

**SHIRE OF BROOME**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment.

Principal place of business:  
27 Weld Street  
BROOME WA 6725

**SHIRE OF BROOME  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Broome at 30 June 2019 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 6th day of October 2019

S. Mastrolento

Chief Executive Officer

SAM MASTROLENTO

Name of Chief Executive Officer



SHIRE OF BROOME  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	22(a)	22,392,626	22,376,649	21,931,509
Operating grants, subsidies and contributions	2(a)	3,978,224	6,365,944	3,884,342
Fees and charges	2(a)	9,908,218	11,092,800	10,743,949
Interest earnings	2(a)	1,476,449	1,121,872	1,304,843
Other revenue	2(a)	1,621,900	1,259,156	988,593
		<u>39,377,417</u>	<u>42,216,421</u>	<u>38,853,236</u>
<b>Expenses</b>				
Employee costs		(14,832,097)	(16,731,079)	(15,637,962)
Materials and contracts		(13,223,815)	(13,132,829)	(9,300,554)
Utility charges		(1,882,925)	(2,002,962)	(1,844,152)
Depreciation on non-current assets	11(c)	(10,021,199)	(9,667,682)	(12,933,560)
Interest expenses	2(b)	(92,802)	(92,755)	(118,981)
Insurance expenses		(657,408)	(657,174)	(630,726)
Other expenditure		(2,613,860)	(3,144,792)	(2,700,647)
		<u>(43,324,106)</u>	<u>(45,429,273)</u>	<u>(43,166,582)</u>
		(3,946,689)	(3,212,852)	(4,313,346)
Non-operating grants, subsidies and contributions	2(a)	12,577,669	13,782,824	7,023,995
Profit on asset disposals	11(a)	7,273	1,170	12,860
(Loss) on asset disposals	11(a)	(21,881)	(80,223)	(309,999)
		<u>12,563,061</u>	<u>13,703,771</u>	<u>6,726,856</u>
<b>Net result for the period</b>		<b>8,616,372</b>	<b>10,490,919</b>	<b>2,413,510</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(20,829,964)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(20,829,964)</b>
<b>Total comprehensive income for the period</b>		<b>8,616,372</b>	<b>10,490,919</b>	<b>(18,416,454)</b>

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



SHIRE OF BROOME  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>	2(a)			
Governance		614,432	399,596	22,907
General purpose funding		24,703,828	23,715,361	24,218,955
Law, order, public safety		128,540	138,743	186,974
Health		197,486	189,761	208,293
Education and welfare		24,000	90,000	15,000
Housing		716,548	622,164	585,062
Community amenities		6,421,517	7,597,727	7,164,053
Recreation and culture		1,340,966	1,473,656	1,644,971
Transport		1,682,022	2,641,520	1,448,213
Economic services		1,033,114	3,103,330	1,082,586
Other property and services		2,514,964	2,244,563	2,276,222
		<u>39,377,417</u>	<u>42,216,421</u>	<u>38,853,236</u>
<b>Expenses</b>	2(b)			
Governance		(2,481,720)	(2,707,164)	(2,002,679)
General purpose funding		(404,056)	(446,696)	(307,300)
Law, order, public safety		(1,049,151)	(1,015,237)	(1,401,211)
Health		(745,364)	(788,573)	(742,073)
Education and welfare		(587,946)	(737,232)	(580,039)
Housing		(860,897)	(751,394)	(742,808)
Community amenities		(8,162,850)	(9,257,846)	(8,483,658)
Recreation and culture		(11,413,945)	(12,232,552)	(10,565,703)
Transport		(12,345,614)	(10,851,832)	(12,759,452)
Economic services		(2,856,083)	(4,264,199)	(3,054,017)
Other property and services		(2,323,678)	(2,283,793)	(2,408,661)
		<u>(43,231,304)</u>	<u>(45,336,518)</u>	<u>(43,047,601)</u>
<b>Finance Costs</b>	2(b)			
Recreation and culture		(91,836)	(92,755)	(118,981)
Economic services		(966)	0	0
		<u>(92,802)</u>	<u>(92,755)</u>	<u>(118,981)</u>
		<u>(3,946,689)</u>	<u>(3,212,852)</u>	<u>(4,313,346)</u>
Non-operating grants, subsidies and contributions	2(a)	12,577,669	13,782,824	7,023,995
Profit on disposal of assets	11(a)	7,273	1,170	12,860
(Loss) on disposal of assets	11(a)	(21,881)	(80,223)	(309,999)
		<u>12,563,061</u>	<u>13,703,771</u>	<u>6,726,856</u>
<b>Net result for the period</b>		<u>8,616,372</u>	<u>10,490,919</u>	<u>2,413,510</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(20,829,964)
<b>Total other comprehensive income for the period</b>		<u>0</u>	<u>0</u>	<u>(20,829,964)</u>
<b>Total comprehensive income for the period</b>		<u>8,616,372</u>	<u>10,490,919</u>	<u>(18,416,454)</u>

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





SHIRE OF BROOME  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	42,169,411	45,133,347
Trade receivables	5	2,807,518	2,305,430
Inventories	6	49,463	34,015
Other assets	7	350,640	149,285
<b>TOTAL CURRENT ASSETS</b>		<b>45,377,032</b>	<b>47,622,077</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	32,159	17,430
Other financial assets	8	87,586	0
Property, plant and equipment	9	87,045,403	88,508,984
Infrastructure	10	294,728,403	278,788,414
<b>TOTAL NON-CURRENT ASSETS</b>		<b>381,893,551</b>	<b>367,314,828</b>
<b>TOTAL ASSETS</b>		<b>427,270,583</b>	<b>414,936,905</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	7,495,460	4,606,710
Borrowings	14(a)	739,456	619,827
Employee related provisions	15	1,955,626	2,214,146
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,190,542</b>	<b>7,440,683</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14(a)	2,659,956	1,699,411
Employee related provisions	15	475,965	469,063
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,135,921</b>	<b>2,168,474</b>
<b>TOTAL LIABILITIES</b>		<b>13,326,463</b>	<b>9,609,157</b>
<b>NET ASSETS</b>		<b>413,944,120</b>	<b>405,327,748</b>
<b>EQUITY</b>			
Retained surplus		127,524,101	116,134,519
Reserves - cash backed	4	35,273,696	38,046,906
Revaluation surplus	12	251,146,323	251,146,323
<b>TOTAL EQUITY</b>		<b>413,944,120</b>	<b>405,327,748</b>

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



SHIRE OF BROOME  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>		<b>120,385,478</b>	<b>31,382,437</b>	<b>271,976,287</b>	<b>423,744,202</b>
Comprehensive income					
Net result for the period		2,413,510	0	0	2,413,510
Other comprehensive income	12	0	0	(20,829,964)	(20,829,964)
Total comprehensive income		2,413,510	0	(20,829,964)	(18,416,454)
Transfers from/(to) reserves		(6,664,469)	6,664,469	0	0
<b>Balance as at 30 June 2018</b>		<b>116,134,519</b>	<b>38,046,906</b>	<b>251,146,323</b>	<b>405,327,748</b>
Comprehensive income					
Net result for the period		8,616,372	0	0	8,616,372
Total comprehensive income		8,616,372	0	0	8,616,372
Transfers from/(to) reserves		2,773,210	(2,773,210)	0	0
<b>Balance as at 30 June 2019</b>		<b>127,524,101</b>	<b>35,273,696</b>	<b>251,146,323</b>	<b>413,944,120</b>

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

SHIRE OF BROOME  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		22,284,359	22,360,273	22,141,540
Operating grants, subsidies and contributions		2,299,955	6,345,984	2,872,489
Fees and charges		9,908,218	11,092,800	10,871,793
Interest received		1,476,449	1,121,872	1,304,843
Goods and services tax received		1,269,719	0	2,991,537
Other revenue		1,534,314	1,259,156	1,047,668
		38,773,014	42,180,085	41,229,870
<b>Payments</b>				
Employee costs		(15,068,488)	(16,678,338)	(15,424,327)
Materials and contracts		(6,685,019)	(13,417,528)	(8,523,582)
Utility charges		(1,882,925)	(2,002,962)	(1,769,449)
Interest expenses		(31,301)	(92,755)	(119,839)
Insurance paid		(657,408)	(657,174)	(630,726)
Goods and services tax paid		(3,943,577)	0	(3,098,829)
Other expenditure		(2,613,860)	(3,144,792)	(2,700,647)
		(30,882,578)	(35,993,549)	(32,267,399)
<b>Net cash provided by (used in) operating activities</b>	16	7,890,436	6,186,536	8,962,471
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(2,199,719)	(4,265,801)	(3,178,496)
Payments for construction of infrastructure		(22,385,310)	(23,669,561)	(5,067,817)
Non-operating grants, subsidies and contributions		12,577,669	13,782,824	7,023,995
Proceeds from sale of property, plant & equipment		72,814	238,000	379,552
<b>Net cash provided by (used in) investment activities</b>		(11,934,546)	(13,914,538)	(842,766)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(619,826)	(619,827)	(592,742)
Proceeds from new borrowings		1,700,000	1,700,000	0
<b>Net cash provided by (used in) financing activities</b>		1,080,174	1,080,173	(592,742)
<b>Net increase (decrease) in cash held</b>		(2,963,936)	(6,647,829)	7,526,963
Cash at beginning of year		45,133,347	39,593,284	37,606,384
<b>Cash and cash equivalents at the end of the year</b>	16	42,169,411	32,945,455	45,133,347

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



SHIRE OF BROOME  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	4,346,500	3,763,179	3,606,464
		4,346,500	3,763,179	3,606,464
<b>Revenue from operating activities (excluding rates)</b>				
Governance		614,432	399,596	22,907
General purpose funding		2,311,202	1,338,712	2,287,446
Law, order, public safety		128,540	138,743	186,974
Health		197,486	189,761	208,293
Education and welfare		24,000	90,000	19,770
Housing		716,548	622,164	585,062
Community amenities		6,421,517	7,598,727	7,164,053
Recreation and culture		1,340,966	1,473,656	1,644,971
Transport		1,682,022	2,641,520	1,448,213
Economic services		1,033,114	3,103,330	1,082,865
Other property and services		2,522,237	2,244,733	2,284,033
		16,992,064	19,840,942	16,934,587
<b>Expenditure from operating activities</b>				
Governance		(2,481,720)	(2,707,164)	(2,005,502)
General purpose funding		(404,056)	(446,696)	(307,300)
Law, order, public safety		(1,055,516)	(1,022,337)	(1,410,163)
Health		(745,364)	(788,573)	(745,194)
Education and welfare		(587,946)	(737,232)	(580,039)
Housing		(860,897)	(751,394)	(742,808)
Community amenities		(8,173,819)	(9,276,019)	(8,483,658)
Recreation and culture		(11,505,781)	(12,329,557)	(10,684,684)
Transport		(12,345,614)	(10,851,832)	(12,759,452)
Economic services		(2,857,049)	(4,264,199)	(3,054,017)
Other property and services		(2,328,225)	(2,334,493)	(2,703,764)
		(43,345,987)	(45,509,496)	(43,476,581)
Non-cash amounts excluded from operating activities	23(a)	9,840,185	9,746,735	13,450,498
Amount attributable to operating activities		(12,167,238)	(12,158,640)	(9,485,032)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		12,577,669	13,782,824	7,023,995
Proceeds from disposal of assets	11(a)	72,814	238,000	379,552
Purchase of property, plant and equipment	9(a)	(2,199,719)	(4,265,801)	(3,178,496)
Purchase and construction of infrastructure	10(a)	(22,385,310)	(23,669,561)	(5,067,817)
Amount attributable to investing activities		(11,934,546)	(13,914,538)	(842,766)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(619,826)	(619,827)	(592,742)
Proceeds from borrowings	14(c)	1,700,000	1,700,000	0
Transfers to reserves (restricted assets)	4	(7,113,415)	(4,289,032)	(8,974,332)
Transfers from reserves (restricted assets)	4	9,886,625	6,905,388	2,309,863
Amount attributable to financing activities		3,853,384	3,696,529	(7,257,211)
Surplus/(deficit) before imposition of general rates		(20,248,400)	(22,376,649)	(17,585,009)
Total amount raised from general rates	22	22,392,626	22,376,649	21,931,509
Surplus/(deficit) after imposition of general rates	23(b)	2,144,226	0	4,346,500

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

## 1. BASIS OF PREPARATION

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 to these financial statements.



SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	231,880	340,000	8,186
General purpose funding	1,903,512	900,904	1,837,256
Health	0	2,000	2,198
Education and welfare	24,000	90,000	15,000
Community amenities	66,671	10,000	5,000
Recreation and culture	112,540	213,530	372,598
Transport	1,512,818	2,501,380	1,287,446
Economic services	50,000	2,221,360	167,356
Other property and services	76,803	86,770	189,302
	3,978,224	6,365,944	3,884,342
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	1,200,000	0
Community amenities	200,000	0	255,000
Recreation and culture	5,229,229	8,084,638	194,933
Transport	2,937,562	1,868,192	1,498,892
Economic services	4,118,408	2,629,994	4,950,000
Other property and services	92,470	0	125,170
	12,577,669	13,782,824	7,023,995
<b>Total grants, subsidies and contributions</b>	<b>16,555,893</b>	<b>20,148,768</b>	<b>10,908,337</b>

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 21.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

SHIRE OF BROOME  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
<b>Other revenue</b>			
Reimbursements and recoveries	1,604,115	1,238,656	940,674
Other	17,785	20,500	47,919
	<u>1,621,900</u>	<u>1,259,156</u>	<u>988,593</u>
<b>Fees and Charges</b>			
General purpose funding	91,370	0	72,683
Law, order, public safety	77,234	80,500	159,633
Health	194,460	102,948	203,114
Education and welfare	0	187,761	0
Housing	716,548	620,814	582,673
Community amenities	5,825,122	7,180,095	6,715,597
Recreation and culture	1,115,995	1,159,666	1,168,998
Transport	3,564	25,000	25,603
Economic services	910,772	745,886	769,708
Other property and services	973,153	990,130	1,045,940
	<u>9,908,218</u>	<u>11,092,800</u>	<u>10,743,949</u>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	951,628	685,860	783,428
Rates instalment and penalty interest (refer Note 22(c))	315,438	280,000	283,215
Other interest earnings	209,383	156,012	238,200
	<u>1,476,449</u>	<u>1,121,872</u>	<u>1,304,843</u>
(b) Expenses	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	59,000	30,000	28,102
- Other services	3,700	21,500	5,769
	<u>62,700</u>	<u>51,500</u>	<u>33,871</u>
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 14(b))	92,802	92,755	118,981
	<u>92,802</u>	<u>92,755</u>	<u>118,981</u>

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		42,169,411	45,133,347
		42,169,411	45,133,347
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		6,135,600	7,086,441
- Restricted cash and cash equivalents		36,033,811	38,046,906
		42,169,411	45,133,347
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Reserves cash backed - Leave Reserve	4	1,051,077	1,592,185
Reserves cash backed - Restricted Cash	4	712,179	5,045,885
Reserves cash backed - Community Sponsorship	4	61,744	84,449
Reserves cash backed - EDL Sponsorship	4	145,188	182,370
Reserves cash backed - Road Reserve	4	2,061,646	2,764,619
Reserves cash backed - Public Art Reserve	4	167,571	162,747
Reserves cash backed - Carpark Reserve	4	533,886	485,090
Reserves cash backed - Footpath Reserve	4	2,179,884	2,338,141
Reserves cash backed - BRAC (Leisure Centre) Reserve	4	98,488	54,376
Reserves cash backed - Public Open Space	4	3,385,685	2,300,553
Reserves cash backed - Drainage reserve	4	1,693,989	1,839,820
Reserves cash backed - Plant	4	2,026,247	1,559,839
Reserves cash backed - Buildings	4	2,647,091	3,451,747
Reserves cash backed - Refuse Site Reserve	4	3,259,028	3,377,488
Reserves cash backed - Regional Resource Recovery Park Reserve	4	14,243,536	12,190,279
Reserves cash backed - IT & Equipment	4	518,998	432,473
Reserves cash backed - Kimberley Zone	4	487,459	184,845
		35,273,696	38,046,906
<b>Other restricted cash and cash equivalents</b>			
Bonds and deposits held	25	760,115	0
<b>Total restricted cash and cash equivalents</b>		36,033,811	38,046,906

### SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

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

#### Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.



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4. RESERVES - CASH BACKED

	2019 Opening Balance	2019 Actual Transfer	2019 Actual (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer	2019 Budget (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer	2018 Actual (from)	2018 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	1,592,185	47,197	(586,305)	1,051,077	1,268,976	33,108	0	1,302,084	1,392,788	387,781	(188,384)	1,592,185
(b) Reserves cash backed - Restricted Cash	5,045,885	0	(4,333,706)	712,179	4,827,298	72,878	(3,987,837)	912,339	2,033,574	3,583,445	(571,135)	5,045,885
(c) Reserves cash backed - Community Sponsorship	84,449	2,503	(25,208)	61,744	63,286	1,152	0	64,438	61,986	22,463	0	84,449
(d) Reserves cash backed - EDL Sponsorship	182,370	5,406	(42,688)	145,188	214,761	2,064	(90,000)	126,825	210,359	5,615	(33,605)	182,370
(e) Reserves cash backed - Road Reserve	2,764,619	1,132,385	(1,835,558)	2,061,646	2,278,110	331,319	(420,000)	2,189,429	2,466,645	347,974	(50,000)	2,764,619
(f) Reserves cash backed - Public Art Reserve	162,747	4,824	(167,571)	0	160,817	3,816	0	164,633	158,515	4,231	0	162,747
(g) Reserves cash backed - Carpark Reserve	485,090	48,796	0	533,886	485,278	45,912	0	531,190	472,478	12,612	0	485,090
(h) Reserves cash backed - Footpath Reserve	2,338,141	334,701	(492,958)	2,179,884	2,106,857	307,968	(272,000)	2,142,825	2,124,387	388,308	(174,554)	2,338,141
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	54,376	44,112	0	98,488	53,063	1,260	0	54,323	52,962	1,414	0	54,376
(j) Reserves cash backed - Public Open Space	2,300,553	1,353,132	(268,000)	3,385,685	1,893,326	108,753	0	1,992,079	1,484,517	816,036	0	2,300,553
(k) Reserves cash backed - Drainage reserve	1,839,820	78,489	(224,320)	1,693,989	1,774,203	61,307	(100,801)	1,734,709	1,538,941	336,547	(35,666)	1,839,820
(l) Reserves cash backed - Plant	1,559,839	466,408	0	2,026,247	1,485,633	364,500	0	1,850,133	1,445,003	118,787	(3,950)	1,559,839
(m) Reserves cash backed - Buildings	3,451,747	570,687	(1,375,343)	2,647,091	1,966,598	260,387	(1,161,850)	1,065,135	4,225,523	178,443	(952,218)	3,451,747
(n) Reserves cash backed - Refuse Site Reserve	3,377,488	242,108	(360,568)	3,259,028	4,432,649	58,836	(422,900)	4,068,585	3,531,099	94,258	(247,870)	3,377,488
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	12,190,279	2,200,413	(147,156)	14,243,536	9,497,710	2,561,283	(450,000)	11,608,993	9,637,910	2,604,850	(52,481)	12,190,279
(p) Reserves cash backed - IT & Equipment	432,473	86,525	0	518,998	432,610	54,609	0	487,219	365,711	66,762	0	432,473
(q) Reserves cash backed - Kimberley Zone	184,845	495,729	(193,115)	487,459	184,739	19,980	0	204,619	180,039	4,806	0	184,845
	38,046,906	7,113,415	(9,886,625)	35,273,696	33,115,914	4,289,032	(6,903,388)	30,499,558	31,382,437	8,974,332	(2,303,863)	38,046,906

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

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

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

## 5. TRADE RECEIVABLES

### Current

Rates receivable	
Sundry receivables	
GST receivable	
Other current receivables	
Allowance for impairment - rates	
Allowance for impairment - sundry debtors	

### Non-current

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

2019	2018
\$	\$
917,077	794,223
883,293	903,729
490,250	292,871
735,618	445,231
(135,992)	(106,676)
(82,728)	(23,948)
2,807,518	2,305,430
32,159	17,430
32,159	17,430

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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

### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

### Classification and subsequent measurement

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

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

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



## 6. INVENTORIES

### Current

Fuel and materials  
BRAC Stock

2019	2018
\$	\$
42,118	28,554
7,345	5,461
49,463	34,015

The following movements in inventories occurred during the year:

### Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

### Carrying amount at 30 June

34,015	36,645
0	(2,630)
15,448	0
49,463	34,015

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

## 7. OTHER ASSETS

### Other current assets

Bonds and deposits held by others

Prepayments

	2019	2018
	\$	\$
Bonds and deposits held by others	47,159	48,978
Prepayments	303,481	100,307
	<u>350,640</u>	<u>149,285</u>

### 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.

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**8. OTHER FINANCIAL ASSETS**

**Non-current assets**

Other financial assets

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

- *Unlisted equity investments*

Financial assets at fair value through profit and loss - LG Housing Trust

2019	2018
\$	\$
87,586	0
87,586	0
87,586	0
87,586	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 24.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Previous accounting policy: available for sale financial assets**

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**Previous accounting policy: Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 26 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	Land - and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress - Buildings	Work in Progress - Furniture & Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	2,680,000	16,076,532	18,756,532	59,693,769	59,693,769	78,450,301	792,760	9,804,778	192,224	125,170	89,365,233
Additions	340,192	0	340,192	772,358	772,358	1,112,550	455,376	1,457,261	153,309	0	3,178,496
(Disposals)	0	0	0	0	0	0	0	(513,838)	(162,853)	0	(676,691)
Depreciation (expense)	0	0	0	(1,733,104)	(1,733,104)	(1,733,104)	(157,139)	(1,467,811)	0	0	(3,358,054)
Transfers	0	0	0	1,734	1,734	1,734	125,170	0	(1,734)	(125,170)	0
<b>Carrying amount at 30 June 2018</b>	3,020,192	16,076,532	19,096,724	58,734,757	58,734,757	77,831,481	1,216,167	9,280,390	180,946	0	88,508,984
<b>Comprises:</b>											
Gross carrying amount at 30 June 2018	3,020,192	16,076,532	19,096,724	60,467,861	60,467,861	79,584,585	1,373,306	11,533,464	180,946	0	92,652,301
Accumulated depreciation at 30 June 2018	0	0	0	(1,733,104)	(1,733,104)	(1,733,104)	(157,139)	(2,253,074)	0	0	(4,143,317)
<b>Carrying amount at 30 June 2018</b>	3,020,192	16,076,532	19,096,724	58,734,757	58,734,757	77,831,481	1,216,167	9,280,390	180,946	0	88,508,984
Additions	0	0	0	1,033,256	1,033,256	1,033,256	347,111	272,434	546,918	0	2,199,719
(Disposals)	0	0	0	0	0	0	0	(87,422)	0	0	(87,422)
Depreciation (expense)	0	0	0	(1,757,755)	(1,757,755)	(1,757,755)	(309,224)	(1,508,899)	0	0	(3,575,878)
Transfers	0	0	0	180,946	180,946	180,946	0	0	(180,946)	0	0
<b>Carrying amount at 30 June 2019</b>	3,020,192	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	3,020,192	16,076,532	19,096,724	61,682,062	61,682,062	80,778,786	1,720,417	11,646,148	546,918	0	94,692,269
Accumulated depreciation at 30 June 2019	0	0	0	(3,490,858)	(3,490,858)	(3,490,858)	(466,363)	(3,689,645)	0	0	(7,646,866)
<b>Carrying amount at 30 June 2019</b>	3,020,192	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403



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

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons (level 2 inputs)
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2017	At cost
Buildings - non-specialised	3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons per lettable area (level 2 inputs), depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)
<b>Furniture and equipment</b>	3	Market approach using recent observable market data for similar assets	Management valuation	June 2017	Market price per item, adjusted for condition and comparability
<b>Plant and equipment</b>	3	Market Approach using recent observable market data for similar assets	Management valuation	June 2016	Current replacement cost (market price per item) and condition assessment (level 2 inputs), residual values & 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.



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10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Roads	Footpaths, Carparks & Bridges	Works in Progress - Roads, Footpaths and Bridges			Works in Progress - Infrastructure			Works in Progress - Other			Works in Progress - Recreation Areas			Total Infrastructure		
	\$	\$	Drainage	Recreation Areas	Infrastructure Others	Infrastructure	Drainage	Recreation Areas	Infrastructure	Other	Recreation Areas	Infrastructure	Drainage	Recreation Areas	\$	\$	\$
<b>Balance at 1 July 2017</b>	227,042,202	29,298,022	40,283,265	2,565,054	3,023,999	930,621	0	0	982,904	0	0	0	0	0	304,126,067	0	0
Additions	1,538,183	274,523	22,235	161,512	212,850	1,939,238	425,666	0	423,642	0	0	0	0	0	5,067,817	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	(32,251,034)	8,261,254	(6,686,809)	8,014,788	1,831,837	0	0	0	0	0	0	0	0	0	(20,829,964)	0	0
Depreciation (expense)	(6,589,709)	(1,012,540)	(1,123,188)	(169,260)	(680,809)	0	0	0	0	0	0	0	0	0	(9,575,506)	0	0
Transfers	884,875	0	0	0	259,018	(884,875)	0	0	(259,018)	0	0	0	0	0	0	0	0
<b>Carrying amount at 30 June 2018</b>	190,624,517	36,821,259	32,495,503	10,572,094	4,646,895	1,984,984	425,666	0	1,147,528	0	0	0	0	0	278,788,414	0	0
<b>Comprises:</b>																	
Gross carrying amount at 30 June 2018	237,035,322	36,821,259	32,495,503	10,572,094	4,646,895	1,984,984	425,666	0	1,147,528	0	0	0	0	0	325,199,219	0	0
Accumulated depreciation at 30 June 2018	(46,410,805)	0	0	0	0	0	0	0	0	0	0	0	0	0	(46,410,805)	0	0
<b>Carrying amount at 30 June 2018</b>	190,624,517	36,821,259	32,495,503	10,572,094	4,646,895	1,984,984	425,666	0	1,147,528	0	0	0	0	0	278,788,414	0	0
Additions	12,395,300	2,315,740	49,862	416,932	993,829	375,257	64,986	0	5,060,488	0	0	0	0	0	22,385,310	0	0
Depreciation (expense)	(3,416,467)	(860,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	0	0	0	0	0	(6,445,321)	0	0
Transfers	1,984,983	0	425,666	0	1,147,528	(1,984,983)	(425,666)	0	(1,147,528)	0	0	0	0	0	0	0	0
<b>Carrying amount at 30 June 2019</b>	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	0	5,060,488	0	0	0	0	0	294,728,403	0	0
<b>Comprises:</b>																	
Gross carrying amount at 30 June 2019	251,415,605	39,136,999	32,971,031	10,989,026	6,788,252	375,258	64,986	0	5,060,488	0	0	0	0	0	347,584,529	0	0
Accumulated depreciation at 30 June 2019	(49,827,272)	(660,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	0	0	0	0	0	(52,856,126)	0	0
<b>Carrying amount at 30 June 2019</b>	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	0	5,060,488	0	0	0	0	0	294,728,403	0	0

## 10. INFRASTRUCTURE (Continued)

### (b) Fair Value Measurements

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

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

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



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

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

#### Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

#### Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

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

(a) Disposals of Assets

	2019			2019			2019			2018		
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Actual	Actual	Actual
	Net Book Value	Proceeds	Profit	Loss	Net Book Value	Proceeds	Profit	Loss	Net Book Value	Proceeds	Profit	Loss
Plant and equipment	\$ 87,422	\$ 72,814	\$ 7,273	\$ (21,881)	\$ 317,053	\$ 238,000	\$ 1,170	\$ (80,223)	\$ 513,838	\$ 379,552	\$ 12,860	\$ (147,146)
Work in Progress - Buildings	0	0	0	0	0	0	0	0	162,853	0	0	(162,853)
	87,422	72,814	7,273	(21,881)	317,053	238,000	1,170	(80,223)	676,691	379,552	12,860	(309,999)

The following assets were disposed of during the year.

	2019			2019		
	Actual	Actual	Actual	Actual	Actual	Actual
	Net Book Value	Proceeds	Profit	Loss	Net Book Value	Proceeds
Plant and Equipment	16,873	15,455	0	(1,418)	10,000	495
Community amenities						
P17113 Utility Crew Cab Tray Top 4WD Isuzu D-Max SX man (Waste Coordinator)						
P13008 Fire Engine Walter Mark IV BM7767						
Other property and services	5,000	12,273	7,273	0		
P16813 Mini Wheel Loader Toro Wheelmaster 320D (P&Gs)	17,342	14,090	0	(3,252)		
P14713 Utility 4WD Crew Cab Tray Isuzu D-Max SX Auto	13,183	6,818	0	(6,365)		
P11412 Isuzu D-Max SX 4x4 Standard Cab Steel tray Top - Stores 1DWL185	13,791	12,683	0	(1,108)		
P1713 Isuzu D-Max SX Ute Crew Cab 4WD	11,233	11,000	0	(233)		
P17214 Toro Groundmaster Front Deck Ride on Mower	87,422	72,814	7,273	(21,881)		

(b) Fully Depreciated Assets in Use

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

	2019	2018
	\$	\$
Plant and equipment	129,720	129,720
	129,720	129,720



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

(c) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	1,757,755	1,733,108	1,733,104
Furniture and equipment	309,224	157,140	157,139
Plant and equipment	1,508,899	1,441,134	1,467,811
Roads	3,416,467	4,211,131	6,589,709
Footpaths, Carparks & Bridges	860,969	0	1,012,540
Drainage	683,552	682,590	1,123,188
Recreation Areas	1,110,556	1,114,556	169,260
Infrastructure Others	373,777	328,023	680,809
	10,021,199	9,667,682	12,933,560

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Depreciation rates	Estimated Useful Life	Annual Dep'n Rate
Major depreciation periods used for each class of depreciable asset are:		
Vehicles (High Use 1 year replacement program)	4 years	25.00%
Ride on Mowers	5 years	20.00%
Cars & Light Vehicles (2 to 3 replacement program)	6.67 years	15.00%
Trucks Small 2-5 tonne	6.67 years	15.00%
Trucks Medium 6-12 tonne	8 years	12.50%
Trucks Heavy >12 tonne & Medium Plant	10 years	10.00%
Plant Heavy, Graders, Scrapers, Dozers, etc	12 years	8.33%
Plant Portable (regular use)	5 years	20.00%
Plant Other (low use and/or long life)	16 years	6.25%
Computer Equipment (hardware/software)	4 years	25.00%
Furniture & Equipment	10 years	10.00%
Building Plant & Air Conditioning	15 years	6.67%
Buildings	40 years	2.50%
Buildings - Long Life Structures Infrastructure Fixed:	50 years	2.00%
Formation & Earthworks (roads, reserves, landfill)	100 years	1.00%
Pavement (roads, car parks, reserves, landfill)	40 years	2.50%
Seals Asphalt	25 Years	4.00%
Seals Bitumen	15 Years	6.67%
Road Plant & Bus Shelters	20 years	5.00%
Bridges	80 years	1.25%
Drainage facilities	60 years	1.67%
Footpaths, Dual Use Paths	50 years	2.00%

Depreciation (Continued)

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

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

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



## 12. REVALUATION SURPLUS

	2019 Opening Balance	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	34,853,440	34,853,440	34,853,440	0	0	0	34,853,440
Revaluation surplus - Furniture and equipment	201,314	201,314	201,314	0	0	0	201,314
Revaluation surplus - Roads	148,062,212	148,062,212	180,313,246	0	(32,251,034)	(32,251,034)	148,062,212
Revaluation surplus - Footpaths, Carparks & Bridges	30,512,688	30,512,688	22,251,434	8,261,254	0	8,261,254	30,512,688
Revaluation surplus - Drainage	27,400,598	27,400,598	34,087,407	0	(6,686,809)	(6,686,809)	27,400,598
Revaluation surplus - Recreation Areas	8,014,788	8,014,788	0	8,014,788	0	8,014,788	8,014,788
Revaluation surplus - Infrastructure Others	2,101,283	2,101,283	269,446	1,831,837	0	1,831,837	2,101,283
	251,146,323	251,146,323	271,976,287	18,107,879	(38,937,843)	(20,829,964)	251,146,323

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

### 13. TRADE AND OTHER PAYABLES

#### Current

	2019 \$	2018 \$
Sundry creditors	5,101,744	2,705,671
Rates paid in advance	307,254	245,753
Accrued salaries and wages	473,218	444,752
ATO liabilities	0	13,239
Bonds and customer deposits	760,115	159,401
Accrued and other liabilities	853,129	1,037,894
	<u>7,495,460</u>	<u>4,606,710</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other payables

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

## SHIRE OF BROOME

## 14. INFORMATION ON BORROWINGS

	2019	2018
<b>(a) Borrowings</b>	<b>\$</b>	<b>\$</b>
Current	739,456	619,827
Non-current	2,559,956	1,699,411
	<u>3,399,412</u>	<u>2,319,238</u>

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	30 June 2019			30 June 2019			30 June 2019			30 June 2019			30 June 2019			30 June 2018			30 June 2018		
				Actual Principal 1 July 2018	New Loans	Budget Principal	Actual Principal 1 July 2018	New Loans	Budget Principal	Actual Principal 1 July 2018	New Loans	Budget Principal	Actual Principal 1 July 2018	New Loans	Budget Principal	Actual Principal 1 July 2017	New Loans	Budget Principal	Actual Principal 1 July 2017	New Loans	Budget Principal	Actual Principal 1 July 2017	New Loans	Budget Principal
Recreation and culture																								
BRAC Stage 2B (Car Park & Oval C)	191	WATC	6.41%	60,765	0	60,765	0	60,765	0	60,765	2,937	0	117,814	57,049	6,622	60,765	0	60,765	0	60,765	0	60,765		
Civic Centre Redevelopment	193	WATC	3.95%	1,913,996	0	450,800	71,832	1,463,196	0	450,801	71,195	1,012,393	2,347,504	433,508	88,300	1,913,996	0	1,913,996	0	1,913,996	0	1,913,996		
BRAC Pavilion	194	WATC	5.86%	344,477	0	108,261	17,099	236,216	0	108,261	18,623	0	446,662	102,185	24,059	344,477	0	344,477	0	344,477	0	344,477		
Economic services																								
Chinatown Revitalisation Project	196	WATC	1.89%	2,319,238	1,700,000	619,826	92,802	3,399,412	0	619,827	92,765	2,712,393	2,911,980	592,742	118,981	2,319,238	0	2,319,238	0	2,319,238	0	2,319,238		

All other loan repayments were financed by general purpose revenue.

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

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
				%	\$	\$	\$	\$	\$	\$
Chinatown Revitalisation Project	WATC	Fixed-Term	10	1.89%	1,700,000	1,700,000	1,700,000	1,700,000	966	0
					1,700,000	1,700,000	1,700,000	1,700,000	966	0

	2019	2018
	\$	\$
<b>(d) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	700,000	700,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(6,858)	0
<b>Total amount of credit unused</b>	<b>718,142</b>	<b>725,000</b>
<b>Loan facilities</b>		
Loan facilities - current	739,456	619,827
Loan facilities - non-current	2,659,956	1,699,411
<b>Total facilities in use at balance date</b>	<b>3,399,412</b>	<b>2,319,238</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 24.



## 15. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2018</b>			
Current provisions	1,355,813	858,333	2,214,146
Non-current provisions	0	469,063	469,063
	1,355,813	1,327,396	2,683,209
 Additional provision	0	158,931	158,931
Amounts used	(410,549)	0	(410,549)
<b>Balance at 30 June 2019</b>	945,264	1,486,327	2,431,591
 <b>Comprises</b>			
Current	945,264	1,010,362	1,955,626
Non-current	0	475,965	475,965
	945,264	1,486,327	2,431,591
 <b>Amounts are expected to be settled on the following basis:</b>	<b>2019 \$</b>	<b>2018 \$</b>	
Less than 12 months after the reporting date	1,380,514	1,091,024	
More than 12 months from reporting date	1,051,077	1,592,185	
	2,431,591	2,683,209	

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

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

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

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

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

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	42,169,411	32,945,455	45,133,347

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

Net result	8,616,372	10,490,919	2,413,510
Non-cash flows in Net result:			
Depreciation	10,021,199	9,667,682	12,933,560
(Profit)/loss on sale of asset	14,608	79,053	297,139
Recognition of units in LG Housing Trust	(87,586)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(516,817)	(36,336)	(712,146)
(Increase)/decrease in other assets	(201,355)	0	(10,049)
(Increase)/decrease in inventories	(15,448)	0	2,630
Increase/(decrease) in payables	2,888,750	(265,066)	852,648
Increase/(decrease) in provisions	(251,618)	33,108	209,174
Grants contributions for the development of assets	(12,577,669)	(13,782,824)	(7,023,995)
Net cash from operating activities	7,890,436	6,186,536	8,962,471

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	632,650	367,216
General purpose funding	9,046,506	12,837,305
Law, order, public safety	484,314	536,302
Health	9,747	10,966
Housing	3,665,222	3,687,477
Community amenities	55,759,713	53,302,616
Recreation and culture	48,028,679	43,652,690
Transport	249,561,564	237,068,421
Economic services	6,684,086	7,294,156
Other property and services	39,788,362	38,284,610
Unallocated	13,609,740	17,895,146
	<u>427,270,583</u>	<u>414,936,905</u>



## 18. CONTINGENT LIABILITIES

The Shire is currently negotiating with Downer EDI Works (Downer) in relation to a number of variations for the Chinatown Revitalisation Project amounting to \$322,000. The Shire offered a full and final settlement of \$8,090,000, whereas Downer are willing to accept \$8,422,000.

Subsequent to 30 June 2019 but before the issue of this financial report, the negotiation remained on-going and the outcome of the matter cannot be estimated reliably. Additional expenses are estimated to be \$300,000 to \$400,000 if the matter is escalated to arbitration.

## 19. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

2019	2018
\$	\$
87,432	2,017,266
332,641	0
420,073	2,017,266

Payable:

- not later than one year

420,073	2,017,266
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### (b) Operating Lease Commitments

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

Payable:

- not later than one year

2019	2018
\$	\$
384,181	298,261
384,181	298,261

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

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

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

### Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

## 20. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	156,817	161,130	161,455
President's allowance	47,045	47,045	47,045
Deputy President's allowance	11,761	11,761	11,761
Travelling expenses	46,407	53,450	49,210
Telecommunications allowance	30,625	31,500	31,500
	292,655	304,886	300,971

### Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	790,300	744,067
Post-employment benefits	80,181	94,851
Other long-term benefits	11,184	9,900
	881,665	848,818

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

#### Termination benefits

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



## 20. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

The following transactions occurred with related parties:	2019 Actual \$	2018 Actual \$
Sale of goods and services	151,889	285,708
Purchase of goods and services	321,803	80,696

### Related Parties

The Shire's main related parties are as follows:

#### i. Key management personnel

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

#### ii. Other Related Parties

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

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

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

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21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance <sup>(1)</sup> 30/06/18	Received <sup>(2)</sup> 2018/19	Expended <sup>(3)</sup> 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>							
Don't Zoom in Broome Project Grant	2,096	0	0	2,096	0	0	2,096
EDL sponsorship and spent	210,361	5,615	(33,605)	182,371	5,406	(42,589)	145,188
DLGC National Youth Week Grant	247	0	0	247	0	0	247
Midnight Basketball Contributions	0	6,546	0	6,546	0	(6,546)	0
<b>Law, order, public safety</b>							
FESA State Emergency Service & Volunteer Bush Fire Brigade Operational and Grant funding	17,093	0	0	17,093	0	0	17,093
<b>Health</b>							
Clean Up Aboriginal Communities Operational Grant	16,136	0	0	16,136	0	0	16,136
Department of Health - FIMMWA Mosquito Control Advisory Committee Funding for Mosquito control	6,974	0	(4,390)	2,584	0	(2,584)	0
<b>Education and welfare</b>							
Office of Crime Prevention Grant - Community Safety & Crime Prevention Plan & LGA Partnership Fund - Initiative Lighting Up Anne St Precinct	3,832	0	0	3,832	0	0	3,832
Department of Attorney-General - Hypernight Grant	2,500	0	0	2,500	0	0	2,500
Care of Families & Children Grants - Broome Iterants Strategy	9,507	0	0	9,507	0	0	9,507
<b>Community amenities</b>							
OTCAM Donation for Broome Cemetery Committee from Mollie Bean	150	0	0	150	0	0	150
Rangelands NRM Water Quality Monitoring Program - Protection of Environment	1,091	0	0	1,091	0	0	1,091
Landcorp Development Contributions Plan and Scheme Amendment	62,376	0	0	62,376	0	0	62,376
Regional Venue Programming & Business Development (Raise the Roof) Grant	0	160,000	0	160,000	0	(89,871)	70,129
Loan 193 Civic Centre redevelopment, Fredrick St Truck Drainage & BRAC upgrade	0	0	0	0	35,275	0	35,275
<b>Recreation and culture</b>							
Parks and Ovals Grants - Lions Club BBQ grant.	330	0	0	330	0	0	330
State Library of WA - Library Grant	4,555	7,000	(7,674)	3,881	0	(3,881)	0
Swimming Areas & Beaches - Entrance Point Jetty Planning Grant RBFS	38,300	0	0	38,300	0	0	38,300
Grant from Sport 4 All - Kidsport Grant	9,818	0	0	9,818	0	0	9,818
Landcorp Development Contribution BRAC aquatic upgrade	131,744	0	0	131,744	0	0	131,744
<b>Transport</b>							
Road Maintenance - Office Native Title Morrell Park maintenance	229,330	0	(2,674)	226,656	0	(6,209)	220,447
Roads to Recovery Unspent Grant re Clementson St Upgrade Infra Stage 3	14,104	0	0	14,104	0	0	14,104
Roads to Recovery Unspent Grant re Unallocated	23,101	0	0	23,101	0	0	23,101
MRD Grant Remote Access Road Grant - (Broome - Cape Leveque Road)	1,006	0	0	1,006	0	0	1,006
Street Lighting Const Grant Undergrnd Power C/Town Upgrade	48	0	0	48	0	0	48
WALGA Grant Road Safety Activities	1,200	0	0	1,200	0	0	1,200
Black Spot Federal - Hamersley Napier	405,738	0	(405,738)	0	0	0	0
Crab Creek Road - Water Corporation contribution	129,897	0	(129,897)	0	0	0	0
Indigenous Access Roads Program Cape Leveque	0	235,667	(132,343)	103,324	0	(103,324)	0
Roads to Recovery - Hunter Street Stage 2	0	32,129	0	32,129	0	(32,129)	0
<b>Economic services</b>							
Tourism Grants - Visitors Center & Railway Line Project	50,000	0	0	50,000	0	0	50,000
Chinatown Revitalisation - Royalties for Regions	658,898	4,750,000	(1,814,010)	3,594,888	0	(3,594,888)	0
Chinatown Revitalisation - Tourism WA	133,000	267,000	0	400,000	0	(400,000)	0
Tourism WA - Black Waste Dump Point	23,880	0	(23,880)	0	0	0	0
Landcorp - Broome Growth Plan Partnership	0	100,356	(13,950)	86,406	0	(86,406)	0
<b>Other property and services</b>							
Rio Tinto Contribution Apprentice Incubation Programme	21,350	44,527	(24,228)	41,649	0	(40,000)	1,649
<b>Total</b>	<b>2,208,662</b>	<b>5,608,840</b>	<b>(2,592,389)</b>	<b>5,225,113</b>	<b>40,681</b>	<b>(4,408,427)</b>	<b>857,367</b>

	2019	2018
Portion of unexpended grants/contributions held in Reserve Funds - Restricted Cash	712,179	5,042,743
Portion of unexpended grants/contributions held in Reserve Funds - EDL Sponsorship	145,188	182,370
	<b>857,367</b>	<b>5,225,113</b>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

## 22. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
			Actual Value	Rateable Value	Actual Rate	Actual Revenue	Interim Rates	Actual Total	Budget Rate	Budget Revenue	Interim Rate	Budget Total	Actual Total	Revenue
Differential general rate / general rate														
<b>Gross rental valuations</b>														
GRV - RESIDENTIAL	9.9283	4,849	123,703,016		12,228,847	12,251,373	22,526		12,234,305	50,000		12,284,305	11,970,379	
GRV - RESIDENTIAL - VACANT	16.0727	138	3,965,250		394,239	381,407	(12,832)		374,857	0		374,857	377,214	
GRV - COMMERCIAL	10.9568	579	52,078,568		5,945,303	5,966,212	20,909		5,917,153	0		5,917,153	5,794,809	
GRV - TOURISM	15.2390	425	16,350,480		2,568,152	2,563,461	(4,691)		2,548,542	0		2,548,542	2,483,399	
GRV - EXEMPT			0		0	0	0		0	0		0	(1,009)	
<b>Unimproved valuations</b>														
UV - COMMERCIAL RURAL	3.1327	21	6,643,773		208,129	208,129	0		208,128	0		208,128	204,489	
UV - MINING	12.5464	37	1,068,487		88,876	130,873	41,997		86,575	0		86,575	89,801	
UV - RURAL	0.6687	53	17,486,000		116,929	116,929	0		116,927	0		116,927	113,523	
<b>Sub-Total</b>		<b>6,102</b>	<b>221,295,574</b>		<b>21,550,475</b>	<b>21,618,384</b>	<b>67,909</b>		<b>21,486,487</b>	<b>50,000</b>		<b>21,536,487</b>	<b>21,033,205</b>	
<b>Minimum payment</b>														
	<b>Minimum</b>													
	<b>\$</b>													
<b>Gross rental valuations</b>														
GRV - RESIDENTIAL	1,220	74	808,692		92,720	92,720	0		90,280	0		90,280	111,020	
GRV - RESIDENTIAL - VACANT	1,220	198	1,341,340		223,260	223,260	0		241,560	0		241,560	236,680	
GRV - COMMERCIAL	1,220	25	1,497,102		29,280	29,280	0		30,500	0		30,500	31,720	
GRV - TOURISM	1,220	413	1,459,640		505,080	505,080	0		503,860	0		503,860	503,860	
<b>Unimproved valuations</b>														
UV - COMMERCIAL RURAL	1,220	2	13,300		2,440	2,440	0		2,440	0		2,440	2,440	
UV - MINING	500	29	40,908		14,500	14,500	0		14,500	0		14,500	15,000	
UV - RURAL	1,220	4	191,300		4,880	4,880	0		4,880	0		4,880	4,880	
<b>Sub-Total</b>		<b>745</b>	<b>5,352,282</b>		<b>872,160</b>	<b>872,160</b>	<b>0</b>		<b>888,020</b>	<b>0</b>		<b>888,020</b>	<b>905,600</b>	
<b>Discounts/concessions (refer Note 22(b))</b>														
		<b>6,847</b>	<b>226,647,856</b>		<b>22,422,635</b>	<b>22,490,544</b>	<b>67,909</b>		<b>22,374,507</b>	<b>50,000</b>		<b>22,424,507</b>	<b>21,938,805</b>	
<b>Total amount raised from general rate</b>													<b>(7,296)</b>	
<b>Totals</b>													<b>21,931,509</b>	
													<b>22,376,649</b>	

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.



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22. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted		Type	Discount	Discount	2019	2019	2018
			%	\$	Actual	Budget	Actual
					\$	\$	\$
General Rates		Concession	8.585%		0	0	(978)
General Rates		Concession	7.935%		0	0	(5,336)
General Rates		Concession	7.815%		0	0	(982)
General Rates		Charitable concession	90.00%		(17,947)	(17,947)	0
General Rates		Charitable concession	50.00%		(3,369)	(3,369)	0
General Rates		Charitable concession	37.00%		(11,626)	(11,626)	0
General Rates		Charitable concession	50.00%		(4,602)	(4,603)	0
General Rates		Charitable concession	50.00%		(1,384)	(1,384)	0
General Rates		Charitable concession	50.00%		(1,103)	(1,103)	0
General Rates		Charitable concession	50.00%		(1,239)	(1,239)	0
General Rates		Charitable concession	50.00%		(1,103)	(1,103)	0
General Rates		Charitable concession	50.00%		(1,000)	(1,000)	0
General Rates		Charitable concession	50.00%		(1,000)	(1,000)	0
General Rates		Charitable concession	50.00%		(1,278)	(1,278)	0
General Rates		Charitable concession	50.00%		(1,103)	(1,103)	0
General Rates		Charitable concession	50.00%		(1,103)	(1,103)	0
General Rates		UV-GRV Phase in		(36,043)	(36,043)	0	0
General Rates		Concession	100.00%		(8,546)	0	0
General Rates		Concession	100.00%		(5,472)	0	0
					(97,918)	(47,858)	(7,296)
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 of the Waiver or Concession	Reasons for the Waiver or Concession				
General Rates	Varying concessions to a charitable organisation (90%, 50%, 37%)		Concession offered because of the nature of the undertaking of the organisation providing social housing and affordable housing.				
General Rates	Phasing in of impact of change in valuation from UV to GRV		To reduce the financial impact of change in methodology of valuation from UV to GRV.				
General Rates	100% exemption to housing properties owned by University of WA to accommodate students undertaking placement in Broome		100% exemption in accordance with section 6.26(2)(j) of the Local Government Act 1995 and section 36 of the University of Western Australia Act 1911				
General Rates	100% concession to property owned by an church with attached mailboxes.		Concession offered because of the nature of the undertaking of the organisation providing benefit to wider community.				

## 22. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Single full payment	23 Aug 2018	0.00	0.00%	11.00%
First instalment	23 Aug 2018	7.00	5.50%	11.00%
Second instalment	10 Jan 2019	7.00	5.50%	11.00%
First instalment	23 Aug 2018	7.00	5.50%	11.00%
Second instalment	25 Oct 2018	7.00	5.50%	11.00%
Third instalment	10 Jan 2019	7.00	5.50%	11.00%
Fouth instalment	14 Mar 2019	7.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	183,904	150,000	150,320
Interest on instalment plan	131,534	130,000	132,895
Charges on instalment plan	58,540	42,000	40,978
Payment arrangement fee	32,830	38,500	7,505
	<u>406,808</u>	<u>360,500</u>	<u>331,698</u>

## 23. RATE SETTING STATEMENT INFORMATION

	2018/19	2018/19	2018/19
	(30 June 2019	Budget	(30 June 2019
	Carried	Carried	(1 July 2018
Note	Forward)	Forward)	Brought
	\$	\$	Forward)
	\$	\$	\$

### (a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

#### Adjustments to operating activities

Less: Profit on asset disposals	11(a)	(7,273)	(1,170)	(12,860)
Less: Movement in liabilities associated with restricted cash		(100,209)	0	0
Less: Non-cash gain on recognition of financial assets at fair value through profit or loss		(87,586)	0	0
Movement in pensioner deferred rates (non-current)		(14,729)	0	(369)
Movement in employee benefit provisions (non-current)		6,902	0	220,168
Add: Loss on disposal of assets	11(a)	21,881	80,223	309,999
Add: Depreciation on assets	11(c)	10,021,199	9,667,682	12,933,560
<b>Non cash amounts excluded from operating activities</b>		<b>9,840,185</b>	<b>9,746,735</b>	<b>13,450,498</b>

### (b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

#### Adjustments to net current assets as per balance sheet

Less: Reserves - restricted cash	3	(35,273,696)	(30,499,558)	(38,046,906)
Less: Bonds and deposits held by others		(100,209)	0	0
Add: Borrowings	14(a)	739,456	835,202	619,827
Add: Liability not expected to be paid within 12 months		1,592,185	1,392,788	1,592,185
<b>Total adjustments to net current assets as per balance sheet</b>		<b>(33,042,264)</b>	<b>(28,271,568)</b>	<b>(35,834,894)</b>

#### Net current assets used in the Rate Setting Statement

Total current assets		45,377,032	34,450,667	47,622,077
Less: Total current liabilities		(10,190,542)	(6,179,099)	(7,440,683)
Less: Total adjustments to net current assets		(33,042,264)	(28,271,568)	(35,834,894)
<b>Net current assets used in the Rate Setting Statement</b>		<b>2,144,226</b>	<b>0</b>	<b>4,346,500</b>



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## 24. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and 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 CEO under policies approved by the Council. The CEO through Management identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	2.39%	42,169,411	0	42,169,411	0
<b>2018</b>					
Cash and cash equivalents	2.23%	45,133,347	0	45,133,347	0

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	421,694	451,333

\* 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 14(b).

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24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 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. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. Expected credit loss was forecasted on 30 June 2019 to the extent of unpaid rates where the associated properties cannot be readily disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	436,104	209,417	139,138	132,418	917,077
Loss allowance	8,722	10,471	11,131	105,668	135,992
<b>01 July 2018</b>					
Rates receivable					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	313,250	209,417	139,138	132,418	794,223
Loss allowance	6,265	10,471	11,131	78,809	106,676

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	538,045	208,559	27,227	109,462	883,293
Loss allowance	10,761	10,428	2,178	59,361	82,728
<b>01 July 2018</b>					
Sundry Receivables					
Expected credit loss	2.00%	5.00%	8.00%	15.00%	
Gross carrying amount	604,763	205,207	19,725	74,034	903,729
Loss allowance	1,005	10,260	1,578	11,105	23,948

## 24. 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 14(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	7,495,460	0	0	7,495,460	7,495,460
Borrowings	836,251	1,920,356	936,850	3,693,457	3,399,412
	8,331,711	1,920,356	936,850	11,188,917	10,894,872
<b>2018</b>					
Payables	4,606,710	0	0	4,606,710	4,606,710
Borrowings	712,581	1,819,755	0	2,532,336	2,319,238
	5,319,291	1,819,755	0	7,139,046	6,925,948



## 25. TRUST FUNDS

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted Cash at Note 3 and shown as a current liability at Note 13.

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 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$
Footpath Damage Deposits	32,276	108	0	(32,384)	0
Library Transient Borrower Deposits	69	0	0	(69)	0
Civic Centre Takings	3,654	26,356	(6,598)	(19,977)	3,435
Other General Purpose Deposits	8,493	127	0	(8,620)	0
BCITF Collection & Refund Deposits	819	3,703	(4,518)	(4)	0
Town Planning Related Bond Deposits	106,207	354	(4,124)	0	102,437
Cemetery Plot Reservation Deposits	35,794	4,153	0	(39,947)	0
Recreation Facility use Bond Deposits	49,295	77,895	(84,173)	(43,017)	0
Road & Footpath Facilities Bond Deposits	506,946	1,691	0	(508,637)	0
Capital Works Bond Deposits	3,060	10	0	(3,070)	0
Cash In Lieu Of Public Open Space	99,876	333	0	0	100,209
Bank Guarantee Deposits Received	46,431	100	0	(46,531)	0
BRB Levy	1,688	36,008	(12,586)	(10,274)	14,836
Unclaimed Monies	19,583	68	(17,491)	0	2,160
Contract Bonds & Retentions	0	55	(55)	0	0
Staff Rental Bonds	47,094	21,520	(23,892)	(44,532)	190
Key Deposits	2,545	508	0	(3,053)	0
Chinatown Revitalisation DRD Grant	4,017,955	32,766	(3,245,000)	0	805,721
	4,981,785	205,755	(3,398,437)	(760,115)	1,028,988

## 26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies. However, there were no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	Adjustments	01 July 2018
		\$
<b>Assets</b>		
Trade receivables	(a),(b)	0
<b>Total Assets</b>		0
<b>Total adjustments on Equity</b>		
Accumulated surplus/(deficit)	(a),(b)	0
		0

The nature of these adjustments are described below:

#### (a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

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

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
<b>Loans and receivables</b>				
Trade receivables	1,567,328	1,567,328	0	0
	1,567,328	1,567,328	0	0

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Remeasurement	ECL under AASB 9 as at 01 July 2018
	\$	\$	\$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	130,624	0	130,624
	130,624	0	130,624



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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

### (a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

		AASB 118 carrying amount		AASB 15 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
<b>Contract liabilities - current</b>				
Unspent grants, contributions and reimbursements		0	857,367	857,367
Developer contributions		0	1,232,907	1,232,907
<b>Contract liabilities non-current</b>				
Developer contributions		0	325,635	325,635
Cash in lieu of parking		0	218,755	218,755
Adjustment to retained surplus from adoption of AASB 15	27(d)	0	(2,634,664)	(2,634,664)

### (b) Leases

The Shire adopted AASB 16 prospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases prospectively, with any cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will not recognise a right-of-use asset in relation to leases previously classified as operating leases under AASB 117 as all leases have a term of less than 12 months. Therefore the net impact on retained earnings on 1 July 2019 will be \$nil.

On adoption of AASB 16 *Leases* (issued February 2016), for leases which had previously been classified as 'operating leases' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

## 27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

### (c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will not result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will not adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no change will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount		AASB 1058 carrying amount	
	Note	30 June 2019	Reclassification	01 July 2019
Trade and other payables		\$ 7,495,460	\$ 0	\$ 7,495,460

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. In accordance with the Shire's current accounting policies, prepaid rates have been recognised as a liability as at 30 June 2019. Therefore, the initial application of AASB 1058 Income for Not-for-Profit Entities on 1 July 2019 will not have an impact on the recognition and classification of prepaid rates.

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

Volunteer Services in relation to Volunteer Fire Services will not be recognised in revenue and expenditure as the fair value of the services can't be reliably estimated.

### (d) Impact of changes to Retained Surplus

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			127,524,101
Adjustment to retained surplus from adoption of AASB 15	27(a)	(2,634,664)	
Adjustment to retained surplus from adoption of AASB 16	27(b)	0	
Adjustment to retained surplus from adoption of AASB 1058	27(c)	0	(2,634,664)
Retained surplus - 01 July 2019			124,889,437



**SHIRE OF BROOME**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**28. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

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

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

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

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

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

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

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

**h) Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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



## 29. ACTIVITIES/PROGRAMS

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

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

### 30. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.12	1.64	1.61
Asset consumption ratio	0.86	0.88	0.71
Asset renewal funding ratio	1.05	1.37	1.17
Asset sustainability ratio	1.50	0.22	0.66
Debt service cover ratio	8.63	11.86	8.50
Operating surplus ratio	(0.11)	(0.13)	(0.12)
Own source revenue coverage ratio	0.82	0.81	0.78

The above ratios are calculated as follows:

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