(58,000)	687	58,224	280	0	58,504
(j) Reserves cash backed - Public Open Space	1,806,645	2,500,312	(516,966)	3,789,991	1,799,529	1,045,709	(172,800)	2,672,438	1,976,821	1,042,671	(1,212,847)	1,806,645
(k) Reserves cash backed - Drainage reserve	1,538,300	98,513	0	1,636,813	1,553,201	33,608	0	1,586,809	1,235,496	302,804	0	1,538,300
(l) Reserves cash backed - Plant	1,895,391	12,412	(291,216)	1,616,587	1,695,241	5,410	(252,500)	1,448,151	1,886,301	9,090	0	1,895,391
(m) Reserves cash backed - Buildings	2,920,961	559,604	(190,816)	3,289,749	2,896,772	481,416	(499,856)	2,878,332	2,361,421	758,101	(198,561)	2,920,961
(n) Reserves cash backed - Refuse Site Reserve	2,664,994	1,175,246	(1,265,617)	2,574,623	2,109,939	6,766	(1,512,617)	604,088	3,253,067	15,677	(603,750)	2,664,994
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	13,291,670	42,198	(518,051)	12,815,817	13,189,289	44,690	(456,732)	12,777,247	14,121,030	68,052	(897,412)	13,291,670
(p) Reserves cash backed - IT & Equipment	714,651	345,812	(123,926)	936,537	647,704	223,697	(50,000)	821,401	710,263	99,498	(95,110)	714,651
(q) Reserves cash backed - Kimberley Zone	394,580	1,293	0	395,873	317,138	1,475	0	318,613	486,676	64,346	(156,442)	394,580
	28,214,730	5,426,348	(3,094,526)	30,546,552	26,879,980	2,392,554	(3,118,151)	26,154,383	29,228,022	3,076,624	(4,089,916)	28,214,730
Restricted by Legislation												
(g) Reserves cash backed - Carpark Reserve	348,224	43,133	0	391,357	348,201	42,980	0	391,181	295,639	52,585	0	348,224
(h) Reserves cash backed - Footpath Reserve	2,283,309	18,184	(447,381)	1,854,112	2,241,258	5,672	(444,354)	1,802,576	2,349,298	51,088	(117,077)	2,283,309
	2,631,533	61,317	(447,381)	2,245,469	2,589,459	48,652	(444,354)	2,193,757	2,644,937	103,673	(117,077)	2,631,533
	30,846,263	5,487,665	(3,541,907)	32,792,021	29,469,439	2,441,206	(3,562,505)	28,348,140	31,872,959	3,180,297	(4,206,993)	30,846,263

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Reserves cash backed - Restricted Cash	Ongoing	To be used for unspent grant, contribution and loan funds.
(c) Reserves cash backed - Community Sponsorship	Ongoing	To hold funds remaining as at 30 June after allocation of both Annual and Ad-hoc sponsorships and external donations to be spent on both annual and ad-hoc sponsorships in accordance with the Community Sponsorship Program Policy.
(d) Reserves cash backed - EDL Sponsorship	Ongoing	To hold funds to be spent on community projects as approved by Energy Development Limited.
(e) Reserves cash backed - Road Reserve	Ongoing	To be used for renewal, upgrade or new streets and roads.
(f) Reserves cash backed - Public Art Reserve	Ongoing	To hold funds set aside annually to fund future public art projects and initiatives within the Shire.
(g) Reserves cash backed - Carpark Reserve	Ongoing	To be used for renewal, upgrade or new carparks. Typically funds are from "Cash In Lieu" payments from developers.
(h) Reserves cash backed - Footpath Reserve	Ongoing	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	Ongoing	To be used for the construction of recreation infrastructure and facilities.
(j) Reserves cash backed - Public Open Space	Ongoing	To be used for renewal, upgrade, replacement or new public open space facilities and garden areas associated with buildings and other freely accessible public recreational facilities. Any contributions from developers are held in Trust.
(k) Reserves cash backed - Drainage reserve	Ongoing	To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers.
(l) Reserves cash backed - Plant	Ongoing	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
(m) Reserves cash backed - Buildings	Ongoing	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
(n) Reserves cash backed - Refuse Site Reserve	Ongoing	To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines.
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	Ongoing	To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund: i) The future construction of a new facility;
(p) Reserves cash backed - IT & Equipment	Ongoing	To be used for renewal, upgrade or new office equipment, IT hardware and software.
(q) Reserves cash backed - Kimberley Zone	Ongoing	To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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31. RESTATEMENT OF RATE SETTING STATEMENT COMPARATIVES

The Shire of Broome engaged an external accounting firm to perform a review of prior years Rate Setting Statement (RSS) and Rate Setting Statement Information. During this process it came to light that the net current assets used in the 2021 Rate Setting Statement and net current asset at the start of the year (2020) was overstated. This resulted in a restatement of 2021 Rate Setting Statement including Net current assets used in the RSS for 2021 and 2020 and the related Rate Setting Statement information. The following are the summary of the adjustments made and the explanations:

	2021 Actual as restated \$	Adjustments \$	2021 Actual as previously reported \$	Explanation
NET CURRENT ASSETS - At start of financial year - surplus/(deficit) (FY 2020)	2,828,740	(1,359,652)	4,188,392	
Breakdown of this adjustment and explanation is :				
Current Liability Associated with restricted cash - leave liability (employee provisions)	1,076,266	(1,303,614)	2,379,880	Current employee provision was incorrectly over adjusted in the past. Should be adjusted up to cash backed leave reserves only. Corrected in current year
Current Liability not expected to be paid within 12 months	0	(65,093)	65,093	Error noted in previous workings for reconciling amount in 2020. Corrected in current year
Bonds and deposits held by others	0	9,055	(9,055)	Incorrectly removed in the past. Corrected in current year
		(1,359,652)		
Net Current Assets Used in Rate Setting Statement - (FY 2021)	27 (c) 4,535,688	(303,758)	4,839,446	
Breakdown of this adjustment and explanation is :				
Current Liability associated with restricted cash - Contract & capital grant liabilities from contracts with customers	(2,991,704)	394,600	(3,386,304)	Current liability for contract and capital grant was incorrectly over adjusted in the past . Should be adjusted up to restricted cash balance only. Corrected in current year.
Current Liability not expected to be paid within 12 months	0	(700,158)	700,158	In 2021 , the Shire was less conservative and adjusted their Net current assets with the whole current remediation provision since this amount would not be spent in the next 12 months . Net current assets was incorrectly over adjusted in the past. Corrected in current year
Bonds and deposits held by others	0	1,800	(1,800)	Incorrectly removed in the past. Corrected in current year
		(303,758)		

All other adjustments are reclassification of non-cash amounts between investing and operating and non cash movements between current and non-current balances to reconcile to the adjustments made above



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Broome

To the Councillors of the Shire of Broome

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – Restatement of comparative balances

I draw attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for preparing, and the Council for overseeing, the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Broome for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Sandra Labuschagne
Acting Auditor General for Western Australia
Perth, Western Australia
14 April 2023

FEEDBACK

If you have a comment or questions about the Annual Report here's how to contact us.

In person: Shire Administration Centre
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