



UNCONFIRMED MINUTES

OF THE

AUDIT AND RISK COMMITTEE MEETING

20 APRIL 2023

These minutes were confirmed at a meeting held and signed below by the Presiding Person, at the meeting these minutes were confirmed.

Signed:

SHIRE OF BROOME
AUDIT AND RISK COMMITTEE MEETING
THURSDAY 20 APRIL 2023
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**MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING OF THE SHIRE OF BROOME,
HELD IN THE COUNCIL CHAMBERS, CORNER WELD AND HAAS STREETS, BROOME,
ON THURSDAY 20 APRIL 2023, COMMENCING AT 9:00AM.**

1. OFFICIAL OPENING

The Chair welcomed Councillors and Officers and declared the meeting open at 9:05AM.

2. ATTENDANCE AND APOLOGIES

ATTENDANCE

Members:	Cr D Male	Shire President, Chair
	Cr C Mitchell	Deputy President
	Cr P Taylor	Deputy Member
Apologies:	Cr B Rudeforth	
Leave of Absence:	Nil	
Officers:	Mr S Mastrolembo	Chief Executive Officer
	Mr J Watt	Director Corporate Services
	Mr J Hall	Director Infrastructure
	Mr K Williams	Director Development
	Ms L French	Manager Finance
	Mr D Cerbino	Coordinator Financial Services

3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY

Committee Member	Item No	Item	Nature of Interest
Cr D Male	5.2	3 rd Quarter Finance and Costing Review 2022-23	Proposed budget amendment relates to the Broome Turf Club who are clients of my business

4. CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION:

Minute No. AR/0423/001

Moved: Cr D Male

Seconded: Cr C Mitchell

That the Minutes of the Audit and Risk Committee held on 14 February 2023, as published and circulated, be confirmed as a true and accurate record of that meeting.

CARRIED UNANIMOUSLY 3/0

5. REPORTS OF OFFICERS

5.1 ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2021/22

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

The Audit and Risk Committee is requested to consider and recommend to Council, the adoption of the annual financial report, examine the audit and management reports, and review the report prepared by the Chief Executive Officer.

BACKGROUND

Previous Considerations

ARC 14 February 2023 Item 5.3

Under section 7.9 of the *Local Government Act 1995* (the Act), an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is required to prepare a report by 31 December following the financial year to which the accounts and report relate and forward a copy of that report to:

- (a) The Mayor or President;
- (b) The Chief Executive Officer (CEO); and
- (c) The Minister.

Furthermore, under Regulation 10(4) of the *Local Government (Audit) Regulations 1996* (Audit Regulations), where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in section 7.9 of the Act.

Upon finalisation of the Shire's 2021/22 audit, the Auditors presented their initial findings to the Shire President (who also holds the role of Chair of the Audit and Risk Committee) and the Acting CEO for consideration at an informal briefing session held 6 April 2023.

The Audit and Risk Committee (the Committee) is required to examine the reports of the Auditor after receiving a report from the CEO on the matters reported and:

- Determine if any matters raised require action to be taken by the local government; and
- Ensure that appropriate action is taken in respect of those matters.

The Committee is also required to review a report prepared by the CEO on any actions taken in respect of any matters raised in the report of the Auditor and present the report to Council for adoption. A copy of the report is to be forwarded to the Minister prior to the end of the next financial year or 6 months after the last report prepared by the Auditor is received, whichever is relevant.

An analysis of the 2021/22 operating result is provided in this report along with a comparison to the forecast outcomes of the Shire's adopted Integrated Planning and Reporting Framework.

The Strategic Community Plan 2021-2032 (SCP), Corporate Business Plan 2021-2025 (CBP) and the 2021-2025 Long Term Financial Plan (LTFP) were received and adopted by Council at the December 2020 OMC. These plans informed the 2021/22 annual budget process.

The Shire's Infrastructure Asset Management Plan (AMP) was finalised and presented to Council at the December 2020 OMC. The AMP is continuously reviewed as part of the mandated Integrated Planning and Reporting Framework and was used to inform the 2021/22 annual budget process.

The Committee is requested to consider and recommend adoption of the annual financial report to Council.

COMMENT

Financial Highlights of the Annual Financial Report (Attachment 1)

- Net Comprehensive Income (net accounting profit) of \$12,380,131 for the year ended 30 June 2022.

Changes in the asset revaluation surplus are the main contributing factors to this net profit figure; the fair value of land, buildings, and infrastructure is determined at least every five years and the significant valuation changes include Recreation Areas (\$20M), Drainage (\$11M), Buildings (\$6M), and a decrease in Footpaths, Carparks and Bridges (\$19M).

- Net decrease in cash of \$651,725 from \$44M to \$43.4M. A contributing factor to this decrease is deferral of the self-supporting loan for the Surf Club redevelopment to 2022/23 due to timing of construction projects.
- Net Surplus of Municipal Funds of \$2,891,583. The details of the surplus are explained in the table below.

Chief Executive Officer's Report to the Audit and Risk Committee

Following is the CEO's report to the Committee on matters arising from the audit and management reports.

Independent Auditors Report (Attachment 2)

Under section 7.12A of the Act, Council must prepare a report addressing any matters identified as significant by the auditor in the audit report, and state what action Council has taken or intends to take with respect to each of those matters. The report is to be provided to the Audit and Risk Committee and Council for endorsement, with a copy provided to the Minister within 3 months of the audit report being received by Council.

The Independent Auditors Report contains an "Emphasis of matter – Restatement of comparative balances" which is in relation to the restatement of the 30 June 2021 financial report, the outcome of an independent review of prior years financials was presented to the Audit and Risk Committee (14 February 2023 Item 5.3).

The Audited Annual Financial Report and Independent Auditors Report are attached (Attachment 1 and 2 respectively). There were no matters of statutory non-compliance reported.

Audit Management Report

The Audit Management Report (Confidential Attachment 3) provides an overview of the approach undertaken in respect of the annual Audit process and the associated outcomes of the audit. The Management Report also identifies any findings that, whilst generally not material in relation to the overall audit of the financial report, are considered relevant to the day-to-day operations of the Shire. The findings do not impact the outcome of the annual financial audit however they do provide guidance to strengthen internal controls, policies, and procedures.

Matters Identified

There were 36 issues identified with 19 new issues identified during the 2021/22 audit along with 17 prior year issues. 8 significant matters were identified, compared to 10 in the 2020/21 audit, with 3 identified as new issues during the 2021-22 audit.

The Audit Management Report details identified risks relating to operational controls within the Shire and includes comment from Management on each issue, inclusive of details on how these matters will be mitigated. Details contained within the report are considered confidential as releasing them publicly would increase the likelihood that identified risks could be the target of fraudulent or illegal activities. Complete details of each matter raised are contained in the full report at Confidential Attachment 3.

The majority of items have been identified for completion by June 2023 however 2 items will require more work and have been earmarked for completion by December 2023. 13 items were addressed prior to the finalisation of the 2021/22 audit process. It is worthwhile noting that the Audit Management Report attached is a draft; the final report will be tabled with Council through the Audit and Risk Committee once received. Outstanding items will be presented at each ensuing Audit and Risk Committee meeting until they have been resolved.

Audit Adjustments

The auditors identified several non-material errors and misstatements in the financial statements which remain unadjusted. Items listed below are included in the Management Representation Letter (Attachment 4) as required by Auditing Standard ASA 320 'Materiality and Audit Adjustments'.

1. \$147,869 prior year WANDRRA Grant road repairs and maintenance invoice incorrectly recognised as expense in 2021/22.
2. \$68,952 overpayment made to the Shire (Debtors credit balance) which was repaid through Creditors.
3. \$153,666 adjustment identified for PAYG Liability at 30 June based on supporting documentation reviewed.
4. \$53,665 duplicate Debtors invoice which was corrected in the following financial year.
5. \$180,856 capital grant which should have been recognised in prior year to match the timing of the associated expenditure.
6. \$48,757 error identified in provision for doubtful debt calculations.
7. \$382,209 relating to reconciling items in bank at 30 June - identified corrections to reconciling items, and items that should not be recorded in payables.
8. \$53,085 portion of Roads to Recovery grant unspent reflected as revenue rather than contract liability.
9. \$61,294 LRCI Phase 1 should have been contract asset and \$74,039 contract liability for LRCI Phase 2.
10. \$145,053 contract asset not recognised for Broome SLSC revenue, associated with completed works.

Other Matters

There were no identified matters of fraud to report and there were no disagreements with management about significant accounting matters.

2021/22 Operating Result

The Audited Financial Report for the year ended 30 June 2022 received audit signoff on 13 April 2023.

Given the delays in the audit process and time elapsed since the end of the financial year, officers presented a report to the 14 February 2023 Audit and Risk Committee Meeting titled "Carry Over Budgets for 2022/23 and Review of Closing Financial Position" (February Report). The report was considered necessary to provide:

1. Council approval for budget amendments specifically relating to 2021-22 carry over projects;
2. Transparency to Council, following the findings of an external review of prior year opening and closing positions. The amended positions presented in the table below reflect the adjustment to the treatment of contract liabilities over the 3 year period:

Note the figures below were presented in the February Report and have subsequently changed through the finalisation of the Audit.

	Audited Closing Position	Adjusted Closing Position	Variance
2020 Actual	4,188,392	2,828,740	(1,359,652)
2021 Actual	4,839,446	4,535,688	(303,758)
2022 Actual	* 4,145,052	2,963,867	(1,181,185)

**2022 Budgeted closing position. The Adjusted closing position has been reflected in the current financials presented to OAG.*

The closing position adjustments have effectively identified discrepancies in the Shire's financial position over this period and therefore it has become apparent that recommendations and decisions have been made to allocate surplus funds to Reserve, which were not available. A review of these Reserve transfers was undertaken, and through the February 2023 OMC, Council resolved to immediately reduce the deficit by reversing \$397,211 in transfers to the Public Open Space Reserve being:

- (a) Reversal of the \$350,830 2020/21 net surplus transferred to POS Reserve, accepting that there was no surplus available; and
- (b) Reversal of the \$46,381 transfer to POS Reserve as budgeted in 2021/22 which was not specifically allocated;

Maintaining commitments from 2021/22 (income and expenditure budget carry overs) and utilising advanced FAGS supporting the 2022/23 budget resulted in a closing position deficit of \$715,622.

Subsequent to the February Report, it was identified that a cash transfer from the Leave Reserve to offset termination payments within the financial year did not apply to the closing position as intended. The impact on the Rate Setting Statement was a cash flow in from Reserves, but also an adjustment to Leave Liability, increasing the Non-cash amounts excluded from operating activities, and essentially reducing the cash impact to \$0.

Subsequent to this adjustment the Audited Financial Report identifies a deficit/closing position for the year ended 30 June 2022 of **\$2,891,583**. The audited closing position differs to the position presented in the February Report by \$72,284, resulting in a final net deficit of \$787,906.

The breakdown is summarised as follows:

	Budgeted Position 30/06/22	Closing Position 30/06/22	Audited Position 30/06/22	Closing Position 30/06/22
Expenditure budget carry over	9,706,606		9,682,820	
Income budget carry over	(7,099,034)		(7,540,811)	
Advanced FAGS carry over	1,537,480		1,537,480	
Net deficit			(787,906)	
Closing Position	4,145,052		2,891,583	

The itemised carry over list has been scrutinised by the Executive Management Group to ensure every project is critical to keep. These are either grant or reserve funded projects, committed projects, or asset management plan (AMP) renewal (any expenditure committed through AMP renewal would transfer to the appropriate reserve for use in a future year). There are no changes proposed to the carry over list approved by Council in February 2023.

The Net deficit of \$787,906 has increased \$72,284 since the February Report (\$715,622). In that report Council adopted the officer recommendation to immediately reduce the deficit by reversing \$397,211 of transfers which at the time were believed to be surplus funds from the Public Open Space (POS) Reserve, and to remediate the remaining untied deficit within the 3rd Quarter Finance and Costing Review (FACR) process.

ADJUSTMENTS TO PRIOR YEARS ANNUAL REPORTS

The adjustments required to prior year reports are contained within the Rate Setting Statement and Note 31 of the Annual Financial Report.

CONSULTATION

Office of the Auditor General (OAG)

STATUTORY ENVIRONMENT

Local Government Act 1995

6.4 Financial report

7.9 Audit to be conducted

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local governments are required to present to Council an audited annual financial report for the preceding financial year, within specified timeframes as prescribed.

The Office of the Auditor General advised that the audit report would not be received by 31 December 2022 as prescribed. Officers wrote to Department of Local Government, Sport and Cultural Industries to advise that the legislative timeframe could not be met.

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

The net deficit of \$715,622 was identified in the February 2023 ARC report. Council adopted the officer recommendation to immediately reduce the deficit by transferring \$397,211 from the Public Open Space (POS) Reserve, and to remediate the remaining untied deficit of \$318,411 within the Finance and Costing Review (FACR) process. The \$72,284 identified as additional deficit through the finalisation of the annual financial report has been referred through the Finance and Costing Review (FACR) Quarter 3, contained within this agenda.

RISK

Officers assessed the risks associated with delaying a Council resolution and the outcome was to present the findings to the Audit and Risk Committee in February 2023. It was noted within the report recommendation that any variances to the outcome would be addressed through the Quarter 3 Finance and Costing Review process.

Should Council not endorse the officer recommendation there is a high risk of delay of holding the Annual Electors Meeting.

STRATEGIC ASPIRATIONS

Performance - We will deliver excellent governance, service & value for everyone.

Outcome 13 - Value for money from rates and long term financial sustainability

Objective 13.1 Plan effectively for short- and long-term financial sustainability

Outcome 14 - Excellence in organisational performance and service delivery

Objective 14.3 Monitor and continuously improve performance levels.

VOTING REQUIREMENTS

Absolute Majority

COMMITTEE RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. AR/0423/002

Moved: Cr C Mitchell

Seconded: Cr P Taylor

That the Audit and Risk Committee recommends that Council:

- 1. Receive the Chief Executive Officer's report relating to the audit.**
- 2. Recognise the final adjusted 2021/22 closing position of \$2,891,583 and final net deficit position of \$787,906, noting that the deficit has been offset by the reversal of \$397,211 from Public Open Space Reserve and the identification of \$273,137 in**

operational savings through the 3rd Quarter Finance and Costing Review, resulting in a forecast net deficit position of \$117,558 at 30 June 2023;

3. Receive the:

- (a) Audited Annual Financial Report as per Attachment 1;**
- (b) Audit Opinion Letter as per Attachment 2;**
- (c) Draft Audit Management Report as per Confidential Attachment 3, noting that the final report will be tabled through the Audit and Risk Committee to Council once finalised; and**
- (d) Management Representation Letter as per Attachment 4.**

4. Adopt the Audited Annual Financial Report dated 13 April 2023 for the year ended 30 June 2022 as per Attachment 1.

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 3/0

Attachments

- 1. Annual Financial Report - 30 June 2023
- 2. Audit Opinion Letter & Independent Auditors Report
- 3. Draft Audit Management Report (*Confidential to Councillors and Directors Only*)
This attachment is confidential in accordance with section 5.23(2) of the Local Government Act 1995 section 5.23(2)((f)(i)) as it contains "a matter that if disclosed, could be reasonably expected to impair the effectiveness of any lawful method of procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law".
- 4. Management Representation Letter

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

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The SHIRE OF BROOME conducts the operations of a local government with the following community vision:

Broome - a future, for everyone

Principal place of business:
27 Weld Street
BROOME WA 6725

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 13th day of April 2023



Chief Executive Officer

Salvatore Mastrolemba

Name of Chief Executive Officer

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

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

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



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

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

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



SHIRE OF BROOME
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		138,434,050	31,872,959	235,069,791	405,376,800
Comprehensive income for the period					
Net result for the period		23,205,131	0	0	23,205,131
Other comprehensive income for the period	17	0	0	601,628	601,628
Total comprehensive income for the period		23,205,131	0	601,628	23,806,759
Transfers from reserves	29	4,206,993	(4,206,993)	0	0
Transfers to reserves	29	(3,180,297)	3,180,297	0	0
Balance as at 30 June 2021		162,665,877	30,846,263	235,671,419	429,183,559
Comprehensive income for the period					
Net result for the period		(5,466,566)	0	0	(5,466,566)
Other comprehensive income for the period	17	0	0	17,846,697	17,846,697
Total comprehensive income for the period		(5,466,566)	0	17,846,697	12,380,131
Transfers from reserves	29	3,541,907	(3,541,907)	0	0
Transfers to reserves	29	(5,487,665)	5,487,665	0	0
Balance as at 30 June 2022		155,253,553	32,792,021	253,518,116	441,563,690

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



SHIRE OF BROOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

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

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

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

		2022	2022	2021		2021
	NOTE	Actual	Budget	Actual - as Restated	Adjustments*	Actual - as Previously Reported
		\$	\$	\$		
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	27(c)	4,535,688	5,492,969	2,828,740	(1,359,652)	4,188,392
OPERATING ACTIVITIES						
Revenue from operating activities (excluding general rate)						
Operating grants, subsidies and contributions		3,281,048	1,943,852	3,920,623	0	3,920,623
Fees and charges		9,248,594	12,078,532	9,711,973	0	9,711,973
Interest earnings		419,247	335,984	408,171	0	408,171
Other revenue		989,801	1,182,519	1,009,207	0	1,009,207
Profit on asset disposals	10(b)	34,267	100,568	11,822	0	11,822
		13,972,957	15,641,455	15,061,796	0	15,061,796
Expenditure from operating activities						
Employee costs		(16,813,230)	(17,141,230)	(15,789,253)	0	(15,789,253)
Materials and contracts		(8,059,965)	(10,467,153)	(8,687,789)	0	(8,687,789)
Utility charges		(2,359,931)	(2,144,443)	(2,100,053)	0	(2,100,053)
Depreciation		(14,277,414)	(12,629,134)	(12,525,339)	0	(12,525,339)
Finance costs		(242,307)	(122,688)	(138,797)	0	(138,797)
Insurance		(720,985)	(768,853)	(767,166)	0	(767,166)
Other expenditure		(1,019,519)	(2,196,837)	(1,577,698)	0	(1,577,698)
Loss on asset disposals	10(b)	(48,227)	(165,955)	(436,769)	0	(436,769)
Loss on revaluation of non-current assets		(8,383,982)	0	0	0	0
		(51,925,560)	(45,636,293)	(42,022,864)	0	(42,022,864)
Non-cash amounts excluded from operating activities	27(a)	22,751,821	12,694,521	9,621,389	(1,387,768)	11,009,157
Amount attributable to operating activities		(15,200,782)	(17,300,317)	(17,339,679)	(1,387,768)	(15,951,911)
INVESTING ACTIVITIES						
Non-operating grants, subsidies and contributions		8,583,402	8,226,226	26,883,370	0	26,883,370
Proceeds from disposal of assets	10(b)	251,046	694,000	219,715	0	219,715
Proceeds from financial assets at amortised cost - self supporting loans	28(a)	0	300,000	0	0	0
Payments for financial assets at amortised cost - self supporting loans		0	(300,000)	0	0	0
Payments for remediation related expenses		0	0	0	121,117	(121,117)
Purchase of property, plant and equipment	8(a)	(3,817,999)	(7,438,318)	(9,496,603)	0	(9,496,603)
Purchase and construction of infrastructure	9(a)	(14,593,559)	(15,270,067)	(26,122,834)	0	(26,122,834)
Payments for site remediation costs	16	0	(700,158)	0	0	0
		(9,577,110)	(14,488,317)	(8,516,352)	121,117	(8,637,469)
Non-cash amounts excluded from investing activities	27(b)	236,868	0	2,322,545	2,322,545	0
Amount attributable to investing activities		(9,340,242)	(14,488,317)	(6,193,807)	2,443,662	(8,637,469)
FINANCING ACTIVITIES						
Repayment of borrowings	28(a)	(859,958)	(1,011,664)	(854,091)	0	(854,091)
Proceeds from borrowings	28(a)	1,800,000	2,100,000	3,035,000	0	3,035,000
Advances to community groups	5	0	0	(1,250,000)	0	(1,250,000)
Repayment of self-supporting loans by community groups		0	93,483	0	0	0
Transfers to reserves (restricted assets)	29	(5,487,665)	(2,441,206)	(3,180,297)	0	(3,180,297)
Transfers from reserves (restricted assets)	29	3,541,907	3,562,505	4,206,993	0	4,206,993
Amount attributable to financing activities		(1,005,716)	2,303,118	1,957,605	0	1,957,605
Surplus/(deficit) before imposition of general rates		(21,011,052)	(23,992,547)	(18,747,141)	(303,758)	(18,443,383)
Total amount raised from general rates	26(a)	23,902,635	23,992,547	23,282,829	0	23,282,829
Surplus/(deficit) after imposition of general rates	27(c)	2,891,583	0	4,535,688	(303,758)	4,839,444

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

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

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

1. BASIS OF PREPARATION

Basis of preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 of the financial report.

Judgements and estimates

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

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

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

Revenue Recognition

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

For the year ended 30 June 2022

Nature or type

	Contracts with customers	Capital grant / Contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	23,902,635	0	23,902,635
Operating grants, subsidies and contributions	3,135,938	145,110	0	0	3,281,048
Fees and charges	8,582,464	0	666,130	0	9,248,594
Interest earnings	0	0	256,212	163,035	419,247
Other revenue	8,834	0	0	980,967	989,801
Non-operating grants, subsidies and contributions	0	8,219,007	0	364,395	8,583,402
Total	11,727,236	8,364,117	24,824,977	1,508,397	46,424,727

For the year ended 30 June 2021

Nature or type

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

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

2. REVENUE AND EXPENSES (Continued)

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

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

3. CASH AND CASH EQUIVALENTS

	Note	2022	2021
		\$	\$
Cash at bank and on hand		43,413,804	44,065,529
Total cash and cash equivalents	18(a)	43,413,804	44,065,529
Held as			
- Unrestricted cash and cash equivalents		7,357,686	9,199,005
- Restricted cash and cash equivalents	18(a)	36,056,118	34,866,524
		43,413,804	44,065,529

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Restricted financial assets

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

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

4. OTHER FINANCIAL ASSETS

	2022	2021
	\$	\$
Non-current assets		
Financial assets at amortised cost	1,250,000	1,250,000
Financial assets at fair value through profit and loss	97,255	92,259
	1,347,255	1,342,259
Financial assets at amortised cost		
Self supporting loans receivable	1,250,000	1,250,000
	1,250,000	1,250,000
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	97,255	92,259
	97,255	92,259

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

5. TRADE AND OTHER RECEIVABLES

	Note	2022 \$	2021 \$
Current			
Rates receivable		908,254	1,008,322
Trade and other receivables		1,209,544	2,089,103
Accrued Income		0	(24,863)
Allowance for impairment - rates	22(b)	(244,029)	(241,258)
Allowance for impairment - sundry debtors	22(b)	(10,663)	(206,945)
ATO Receivable		152,615	477,007
		2,015,721	3,101,366
Non-current			
Pensioner's rates and ESL deferred		48,671	34,652
		48,671	34,652

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

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

The following movements in inventories occurred during the year:

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

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

7. OTHER ASSETS

Other assets - current

Prepayments
 Bonds and deposits held by others
 Contract assets

	2022	2021
	\$	\$
Prepayments	218,779	214,067
Bonds and deposits held by others	7,161	1,800
Contract assets	0	14,386
	225,940	230,253

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Contract assets

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Note	Land/vested in and under the control of Council \$	Buildings - non- specialised \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in Progress - Buildings \$	Work in Progress - Furniture & Equipment \$	Total property, plant and equipment \$
Balance at 1 July 2020		3,020,192	57,895,697	60,915,889	1,519,135	7,698,265	2,899,785	0	73,033,074
Additions*		0	8,023,002	8,023,002	117,219	1,120,984	192,324	43,074	9,496,603
Disposals	10(b)	0	(252,028)	(252,028)	0	(392,634)	0	0	(644,662)
Depreciation	10(a)	0	(1,911,701)	(1,911,701)	(520,912)	(1,650,293)	0	0	(4,082,906)
Transfers		0	2,899,785	2,899,785	0	0	(2,899,785)	0	0
Balance at 30 June 2021		3,020,192	66,654,755	69,674,947	1,115,442	6,776,322	192,324	43,074	77,802,109
Comprises:									
Gross balance amount at 30 June 2021		3,020,192	73,815,100	76,835,292	2,495,876	13,191,577	192,324	43,074	92,758,143
Accumulated depreciation at 30 June 2021		0	(7,160,345)	(7,160,345)	(1,380,434)	(6,415,255)	0	0	(14,956,034)
Balance at 30 June 2021		3,020,192	66,654,755	69,674,947	1,115,442	6,776,322	192,324	43,074	77,802,109
Additions*		0	523,751	523,751	593,689	988,670	1,738,277	16,686	3,861,073
Disposals	10(b)	0	0	0	(5,122)	(259,884)	0	0	(265,006)
Revaluation increments / (decrements) transferred to revaluation surplus		2,109,808	5,916,621	8,026,429	0	0	0	0	8,026,429
WIP reversal to expenses		0	0	0	0	0	0	(43,074)	(43,074)
Depreciation	10(a)	0	(2,172,731)	(2,172,731)	(749,873)	(1,538,316)	0	0	(4,460,920)
Transfers		0	145,154	145,154	1,131,039	3,135	(145,154)	0	1,134,174
Balance at 30 June 2022		5,130,000	71,067,550	76,197,550	2,085,175	5,969,927	1,785,447	16,686	86,054,785
Comprises:									
Gross balance amount at 30 June 2022		5,130,000	71,067,550	76,197,550	4,211,693	13,745,057	1,785,447	16,686	95,956,433
Accumulated depreciation at 30 June 2022		0	0	0	(2,126,518)	(7,775,130)	0	0	(9,901,648)
Balance at 30 June 2022		5,130,000	71,067,550	76,197,550	2,085,175	5,969,927	1,785,447	16,686	86,054,785

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

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

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

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

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

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Note	Roads	Footpaths, Carparks & Bridges	Drainage	Recreation Areas	Infrastructure Others	works in Progress - Roads, Footpaths and Bridges Infrastructure	Works in Progress - Drainage	Works in Progress - Other Infrastructure	Works in Progress - Recreation Areas	Rehabilitation Assets	Total Infrastructure
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		199,217,223	38,109,448	32,391,767	10,457,147	15,530,198	2,904,842	47,863	660,522	6,005,028	4,802,000	310,126,038
Additions*		4,473,342	378,462	372,859	842,488	250,297	14,417,732	0	5,212,770	174,884	0	26,122,834
Impairment (losses) / reversals		0	0	0	0	0	0	0	0	0	(833,993)	(833,993)
Depreciation	10(a)	(4,171,245)	(938,108)	(710,286)	(1,367,712)	(653,454)	0	0	0	0	(601,628)	(8,442,433)
Transfers		1,728,871	178,573	42,106	5,361,449	344,193	(1,907,444)	(42,106)	(344,193)	(5,361,449)	0	0
Balance at 30 June 2021		201,248,191	37,728,375	32,096,446	15,293,372	15,471,234	15,415,130	5,757	5,529,099	818,463	3,366,379	326,972,446
Comprises:												
Gross balance at 30 June 2021		259,327,870	40,447,276	34,187,890	18,944,933	17,002,775	15,415,130	5,757	5,529,099	818,463	3,366,379	395,045,572
Accumulated depreciation at 30 June 2021		(58,079,679)	(2,718,901)	(2,091,444)	(3,651,561)	(1,531,541)	0	0	0	0	0	(68,073,126)
Balance at 30 June 2021		201,248,191	37,728,375	32,096,446	15,293,372	15,471,234	15,415,130	5,757	5,529,099	818,463	3,366,379	326,972,446
Additions*		1,960,975	3,103,681	130,792	2,690,473	4,443,267	599,152	0	0	1,726,865	0	14,655,205
Revaluation increments / (decrements) transferred to revaluation surplus		23,624	(18,713,163)	10,997,859	20,214,856	(2,702,911)	0	0	0	0	0	9,820,265
Revaluation (loss) / reversals transferred to profit or loss		0	0	0	0	(8,383,982)	0	0	0	0	0	(8,383,982)
WIP reversal to expenses		0	0	0	0	0	0	0	(1,980)	(59,666)	0	(61,646)
Depreciation	10(a)	(4,333,122)	(1,049,256)	(722,485)	(1,847,813)	(1,208,949)	0	0	0	0	(654,869)	(9,816,494)
Transfers		5,073,711	3,629,183	211,943	2,426,610	9,231,182	(15,698,508)	(5,757)	(5,243,741)	(758,797)	0	(1,134,174)
Balance at 30 June 2022		203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	315,774	0	283,378	1,726,865	2,711,510	332,051,620
Comprises:												
Gross balance at 30 June 2022		203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	599,152	0	0	1,726,865	3,366,379	332,706,489
Accumulated depreciation at 30 June 2022		0	0	0	0	0	0	0	0	0	(654,869)	(654,869)
Balance at 30 June 2022		203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	599,152	0	0	1,726,865	2,711,510	332,051,620
* Asset additions included additions received at substantially less than fair value:												
During the year ended 30 June 2021		366,419	0	0	0	27,365	0	0	0	0	0	393,784
During the year ended 30 June 2022		0	0	0	0	0	0	0	0	0	0	0

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

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

10. FIXED ASSETS

(a) Depreciation

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

Assets Useful Life

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

Asset Class	Estimated Useful Life
Major depreciation periods used for each class of depreciable asset are:	
Buildings	13-100 years
Furniture and equipment	4-10 years
Plant and equipment	4-16 years
Roads	10-250 years
Footpaths, Carparks & Bridges	15-250 years
Drainage	50-80 years
Recreation Areas	5-75 years
Infrastructure Others	4-100 years

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

10. FIXED ASSETS (Continued)

(b) Disposals of assets

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

The following assets were disposed of during the year.

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

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

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

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

11 LEASES

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

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

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

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

12 TRADE AND OTHER PAYABLES

Current

	2022 \$	2021 \$
Sundry creditors	3,681,408	5,659,954
Prepaid rates	522,122	417,615
Accrued salaries and wages	114,143	517,271
Bonds and deposits held	635,329	633,957
Accrued and other liabilities	871,125	112,281
	5,824,127	7,341,078

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

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

13. OTHER LIABILITIES

Current

Contract liabilities
 Capital Grant Liability
 Developer Contributions

Reconciliation of changes in contract liabilities

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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

14. BORROWINGS

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

* WA Treasury Corporation

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

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

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

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

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

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

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

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

16. OTHER PROVISIONS

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

Other provisions

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

Provision for remediation costs

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

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

Provisions

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

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

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

17. REVALUATION SURPLUS

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

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	43,413,804	37,264,767	44,065,529
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	36,056,118	28,348,140	34,866,524
		36,056,118	28,348,140	34,866,524
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	29	32,792,021	28,348,140	30,846,263
Contract & capital grant liabilities from contracts with customers	13	2,628,768	0	2,991,704
Bonds and deposits held	12	635,329	0	633,957
Other Restricted Cash		0	0	394,600
Total restricted financial assets		36,056,118	28,348,140	34,866,524

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

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

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

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

Loan facilities

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

Unused loan facilities at balance date

0 0

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

19. CONTINGENT LIABILITIES

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

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

20. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	3,479,069	2,298,615
- plant & equipment purchases	1,410,313	218,968
	4,889,382	2,517,583
Payable:		
- not later than one year	4,889,382	2,517,583

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

21. RELATED PARTY TRANSACTIONS

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

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

21. RELATED PARTY TRANSACTIONS

(c) Transactions with related parties

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

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

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

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

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

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

22. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.96%	43,413,804	0	43,409,604	4,200
2021					
Cash and cash equivalents	0.93%	44,065,529	0	44,061,129	4,400

Sensitivity

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

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

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 28(a).

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

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

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

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

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

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

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

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values	Note
	\$	\$	\$	\$	\$	
2022						
Trade and other payables	5,824,127	0	0	5,824,127	5,824,127	12
Borrowings	444,162	2,868,897	3,917,848	7,230,907	7,230,907	14
	6,268,289	2,868,897	3,917,848	13,055,034	13,055,034	
2021						
Trade and other payables	7,341,078	0	0	7,341,078	7,341,078	12
Borrowings	859,957	2,250,089	3,180,818	6,290,864	6,290,864	14
	8,201,035	2,250,089	3,180,818	13,631,942	13,631,942	

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

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

New accounting standards for application in future years

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

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

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

SHIRE OF BROOME
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25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

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

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

(b) Income and expenses

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

SHIRE OF BROOME
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25. FUNCTION AND ACTIVITY (Continued)

	2022	2022	2021
	Actual	Budget	Actual
(c) Fees and Charges	\$	\$	\$
General purpose funding	125,809	95,365	48,553
Law, order, public safety	76,375	90,639	120,193
Health	170,646	189,731	177,286
Housing	582,152	2,031,236	700,436
Community amenities	5,429,026	6,379,383	5,119,044
Recreation and culture	1,190,796	1,252,218	1,181,588
Transport	16,300	15,000	13,501
Economic services	433,499	712,027	1,278,599
Other property and services	1,223,991	1,312,933	1,072,773
	9,248,594	12,078,532	9,711,973
(d) Total Assets	\$	\$	
Governance	395,873	394,580	
General purpose funding	13,588,620	12,934,623	
Law, order, public safety	3,684,173	6,645,075	
Health	6,092	0	
Education and welfare	0	2,245,375	
Housing	4,396,200	3,572,304	
Community amenities	68,148,594	33,948,575	
Recreation and culture	81,910,356	57,519,257	
Transport	240,422,236	293,313,271	
Economic services	5,607,215	5,896,080	
Other property and services	47,029,958	37,144,624	
	465,189,316	453,613,764	

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION

(a) General Rates

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

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

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

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26. RATING INFORMATION (Continued)

(b) Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
General Rates	Rate	Concession	50%		22,478	20,702	20,330
General Rates	Rate	Concession	37%		8,733	8,733	8,576
General Rates	Rate	Concession	90%		26,716	26,716	26,236
General Rates	Rate	Concession	80%		0	0	322,965
General Rates	Rate	Concession	100%		3,863	0	0
					61,790	56,151	378,107
Total discounts/concessions (Note 26)					61,790	56,151	378,107

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects and reasons of the Waiver or Concession
General Rates	Varying concessions to a charitable organisation (100%, 90%, 50%, 37%)	Concession offered because of the nature of the undertaking of the organisation providing social housing and affordable housing.
General Rates	80% concession to pastoral properties	Concession offered to reduce the impact of valuation increase and corresponding rates during the period.

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26. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

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

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27. RATE SETTING STATEMENT INFORMATION

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

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

SHIRE OF BROOME
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28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual				Budget			
		Principal at	New Loans	Principal	Principal	Principal at	New Loans	Principal	Principal at
		1 July 2020	During 2020-21	Repayments	at 30 June 2021	During 2021-22	During 2021-22	Repayments	at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$
Civic Centre Redevelopment		994,413	0	(487,484)	506,929	0	(506,929)	0	0
Town Beach Development		1,450,000	0	(86,155)	1,363,845	0	(87,554)	0	1,276,291
BRAC Pavillion		121,517	0	(121,517)	0	0	0	0	0
Chinatown Revitalisation Stage 1		1,544,026	0	(158,935)	1,385,091	0	(161,954)	0	1,223,136
Chinatown Revitalisation Stage 2		0	1,785,000	0	1,785,000	0	(103,521)	0	1,681,479
China Town Contingency		0	0	0	0	1,800,000	0	1,800,000	0
Total		4,109,956	1,785,000	(854,091)	5,040,865	1,800,000	(859,958)	5,980,907	5,040,864
Self Supporting Loans									
Life Saving Club		0	0	0	0	0	0	0	0
Broome Golf Club		0	1,250,000	0	1,250,000	0	0	1,250,000	0
Total Self Supporting Loans		0	1,250,000	0	1,250,000	0	0	1,250,000	1,250,000
Total Borrowings	14	4,109,956	3,035,000	(854,091)	6,290,865	1,800,000	(859,958)	7,230,907	6,290,864

* WA Treasury Corporation

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

(b) Borrowing Interest Repayments

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

* WA Treasury Corporation

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29. RESERVE ACCOUNTS

Restricted by council

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

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

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

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

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

30. TRUST FUNDS

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

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Town Planning Related Bond Deposits	106,562	0	0	106,562
Cash In Lieu Of Public Open Space	100,209	0	0	100,209
	206,771	0	0	206,771

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

31. RESTATEMENT OF RATE SETTING STATEMENT COMPARATIVES

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

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Broome

To the Councillors of the Shire of Broome

Opinion

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

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

In my opinion, the financial report:

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

Basis for opinion

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

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

Emphasis of matter – Restatement of comparative balances

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

Other information

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

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

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

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7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

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

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

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

The Chief Executive Officer of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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



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

Our Ref:
Your Ref: 8250

Ms Caroline Spencer
Auditor General
Office of the Auditor General
7th Floor, Albert Facey House
469 Wellington Street
PERTH WA 6000



ABN 94 526 654 007

27 Weld Street
PO Box 44, Broome
Western Australia 6725
(08) 9191 3456
shire@broome.wa.gov.au
broome.wa.gov.au

Dear Ms Spencer

REPRESENTATION LETTER IN RESPECT OF THE SHIRE OF BROOME'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

This representation letter is provided in connection with your audit of the Shire of Broome's annual financial report for the year ended 30 June 2022 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2022 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. GENERAL

- (a) We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report.
- (d) The prior period comparative information in the financial report has not been restated, except as disclosed in Note 31 to the financial report.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.

- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
 - (ii) Additional information that your auditors have requested for the purpose of the audit.
 - (iii) Unrestricted access to staff and councillors of the Shire from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the Shire involving:
 - (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Others
 have occurred to the knowledge of management of the Shire.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the Shire's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. GOING CONCERN

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. CONTINGENT LIABILITIES

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

6. FINANCIAL LIABILITY FOR CONTAMINATED SITES

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the Shire that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. RELATED ENTITIES

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the Shire's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2022.

8. RELATED PARTIES

We have disclosed to your auditors the identity of the Shire's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the Shire's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

We confirm the Shire's key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

10. SUBSEQUENT EVENTS

No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements or disclosures therein, or which are likely to materially affect the future results or operations of the Shire.

11. INTERNAL CONTROL

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

12. INSURANCE

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. RISK MANAGEMENT

We acknowledge our responsibility to identify the risks the Shire is exposed to and to measure, assess and develop a prioritised action plan. We confirm that we have established, maintained, operated and demonstrated an appropriate framework of business controls, to cover all our operational, technical, commercial, financial and administrative activities.

14. ACCOUNTING MISSTATEMENTS

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report taken as a whole. A summary of these uncorrected misstatements is listed below.

1. Repairs and maintenance		
DR	Retained Surplus	147,869
CR	Materials and Contracts	- 147,869
<i>Prior year WAANDRA Grant road repairs and maintenance invoice incorrectly recognised as expense.</i>		

2. Credit balance in Debtor accounts		
DR	Trade Debtors	68,952
CR	Trade Creditors	- 68,952
<i>Relates to an overpayment made to the Shire which needs to be repaid to Department of Treasury.</i>		
3. PAYG Liability		
DR	Employee Costs	153,666
CR	Trade Payables	- 153,666
<i>Adjustment identified for PAYG Liability at 30 June based on supporting documentation reviewed.</i>		
4. Cleanaway Invoice		
DR	Fees and Charges	53,665
CR	Trade Debtors	- 53,665
<i>Duplicate Cleanaway invoice not corrected.</i>		
5. Town Beach Non-Operating Revenue		
DR	Non-Operating Revenue	180,856
CR	Retained Surplus	- 180,856
<i>Town Beach capex project revenue which should have been recognised in prior year rather than current year.</i>		
6. Provision for doubtful debts calculations		
DR	Doubtful Debts Expense	48,757
CR	Receivables	- 48,757
<i>Error identified in provision for doubtful debt calculations.</i>		
7. Bank reconciliation reconciling items		
DR	Expenses	65,724
DR	Payables	316,485
CR	Cash	- 382,209
<i>Relates to reconciling items in bank @ 30 June - identified corrections to reconciling items, and items that should not be recorded in payables.</i>		
8. Roads to Recovery Grant		
DR	Non-Operating Revenue	53,085
CR	Other Liabilities - Grant Liabilities	- 53,085
<i>Roads to Recovery funding received for Job 121587 Lawrence Road is \$576k, whereas WIP as at 30/06/2022 is 523,035. Unspent portion (contract liability) of \$53k has not been recognised.</i>		
9. Local Roads and Community Infrastructure Grant		
DR	Other Assets - Contract Asset	61,294
DR	Retained Surplus	38,805
CR	Non-Operating Revenue	- 26,060
CR	Other Liabilities - Grant Liabilities	- 74,039
<i>A contract asset of \$61k should be recognised for Local Roads Community Infrastructure (LRCI) Grant Phase 1, and a contract liability of \$74k should be recognised for LRCI Phase 2.</i>		
10. Broome Surf Livesaving Club Non-Operating Revenue		
DR	Other Assets - Contract Asset	145,053
CR	Non-Operating Revenue	- 145,053
<i>Relates to Broome Surf Livesaving Club capex project, represents revenue (on completion of work) unrecognised.</i>		

15. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the Shire's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of Shire's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

16. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.



Director Corporate Services
JAMES WATT

13.4.2023

Date



Chief Executive Officer
SAM MASTROLEMBO

13.4.2023

Date

Cr D Male declared a financial interest in item 5.2, the reason being “Proposed budget amendment relates to the Broome Turf Club who are clients of my business”.

Cr Male did not participate in the consideration of the item.

Cr Mitchell assumed the role of Chair.

A typographical error was identified in the Agenda and has been corrected administratively within the Minutes.

5.2 3RD QUARTER FINANCE AND COSTING REVIEW 2022-23

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

The Audit and Risk Committee is requested to consider results of the 3rd Quarter Finance and Costing Review (FACR) of the Shire's budget for the period ended 31 March 2023, including forecast estimates and budget recommendations to 30 June 2023.

BACKGROUND

Previous Considerations

SMC 5 July 2022	Item 5.4.1
OMC 15 December 2022	Item 13.1
OMC 23 February 2023	Item 10.1

The Shire of Broome has carried out its 3rd Quarter Finance and Costing Review (FACR) for the 2022-23 financial year. This review of the 2022-23 Annual Budget is based on actuals and commitments for the first 9 months of the year from 1 July 2022 to 31 March 2023, and forecasts for the remainder of the financial year.

This process aims to highlight over and under expenditure of funds and over and under achievement of income targets for the benefit of Executive and Responsible Officers to ensure good fiscal management of their projects and programs.

Once this process is completed, a report is compiled identifying budgets requiring amendments to be adopted by Council. Additionally, a summary provides the financial impact of all proposed budget amendments to the Shire of Broome's adopted end-of-year forecast, to assist Council to make an informed decision.

It should be noted that the 2022-23 annual budget was adopted at the Special Meeting of Council on 5 July 2022 as a balanced budget.

The Quarter 3 FACR commenced on 3 April 2023. At the start of the Q3 FACR, a net deficit of \$277,233 was forecast arising from past budget amendments adopted by Council, including the Q1 and Q2 FACR's. Significant amendments approved through the FACR processes to date included:

- a \$213,549 reduction in budgeted Western Australian Local Government Grant Commission Road Grants (Local Roads component of FAGS);
- a \$209,424 increase in expenses relating to the omission of several capital projects previously approved through the budget development process.
- a further \$185,000 increase in interest revenue through higher than anticipated interest rates
- a \$180,000 reduction in property valuation expenses as revaluations were completed in 2021/22;
- a \$157,023 reduction of income identified within the Kimberley Regional Office budget due to a double up of budgeted income;
- \$150,000 savings in the Skatepark project;
- a \$100,000 increase in revenue from Discovery Parks Broome.

Adjusted 2021-22 Closing Position

The 2021-22 Closing Position was also adjusted at the February Ordinary Council Meeting to reflect the identification of the mistreatment of contract liabilities in the 2019-20 and 2020-21 financial years. The adjusted closing position deficit of \$318,411 was included in the Q2 FACR and is contained within the Q2 FACR deficit position of \$277,233.

During the finalisation of the 2021/22 Audit it was identified that a \$72,284 adjustment to the Leave Reserve intended to offset termination payments from the 2021/22 financial year and reduce the net deficit position did not reduce the final closing position figure as intended. As a result the adjusted closing position deficit of \$318,411 included in the Q2 FACR (and within the Q2 FACR deficit position of \$277,233) has increased to \$390,695.

At the February 23 OMC Council requested that the CEO attempt to remediate the untied deficit.

COMMENT

The Q3 FACR identifies a cumulative net deficit forecast of **\$117,588**.

The above figure represents a budget forecast should all expenditure and income occur as expected. It does not represent the actual end-of-year position which can only be determined as part of the normal annual financial processes at the end of the financial year.

While officers make every effort to ensure the net impact of each FACR is minimal, the net deficit forecast mainly relates to the following proposed amendments:

- \$242,000 saving in materials and contracts across various works maintenance accounts
- \$267,879 in increased interest revenue due to higher than anticipated interest rates
- \$123,000 saving in materials and contracts across various parks and reserves maintenance accounts.

A comprehensive list of accounts (refer to Attachment 1) has been included for perusal by the committee, summarised by Directorate.

Quarter 3 FACR Result

A summary of the Q3 FACR results is as follows:

SHIRE OF BROOME SUMMARY REPORT				
BUDGET IMPACT				
	2022/23 Adopted Budget (Inc) / Exp	YTD Adopted Budget Amendments (Inc) / Exp	FACR Q3 Overall (Inc) / Exp	YTD Overall Position
Office of the CEO	\$0	\$11,200	\$158,885	\$170,085
Corporate Services	\$0	-\$263,194	-\$168,777	-\$431,971
Development Services	\$0	\$51,563	\$83,000	\$134,563
Infrastructure Services	\$0	-\$64,171	-\$560,525	-\$624,696
Council approved budget amendments	\$0	\$14,000	\$255,459	\$269,459
Prior year adjustments for Capital Projects	\$0	\$209,424	\$0	\$209,424
2021-22 Adjusted Closing Position Deficit	\$0	\$318,411	\$72,284	\$390,695
	0,000*	\$277,233	-\$159,675	\$117,588

CONSULTATION

All amendments have been proposed after consultation with Executive and Responsible Officers at the Shire.

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulation 1996

r33A. Review of Budget

- (1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.
- (2A) The review of an annual budget for a financial year must —
 - (a) consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
 - (b) consider the local government's financial position as at the date of the review; and
 - (c) review the outcomes for the end of that financial year that are forecast in the budget.

- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
- (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*
**Absolute majority required.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

Local Government Act 1995

6.8. Expenditure from municipal fund not included in annual budget

- 1) *A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —*
 - (a) is incurred in a financial year before the adoption of the annual budget by the local government;*
 - (b) is authorised in advance by resolution*; or*
 - (c) is authorised in advance by the mayor or president in an emergency.**(1a) In subsection (1) —*

“additional purpose” means a purpose for which no expenditure estimate is included in the local government’s annual budget.

POLICY IMPLICATIONS

Nil.

It should be noted that according to the materiality threshold set at the budget adoption, should a deficit achieve 1% of Shire’s operating revenue (\$402,749) the Shire must formulate an action plan to remedy the over expenditure.

FINANCIAL IMPLICATIONS

The overall result of the Quarter 3 FACR estimates a total budget deficit position of **\$117,588** to 30 June 2023.

RISK

The Finance and Costing Review (FACR) seeks to provide a best estimate of the end-of-year position for the Shire of Broome at 30 June 2023. Contained within the report are recommendations of amendments to budgets which have financial implications on the estimate of the end-of-year position.

The review does not, however, seek to make amendments below the materiality threshold unless strictly necessary. The materiality thresholds are set at \$10,000 for operating budgets and \$20,000 for capital budgets. Should a number of accounts exceed their budget within these thresholds, it poses a risk that the predicted final end-of-year position may be understated.

In order to mitigate this risk, the CEO enacted the FACRs to run quarterly and Executive examine each job and account to ensure compliance. In addition, the monthly report provides variance reporting highlighting any discrepancies against budget.

It should also be noted that should Council decide not to adopt the recommendations, it could lead to some initiatives being delayed or cancelled in order to offset the additional expenditure associated with running the Shire's operations.

STRATEGIC ASPIRATIONS

Performance – We will deliver excellent governance, service and value, for everyone.

Outcome Eleven – Effective leadership, advocacy and governance:

11.2 Deliver best practice governance and risk management.

Outcome Thirteen - Value for money from rates and long term financial sustainability:

13.1 Plan effectively for short and long term financial sustainability.

VOTING REQUIREMENTS

Absolute Majority

COMMITTEE RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. AR/0423/003

Moved: Cr C Mitchell

Seconded: Cr P Taylor

That the Audit and Risk Committee recommends that Council:

- 1. Receives the Quarter 3 Finance and Costing Review Report for the period ended 31 March 2023;**
- 2. Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2023 as attached;**
- 3. Notes a forecast end-of-year deficit position to 30 June 2023 of \$117,588.**

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 2/0

Attachments

1. Quarter 3 Finance and Costing Review

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
			Office of the CEO						
			ADMIN1 - Chief Executive Officer - S Mastrolemba						
22230		341	Legal Exps Op Exp - Other Governance	\$25,000	\$0	-\$20,000	\$5,000		Net Saving \$20,000 Anticipated full year savings.
						-\$20,000		\$0	
			BC - Marketing & Communications Coordinator - D Bonnici						
11709		34	Quarterly Marketing Campaigns - Op Ex	\$15,000	\$2,885	-\$12,115	\$2,885		Net Saving \$12,115 Reduced budget to reflect actual spend; contractors are unavailable this financial year to progress the budgeted activities. Rebudgeted to commence in 2023/24.
116493		34	Advertising Promotion & Printing Expenses - Broome Civic Centre - Op Exp	\$25,000	\$4,371	-\$15,000	\$10,000		Net Saving \$18,000 Minimal advertising required for the rest of the year.
						-\$27,115		\$0	
			CMS2 - Manager Community Engagement & Projects - N Roukens						
113751		11	Operating Grants & Contributions Rec'd - Recreation Services - Op Inc	-\$30,000	\$0	-\$15,000	-\$45,000		Net Saving \$15,000 Advised \$45,000 granted for the new Every Club grant. Unsure when this funding will be recieved, awaiting formal grant agreement.
						-\$15,000		\$0	
			CS3 - Manager People and Culture - J Maccarone						
142015		61	All Employee Centrelink Paid Parental Leave - Op Exp - Gen Admin O'Heads	\$20,000	\$31,193	\$15,000	\$35,000		Net Expense \$10,000 Five employees total claimed for this financial year.
142395		14	All Employee Paid Parental Leave Reimb - Op Inc - Gen Admin O'Heads	-\$20,000	-\$21,124	-\$5,000	-\$25,000		Includes Shire top-up which is not funded by the government scheme payments.
142042		34	Performance Based Rewards - Gen Admin	\$40,000	\$21,408	-\$10,000	\$30,000		Net Saving \$10,000 Anticipated full year savings.
142043		77	Organisational Training - General	\$235,000	\$129,080	-\$44,000	\$191,000		Net Saving \$44,000 Reduction in expense, considering booked and planned mandatory training for the remainder of the year.

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
142044		79	Uniform - Op Exp - General Admin O'Heads	\$20,000	\$18,725	\$5,000	\$25,000		Net Expense \$5,000 Tracking higher than budgeted, a result of ongoing recruitment.
						-\$39,000		\$0	
ES7 - Special Projects Coordinator - A Clark- Hale									
101896	101897	34	Community Recycling Centre - RRP - Cap Exp	\$566,180	\$378,877	\$8,802	\$574,982		Net Impact Nil Draft Works Approval Response Letter, outside of the contracted works, and design of additional concrete pad. Fully funded from the RRRP Reserve.
101995		26	Transfer from Regional Resource Recovery Reserve - Cap Inc - Reg Res Recov	-\$566,180	\$0	-\$8,802	-\$574,982	-\$8,802	
132314		34	Sanctuary Caravan Park Op Exp - Tourism & Area Promotion	\$0	\$0	\$75,000	\$75,000		Net Expense \$75,000 Sanctuary Road Phase 1: Procurement, advertising and key worker definition.
23450		34	Consultants - Op Exp	\$60,000	\$48,085	\$50,000	\$110,000		Net Expense \$50,000 McMahon Estate Structure Plan [RO: ADMIN1]
1181427		34	Cable Beach Redevelopment (Construction) - Cap Exp	\$0	\$0	\$800,000	\$800,000		Net Impact Nil Funding required to commence Stage 1 works including fabrication of concrete drainage pipes and Horizon Power electrical design. Budget moved from the design GL to construction GL.
1181425	1181426	34	Cable Beach Foreshore Upgrade	\$5,039,868	\$849,751	-\$800,000	\$4,239,868		
1181425	1181426	34	Cable Beach Foreshore Upgrade	\$4,239,868	\$849,751	-\$3,487,170	\$752,698		
111989		43	Transfer to POS Reserve - Cap Exp - Parks & Ovals	\$0		\$651,228	\$651,228	\$651,228	Net Impact Nil Stage 1 construction funds (excluding the \$800k initial budget requirement) moved to Reserve and reduced grant funding received; the construction phase is budgeted new in 2023/24.
113989		26	Transfer From POS Reserve - Parks & Ovals	-\$704,001		\$704,001	\$0	\$704,001	
113128		10	Cable Beach - Non Op Grant - Other Recreation & Sport - CAP INC	-\$3,451,365	-\$2,298,599	\$2,131,941	-\$1,319,424		
1181425	1181426	34	Cable Beach Foreshore Upgrade	\$752,698	\$849,751	\$50,000	\$802,698		Net Expense \$50,000 MOLA Mapping for Northern Cable Beach access

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
1181425	1181426	34	Cable Beach Foreshore Upgrade	\$802,698	\$849,751	\$85,000	\$887,698		Net Expense \$85,000 Additional design costs outside of the consultant's scope of works - \$50k Art and Interpretation; \$10k for Broome Historical Society research and input; \$20k for NBY input \$5k for Goolarabooloo input.
1181425	1181426	62	Cable Beach Foreshore Upgrade	\$525,616	-\$1,373	-\$525,616	\$0		Net Impact Nil Reallocation of internal Shire resources from Cable Beach to works maintenance - Allocated Salary Costs
	121011	62	Sector 1 Chinatown - Works Maint	\$30,589	\$2,947	\$52,562	\$83,151		
	121025	62	Sector 2 Cable Beach - Works Maint	\$27,163	\$8,548	\$42,049	\$69,212		
	121026	62	Sector 3 Old Broome - Works Maint	\$28,136	\$9,944	\$42,049	\$70,185		
	121027	62	Sector 4 Sunset Park - Works Maint	\$15,220	\$5,027	\$26,281	\$41,501		
	121028	62	Sector 5 Roebuck Est - Works Maint	\$35,972	\$17,948	\$42,049	\$78,021		
	121029	62	Sector 6 Broome North / Blue Haze - Works Maint	\$26,984	\$28,092	\$42,049	\$69,033		
	121030	62	Sector 7 LIA, HIA and Port - Works Maint	\$23,291	\$3,822	\$26,281	\$49,572		
	122008	62	Manari Road - Works Maint	\$0	\$5,994	\$52,562	\$52,562		
	121992	62	Fong Street - Works Maint	\$0	\$0	\$47,305	\$47,305		
	122122	62	Chi Street - Works Maint	\$0	\$342	\$26,281	\$26,281		
	122073	62	Yamashita Street - Works Maint	\$0	\$0	\$47,305	\$47,305		
	122121	62	Kanagae Drive - Works Maint	\$0	\$1	\$47,305	\$47,305		
	122056	62	Williams Road - Works Maint	\$0	\$0	\$15,768	\$15,768		
	122065	62	Carter Road - Works Maint	\$0	\$368	\$15,768	\$15,768		
1181425	1181426	69	Cable Beach Foreshore Upgrade	\$954,467	\$0	-\$954,467	\$0		Net Impact Nil Reallocation of internal Shire resources from Cable Beach to works maintenance - On-Costs on Allocated Salary
	121011	69	Sector 1 Chinatown - Works Maint	\$55,548	\$5,343	\$95,447	\$150,995		
	121025	69	Sector 2 Cable Beach - Works Maint	\$49,325	\$15,407	\$76,357	\$125,682		
	121026	69	Sector 3 Old Broome - Works Maint	\$51,093	\$17,374	\$76,357	\$127,450		
	121027	69	Sector 4 Sunset Park - Works Maint	\$27,639	\$8,946	\$47,723	\$75,362		
	121028	69	Sector 5 Roebuck Est - Works Maint	\$65,321	\$30,453	\$76,357	\$141,678		
	121029	69	Sector 6 Broome North / Blue Haze - Works Maint	\$48,936	\$49,363	\$76,357	\$125,293		
	121030	69	Sector 7 LIA, HIA and Port - Works Maint	\$42,294	\$6,940	\$47,723	\$90,017		
	122008	69	Manari Road - Works Maint	\$0	\$10,884	\$95,447	\$95,447		
	121992	69	Fong Street - Works Maint	\$0	\$241	\$85,902	\$85,902		
	122122	69	Chi Street - Works Maint	\$0	\$621	\$47,723	\$47,723		
	122073	69	Yamashita Street - Works Maint	\$0	\$0	\$85,902	\$85,902		

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
	122121	69	Kanagae Drive - Works Maint	\$0	\$0	\$85,902	\$85,902		
	122056	69	Williams Road - Works Maint	\$0	\$0	\$28,634	\$28,634		
	122065	69	Carter Road - Works Maint	\$0	\$669	\$28,634	\$28,634		
1181425	1181426	33	Cable Beach Foreshore Upgrade	\$47,415	\$0	-\$47,415	\$0		Net Impact Nil Reallocation of internal Shire resources from Cable Beach to works maintenance - Plant Operating Costs Allocated
	122008	33	Manari Road - Works Maint	\$0	\$4,971	\$9,483	\$9,483		
	121992	33	Fong Street - Works Maint	\$0	\$0	\$7,112	\$7,112		
	122122	33	Chi Street - Works Maint	\$0	\$643	\$7,112	\$7,112		
	122073	33	Yamashita Street - Works Maint	\$0	\$0	\$7,112	\$7,112		
	122121	33	Kanagae Drive - Works Maint	\$0	\$0	\$7,112	\$7,112		
	122056	33	Williams Road - Works Maint	\$0	\$1,099	\$4,742	\$4,742		
	122065	33	Carter Road - Works Maint	\$0	\$1,135	\$4,742	\$4,742		
1181425	1181426	42	Cable Beach Foreshore Upgrade	\$40,915	\$0	-\$40,915	\$0		Net Impact Nil Reallocation of internal Shire resources from Cable Beach to works maintenance - Plant Depreciation Allocated
	122008	42	Manari Road - Works Maint	\$0	\$3,642	\$8,183	\$8,183		
	121992	42	Fong Street - Works Maint	\$0	\$0	\$6,137	\$6,137		
	122122	42	Chi Street - Works Maint	\$0	\$178	\$6,137	\$6,137		
	122073	42	Yamashita Street - Works Maint	\$0	\$0	\$6,137	\$6,137		
	122121	42	Kanagae Drive - Works Maint	\$0	\$0	\$6,137	\$6,137		
	122056	42	Williams Road - Works Maint	\$0	\$396	\$4,092	\$4,092		
	122065	42	Carter Road - Works Maint	\$0	\$641	\$4,092	\$4,092		
						\$260,000		\$1,346,427	
REQ54 - Activation & Engagement Coordinator - M Nutt									
116085		34	Arts, Culture and Heritage Strategy - Op Exp - Other Culture	\$23,000	\$26,492	\$10,000	\$33,000		Net Expense \$10,000 Additional costs to finalise the Arts, Culture and Heritage Strategy due to increased consultation.
						\$10,000		\$0	
REQ4 - Special Projects Coordinator - M Renton									
1138333		13	Turf Club contribution to Masterplan Reviews - Op Inc - Other Culture	-\$25,000	\$0	\$10,000	-\$15,000		Net Saving \$10,000 Project budget can be reduced following receipt of quotes and project scope definition. Income reduced to reflect 50% contribution towards the project.
1138334		34	Turf Club Masterplan Review - Op Ex- Other Culture	\$50,000	\$0	-\$20,000	\$30,000		
						-\$10,000		\$0	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
			Office of the CEO Directorate (Saving)/Expense			\$158,885		\$1,346,427	
			Corporate Services						
			CS1 - Director Corporate Services - J Watt						
142393		13	LGIS Insurance Bonus & Funding - Op Inc - Corp Gov	-\$25,000	\$0	\$25,000	\$0		Net Expense \$25,000 Bonus funds are unlikely to be distributed this year.
						\$25,000		\$0	
			BA - Coordinator Financial Services - D Cerbino						
142212		20	Interest Rec on Muni Investment - Op Inc - General Administration O'Heads	-\$192,521	-\$393,707	-\$267,879	-\$460,400		Net Saving \$267,879 Municipal funds interest for the full year is anticipated to be higher than budgeted.
						-\$267,879		\$0	
			BRAC1 - Manager Community Facilities - C Zepnick						
113391		14	Haynes Oval & Pavilion Income - Op Inc	-\$136,000	-\$124,058	\$11,942	-\$124,058		Net Expense \$11,942 Reimbursement budget reduced to reflect actual receipts.
117246		02	Netball BRAC Program - Op Inc - BRAC Dry	-\$28,999	-\$18,199	\$9,000	-\$19,999		Net Expense \$31,400 Overall reduction in income. Insufficient qualified staff available to run programming as budgeted. A decrease in entry fees income where Shire staff memberships were historically charged; changes in accounting methods recommended by auditors that it is no longer appropriate to charge internally generated income.
117262		02	Education Inc - Aquatic	-\$8,400	\$0	\$8,400	\$0		
117275		02	Stadium Venue Hire Inc. Rec'd - Op Inc - Dry BRAC	-\$30,551	-\$17,145	\$5,000	-\$25,551		
117292		02	BRAC Fields - Joseph Nipper Roe Playing Field Fees and Other Income - Op Inc	-\$27,026	-\$6,047	\$9,000	-\$18,026		
117055		61	Salary & Related Duty Manager Expense - BRAC	\$238,368	\$174,192	-\$30,000	\$208,368		Net Saving \$30,000 Salary savings used to offset reduced facility income
117272		02	Holiday Program Enrolment Fees Rec'd	-\$50,000	-\$21,932	\$20,000	-\$30,000		Net Impact Nil Lack of appropriately qualified staff to run program

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
117171		61	Salary - Op Exp - Holiday Prog Exps - BRAC Dry	\$65,861	\$8,132	-\$20,000	\$45,861		Lack of appropriately qualified staff to run program. Salaries to offset income reduction
117282		02	Swimming Lessons by BRAC Inc	-\$148,712	-\$76,281	\$60,000	-\$88,712		Net Impact Nil Lack of appropriately qualified staff to run program. Salaries to offset income reduction
117182		61	Salary - Swimming Lessons - Op Exp - BRAC Aquatic	\$126,256	\$15,576	-\$60,000	\$66,256		Net Expense \$18,000 Urgent repairs and maintenance, including a new auto pool vacuum, coolroom roof and high level sports field lighting.
117009		34	Plant & Equip Maint - Aquatic	\$9,000	\$9,686	\$8,000	\$17,000		Net Expense \$10,000 An increase in chemical costs, plus ongoing increased delivery charges up 212%. Weather systems including flooding and extreme heat have also contributed.
117081	117082	34	General Building & Facility Maint - BRAC Dry - Op Exp	\$35,000	\$32,917	\$10,000	\$45,000		Net Impact Nil To utilise contract staff for pool lifeguard roles while staffing levels are low at BRAC. Corresponding decrease in Salaries.
117015	117015	34	Chemicals - chemical related expenses Aquatic	\$40,000	\$40,215	\$10,000	\$50,000		Net Impact Nil Have utilised contractors more due to the availability of group fitness staff. Corresponding decrease in Salaries. Changes to the IEBA require minimum engagement of staff.
117002	117002	61	Salary - Lifeguard - Op Exp - BRAC Aquatic	\$161,898	\$56,316	-\$15,000	\$146,898		Net Expense \$41,114 BRAC Outdoor Court Scoreboard replacement.
117003		34	Relieving Staff Exp - Op Ex - BRAC Aquatic	\$0	\$0	\$15,000	\$15,000		Net Saving \$15,500 To allow for installation of lightning protection following damage that has occurred in storms in recent weeks.
117148		34	Group Fitness Program - Op Exp - BRAC - Aquatic	\$20,000	\$19,968	\$10,000	\$30,000		
117056		61	Salary & Related Program Development Officer Expense	\$26,982	\$8,940	-\$10,000	\$16,982		
117399		34	BRAC Furniture and Equipment New -Cap Exp	\$0	\$0	\$41,114	\$41,114		
117450	117452	34	BRAC Oval Upgrade of Infra - Cap Exp	\$32,938	\$2,375	-\$15,500	\$17,438		
						\$66,956		\$0	
CMS4 - Venue Supervisor - S Bowra									
116470	116471	34	Broome Civic Centre Building General Maint Exps - Op Exp Bme Civic Centre	\$34,100	\$26,344	\$5,000	\$39,100		Net Expense \$5,000 Unexpected repairs including airconditioning, and mould removal following January rainfall.

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
						\$5,000		\$0	
CS2 - Manager Financial Services - E French									
30106		01	Interim Rates Broome - Op Inc - Rates	-\$100,000	-\$76,777	\$23,223	-\$76,777		Net Expense \$23,223 Interim rates have been finalised for the year. Any interim rates received from April until the new rates are levied, will be reflected as back rates in 2023/24.
30146		23	Interest - Rates Instalments - Op Inc - Rates	-\$122,000	-\$113,415	\$8,585	-\$113,415		Net Expense \$8,585 Reduction in income - a property was levied instalment charges in error.
30201		23	Rates Non Payment Int - Op Inc - Rates	-\$130,000	-\$100,575	\$15,000	-\$115,000		Net Expense \$15,000 Unlikely to generate interest as originally budgeted given the level of rates collection.
30251		58	Rates Reduced/Written Off - Op Exp - Rates	\$3,000	\$8,338	\$5,338	\$8,338		Net Expense \$5,300 Council approved write off balance of A103751 at September OMC.
						\$52,146		\$0	
CS6 - Manager Information Services - C Chong									
146110		34	Minor Assets<\$5000 - IT Exp	\$89,000	\$36,529	-\$20,000	\$69,000	\$0	Net Saving \$50,000 Transitioning from device purchases to operating lease in this financial year. Remaining funds may be required for fleet device replacement 1st lease payment. Network & Switching funds not required.
146120		34	Equip & H'Ware > \$5000 Cap Exp - IT	\$113,000	\$76,272	-\$30,000	\$83,000		
						-\$50,000			
LS1 - Library Coordinator - A Morris									
115279		34	Minor Assets Expensed - Op Exp Library	\$9,992	\$1,717	-\$8,000	\$1,992		Net Impact Nil Deferred spending minor assets budget to reallocate funds to workroom secure door which is a staff safety priority.
115281	115291	34	Library Reactive Maint - Op Exp	\$4,000	\$2,134	\$8,000	\$12,000		
						\$0		\$0	
			Corporate Services Directorate (Saving)/Expense			-\$168,777		\$0	

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COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
Development Services									
DS1 - Director Development Services - K Williams									
106038		341	Legal Expenses - Development Services	\$10,000	\$0	-\$10,000	\$0		Net Saving \$10,000 No legal expenses required this financial year.
						-\$10,000		\$0	
BS1 - Acting Manager Planning & Building Services - J Gosper									
106030	106055	34	Planning General Project Consult - Op Exp Town Planning/Reg Dev	\$215,855	\$155,540	\$78,000	\$293,855		Net Expense \$78,000 Old Broome and Cable Beach Precinct Plans were budgeted as 50/50 split across two financial years. Anticipating higher expense in 2022/23, with a matching reduction in the 2023/24 budget.
106410		04	Planning Fees (GST Free) - Op Inc - Town Planning/Regional Devel	-\$130,000	-\$67,212	\$15,000	-\$115,000		Net Expense \$15,000 Value of planning applications is lower than budgeted.
						\$93,000		\$0	
			Development Services Directorate (Saving)/Expense			\$83,000		\$0	
Infrastructure Services									
ES1 - Director Infrastructure - J Hall									
121782		12	Dev Contributions - Footpaths	-\$62,640	-\$88,143	-\$25,503	-\$88,143		Net Impact Nil Footpath contribution from Broome North Stage 11 (WAPC 1160674), transfer to Reserve under developer contributions.
125950		43	Transfer to Reserve	\$71,785	\$29,409	\$25,503	\$97,288	\$25,503	
1367404	1367414	34	Short Street Streetscape Enhancements (Chinatown Stage 2) - Cap Exp	\$43,900	\$34,343	-\$9,000	\$34,900		Net Expense \$1,116 Remaining funds following the relocation of the Three Wise Men sculptures and completion of the Chinatown Fibre Upgrade.
1367405	1367418	34	Smart Cities Enabling Items - Cap Exp	\$0	\$10,116	\$10,116	\$10,116		
						\$1,116		\$25,503	

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COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
ES3 - Manager Works - J Welshman									
120306		11	DRFAWA Natural Disaster Grant - Op Grants	-\$693,453	-\$271,615	\$73,660	-\$619,793		Net Expense \$73,660 WANDRRA Claim AGRN793 from 2018 has been resolved and DFES have confirmed the reimbursement amount will be \$620k total.
145101		69	Plant Repair Wages - Op Exp - Plant Operation	\$233,570	\$104,641	-\$100,000	\$133,570		Net Impact Nil Reallocating funds to utilise an external contractor more to cover staff vacancy.
145103		34	Plant Parts & Repairs - Op Exp - Plant Operation	\$372,859	\$322,948	\$100,000	\$472,859		
145102		34	Plant Tyres & Tubes - Op Exp - Plant Operation	\$72,000	\$69,250	\$20,000	\$92,000		Net Expense \$20,000 Actual costs incurred and anticipated to be higher than budgeted.
						\$93,660		\$0	
ES5 - Acting Works Coordinator - C Kemp									
102202	102202	58	Drainage - Works Maint	\$41,363	\$13,143	-\$20,000	\$21,363		Net saving \$20,000 Allowance for tipping fees not required
122000	121011	34	Sector 1 Chinatown - Works Maint	\$108,011	\$21,882	-\$40,000	\$68,011		Net Saving \$242,000 Materials and Contractors not utilised. Balance not required for 2022/23.
122000	121027	34	Sector 4 Sunset Park - Works Maint	\$60,352	\$4,695	-\$25,000	\$35,352		
122000	121025	34	Sector 2 Cable Beach - Works Maint	\$87,352	\$6,190	-\$27,000	\$60,352		
122000	121028	34	Sector 5 Roebuck Est - Works Maint	\$97,775	\$7,813	-\$50,000	\$47,775		
122000	121026	34	Sector 3 Old Broome - Works Maint	\$101,866	\$17,012	-\$40,000	\$61,866		
122000	121029	34	Sector 6 Broome North / Blue Haze - Works Maint	\$58,634	\$19,551	-\$10,000	\$48,634		
122000	121030	34	Sector 7 LIA, HIA and Port - Works Maint	\$96,056	-\$11,860	-\$50,000	\$46,056		
141450		19	Works Private Works Income - Not Prepaid	-\$40,920	-\$105,920	-\$96,631	-\$137,551		Net Impact Nil Return of the balance of funds provided for the maintenance of Morrell Park (as per Yawuru Area Indigenous Land Use Agreement).
141271	141331	58	Private Works By Works Exp	\$0	\$0	\$96,631	\$96,631		
						-\$262,000		\$0	
ES8 - Manager Waste- M Mitchell									
101020		34	Kerbside Refuse Collection - Op Exp - Sanitation Gen Refuse	\$471,001	\$275,173	-\$110,000	\$361,001		Net Saving \$330,000
101022		34	Kerbside Recycling Collection -Op Exp - San Gen Refuse	\$1,040,000	\$614,160	-\$220,000	\$820,000		Revised Expenditure for 2022/23 based on actuals

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
101027		34	Recycling and Education - Op Exp - San Gen Refuse	\$16,000	\$672	-\$10,000	\$6,000		Net Saving \$10,000 No waste related advertising for 2022/23 to date.
101028	101094	34	Transfer Station Misc - Op Exp	\$79,360	\$19,063	-\$20,000	\$59,360		Net Saving \$30,000 Savings in household/ewaste disposal and disposal of gas bottles.
101028	101093	34	Transfer Satation Steel - Op Exp	\$14,450	\$351	-\$10,000	\$4,450		
101030	101033	62	Waste Facility Operations -Op Exp - San Gen Ref	\$145,068	\$193,112	\$120,000	\$265,068		Net Expense \$150,000 Overspend, prestart hours have been allocated to this account through the payroll system transition.
101030	101033	34	Waste Facility Operations -Op Exp - San Gen Ref	\$453,000	\$342,742	\$30,000	\$483,000		Additional expenditure for Radio repeater, Lot 400 fence and CCTV, dry hire use of excavator.
101080	101081	34	WMF - Reactive Maint - Op Exp	\$5,500	\$13,660	\$12,000	\$17,500		Net Expense \$12,000 Site switchboard needs to be replaced.
101410		02	Kerbside collection - Op Inc - Sanitation Gen Refuse	-\$3,440,000	-\$3,328,541	\$110,000	-\$3,330,000		Net Expense \$110,000 Income less than budgeted, Income levied in full in July.
101550	101552	34	Mobile Garbage Bin Replacement - Cap Exp - San Gen Refuse	\$153,234	\$59,503	-\$40,000	\$113,234		Net Saving \$40,000 Under spend from lower number of resident requests. Additional media/advertising to occur in
108020	108021	62	Cyclone Cleanup - Op Exp - Sanitation General Refuse	\$6,777	\$0	-\$6,777	\$0		Net Saving \$6,777 Staff time allocated to operational Account.
101895		43	Transfer to Regional Resource Recovery Park Reserve - Cap Exp	\$105,000	\$225,290	\$144,777	\$249,777	\$144,777	Net Impact Nil Net result of waste amendments - savings transferred to RRRP Reserve. Net municipal funds impact is Nil.
102636		02	Kerbside Collection Waste Disposal Op Income - Internal Shire charge - Op Inc - Sanitation Gen Refuse	-\$565,705	\$0	\$565,705	\$0		Net Impact Nil Internal allocation to reflect the true cost and loss of income relating to contracted kerbside disposal.
1026218		58	Kerbside Collection Disposal Costs - (Internal Shire Charge) - Op Exp - San Gen Refuse	\$565,705	\$0	-\$565,705	\$0		Audit findings have identified that this practice can't continue as it does not generate cash income.
						\$0		\$144,777	
ES9 - Manager Engineering - L Mckenzie									

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
113027	113029	34	Skatepark New Infrs Const - Cap Exp - Other Rec & Sport	\$540,612	\$469,968	-\$45,000	\$495,612		Net Saving \$45,000 Project savings recognised, last \$25k needed to refurbish the old shade structure.
121550		58	Statutory Contrib for Crossovers - Op Exp - Crossovers & General	\$30,000	\$13,280	\$10,000	\$40,000		Net Expense \$10,000 Increase in residential development.
125300	VARPATH	34	Various Footpath Renewals - Cap Exp	\$157,832	\$0	-\$157,832	\$0		Net Impact Nil Timing of work impacted by Contractor availability.
125950		43	Transfer to Footpath Reserve	\$71,785	\$32,594	\$157,832	\$0	\$157,832	Transfer to Footpath Reserve for use in 2023/24.
125300	125921	34	Various Footbridge Renewals - Cap Exp	\$82,700	\$16,905	-\$64,795	\$17,905		Net Impact Nil BSLSC footbridge project - timing of work impacted by Contractor availability.
125138		43	Transfer to Footpath Reserve (Footbridge per Transport AMP)	\$38,326	\$0	\$64,795	\$0	\$64,795	Transfer to Footbridge Reserve for use in 2023/24.
143485		02	Subdivision Engineering Supervision Charges - Op Inc - Eng Off	-\$25,116	-\$57,430	-\$32,314	-\$57,430		Net Saving \$32,314 Development WA additional income for Broome North Stage 11.
1254421		34	Access & Inclusion Improvements New Infra - Cap Exp	\$15,000	\$4,100	-\$10,900	\$4,100		Net Saving \$10,900 Work is not able to be delivered in FY23 due to resourcing.
						-\$78,214		\$222,627	
PK3 - Parks & Gardens Coordinator - G Fox									
113000	113038	34	Tolentino Park - P&G Maint	\$11,270	\$2,776	-\$8,000	\$3,270		Net Saving \$123,000 Parks and Gardens maintenance - reduction in materials budgets not required for the remainder of 2022/23.
113000	113040	34	Cable Beach - P&G Maint	\$28,996	\$14,828	-\$10,000	\$18,996		
113000	113070	34	Sunset Park - P&G Maint	\$13,750	\$3,162	-\$8,000	\$5,750		
113000	113582	34	Solway Park - P&G Maint	\$9,820	\$712	-\$8,000	\$1,820		
113000	113076	34	Koel Park - P&G Maint	\$7,720	\$612	-\$6,000	\$1,720		
113000	113579	34	Frangipani Park - P&G Maint	\$25,620	\$5,791	-\$13,000	\$12,620		
113000	113028	34	Cygnets Park - P&G Maint	\$58,060	\$16,574	-\$25,000	\$33,060		
113000	113037	34	Bedford Park - P&G Maint	\$20,966	\$3,122	-\$12,000	\$8,966		
113000	113047	34	China Town - P&G Maint	\$27,610	\$7,602	-\$10,000	\$17,610		
113000	113080	34	Six Season Park - P&G Maint	\$14,520	\$602	-\$8,000	\$6,520		
113000	113583	34	Herbert St Park - P&G Maint	\$50,820	\$871	-\$10,000	\$40,820		
113005	113010	34	Weed Control- P&G Maint	\$35,000	\$15,100	-\$5,000	\$30,000		

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
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113551	113795	34	Parks & Gardens Works Renewal Infra - Cap Exp	\$111,359	\$139,676	\$29,000	\$140,359		Net Impact Nil Haynes Oval tank repair not forecast. Cygnet Tank was higher than budgeted. Repair of effluent lines at BRAC.
117210	117211	34	BRAC Ovals - P&G Maint	\$61,082	\$61,329	\$20,000	\$81,082		
113989		26	Transfer From POS Reserve - Parks & Ovals	-\$1,151,212	\$0	-\$49,000		-\$49,000	
117455	117456	34	BRAC Ovals Renewal Infra Works - Cap Exp - BRAC Ovals	\$208,214	\$0	-\$208,214	\$0		Net Impact Nil BRAC lateral line upgrade has been rescheduled for 2023/24. Transfer AMP funds to POS reserve for Parks AMP project brief 2023/24.
111989		43	Transfer to P&G Reserve	\$843,779	\$67,502	\$208,214	\$1,051,993	\$208,214	
126050	126050	34	Drain Slashing & Maintenance - P & G	\$32,120	\$0	-\$20,000	\$12,120		Net Saving \$20,000 Entire scope unable to be carried out in 2022/23.
143510		34	Protective Clothing & Equip Uniforms & Boots - Op Exp - P & G Ops	\$34,000	\$17,251	-\$8,000	\$26,000		Net Saving \$8,000 Majority of uniform replacements have been ordered for 2022/23.
						-\$151,000		\$159,214	
PM2 - Asset and Building Coordinator - A Waddell									
112051	112062	34	Town Beach Cafe - Planned Maint & Minor Works - Op Exp	\$51,350	\$6,062	-\$44,000	\$7,350		Net Saving \$4,124 Offsetting Council Decision OMC 30 March - detailed design.
113061		34	Town Beach Coastal Infrastructure Maint - Op Exp - Other Rec & Sport	\$0	\$7,813	\$15,000	\$15,000		Net Expense \$15,000 Jetty cleaning for 2022/23.
115281	115320	34	Library - Operating Expense - Op Exp	\$74,210	\$68,789	\$43,160	\$117,370		Net Expense \$43,160 Additional security costs due to anti social behaviour.
122000	121031	34	Lighting - Works Maint	\$20,600	\$11,411	\$5,000	\$25,600		Net Expense \$5,000 Additional repairs after lighting inspection March 2023.
141791	141791	34	Consultancy-Asset Management Plan- Cap Ex	\$10,000	\$1,695	-\$8,305	\$1,695		Net Saving \$8,305 Internal review of AMP carried out. Consultant was not required. Artwork only.
142000	142056	34	Haas St Office - Reactive Maint - Op Exp	\$10,700	\$18,999	\$17,000	\$27,700		Net Expense \$17,000 Doors, Aircon replacement and pest treatment.

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
COA Code	Job Number	IE Code	Job Description	2022/23 Full Year Current Budget	2022/23 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description
142111		34	Minor Asset Purchases - Op Exp - General Administration O'Heads	\$15,000	\$7,860	-\$5,000	\$10,000		Net Saving \$5,000 Reduction in budget. Offset with reactive maintenance.
125225	125232	34	Street Lighting at Various Locations - Renewal	\$0	\$18,889	\$18,889	\$18,889		Net Impact Nil Male oval light pole removals. To be funded from street lighting reserve.
125964		26	Transfer From Road Reserve Street Lighting Const - Cap Inc	\$0	\$0	-\$18,889	-\$18,889	-\$18,889	
132029	132040	34	Broome Visitor Centre - Packaged Plant Cap Ex	\$55,000	\$0	\$26,375	\$81,375		Net Impact Nil Higher costs to achieve the Building renewal tasks allocated in the AMP. To be funded from Building Reserve.
147500		34	Building Renewal AMP	\$265,515	\$320,736	\$75,000	\$340,515		
117326		26	Transfer From Building Reserve - Cap Inc - BRAC Dry	-\$224,300	\$0	-\$101,375	-\$325,675	-\$101,375	
						\$22,855		-\$120,264	
PM3 - Property and Leasing Senior Officer - K Martin									
95200		75	Staff Housing Rental Costs (External Arrangement)	\$910,000	\$333,010	-\$470,000	\$440,000		Net Impact Nil Actual projection of rental costs for the full year.
95400		28	Rented Staff Housing Annual Operating Income - Staff housing	-\$910,000	-\$326,199	\$470,000	-\$440,000		
96201		28	8/83 Walcott Street - Rent & Recoup	-\$17,160	-\$17,113	-\$6,000	-\$23,160		Net Saving \$4,124 Residential rental reviews and tenancies reviewed, anticipated full year income higher than budgeted.
96202		28	8/6 Ibis Way - Rent & Recoup Income - Op Inc	-\$9,293	-\$16,910	-\$7,617	-\$16,910		
96203		28	11/6 Ibis Way - Rent & Recoup Income - Op Inc	-\$14,507	-\$16,846	-\$11,439	-\$25,946		
96200		28	1/17 Honeyeater Loop - Rent & Recoup Income - Op Inc	-\$24,507	-\$17,860	\$5,000	-\$19,507		
96204		28	2/50 Tanami Drive - Rent & Recoup Income - Op Inc	-\$24,180	\$0	\$24,180	\$0		
147496		28	Mulberry Tree Child Care - Rent & Recoup Income - Op Inc	-\$78,414	-\$72,591	-\$17,000	-\$95,414		Net Saving \$17,000 Market rent review adjustment.
112483		28	Town Beach Cafe - Rent & Recoup Income - Op Inc	-\$21,688	-\$11,812	\$9,876	-\$11,812		Net Expense \$9,876 Property is untenanted for the remainder of the year.
147478		28	Marrugeku - Office 2 at Civic Centre - Rent & Recoup -156 Office Properties Leased - Unclassified	-\$8,000	\$0	\$8,000	\$0		Net Expense \$8,000 Property rent and recoup was budgeted in two accounts.

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2022-23									
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111021	111021	39	Lotteries House - Operating Expense - Op Exp	\$21,483	\$0	-\$21,483	\$0		Net Saving \$21,483 Insurance recoup was budgeted but the organisation is self-insured. No budget required.
142995		14	Reimbursement Property Dept Legal Fee - Op Inc - Corp Gov & Supp (Legal opex refer 144027)	-\$50,000	-\$7,645	\$25,000	-\$25,000		Net Expense \$5,000 Anticipated expenditure and recoups for the remainder of the year lower than budgeted.
144027		341	Property Dept Legal Expenses - Op Exp - Property Dep't (see legal recovery opinc 142995)	\$75,000	\$21,847	-\$20,000	\$55,000		
147103		341	Survey & Misc Expenses Leased Properties - Op Exp - Unclassified Gen	\$30,000	\$1,800	-\$20,000	\$10,000		Net Saving \$20,000 Budget required for the remainder of the financial year to action Shire property valuations.
						-\$31,483		\$0	
REQ73 - Project Engineer- R Machell									
53239		34	Surf Club Building Upgrade (Inc Plant & Furniture) Cap Exp-Law Ord & PS	\$2,844,910	\$2,557,533	\$153,541	\$2,998,451		Net Saving \$155,459 Additional expense available to match the maximum BSLSC Self Supporting Loan top up approved through March OMC.
112485		34	Grant Non Op - State Swim Areas & Beaches	-\$1,860,481	-\$1,801,707	-\$309,000	-\$2,169,481		
						-\$155,459		\$0	
			Infrastructure Services Directorate (Saving)/Expense			-\$560,525		\$431,857	
						-\$487,418			

6. MATTERS BEHIND CLOSED DOORS

Nil

7. MEETING CLOSURE

There being no further business the Chair declared the meeting closed at 10:44 AM.