



VISION OF COUNCIL

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

AGENDA

FOR THE

AUDIT AND RISK COMMITTEE MEETING

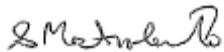
2 DECEMBER 2020

NOTICE OF MEETING

Dear Council Member,

The next Audit and Risk Committee of Council will be held on Wednesday, 2 December 2020 in the Committee Room, Corner Weld and Haas Streets, Broome, commencing at 4:00 PM.

Regards,



S MASTROLEMBO
Chief Executive Officer

27/11/2020

OUR MISSION

"To deliver affordable and quality Local Government services."

CORE VALUES OF THE SHIRE

The core values that underpin the achievement of the mission will be based on a strong customer service focus and a positive attitude:

Communication
Respect
Transparency

Integrity
Innovation
Courtesy

DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions in section 5.25 of the *Local Government Act 1995* establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

Should you require this document in an alternative format please contact us.

SHIRE OF BROOME
AUDIT AND RISK COMMITTEE MEETING
WEDNESDAY 2 DECEMBER 2020
INDEX – AGENDA

1.	OFFICIAL OPENING	4
2.	ATTENDANCE AND APOLOGIES.....	4
3.	DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY	4
4.	CONFIRMATION OF MINUTES	4
5.	REPORT OF OFFICERS	5
	5.1 ANNUAL FINANCIAL REPORT & AUDIT REPORT 2019/2020	5
6.	MEETING CLOSURE.....	96

1. OFFICIAL OPENING**2. ATTENDANCE AND APOLOGIES****3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY****4. CONFIRMATION OF MINUTES****RECOMMENDATION:**

That the Minutes of the Audit and Risk Committee held on 11 November 2020, as published and circulated, be confirmed as a true and accurate record of that meeting.

5. REPORT OF OFFICERS

5.1 ANNUAL FINANCIAL REPORT & AUDIT REPORT 2019/2020

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Senior Finance Officer
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

The Audit and Risk Committee is required 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

Under section 7.9 of the *Local Government Act 1995 (LGA)*, 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 thereon by 31 December following the financial year to which the accounts and report relate and forward a copy of that report to:

- (a) Mayor or President; and
- (b) The Chief Executive Officer; 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 LGA.

Upon finalisation of the Shire's 2019/20 final audit visit, the Auditors presented their initial findings to the Audit and Risk Committee (the Committee) for consideration at an informal briefing session held 25 November 2020. The briefing session was attended by the Committee Chair, Cr Desiree Male, the Chief Executive Officer (CEO), the Director Corporate Services and Shire officers.

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 the latest in time.

An analysis of the 2019/20 operating result is provided in this report and how it compares to the forecasted outcomes of the Shire's adopted Integrated Planning and Reporting Framework.

The Strategic Community Plan 2019-2029 (SCP) and the Corporate Business Plan 2019-2023 (CBP) were adopted by Council at the December 2018 OMC. A revised 2019-2023 Long Term Financial Plan (LTFP) was also received and adopted by Council at the December 2018 OMC. The Shire's LTFP was reviewed in November 2018 to support the review of the SCP and CBP. These plans informed the 2019/20 annual budget process.

The Shire's Infrastructure Asset Management Plan (AMP) was finalised and presented to Council at the December 2018 OMC and informed the 2019/20 annual budget process. The AMP is continuously reviewed as part of the mandated Integrated Planning and Reporting Framework and was used to inform the 2019/20 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

- Net Comprehensive Income (net accounting profit) of \$10,395,205 for the year ended 30 June 2020. Despite this Net Comprehensive Income, Net Assets were reduced by \$16M due to changes to the *Local Government (Financial Management) Regulations 1996* (FMR). This resulted in the value of land on which the Broome Golf Course and Broome Turf Club are situated not being recognised.

Non-operating grants for the Broome Volunteer Bushfire Brigade, BRAC Multisport Covered Courts, McDaniel Road Construction and Town Beach Redevelopment are the main contributory factors to this net profit figure.

- Net increase in cash of \$1,408,252 from \$42M to \$43M. The receipt of FAGS grants in advance was the main contributor to this increase.
- Net Surplus of Municipal Funds of \$4,188,392. The details of this surplus is 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.

Audit Report

There were no matters of statutory non-compliance reported.

Management Report

The Auditor's Management Report 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.

1. Matters Identified

There were a number of issues identified, as outlined in the table below. For further details see full report at Attachment 1.

ISSUE	FINDING	RISK	MANAGEMENT COMMENT
1. Bank Reconciliation	June 2020 showed an interest amount had been receipted twice in both municipal bank account and reserve bank, not picked up in reconciliations since February.	Moderate	Noted and agreed.
2. Movements in Cash Backed Reserves	Several instances where cash backed reserves not agreeing to approved budgets, and transfers out of reserves appeared to exceed approved budgets or agreements. End reserve balances being correctly stated.	Moderate	Although this resulted in reserve transfers differing from the budget, the ending balances of the reserves remained correct as pointed out in the report. Management believes that this finding is minor in nature, extent and potential implications.
3. Trust Funds	Trust balances for Civic Centre Takings and Staff Rental Bonds have been correctly removed from Trust however they are not recognised in the Municipal Fund. Also, the BRB Levy and Unclaimed Monies have been wrongly classified as Trust.	Moderate	Trust transfer amount not yet reflected in the Municipal Fund totalled \$3,625. We voluntarily classify BRB Levy and Unclaimed Monies as funds collected in a capacity as agents and ultimately remitted to the relevant Departments.
4. System Purchasing Delegations	3 employees with a requisition and purchase order limit of \$5,000 in SynergySoft, exceeding approved limit of \$2,000. No purchases in breach of the approved limit were noted.	Moderate	Management has rectified this issue in SynergySoft and is reviewing induction and supervisory procedures for responsible staff. As there were no actual breaches, and any potential breaches would be limited to \$3,000, Management believes that this finding is minor in

			nature, extent and potential implications.
5. Vendor Masterfile Review	There is currently no formal process in place to periodically review the appropriateness of details and adjustments in the vendor master file.	Moderate	Management believes that internal controls implemented should be justified by the cost and benefit of implementing the control. The weaknesses raised in this finding are mitigated effectively by the existing formal internal controls.
6. Purchase Order Authorisation	6 instances where the approved purchase order was dated on or after the date of the invoice.	Moderate	Noted and agreed. Management has been continuously monitoring purchases in breach of this requirement.
7. General Journals	End of month checklist for general journals was not completed for the final quarter of 2019/20. We understand that this was due to several staff changes in the Finance area during the period.	Moderate	Noted and agreed. The timely and accurate accomplishment of the checklist has been reiterated to the coordinators that recently started.
8. Termination Checklists	We were unable to obtain termination checklists for 2 employee terminations sampled.	Moderate	Noted and agreed. We will ensure that the termination checklist is obtained and retained for staff terminations. Management believes that this finding is minor in nature, extent and potential implications.
9. Employee Contract Variations	2 instances where employee contract variations did not appear to be formally approved by the CEO.	Moderate	Noted and agreed. Any contract variations are to be supported by formal approval by the CEO.
10. Termination Dates	We noted that termination dates in the system did not align to acknowledged termination date paperwork.	Minor	Termination date as per the paperwork should agree with the termination date as per the system, this is not always possible as we need to leave the staff active in the payroll system until no further payroll payments are expected.

11. Revenue Reconciliations	<p>The annual reconciliation of RV and UV rates to the Synergy system has been performed by the Rates Officer, however, there was no evidence of independent review.</p> <p>The June 2020 Sundry Debtors Reconciliation was not reviewed on timely basis.</p>	Moderate	<p>Evidence of independent review of the changes in UV and GRV roll to be produced going forward.</p> <p>The Sundry Debtors Reconciliation is reviewed immediately upon completion every month. In the case of the completion of the final balances wasn't achieved until early September due to the ongoing end of financial year activities.</p>
12. Project Contract Documentation	<p>The Shire is reporting an opening Contract Liability for the Morrell Park Road Maintenance project. However, an agreement could not be provided for this project and thus we are unable to ascertain whether a contract liability exists.</p>	Moderate	<p>Agreed and noted. Due to the origination date of this transaction, the original agreement could no longer be sourced. Sufficient internal records, indicate the need continue to recognise the outstanding obligation for works.</p>
13. Staff Housing Sub-Leases	<p>We noted that there was no formal contract in place for one staff housing sublease.</p>	Minor	<p>Noted and agreed. We will ensure that sub-leases are in place for all staff housing arrangements.</p>
14. Synergy Access Management	<p>We noted that Synergy access is not periodically reviewed to ensure ongoing access continues to be appropriate.</p>	Moderate	<p>Noted that the review of system access needs to be more clearly defined, the audit review process demonstrated that the level of access provided to staff was appropriate. No actual issues relating to segregation of duties, accountability or security levels were identified.</p>
15. Network Access Management	<p>From our review of network access in October 2020, we noted 3 instances where network access had not been disabled for former employees. The employees had last worked for the Shire in 2019.</p>	Moderate	<p>Processes relating to creation and termination of user access and accounts will be reviewed along with approval and documentation requirements.</p>

	In addition, whilst the remote access server records remote logins and unsuccessful login attempts, there is no evidence that these are reviewed.		
--	---	--	--

The Audit and Risk Committee should note that the OAG reiterated that there were no significant findings, unlike most local governments audited by the OAG.

2. 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 as required by Auditing Standard ASA 320 'Materiality and Audit Adjustments'.

- a. Expense that was eventually reversed for incorrectly recognised revenue from the Broome Caravan Park \$140,228;
- b. Prepayment incorrectly recognised as expense relating to licences and services \$75,737;
- c. Accrued expenses not recognised for water and electricity \$85,579;
- d. Revenue overstated by a credit note issued to DFES in 2020/21 for credit relating to prior year \$71,047; and
- e. Internal allocation accounts not eliminated for Waste Management \$171,367 and Broome Visitor Centre \$118,634.

3. Other Matters

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

2019/20 Operating Result

The financial year ended 30 June 2020 resulted in the following carried forward operating surplus:

- \$2,226,545 Estimated net surplus as at 30 June 2019/20 and budgeted as 2020/21 opening surplus.
- \$4,188,392 Actual 2019/20 operating surplus at the completion of year end processing.

The surplus amounts above excludes non-cash transactions such as depreciation, profit or loss on plant disposal, provision for credit losses and the effects of asset revaluation gains or losses.

The 2020/21 Annual Budget adopted at the June 2020 OMC, included an estimated brought forward operating surplus of \$2,226,545 from 2019/20. This comprised the following:

- \$1,382,467 Financial Assistance Grants (FAGS) estimated to be received in advance; and

- \$844,078 estimated surplus from operating and capital budgets not expected to be spent or collected by 30 June 2020, with “work in progress” projects expected to continue in 2020/21 as detailed in Attachment 3.

The above figures were calculated prior to the close of financial year processing. At the completion of the year ending 30 June 2020, the actual brought forward surplus has been adjusted to the final confirmed amount of \$4,188,392 which comprises:

- \$1,382,467 actual FAGS funding received in advance;
- \$1,552,969 confirmed amount of net surplus from projects originally anticipated as carryovers at the time of budget adoption;
- \$695,878 net surplus pertaining to additional carryover projects not previously anticipated at the time of budget preparation;
- \$557,078 of remaining surplus.

The net surplus of \$557,078 is not attributable to a specific event, but rather is a result of numerous favourable and unfavourable variances in budget line items. The items below are the most significant movements impacting the net surplus:

- \$416K overall savings in salaries, wages, superannuation and other personnel-related costs;
- \$332K additional rates received – GRV Valuation identified missed properties so that rates then received were unbudgeted.
- \$467 of restricted cash reverted to municipal funds to comply with the new revenue recognition standards.
- \$32K additional grants received in 2019-20 to reimburse Discovery Festival expenses incurred in 2018-19.

At the 6 October 2020 Special Meeting, Council resolved to assign surplus arising in 2019-20 to Chinatown Stage 2.

A summary of the recommended surplus allocation is as follows:

SUMMARY OF 2019/20 SURPLUS

	Budgeted Opening Surplus 2020/21	Actual Surplus as Confirmed 2020/21
Expenditure budget carried over	16,271,613	17,104,281
Income budget carried over	-15,427,535	-15,551,311
Surplus from advanced FAGS carried over	1,382,467	1,382,467
Newly identified expense carryover		3,113,757
Newly identified income carryover		-2,417,880
Net surplus available for Chinatown Stage 2		557,078
Net surplus	2,226,545	4,188,392

ADJUSTMENTS TO PRIOR YEARS ANNUAL REPORTS

There were no adjustments required to prior year reports.

CONSULTATION

Office of the Auditor General

STATUTORY ENVIRONMENT

Local Government Act 1995

5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
 - (2) The annual report is to contain —
 - (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - [(c), (d) deleted]
 - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (f) the financial report for the financial year; and
 - (g) such information as may be prescribed in relation to the payments made to employees; and
 - (h) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
 - (ha) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993 ; and
 - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints;
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require;
- and
- (i) such other information as may be prescribed.

[Section 5.53 amended by No. 44 of 1999 s. 28(3); No. 49 of 2004 s. 42(4) and (5); No. 1 of 2007 s. 6; No. 5 of 2017 s. 7(1).]

5.54. Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

* Absolute majority required.

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

6.4. Financial report

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
 - (a) be prepared and presented in the manner and form prescribed; and
 - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
 - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
 - (b) the annual financial report of the local government for the preceding financial year.

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
 - (a) there is any error or deficiency in an account or financial report submitted for audit; or
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
 - (a) prepare a report thereon; and
 - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government to be dealt with under section 7.12A.

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —

- (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Local Government (Audit) Regulations 1996

10. Report by auditor

- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

Local Government (Financial Management) Regulations 1996

17A Assets, valuation of for financial reports etc.

- (1) In this regulation —
 - carrying amount**, in relation to an asset, means the carrying amount of the asset determined in accordance with the AAS;
 - fair value**, in relation to an asset, means the fair value of the asset measured in accordance with the AAS.
- (2) Subject to subregulation (3), the value of an asset shown in a local government's financial reports must be the fair value of the asset.
- (3) A local government must show in each financial report —

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government —
 - (i) that are plant and equipment; and
 - (ii) that are —
 - (I) land and buildings; or
 - (II) infrastructure;
 - and
 - (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.
- (4) A local government must revalue all assets of the local government –
- (a) whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount; and
 - (b) in any event, within a period of at least 3 years but no more than 5 years after the day on which the asset was last valued or revalued.
- (5) An asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5 000.

[Regulation 17A inserted: Gazette 20 Apr 2012 p. 1699-700; amended: Gazette 21 Jun 2013 p. 2451; 26 Jun 2018 p. 2388.]

POLICY IMPLICATIONS

2.2.2 - Materiality in Financial Reporting
2.2.7 - Significant Accounting Policies

FINANCIAL IMPLICATIONS

In terms of materiality, the unallocated surplus amount of \$557,078 (surplus excluding FAGS grants in advance and the committed expenditure of Attachment 3 and 4) represents a variance of 1.43% compared to original budgeted operating revenue for 2019/20 of \$39,018,702 (excluding non-operating grants and contributions for assets). This net surplus is greater than the adopted threshold of \$390,187 at the June OMC when the annual budget was adopted.

RISK

The audited Annual Financial Report is a key control measure used to report to Council and its stakeholders that Council's financial position, result of operations, cash flows, changes in equity and rate setting statement are free from any material misstatement caused by fraud or error. The audit findings indicate areas requiring improvement and management have

implemented measures to review processes. The report measures Council's financial capacity to achieve its adopted strategic and operational objectives. A material variance indicates areas requiring investigation such as revisiting budget estimation assumptions, workforce management and Council's overall resource capacity to achieve its strategic objectives.

The recommendation by the Committee to Council for the adoption of the Annual Financial Report, Audit and Management Report and CEO's report is a key statutory compliance matter. Should this not be recommended for adoption, Council's adoption of the 2019/20 Annual Report will be delayed. This will impact Council's ability to schedule the Annual Electors Meeting (AEM). This poses a high risk due to the possibility of occurring and the impact of a significant delay to major deliverables.

Should the Committee make alternative recommendations regarding the proposed allocation of the 2019/20 surplus, given the materiality of the amount and In line with Council's risk ratings, the risk is assessed as moderate where the financial impact is less than \$250,000 and the likelihood of this occurring is possible. To mitigate these risks, the report recommendations should be adopted.

STRATEGIC IMPLICATIONS

Our People Goal – Foster a community environment that is accessible, affordable, inclusive, healthy and safe:

Effective communication

Affordable services and initiatives to satisfy community need

Our Prosperity Goal – Create the means to enable local jobs creation and lifestyle affordability for the current and future population:

Affordable and equitable services and infrastructure

Affordable land for residential, industrial, commercial and community use

Key economic development strategies for the Shire which are aligned to regional outcomes working through recognised planning and development groups/committees

Our Organisation Goal – Continually enhance the Shire's organisational capacity to service the needs of a growing community:

An organisational culture that strives for service excellence

Sustainable and integrated strategic and operational plans

Responsible resource allocation

Effective community engagement

Improved systems, processes and compliance

VOTING REQUIREMENTS

Absolute Majority

REPORT RECOMMENDATION:

That the Audit and Risk Committee recommends that Council:

- 1. Receives the Chief Executive Officer's report relating to the audit.*
- 2. Receives the Audit Management Report as per Attachment 1.*
- 3. Adopts the Audit Report dated 26 November 2020 and the Audited Annual Financial Report for the year ended 30 June 2020 as per Attachment 2.*
- 4. Confirms the allocation of the net surplus from the 2019/20 financial year as per Attachments 3 and 4 with the balance of \$557,078 to be allocated to Chinatown Stage 2 project.*

Attachments

1. Audit Management Report
2. Audited Annual Financial Report 30 June 2020
3. 2019-20 Original Carryover Projects Adjusted for Actuals
4. 2019-20 Additional Carryover Projects

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Bank Reconciliation		✓	
2. Movements in Cash Backed Reserves		✓	
3. Trust Funds		✓	
4. System Purchasing Delegations		✓	
5. Vendor Masterfile Review		✓	
6. Purchase Order Authorisation		✓	
7. General Journals		✓	
8. Termination Checklists		✓	
9. Employee Contract Variations		✓	
10. Termination Dates			✓
11. Revenue Reconciliations		✓	
12. Project Contract Documentation		✓	
13. Staff Housing Sub-Leases			✓
14. Synergy Access Management		✓	
15. Network Access Management		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Bank Reconciliation

Finding

During our review of the June 2020 bank reconciliation, we noted an interest revenue amount had been receipted twice in both municipal bank account and reserve bank account overstating the cash at bank balance as at year end.

The interest earnings amount pertains to the interest earned on term deposits for the month of February 2020. The error was therefore not detected in the bank reconciliation from February 2020.

Rating: Moderate

Implication

In the absence of an effective bank reconciliation process there is an increased risk that financial information may not be correctly reflected in the general ledger, resulting in inaccurate financial reporting.

Recommendation

We recommend that the Shire reviews its bank reconciliation processes to ensure the monthly bank reconciliation has been appropriately prepared. Management should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure reconciling items are fully supported.

Management Comment

Noted and agreed.

Responsible Person:

Finance Officer – Revenue and Coordinator Financial Operations

Completion Date:

On or before 31 January 2021

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Movements in Cash Backed Reserves

Finding

We noted several instances where cash backed reserves transfers in did not agree to approved budgets, and transfers out of reserves appeared to exceed approved budgets or agreements.

This was mainly due to journal entry errors, with end reserve balances being correctly stated.

Rating: Moderate

Implication

Movements in reserves are not authorised by Council, resulting in non-compliance with regulations.

Recommendation

All reserve movements should be approved by Council through the budget process.

Management Comment

The error described relates to two transactions where the accounts' *Transfer from Reserve* and *Transfer To Reserve* had been used interchangeably. Although this resulted in reserve transfers differing from the budget, the ending balances of the reserves remained correct as pointed out in the report.

Management believes that this finding is minor in nature, extent and potential implications

Responsible Person:

Senior Finance Officer and Coordinator Financial Services

Completion Date:

31 January 2021

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Trust Funds

Finding

We noted that the opening Trust balances for Civic Centre Takings and Staff Rental Bonds have been correctly removed from Trust however they are not recognised in the Municipal Fund, and are therefore are not reflected in the financial statements.

We also note the BRB Levy and Unclaimed Monies have been wrongly classified as Trust.

Rating: Moderate

Implication

If there is no requirement for money or assets to be credited to the trust fund in accordance with s6.9(1) of the *Local Government Act 1995*, they should not be held in the Shire's trust fund.

In addition, as these moneys are not in the Shire's Municipal Fund, assets and liabilities for the Shire are understated.

Recommendation

We recommend that any money not required to be held in trust is transferred to the Shire's Municipal Fund. These funds should be recognised as assets in the Statement of Financial Position, with a corresponding liability to recognise the moneys that are owed.

Where agreements exist requiring moneys to be held in trust, the Shire should ensure that records of the agreements are appropriately maintained to ensure that these moneys are correctly accounted for and are used for the correct purpose.

Management Comment

The opening balance of the Civic Centre Takings and Staff Rental Bonds that have been removed from Trust Balance but not yet reflected in the Municipal Fund totalled \$3,625 and we prefer to identify the counter-parties of these funds from the Trust module in order to properly account for within the Bonds and Deposits Liability of the Municipal Fund.

We confirm that we voluntarily classified BRB Levy and Unclaimed Monies as these are funds collected by the Shire in a capacity as agents and ultimately remitted to the Department of Mines, Industry Regulation and Safety and the Department of the Treasury, respectively.

In the management's belief, the incorrect classification of non-trust item as trust bears far lesser risk, both contractually and legislatively than failing to hold trust funds into trust. Management believes that this finding is minor in nature, extent and potential implications

Responsible Person:

Finance Officer – Revenue and Coordinator Financial Operations

Completion Date:

31 January 2021

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. System Purchasing Delegations

Finding

We noted 3 employees with a requisition and purchase order limit of \$5,000 in the SynergySoft system, which did not align to their approved limit of \$2,000.
No purchases in breach of the approved limit were noted.

Rating: Moderate

Implication

Without proper approvals and correct delegation limits set up in the SynergySoft system there is an increased risk of inappropriate or fraudulent transactions occurring, which may result in financial loss.

Recommendation

Purchasing limits in the SynergySoft system should be regularly reviewed to ensure they align to approved limits.

Management Comment

Management has started rectifying this issue by ensuring all positions as per the Expenditure Authorisation Limits policy are aligned with Synergy. Furthermore, any new position that should be included in the Expenditure Authorisation Limits Policy are updated going forward.

Given the magnitude of the potential financial impact of \$3,000 and there being no actual instance of breach, Management believes that this finding is minor in nature, extent and potential implications.

Responsible Person:

Senior Procurement and Risk Officer

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Vendor Masterfile Review

Finding

There is currently no formal process in place to periodically review the appropriateness of details and adjustments in the vendor masterfile.

From our review of the current vendor masterfile listing, we noted the following:

- In previous years modifications were made to vendor bank accounts details on weekends and outside of business hours.
- In the current financial year a modification has been made which has resulted in 2 seemingly unrelated suppliers sharing the same bank account number. We also noted this occurred in prior years.
- There are a number of duplicated suppliers, with most flagged as 'do not use'.

Rating: Moderate

Implication

Without adequate periodic review of modifications and additions to the vendor master file, there is an increased risk of fictitious suppliers being established and funds being inappropriately disbursed.

Recommendation

Modifications and additions to the supplier master file should be independently reviewed on a regular basis to ensure the appropriateness of the change.

Management Comment

Management believes that internal controls implemented should be justified by the cost and benefit of implementing the control.

The weaknesses raised in this finding are mitigated effectively by the following formal internal controls:

- Preparation, authorisation and approval of both the New Creditor Request Form and Change In Bank Detail Request Forms. Copies of these forms had been provided during the OAG's examination.
- Changes to the bank details are reviewed on each payment run, not only on specific dates of the month (i.e. end of the month, etc), which would then identify any recent bank detail changes to vendors that are about to be paid. Sufficient identifying marks and comments are made available on each payment batch to demonstrate the level of scrutiny and supervisory effort in performing this control. In management's judgement and belief, the current practice of reviewing and identifying any changes to the vendor details at the point of payment is a better control than the control improvement suggested and achieves the same purpose.

As a control improvement, we will consider an automated prompt from Synergysoft to notify certain officers when a new creditor is added or modified for bank details

Responsible Person:

NA

Completion Date:

NA

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

6. Purchase Order Authorisation

Finding

During our testing of expenses, we noted 6 instances where the approved purchase order was dated on or after the date of the invoice.

Rating: Moderate

Implication

Goods and services are receipted without an approved purchase order, increasing the risk of fraud and inappropriate purchases.

Recommendation

Purchasing processes should be reviewed to ensure authorised purchase orders are in place prior to receipt of goods and services.

Management Comment

Noted and agreed. Management has been continuously monitoring purchases in breach of this requirement.

Responsible Person:

All Responsible Officers

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

7. General Journals

Finding

We observed that the end of month checklist for general journals was not completed for the final quarter of 2019/20. We understand that this was due to a number of staff changes in the Finance area during the period.

During our review of a sample of general journals for the period, we noted the following:

- 2 duplicate journal postings
- A number of repeated incorrect postings, which subsequently had to be corrected
- Finance only require an appropriately approved Journal Request Form to process correction journals, so supporting original journals and invoices/transactions requiring correction were often not attached to the journal.

2019 Finding:

Whilst management require all general journals to be manually authorised and independently reviewed prior to posting, we noted these process controls could be bypassed. Our sample testing of controls did not identify any erroneous journals.

Rating: Moderate

Implication

Where month end review processes are not performed, and without proper documentation attached to correction journals, there is an increased risk of erroneous transactions or fraud occurring without detection.

Recommendation

We recommend the Shire review its end of month processes to ensure checklists are completed in a timely manner. Management should ensure adequate level of training is provided to staff processing journals. Journal reviewers should ensure Journal Request Forms have adequate supporting documentation such as invoices, original journal transactions, etc. attached to the form.

Management Comment

Noted and agreed. The timely and accurate accomplishment of the checklist has been reiterated to the coordinators that recently started.

2019 Management Comment:

Monthly review and sign-off of system generated journal entry reports will be implemented as a detective control in addition to the following existing preventative controls:

- Segregation of journal entry preparation and independent review
- Use of standard journal entry numbering convention
- Use of a Journal Entry Serial Number Control Log

This requirement will be included in our End of Month Activity Checklist.

Responsible Person:

Coordinator Financial Services and Coordinator Financial Operations

Completion Date:

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

8. Termination Checklists

Finding

We were unable to obtain termination checklists for 2 employee terminations sampled.

Rating: Moderate

Implication

In the absence of a signed termination checklist, there is a risk that not all matters associated with terminations are being addressed. There is also an increased risk of financial loss as assets may be misappropriated and credit cards may not be cancelled and destroyed.

Recommendation

We recommend that the Shire ensure that a termination checklist is completed and signed by line managers for all terminating employees

Management Comment

Noted and agreed. We will ensure that the termination checklist is obtained and retained for staff terminations.

Management believes that this finding is minor in nature, extent and potential implications.

Responsible Person:

Departmental Managers, People and Culture Support Officers, Payroll Officer

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

9. Employee Contract Variations

Finding

We noted 2 instances where employee contract variations did not appear to be formally approved by the CEO:

- A new employee who worked one week before their contract commencement date
- A seconded employee who worked for almost two weeks after their contract end date

Rating: Moderate

Implication

For the variation periods, there is no formal evidence to confirm that the employee is aware of the terms of their employment and responsibilities attached to the employment.

There is also an increased risk of fraud or error occurring without detection and should any disputes arise, the Shire may not be able to support its position.

Recommendation

Contract variations should be formally approved in advance by the CEO.

Management Comment

Noted and agreed. Any contract variations are to be supported by formal approval by the CEO.

Responsible Person:

People and Culture Support Officers and Manager People and Culture

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

10. Termination Dates

Finding

We noted that termination dates in the system did not align to acknowledged termination date paperwork.

Rating: Minor

Implication

Termination payments may not be appropriately calculated.

Recommendation

Ensure termination dates used in termination calculations are appropriately supported by acknowledged paperwork.

Management Comment

Since the finding referred to the termination payments, we assumed that the term 'system' relates to the payroll system when providing this response.

While we endeavour to ensure that the termination date as per the paperwork agrees with the termination date as per the system, this is not always possible as we need to leave the staff active in the payroll system until no further payroll payments are expected. These instances could arise from the following circumstances:

- Staff who had been approved by the CEO to use unused leave entitlements to bring them towards the end of their termination dates.
- Staff who had ended employment but would like to spread their final payments across multiple pay periods.
- Staff whose last day is in the middle of a pay period but has to remain active until the final payment date.

Responsible Person:

Payroll Officer

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

11. Revenue Reconciliations

Finding

We noted that:

- The annual reconciliation of RV and UV rates to the Synergy system has been performed by the Rates Officer, however, there was no evidence of independent review.
- The June 2020 Sundry Debtors Reconciliation was not reviewed on timely basis.

Rating: Moderate

Implication

There is an increased risk of errors not being detected and resolved in a timely manner.

Recommendation

We recommend the Shire review's its end of month processes to ensure reconciliations are prepared and independently reviewed in a timely manner.

Management Comment

Evidence of independent review of the changes in UV and GRV roll to be produced going forward.

The Sundry Debtors Reconciliation is reviewed immediately upon completion every month. In the case of The completion of the final balances wasn't achieved until early September due to the ongoing end of financial year activities such as final billing for Kimberley Regional Offices Outgoings, Broome Visitor Centre Outgoings, Broome SES Building and various end-of-year final billings for recoupable expenses that can only be completed after the cut-off of processing of supplier invoices.

Responsible Person:

Finance Officer – Revenue and Coordinator Financial Operations

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

12. Project Contract Documentation

Finding

The Shire is reporting an opening Contract Liability for the Morrell Park Road Maintenance project. However, an agreement could not be provided for this project and thus we are unable to ascertain whether a contract liability exists.

Rating: Moderate

Implication

Contract liabilities and revenue may be misstated in the financial report.

Recommendation

The Shire should ensure that records of the agreements are appropriately maintained to ensure that these moneys are correctly accounted for.

Management Comment

Agreed and noted. Unfortunately, due to the origination date of this transaction, the original agreement could no longer be sourced. Sufficient internal records, however, is in place to continue to recognise the outstanding obligation from the maintenance works for this arrangement for the Morrell Park. Management believes that this finding is minor in nature, extent and potential implications.

Responsible Person:

All Responsible Officers (ROs)

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

13. Staff Housing Sub-Leases

Finding

We noted that there was no formal contract in place for one staff housing sublease.

Rating: Minor

Implication

The terms of the lease could be disputed, and should any disputes arise, the Shire may not be able to support its position.

Recommendation

The Shire should review all staff housing sub-leases to ensure that there are formal agreements in place for all arrangements.

Management Comment

Noted and agreed. We will ensure that sub-leases are in place for all staff housing arrangements.

Responsible Person:

Senior Property and Leasing Officer

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

14. Synergy Access Management

Finding

We noted that Synergy access is not periodically reviewed to ensure ongoing access continues to be appropriate.

Rating: Moderate

Implication

Excessive/Inappropriate user access to the system modules may allow staff to use the system inappropriately. For example, this access could be used to undermine the effectiveness of system controls, such as segregation of duties and diminish accountability.

Recommendation

We recommend that the Shire periodically reviews user access rights and module responsibility structures. This will ensure that only staff with authorised module access can process transactions to the accounting system in accordance with their job description.

Management Comment

While it is noted that the review of system access needs to be more clearly defined, the review undertaken during the audit process demonstrated that the level of access provided to staff was appropriate.

No actual issues relating to segregation of duties, accountability or security levels were identified.

Responsible Person:

Manager Information Services

Completion Date:

Continuous

ATTACHMENT

SHIRE OF BROOME

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

15. Network Access Management

Finding

From our review of network access in October 2020, we noted 3 instances where network access had not been disabled for former employees. The employees had last worked for the Shire in 2019.

In addition, whilst the remote access server records remote logins and unsuccessful login attempts, there is no evidence that these are reviewed.

Rating: Moderate

Implication

Without appropriate user access management and monitoring controls in place there is an increased risk of inappropriate or unauthorised access to the Shire's IT systems and/or information. This could impact the confidentiality, integrity and availability of the Shire's information.

Recommendation

The Shire should:

- Regularly review and monitor network user access, and remote access, to ensure it is still appropriate and needed. Appropriate records of these reviews should be retained, and accounts not needed should be removed or disabled timely
- Adequate approval and account details should be documented in the service requests for new accounts
- Based on an assessment of risk, specify a timeframe for the disabling of accounts that have not accessed the network.

Management Comment

Processes relating to creation and termination of user access and accounts will be reviewed along with approval and documentation requirements.

Responsible Person:

Manager Information Services

Completion Date:

Q2 - 3 2020-21
Continuous

SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	51

COMMUNITY VISION

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

Principal place of business:
27 Weld Street
BROOME WA 6725

**SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the SHIRE OF BROOME at 30 June 2020 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 25th day of NOVEMBER 2020



Chief Executive Officer

Sam Mastrolembo

Name of Chief Executive Officer

SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	23,107,761	22,798,521	22,392,626
Operating grants, subsidies and contributions	2(a)	7,223,668	2,781,046	3,978,224
Fees and charges	2(a)	9,014,173	10,896,001	9,908,218
Interest earnings	2(a)	642,679	1,444,644	1,476,449
Other revenue	2(a)	849,676	1,098,490	1,621,900
		40,837,957	39,018,702	39,377,417
Expenses				
Employee costs		(15,652,244)	(16,746,319)	(14,832,097)
Materials and contracts		(7,900,947)	(11,309,836)	(13,223,815)
Utility charges		(1,980,087)	(1,946,680)	(1,882,925)
Depreciation on non-current assets	11(c)	(11,145,143)	(11,355,912)	(10,021,199)
Interest expenses	2(b)	(96,816)	(147,631)	(92,802)
Insurance expenses		(671,595)	(650,324)	(657,408)
Other expenditure		(1,699,729)	(3,015,397)	(2,613,860)
		(39,146,561)	(45,172,099)	(43,324,106)
		1,691,396	(6,153,397)	(3,946,689)
Non-operating grants, subsidies and contributions	2(a)	8,778,233	16,990,887	12,577,669
Profit on asset disposals	11(a)	38,051	74,132	7,273
(Loss) on asset disposals	11(a)	(112,475)	(189,301)	(21,881)
		8,703,809	16,875,718	12,563,061
Net result for the period		10,395,205	10,722,321	8,616,372
Total comprehensive income for the period		10,395,205	10,722,321	8,616,372

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



SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		254,038	375,532	614,432
General purpose funding		25,796,689	24,228,489	24,703,828
Law, order, public safety		80,136	182,885	128,540
Health		160,019	187,168	197,486
Education and welfare		1,739	17,000	24,000
Housing		663,287	751,345	716,548
Community amenities		5,575,647	7,130,455	6,421,517
Recreation and culture		1,232,216	1,530,124	1,340,966
Transport		4,242,253	1,237,310	1,682,022
Economic services		779,025	1,163,579	1,033,114
Other property and services		2,052,908	2,214,815	2,514,964
		40,837,957	39,018,702	39,377,417
Expenses				
Governance		(2,214,058)	(2,956,639)	(2,481,720)
General purpose funding		(236,552)	(289,764)	(404,056)
Law, order, public safety		(1,122,478)	(1,375,023)	(1,049,151)
Health		(695,647)	(684,329)	(745,364)
Education and welfare		(367,293)	(505,242)	(587,946)
Housing		(731,915)	(862,650)	(860,897)
Community amenities		(8,234,489)	(9,750,148)	(8,162,850)
Recreation and culture		(11,450,126)	(13,525,969)	(11,413,945)
Transport		(9,983,007)	(9,373,317)	(12,345,614)
Economic services		(2,390,628)	(2,413,522)	(2,856,083)
Other property and services		(1,623,552)	(3,287,865)	(2,323,678)
		(39,049,745)	(45,024,468)	(43,231,304)
Finance Costs				
Recreation and culture		(65,508)	(98,824)	(91,836)
Economic services		(31,308)	(48,807)	(966)
		(96,816)	(147,631)	(92,802)
		1,691,396	(6,153,397)	(3,946,689)
Non-operating grants, subsidies and contributions	2(a)	8,778,233	16,990,887	12,577,669
Profit on disposal of assets	11(a)	38,051	74,132	7,273
(Loss) on disposal of assets	11(a)	(112,475)	(189,301)	(21,881)
		8,703,809	16,875,718	12,563,061
Net result for the period		10,395,205	10,722,321	8,616,372
Total comprehensive income for the period		10,395,205	10,722,321	8,616,372

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



SHIRE OF BROOME
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	43,577,663	42,169,411
Trade receivables	5	6,155,732	2,807,518
Inventories	6	44,406	49,463
Other current assets	7	104,803	350,640
TOTAL CURRENT ASSETS		49,882,604	45,377,032
NON-CURRENT ASSETS			
Trade receivables	5	37,536	32,159
Other financial assets at amortised cost	8	89,026	87,586
Property, plant and equipment	9	73,033,075	87,045,403
Infrastructure	10	310,126,038	294,728,403
TOTAL NON-CURRENT ASSETS		383,285,675	381,893,551
TOTAL ASSETS		433,168,279	427,270,583
CURRENT LIABILITIES			
Trade and other payables	13	6,343,271	7,495,460
Contract & Capital Grant Liabilities	14	9,875,827	0
Borrowings	15(b)	854,092	739,456
Employee related provisions	16	2,379,880	1,955,626
TOTAL CURRENT LIABILITIES		19,453,070	10,190,542
NON-CURRENT LIABILITIES			
Borrowings	15(b)	3,255,864	2,659,956
Employee related provisions	16	280,545	475,965
Other provisions	17	4,802,000	0
TOTAL NON-CURRENT LIABILITIES		8,338,409	3,135,921
TOTAL LIABILITIES		27,791,479	13,326,463
NET ASSETS		405,376,800	413,944,120
EQUITY			
Retained surplus		138,434,050	127,524,101
Reserves - cash backed	4	31,872,959	35,273,696
Revaluation surplus	12	235,069,791	251,146,323
TOTAL EQUITY		405,376,800	413,944,120

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



SHIRE OF BROOME
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2018		116,134,519	38,046,906	251,146,323	405,327,748
Comprehensive income					
Net result for the period		8,616,372	0	0	8,616,372
Total comprehensive income		8,616,372	0	0	8,616,372
Transfers from/(to) reserves		2,773,210	(2,773,210)	0	0
Balance as at 30 June 2019		127,524,101	35,273,696	251,146,323	413,944,120
Initial application of AASB 15/1058		(2,885,993)	0	0	(2,885,993)
Impact of amendment to FMR		0	0	(16,076,532)	(16,076,532)
Restated balance at 1 July 2019		124,638,108	35,273,696	235,069,791	394,981,595
Comprehensive income					
Net result for the period		10,395,205	0	0	10,395,205
Total comprehensive income		10,395,205	0	0	10,395,205
Transfers from/(to) reserves		3,400,737	(3,400,737)	0	0
Balance as at 30 June 2020		138,434,050	31,872,959	235,069,791	405,376,800

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

SHIRE OF BROOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		22,997,951	22,798,521	22,284,359
Operating grants, subsidies and contributions		603,644	2,781,046	2,299,955
Fees and charges		9,014,173	10,896,001	9,908,218
Interest received		642,679	1,444,644	1,476,449
Goods and services tax received		490,250	0	1,269,719
Other revenue		849,676	1,098,490	1,534,314
		34,598,373	39,018,702	38,773,014
Payments				
Employee costs		(15,184,518)	(16,746,319)	(15,068,488)
Materials and contracts		(9,094,583)	(11,309,836)	(6,685,019)
Utility charges		(1,980,087)	(1,946,680)	(1,882,925)
Interest expenses		(43,367)	(147,631)	(31,301)
Insurance paid		(671,595)	(650,324)	(657,408)
Goods and services tax paid		0	0	(3,943,577)
Other expenditure		(1,701,170)	(3,015,397)	(2,613,860)
		(28,675,320)	(33,816,187)	(30,882,578)
Net cash provided by (used in) operating activities	18	5,923,054	5,202,515	7,890,436
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(6,398,738)	(7,570,122)	(2,199,719)
Payments for construction of infrastructure		(17,971,831)	(25,120,496)	(22,385,310)
Non-operating grants, subsidies and contributions		18,654,060	16,990,887	12,577,669
Proceeds from sale of property, plant & equipment		491,163	585,000	72,814
Net cash provided by (used in) investment activities		(5,225,346)	(15,114,731)	(11,934,546)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(739,456)	(675,348)	(619,826)
Advances to community groups		0	(1,250,000)	0
Proceeds from new borrowings		1,450,000	3,250,000	1,700,000
Net cash provided by (used in) financing activities		710,544	1,324,652	1,080,174
Net increase (decrease) in cash held		1,408,252	(8,587,564)	(2,963,936)
Cash at beginning of year		42,169,411	38,609,225	45,133,347
Cash and cash equivalents at the end of the year	18	43,577,663	30,021,661	42,169,411

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

SHIRE OF BROOME
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	2,144,226	4,006,759	4,346,500
		2,144,226	4,006,759	4,346,500
Revenue from operating activities (excluding rates)				
Governance		254,038	375,532	614,432
General purpose funding		2,688,928	1,429,968	2,311,202
Law, order, public safety		80,136	182,885	128,540
Health		160,019	187,168	197,486
Education and welfare		1,739	17,000	24,000
Housing		663,287	751,345	716,548
Community amenities		5,579,168	7,137,797	6,421,517
Recreation and culture		1,232,734	1,530,124	1,340,966
Transport		4,242,253	1,237,310	1,682,022
Economic services		779,025	1,163,579	1,033,114
Other property and services		2,086,920	2,281,605	2,522,237
		17,768,247	16,294,313	16,992,064
Expenditure from operating activities				
Governance		(2,227,148)	(2,970,884)	(2,481,720)
General purpose funding		(236,552)	(289,764)	(404,056)
Law, order, public safety		(1,122,478)	(1,375,023)	(1,055,516)
Health		(695,647)	(684,329)	(745,364)
Education and welfare		(367,293)	(505,242)	(587,946)
Housing		(731,915)	(862,650)	(860,897)
Community amenities		(8,236,485)	(9,762,121)	(8,173,819)
Recreation and culture		(11,515,634)	(13,632,793)	(11,505,781)
Transport		(9,983,007)	(9,373,317)	(12,345,614)
Economic services		(2,421,936)	(2,462,329)	(2,857,049)
Other property and services		(1,720,941)	(3,442,948)	(2,328,225)
		(39,259,036)	(45,361,400)	(43,345,987)
Non-cash amounts excluded from operating activities	24(a)	11,417,085	11,471,081	9,840,185
Amount attributable to operating activities		(7,929,477)	(13,589,247)	(12,167,237)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		8,778,233	16,990,887	12,577,669
Proceeds from disposal of assets	11(a)	491,163	585,000	72,814
Purchase of property, plant and equipment	9(a)	(6,398,738)	(7,570,122)	(2,199,719)
Purchase and construction of infrastructure	10(a)	(17,971,831)	(25,120,496)	(22,385,310)
Amount attributable to investing activities		(15,101,173)	(15,114,731)	(11,934,546)
FINANCING ACTIVITIES				
Advances to community groups	15(b)	0	(1,250,000)	0
Repayment of borrowings	15(b)	(739,456)	(675,348)	(619,826)
Proceeds from borrowings	15(c)	1,450,000	3,250,000	1,700,000
Transfers to reserves (restricted assets)	4	(4,294,607)	(2,210,246)	(7,113,415)
Transfers from reserves (restricted assets)	4	7,695,344	6,791,051	9,886,625
Amount attributable to financing activities		4,111,281	5,905,457	3,853,384
Surplus/(deficit) before imposition of general rates		(18,919,369)	(22,798,521)	(20,248,399)
Total amount raised from general rates	23	23,107,761	22,798,521	22,392,626
Surplus/(deficit) after imposition of general rates	24(b)	4,188,392	0	2,144,226

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* (FMR) take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire of Broome. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire of Broome has applied AASB 16 *Leases* which requires leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost.

The Shire has accounted for the removal of the vested land values associated with Broome Golf Club and Broome Turf Club by removing the land value and associated revaluation as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition. Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	202,684	318,880	231,880
General purpose funding	2,316,198	955,818	1,903,512
Health	5,589	0	0
Education and welfare	1,739	17,000	24,000
Community amenities	36,045	38,000	66,671
Recreation and culture	320,759	178,557	112,540
Transport	4,198,274	1,117,052	1,512,818
Economic services	3,615	130,739	50,000
Other property and services	138,765	25,000	76,803
	7,223,668	2,781,046	3,978,224
Non-operating grants, subsidies and contributions			
Law, order, public safety	1,276,580	1,200,000	0
Community amenities	66,461	158,922	200,000
Recreation and culture	4,995,100	13,472,924	5,229,229
Transport	2,229,897	2,159,041	2,937,562
Economic services	210,195	0	4,118,408
Other property and services	0	0	92,470
	8,778,233	16,990,887	12,577,669
Total grants, subsidies and contributions	16,001,901	19,771,933	16,555,893

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

Grants, donations and other contributions (Continued)

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, amounts are disclosed in Note 14.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Other revenue			
Reimbursements and recoveries	722,972	1,082,490	1,604,115
Other	126,704	16,000	17,785
	849,676	1,098,490	1,621,900
Fees and Charges			
General purpose funding	93,765	97,650	91,370
Law, order, public safety	66,332	130,765	77,234
Health	154,430	187,168	194,460
Housing	660,493	749,995	716,549
Community amenities	5,261,487	6,618,583	5,825,122
Recreation and culture	851,641	1,216,370	1,115,994
Transport	4,769	15,000	3,564
Economic services	738,780	899,256	910,772
Other property and services	1,182,477	981,214	973,153
	9,014,173	10,896,001	9,908,218
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Loans receivable - clubs/institutions	0	22,646	0
Reserve accounts interest	281,433	779,435	951,628
Rates instalment and penalty interest (refer Note 23(c))	259,375	300,000	315,438
Other interest earnings	101,871	342,563	209,383
	642,679	1,444,644	1,476,449

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2020 Actual \$	2020 Budget \$	2019 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	52,925	110,500	59,000
- Other services	12,679	15,000	3,700
	65,604	125,500	62,700
Interest expenses (finance costs)			
Borrowings (refer Note 15(b))	96,816	147,631	92,802
	96,816	147,631	92,802

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		43,577,663	42,169,411
		43,577,663	42,169,411
Comprises:			
- Unrestricted cash and cash equivalents		3,552,800	6,135,600
- Restricted cash and cash equivalents		40,024,863	36,033,811
		43,577,663	42,169,411
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Leave Reserve	4	1,076,266	1,051,077
Reserves cash backed - Restricted Cash	4	0	712,180
Reserves cash backed - Community Sponsorship	4	97,271	61,744
Reserves cash backed - EDL Sponsorship	4	134,882	145,189
Reserves cash backed - Road Reserve	4	1,824,122	2,061,646
Reserves cash backed - Public Art Reserve	4	6,182	167,572
Reserves cash backed - Carpark Reserve	4	295,639	533,886
Reserves cash backed - Footpath Reserve	4	2,349,298	2,179,884
Reserves cash backed - BRAC (Leisure Centre) Re	4	58,224	98,488
Reserves cash backed - Public Open Space	4	1,976,821	3,385,685
Reserves cash backed - Drainage reserve	4	1,235,496	1,693,987
Reserves cash backed - Plant	4	1,886,301	2,026,247
Reserves cash backed - Buildings	4	2,361,421	2,647,090
Reserves cash backed - Refuse Site Reserve	4	3,253,067	3,259,029
Reserves cash backed - Regional Resource Recove	4	14,121,030	14,243,536
Reserves cash backed - IT & Equipment	4	710,263	518,997
Reserves cash backed - Kimberley Zone	4	486,676	487,459
		31,872,959	35,273,696
Other restricted cash and cash equivalents			
Bonds and deposits held	13	617,884	760,115
Contract & Grant Liabilities	14	7,534,020	0
Total restricted cash and cash equivalents		40,024,863	36,033,811

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$			\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	1,051,077	25,189	0	1,076,266	1,600,292	38,700	0	1,638,992	1,592,185	47,197	(588,305)	1,051,077
(b) Reserves cash backed - Restricted Cash	712,180	0	(712,180)	(0)	696,692	0	(28,991)	667,701	5,045,886	0	(4,333,706)	712,180
(c) Reserves cash backed - Community Sponsorship	61,744	159,259	(123,733)	97,271	60,393	1,459	0	61,852	84,449	2,503	(25,208)	61,744
(d) Reserves cash backed - EDL Sponsorship	145,189	136,076	(146,382)	134,882	103,457	1,348	(104,805)	0	182,371	5,406	(42,588)	145,189
(e) Reserves cash backed - Road Reserve	2,061,646	602,787	(840,311)	1,824,122	2,064,943	614,330	(94,920)	2,584,353	2,764,619	1,132,385	(1,835,358)	2,061,646
(f) Reserves cash backed - Public Art Reserve	167,572	1,377	(162,768)	6,181	166,534	216	(162,768)	3,982	162,748	4,824	0	167,572
(g) Reserves cash backed - Carpark Reserve	533,886	28,753	(267,000)	295,639	264,002	36,967	(267,000)	33,969	485,090	48,796	0	533,886
(h) Reserves cash backed - Footpath Reserve	2,179,884	584,866	(415,453)	2,349,298	2,142,033	114,235	(529,414)	1,726,854	2,338,141	334,701	(492,958)	2,179,884
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	98,488	810	(41,074)	58,224	98,136	2,323	(88,834)	11,625	54,376	44,112	0	98,488
(j) Reserves cash backed - Public Open Space	3,385,685	1,497,993	(2,906,857)	1,976,821	3,071,273	551,367	(3,074,755)	547,885	2,300,553	1,353,132	(268,000)	3,385,685
(k) Reserves cash backed - Drainage reserve	1,693,987	13,743	(472,232)	1,235,497	1,310,990	39,152	(885,135)	465,007	1,839,818	78,489	(224,320)	1,693,987
(l) Reserves cash backed - Plant	2,026,247	103,054	(243,000)	1,886,301	2,011,508	47,176	(243,000)	1,815,684	1,559,839	466,408	0	2,026,247
(m) Reserves cash backed - Buildings	2,647,090	499,277	(784,946)	2,361,421	2,509,443	341,004	(714,000)	2,136,447	3,451,746	570,687	(1,375,343)	2,647,090
(n) Reserves cash backed - Refuse Site Reserve	3,259,029	297,548	(303,510)	3,253,067	2,789,925	56,069	(369,476)	2,476,518	3,377,489	242,108	(360,568)	3,259,029
(o) Reserves cash backed - Regional Resource Recovery	14,243,536	152,608	(275,114)	14,121,030	14,040,536	346,466	(154,573)	14,232,429	12,190,279	2,200,413	(147,156)	14,243,536
(p) Reserves cash backed - IT & Equipment	518,997	191,266	0	710,263	515,082	11,589	0	526,671	432,472	86,525	0	518,997
(q) Reserves cash backed - Kimberley Zone	487,459	0	(783)	486,676	332,061	7,845	(73,380)	266,526	184,845	495,729	(193,115)	487,459
	35,273,696	4,294,607	(7,695,344)	31,872,959	33,777,300	2,210,246	(6,791,051)	29,196,495	38,046,906	7,113,415	(9,886,625)	35,273,696

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Reserves cash backed - Restricted Cash	Ongoing	To be used for unspent grant, contribution and loan funds.
(c) Reserves cash backed - Community Sponsorship	Ongoing	To hold funds remaining as at 30 June after allocation of both Annual and Ad-hoc sponsorships and external donations to be spent on both annual and ad-hoc sponsorships in accordance with the Community Sponsorship Program Policy.
(d) Reserves cash backed - EDL Sponsorship	Ongoing	To hold funds to be spent on community projects as approved by Energy Development Limited.
(e) Reserves cash backed - Road Reserve	Ongoing	To be used for renewal, upgrade or new streets and roads.
(f) Reserves cash backed - Public Art Reserve	Ongoing	To hold funds set aside annually to fund future public art projects and initiatives within the Shire.
(g) Reserves cash backed - Carpark Reserve	Ongoing	To be used for renewal, upgrade or new carparks. Typically funds are from "Cash In Lieu" payments from developers.
(h) Reserves cash backed - Footpath Reserve	Ongoing	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	Ongoing	To be used for the construction of recreation infrastructure and facilities.
(j) Reserves cash backed - Public Open Space	Ongoing	To be used for renewal, upgrade, replacement or new public open space facilities and garden areas associated with buildings and other freely accessible public recreational facilities. Any contributions from developers are held in Trust.
(k) Reserves cash backed - Drainage reserve	Ongoing	To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers.
(l) Reserves cash backed - Plant	Ongoing	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
(m) Reserves cash backed - Buildings	Ongoing	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
(n) Reserves cash backed - Refuse Site Reserve	Ongoing	To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines. To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund: i) The future construction of a new facility; ii) the future subsequent and ongoing costs of maintaining the site in accordance with operational requirements and environmental guidelines; or iii) the costs of future rehabilitation of the site.
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	Ongoing	
(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 30TH JUNE 2020**5. TRADE RECEIVABLES****Current**

Rates receivable	
Sundry receivables	
GST receivable	
Accrued Revenue	
Allowance for impairment - rates	
Allowance for impairment - sundry debtors	

Non-current

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

2020	2019
\$	\$
1,021,510	917,077
4,939,275	883,293
0	490,250
497,485	735,618
(167,704)	(135,992)
(134,834)	(82,728)
6,155,732	2,807,518
37,536	32,159
37,536	32,159

SIGNIFICANT ACCOUNTING POLICIES**Trade and other receivables**

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Classification and subsequent measurement

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

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

6. INVENTORIES

Current

Fuel and materials

BRAC Stock

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Additions/Issuance to inventory

Carrying amount at 30 June

2020	2019
\$	\$
41,188	42,118
3,218	7,345
44,406	49,463
49,463	34,015
(5,057)	15,448
44,406	49,463

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

7. OTHER ASSETS AS HELD FOR SALE

Other current assets

Bonds and deposits held by others

Prepayments

2020	2019
\$	\$
9,055	47,159
95,748	303,481
104,803	350,640

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.

(a) Current assets

(b) Non-current assets

Other financial assets

Financial assets at fair value through profit and loss

- *Unlisted equity investments*

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

2020	2019
\$	\$
89,026	87,586
89,026	87,586
89,026	87,586
89,026	87,586

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress - Buildings	Right of Use Asset	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	3,020,192	16,076,532	19,096,724	58,734,757	58,734,757	77,831,481	1,216,167	9,280,390	180,946	0	88,508,984
Additions	0	0	0	1,033,256	1,033,256	1,033,256	347,111	272,434	546,918	0	2,199,719
(Disposals)	0	0	0	0	0	0	0	(87,422)	0	0	(87,422)
Depreciation (expense)	0	0	0	(1,757,755)	(1,757,755)	(1,757,755)	(309,224)	(1,508,899)	0	0	(3,575,878)
Transfers	0	0	0	180,946	180,946	180,946	0	0	(180,946)	0	0
Carrying amount at 30 June 2019	3,020,192	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403
Comprises:											
Gross carrying amount at 30 June 2019	3,020,192	16,076,532	19,096,724	61,682,062	61,682,062	80,778,786	1,720,417	11,646,148	546,918	0	94,692,269
Accumulated depreciation at 30 June 2019	0	0	0	(3,490,858)	(3,490,858)	(3,490,858)	(466,363)	(3,689,645)	0	0	(7,646,866)
Carrying amount at 30 June 2019	3,020,192	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403
Additions	0	0	0	952,913	952,913	952,913	658,240	1,887,800	2,899,785	0	6,398,738
(Disposals)	0	0	0	0	0	0	0	(565,587)	0	0	(565,587)
Depreciation (expense)	0	0	0	(1,795,338)	(1,795,338)	(1,795,338)	(393,159)	(1,580,450)	0	0	(3,768,947)
Transfers	0	0	0	546,918	546,918	546,918	0	0	(546,918)	0	0
Impact of amendment to FMR	0	(16,076,532)	(16,076,532)	0	0	(16,076,532)	0	0	0	0	(16,076,532)
Carrying amount at 30 June 2020	3,020,192	0	3,020,192	57,895,697	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075
Comprises:											
Gross carrying amount at 30 June 2020	3,020,192	0	3,020,192	63,181,893	63,181,893	66,202,085	2,378,657	12,748,720	2,899,785	0	84,229,247
Accumulated depreciation at 30 June 2020	0	0	0	(5,286,196)	(5,286,196)	(5,286,196)	(859,522)	(5,050,454)	0	0	(11,196,172)
Carrying amount at 30 June 2020	3,020,192	0	3,020,192	57,895,697	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons (level 2 and 3 inputs)
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons per lettable area (level 2 inputs), depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Roads	Footpaths, Carparks & Bridges	Drainage	Recreation Areas	Infrastructure Others	Roads, Footpaths and Bridges Infrastructure	Works in Progress - Drainage	Works in Progress - Other Infrastructure	Works in Progress - Recreation Areas	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	190,624,517	36,821,259	32,495,503	10,572,094	4,846,895	1,984,984	425,666	1,147,528	69,968	278,788,414
Additions	12,395,300	2,315,740	49,862	416,932	993,829	375,257	64,986	5,060,488	712,916	22,385,310
Depreciation (expense)	(3,416,467)	(860,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	(6,445,321)
Transfers	1,984,983	0	425,666	0	1,147,528	(1,984,983)	(425,666)	(1,147,528)	0	0
Carrying amount at 30 June 2019	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	5,060,488	782,884	294,728,403
Comprises:										
Gross carrying amount at 30 June 2019	251,415,605	39,136,999	32,971,031	10,989,026	6,788,252	375,258	64,986	5,060,488	782,884	347,584,529
Accumulated depreciation at 30 June 2019	(49,827,272)	(860,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	(52,856,126)
Carrying amount at 30 June 2019	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	5,060,488	782,884	294,728,403
Additions	1,413,351	674,685	736,909	969,086	4,559,545	2,904,842	47,863	660,522	6,005,028	17,971,831
Recognition of asset rehabilitation	0	0	0	0	4,802,000	0	0	0	0	4,802,000
Depreciation (expense)	(4,081,162)	(919,824)	(697,607)	(1,173,293)	(504,310)	0	0	0	0	(7,376,196)
Transfers	296,701	78,557	64,986	782,884	5,060,488	(375,258)	(64,986)	(5,060,488)	(782,884)	0
Carrying amount at 30 June 2020	199,217,223	38,109,448	32,391,767	10,457,147	20,332,198	2,904,842	47,863	660,522	6,005,028	310,126,038
Comprises:										
Gross carrying amount at 30 June 2020	253,125,657	39,890,241	33,772,926	12,740,996	21,210,285	2,904,842	47,863	660,522	6,005,028	370,358,360
Accumulated depreciation at 30 June 2020	(53,908,434)	(1,780,793)	(1,381,159)	(2,283,849)	(878,087)	0	0	0	0	(60,232,322)
Carrying amount at 30 June 2020	199,217,223	38,109,448	32,391,767	10,457,147	20,332,198	2,904,842	47,863	660,522	6,005,028	310,126,038

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

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

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

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

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES**Fixed assets**

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

The fair value of Lands and Buildings, Investment Property, Infrastructure are determined at least every 5 years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* Plant and equipment and right of use assets are reported at cost.

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

Land under control and land under roads

In Western Australia, all Land under roads is Crown Land and the responsibility for managing which is vested in the local government. In addition to Land under roads, there are various Crown land which are not owned by the Shire but which is under its control or management. Land under roads and vested Crown land under the control or management the Shire are deemed to be concessionary leases and within the scope of AASB 16.

Effective 1 January 2019, the AASB issued AASB 2018-8 *Amendments to Australian Accounting Standards Right-of-Use Assets of Not-for-Profit Entities* providing a temporary option for not-for-profit (NFP) entities to measure a class or classes of right-of-use (ROU) assets arising from the application of the new leases standard, AASB 16 Leases, to 'peppercorn' or concessionary leases at:

Land under control and land under roads (Continued)

- Fair value in accordance with AASB 13 Fair Value Measurement; or
- Cost in accordance with AASB 16, which would incorporate the measurement of the lease liability.

The *Local Government (Financial Management) Regulations 1996* amended in November 2020, prescribed concessionary leases to be reported at cost. Consequently, the Shire reported Land under roads and Crown land under the control or management at 30 June 2020 at cost of \$nil.

Initial recognition

Right-of-use assets are measured at cost including the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs, including dismantling and removing the underlying asset

This includes all leased assets, other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'. The Shire has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If the ownership of the leased asset transfers to the Shire at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020	2019
	\$	\$
Depreciation expense of right-of-use assets	-	-
Lease interest expense	-	-
Expense variable lease payment not included in	-	-
Short term leases	460,385	616,633
Low-value lease	-	-
Total amount recognised in the statement of comprehensive income	460,385	616,633

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

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

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	565,587	491,163	38,051	(112,475)	700,169	585,000	74,132	(189,301)	87,422	72,814	7,273	(21,881)
	565,587	491,163	38,051	(112,475)	700,169	585,000	74,132	(189,301)	87,422	72,814	7,273	(21,881)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Other property and services				
Utility Crew Cab 4WD Isuzu D-M	19,202	20,064	861	0
Isuzu NPR 300 Light Truck 2WD	42,620	25,455	0	(17,165)
Mini Excavator 1-2 Tonnes Bobc	8,000	11,000	3,000	0
Isuzu MUX LSU Silver (DCS)	31,580	28,336	0	(3,244)
Hyundai i30 Active CRDi 5D	9,375	7,364	0	(2,011)
John Deere Mower	8,000	13,800	5,800	0
Wheel Loader Komatsu	73,496	71,500	0	(1,996)
Scrubber Nilfisk (CA531) - BRA	0	518	518	0
Truck 2WD Dual Cab	34,960	25,455	0	(9,506)
Hino 300 series 717 Single Cab	40,001	23,636	0	(16,365)
Howard Stealth S2 Dual winged	5,000	5,000	0	0
Skidsteer Loader CCF class 800	32,806	22,000	0	(10,806)
Volvo Wheel Loader L60F	51,558	75,000	23,442	0
Toyota Prado T/D 5 Door WGN A/	47,335	34,245	0	(13,090)
Grader Komatsu	138,292	100,000	0	(38,292)
Turfcutter Ryan JR 18"	0	909	909	0
ISUZU MUX 4x4 SUV	23,360	26,882	3,522	0
	565,587	491,163	38,051	(112,475)
	565,587	491,163	38,051	(112,475)

(b) Fully Depreciated Assets in Use

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

	2020 \$	2019 \$
Plant and equipment	154,699	129,720
	154,699	129,720

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

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

(c) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	1,795,338	118,033	1,757,755
Furniture and equipment	393,159	54,637	309,224
Plant and equipment	1,580,450	6,296,173	1,508,899
Roads	4,081,162	4,682,096	3,416,467
Footpaths, Carports & Bridges	919,824	0	860,969
Drainage	697,607	0	683,552
Recreation Areas	1,173,293	60,635	1,110,556
Infrastructure Others	504,310	144,338	373,777
	11,145,143	11,355,912	10,021,199

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings 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 unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation rates

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

Depreciation rates

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

	Estimated Useful Life	Annual Dep'n Rate
Vehicles (High Use 1 year replacement program)	4 years	25.00%
Ride on Mowers	5 years	20.00%
Cars & Light Vehicles (2 to 3 replacement program)	6.67 years	15.00%
Trucks Small 2-5 tonne	6.67 years	15.00%
Trucks Medium 6-12 tonne	8 years	12.50%
Trucks Heavy >12 tonne & Medium Plant	10 years	10.00%
Plant Heavy, Graders, Scrapers, Dozers, etc	12 years	8.33%
Plant Portable (regular use)	5 years	20.00%
Plant Other (low use and/or long life)	16 years	6.25%
Computer Equipment (hardware/software)	4 years	25.00%
Furniture & Equipment	10 years	10.00%
Building Plant & Air Conditioning	15 years	6.67%
Buildings	40 years	2.50%
Buildings - Long Life Structures Infrastructure Fixed:	50 years	2.00%
Formation & Earthworks (roads, reserves, landfill)	100 years	1.00%
Pavement (roads, car parks, reserves, landfill)	40 years	2.50%
Seals Asphalt	25 Years	4.00%
Seals Bitumen	15 Years	6.67%
Road Plant & Bus Shelters	20 years	5.00%
Bridges, jetties and long-life coastal infrastructure	80 years	1.25%
Drainage facilities	60 years	1.67%
Footpaths, Dual Use Paths	50 years	2.00%
Other Recreation Infrastructure	33 Years	3.03%
Other Infrastructure	33 Years	3.03%

Depreciation (Continued)

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Closing Balance	2019 Opening Balance	2019 Closing Balance
	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	34,853,440	18,776,908	34,853,440	34,853,440
Revaluation surplus - Furniture and equipment	201,314	201,314	201,314	201,314
Revaluation surplus - Roads	148,062,212	148,062,212	148,062,212	148,062,212
Revaluation surplus - Footpaths, Carparks & Bridges	30,512,688	30,512,688	30,512,688	30,512,688
Revaluation surplus - Drainage	27,400,598	27,400,598	27,400,598	27,400,598
Revaluation surplus - Recreation Areas	8,014,788	8,014,788	8,014,788	8,014,788
Revaluation surplus - Infrastructure Others	2,101,283	2,101,283	2,101,283	2,101,283
	251,146,323	235,069,791	251,146,323	251,146,323

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

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**13. TRADE AND OTHER PAYABLES****Current**

	2020	2019
	\$	\$
Sundry creditors	4,444,302	5,101,744
Rates paid in advance	360,703	307,254
Accrued salaries and wages	460,849	473,218
ATO liabilities	251,261	0
Bonds and customer deposits and prepayments	617,884	760,115
Accrued and other liabilities	208,272	853,129
	6,343,271	7,495,460

SIGNIFICANT ACCOUNTING POLICIES**Trade and other payables**

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

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

14. CONTRACT & CAPITAL GRANT LIABILITIES

	2020	2019
	\$	\$
Contract Liability	386,266	0
Capital Grant Liability	7,147,754	0
Developer Contributions	2,341,807	0
	9,875,827	0

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	854,092	739,456
Non-current	3,255,864	2,659,956
	4,109,956	3,399,412

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2019				
				Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				1 July 2019					1 July 2018				
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture													
BRAC Stage 2B (Car Park & Oval Co	191	WATC		0	0	0	0	0	60,765	0	60,765	2,905	0
Civic Centre Redevelopment	193	WATC	3.9500%	1,463,196	0	468,783	52,175	994,412	1,913,996	0	450,800	71,832	1,463,196
BRAC Pavilion	194	WATC	5.8600%	236,216	0	114,699	12,309	121,517	344,477	0	108,261	17,099	236,216
Town Beach Redevelopment	195	WATC	1.6165%	0	1,450,000		1,025	1,450,000	0	0	0	0	0
Economic services													
Chinatown Revitalisation Project	196	WATC	1.8900%	1,700,000		155,974	31,308	1,544,026	0	1,700,000	0	966	1,700,000
				3,399,412	1,450,000	739,456	96,816	4,109,956	2,319,238	1,700,000	619,826	92,802	3,399,412
Self Supporting Loans													
Recreation and culture													
Broome Golf Club				0	0	0	0	0	0	0	0	0	0
				0	0	0	0	0	0	0	0	0	0
				3,399,412	1,450,000	739,456	96,816	4,109,956	2,319,238	1,700,000	619,826	92,802	3,399,412

All other loan repayments were financed by general purpose revenue.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total	Actual
					2020 Actual	2020 Budget	2020 Actual	2020 Budget	Interest & Charges	Balance Unspent
Town Beach Redevelopment	WATC	Semi-annual	15	1.6165%	1,450,000	2,000,000	1,450,000	2,000,000	0	0
Broome Golf Club	WATC	Semi-annual	15	TBD	0	1,250,000	0	1,250,000	0	0
					1,450,000	3,250,000	1,450,000	3,250,000	0	0

(d) Undrawn Borrowing Facilities

	2020	2019
	\$	\$
Loan facilities		
Loan facilities - current	854,092	739,456
Loan facilities - non-current	3,255,864	2,659,956
Total facilities in use at balance date	4,109,956	3,399,412

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	945,264	1,010,362	1,955,626
Non-current provisions	0	475,965	475,965
	945,264	1,486,327	2,431,591
Additional provision	550,824	(321,990)	228,834
Balance at 30 June 2020	1,496,088	1,164,337	2,660,425
Comprises			
Current	1,496,088	883,792	2,379,880
Non-current	0	280,545	280,545
	1,496,088	1,164,337	2,660,425
Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	1,927,703	1,380,514	
More than 12 months from reporting date	732,722	1,051,077	
	2,660,425	2,431,591	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

17. OTHER PROVISIONS

	2020	2019
	\$	\$
Non-current		
Restoration provision	4,802,000	0
Total non-current	4,802,000	0

SIGNIFICANT ACCOUNTING POLICIES**Restoration provision**

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

Restoration provision (Continued)

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	43,577,663	30,021,661	42,169,411
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	10,395,205	10,722,321	8,616,372
Non-cash flows in Net result:			
Depreciation	11,145,143	11,355,912	10,021,199
(Profit)/loss on sale of asset	74,424	115,169	14,608
(Increase)/decrease in Units in LG Housing Trust	(1,441)	0	(87,586)
(Increase)/decrease in receivables	(3,353,591)	0	(516,817)
(Increase)/decrease in other assets	245,837	0	(201,355)
(Increase)/decrease in inventories	5,057	0	(15,448)
Increase/(decrease) in payables	(1,152,189)	(513,746)	2,888,750
Increase/(decrease) in provisions	228,834		(251,618)
Increase/(decrease) in Contract Assets	0	0	0
Increase/(decrease) in Contract & Grant Liabilities	9,875,827	0	0
Grants contributions for the development of assets	(18,654,060)	(16,990,887)	(12,577,669)
Change in accounting policies transferred to retained surplus	(2,885,993)	513,746	0
Net cash from operating activities	5,923,054	5,202,515	7,890,436

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	486,676	632,650
General purpose funding	13,963,205	9,046,506
Law, order, public safety	6,804,811	484,314
Health	58,472	9,747
Education and welfare	2,285,110	0
Housing	3,594,369	3,665,222
Community amenities	38,686,192	55,759,713
Recreation and culture	42,867,936	48,028,679
Transport	282,793,345	249,561,564
Economic services	3,205,152	6,684,086
Other property and services	38,423,011	39,788,362
Unallocated	0	13,609,740
	433,168,279	427,270,583

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

20. CONTINGENT LIABILITIES

The Shire of Broome has no contingent liabilities at 30 June 2020.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

21. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2020	2019
\$	\$
5,407,392	87,432
30,640	332,641
5,438,032	420,073
5,438,032	420,073

(b) Operating Lease Commitments

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

Payable:

- not later than one year

2020	2019
\$	\$
503,322	384,181
503,322	384,181

SIGNIFICANT ACCOUNTING POLICIES

Leases

Under AASB 16, there is no distinction between operating and finance leases. Instead, practically all leases are accounted for using a single on-balance sheet model similar to finance leases pursuant to AASB 117. At the inception date of a lease, a liability is recognised representing an obligation to make future lease payments (i.e. the lease liability) and an asset is recognised representing the right to use the underlying asset for the lease term (i.e. right-of-use (ROU) asset). Interest expense on the lease liability and depreciation expense on the ROU asset is recognised in the statement of profit or loss. The lease expense recognition pattern is generally accelerated as compared to the pattern under previous accounting standards. AASB 16 includes two recognition in the statement of

Leases (Continued)

profit or loss. The lease expense recognition pattern is generally accelerated as compared to the pattern under previous accounting standards. AASB 16 includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). Operating leases include the short-term leases for staff accommodation. Lease liabilities are remeasured upon the occurrence of certain events (e.g., a change in the lease, term a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the re-measurement of the the lease liability is generally recognised as an adjustment to the ROU asset.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting Fees	156,726	158,389	156,817
President's allowance	47,515	47,515	47,045
Deputy President's allowance	11,879	11,879	11,761
Travelling expenses	38,153	53,450	46,407
Telecommunications allowance	31,367	31,500	30,625
Other	701	0	0
	286,342	302,733	292,655

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	893,624	727,400
Post-employment benefits	78,026	67,291
Other long-term benefits	81,748	73,785
Termination benefits	38,246	13,189
	1,091,644	881,665

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits and annual leave 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).

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**22. RELATED PARTY TRANSACTIONS (Continued)****Transactions with related parties**

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

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

The following transactions occurred with related parties:	2020	2019
	Actual	Actual
	\$	\$
Sale of goods and services	298,461	151,889
Purchase of goods and services	2,605,290	321,803

Related Parties**The Shire's main related parties are as follows:***i. Key management personnel*

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in	Number of	2019/20 Actual Rateable Value	2019/20 Actual Rate Revenue	2019/20 Actual Interim Rates	2019/20 Actual Back Rates	2019/20 Actual Total Revenue	2019/20 Budget Rate Revenue	2019/20 Budget Total Revenue	2018/19 Actual Total Revenue
Differential general rate / general rate	\$	Properties	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations										
GRV - RESIDENTIAL	10.8224	4,876	115,308,256	12,479,122	58,006	18,614	12,555,742	12,479,121	12,479,121	12,251,373
GRV - RESIDENTIAL - VACANT	19.8104	181	2,945,650	583,545	5,730	(4,695)	584,581	583,545	583,545	381,407
GRV - COMMERCIAL	11.2119	540	52,644,669	5,902,468	269,302	(36,269)	6,135,500	5,902,468	5,902,468	5,966,212
GRV - TOURISM	14.6665	454	17,437,556	2,557,479	29,601	0	2,587,080	2,557,479	2,557,479	2,563,461
GRV - EXEMPT			4,593,883	0	0	0	0	0	0	0
Unimproved valuations										
UV - COMMERCIAL RURAL	3.1875	21	6,643,773	211,770	(159)	(77)	211,534	211,770	211,770	208,129
UV - MINING	11.7729	33	1,060,743	124,880	10,225	(402)	134,703	124,880	124,880	130,873
UV - RURAL	0.7623	53	17,486,000	133,296	5,961	0	139,257	133,296	133,296	116,929
Sub-Total		6,158	218,120,530	21,992,560	378,665	(22,829)	22,348,396	21,992,559	21,992,559	21,618,384
Minimum payment	Minimum \$									
Gross rental valuations										
GRV - RESIDENTIAL	1,220	67	648,834	81,740	0	0	81,740	81,740	81,740	92,720
GRV - RESIDENTIAL - VACANT	1,220	202	910,232	246,440	0	0	246,440	246,440	246,440	223,260
GRV - COMMERCIAL	1,220	33	179,590	40,260	0	0	40,260	40,260	40,260	29,280
GRV - TOURISM	1,220	372	1,599,000	453,840	0	0	453,840	453,840	453,840	505,080
Unimproved valuations										
UV - COMMERCIAL RURAL	1,220	2	13,300	2,440	0	0	2,440	2,440	2,440	2,440
UV - MINING	500	31	48,652	15,500	0	0	15,500	15,500	15,500	14,500
UV - RURAL	1,220	4	191,300	4,880	0	0	4,880	4,880	4,880	4,880
Sub-Total		711	3,590,908	845,100	0	0	845,100	845,100	845,100	872,160
		6,869	221,711,438	22,837,660	378,665	(22,829)	23,193,496	22,837,659	22,837,659	22,490,544
Discounts/concessions (refer Note 23(b))							(85,735)		(39,138)	(97,918)
Total amount raised from general rate							23,107,761	22,798,521	22,798,521	22,392,626

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

23. RATING INFORMATION (Continued)

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

Waivers or Concessions

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

Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
General Rates Charitable concession	50%		(4,408)	(4,408)	(4,602)
General Rates Charitable concession	90%		(38,016)	(10,232)	(17,947)
General Rates Charitable concession	37%		(8,576)	(8,576)	(11,626)
General Rates Charitable concession	50%		(1,578)	(1,578)	(1,384)
General Rates Charitable concession	50%		(5,002)	(5,002)	(3,369)
General Rates Charitable concession	50%		(1,140)	(1,140)	(1,103)
General Rates Charitable concession	50%		(1,252)	(1,252)	(1,239)
General Rates Charitable concession	50%		(1,154)	(1,154)	(1,103)
General Rates Charitable concession	50%		(1,097)	(1,097)	(1,000)
General Rates Charitable concession	50%		(1,097)	(1,097)	(1,000)
General Rates Charitable concession	50%		(1,308)	(1,308)	(1,278)
General Rates Charitable concession	50%		(1,140)	(1,140)	(1,103)
General Rates Charitable concession	50%		(1,154)	(1,154)	(1,103)
General Rates Charitable concession	100%		(6,571)	0	0
General Rates Charitable concession	100%		(12,243)	0	0
General Rates UV-GRV Phase in			0	0	(36,043)
General Rates Exempted	100%		0	0	(8,546)
General Rates Exempted	100%		0	0	(5,472)
			(85,735)	(39,138)	(97,918)

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 for the Waiver
or Concession

General Rates	Varying concessions to a charitable organisation (90%, 50%, 50%, 37%)	Concession offered because of the nature of the undertaking of the organisation providing social housing and affordable housing.
General Rates	Phasing in of impact of change in valuation from UV to GRV	To reduce the financial impact of change in methodology of valuation from UV to GRV.
General Rates	100% exemption to housing properties owned by University of WA to accommodate students undertaking placement in Broome	100% exemption in accordance with section 6.26(2)(j) of the Local Government Act 1995 and section 36 of the University of Western Australia Act 1911
General Rates	100% concession to property owned by a church with attached mailboxes.	Concession offered because of the nature of the undertaking of the organisation providing benefit to wider community.
General Rates	100% concession to Kimberley Ports Authority	Land is used exclusively for a charitable purpose
General Rates	100% concession for current year and past year to Rubibi Aboriginal Land, Heritage & Development co Pty Ltd	Concession offered because of the nature of the undertaking of the organisation providing benefit to wider community.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option one				
Single full payment	22 Aug 2019	0.00	0.00%	11.00%
Option two				
First instalment	22 Aug 2019	10.00	0.00%	0.00%
Second instalment	09 Jan 2020	10.00	5.50%	11.00%
Option three				
First instalment	22 Aug 2019	10.00	0.00%	0.00%
Second instalment	24 Oct 2019	10.00	5.50%	11.00%
Third instalment	09 Jan 2020	10.00	5.50%	11.00%
Fourth instalment	12 Mar 2020	10.00	5.50%	11.00%

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Interest on unpaid rates	117,871	160,000	183,904
Interest on instalment plan	141,504	140,000	131,534
Charges on instalment plan	59,750	61,500	58,540
Payment arrangement fee	34,015	36,150	32,830
	353,140	397,650	406,808

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

24. RATE SETTING STATEMENT INFORMATION

		2019/20 (30 June 2020 Carried Forward)	2019/20 Budget (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)
Note		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	11(a)	(38,051)	(74,132)	(7,273)
Less: Profit on asset disposals		(488,063)		
Less: Non-cash grants and contributions for assets		463,565	0	(100,209)
Less: Movement in liabilities associated with restricted cash		(1,441)	0	(87,586)
Less: Fair value adjustments to financial assets at at fair value through profit or loss		(5,377)	0	(14,729)
Movement in pensioner deferred rates (non-current)		228,834	0	6,902
Movement in employee benefit provisions	11(a)	112,475	189,301	21,881
Add: Loss on disposal of assets	11(c)	11,145,143	11,355,912	10,021,199
Add: Depreciation on assets		11,417,085	11,471,081	9,840,185
Non cash amounts excluded from operating activities				
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Restricted cash	3	(40,024,863)	(29,196,495)	(35,273,696)
Less: Bonds and deposits held by others		(9,055)	(48,978)	(100,209)
Add: Borrowings	15(a)	854,092	675,348	739,456
Add: Liability associated with restricted cash - leave liability		2,379,880	1,641,164	1,592,185
Add: Liability associated with restricted cash - bonds and deposits		617,884	0	0
Add: Liability associated with restricted cash - Contract & Grant Liabilities		9,875,827	2,428,524	0
Add: Liability not expected to be paid within 12 months		65,093	0	0
Total adjustments to net current assets		(26,241,142)	(24,500,437)	(33,042,264)
Net current assets used in the Rate Setting Statement				
Total current assets		49,882,604	34,425,163	45,377,032
Less: Total current liabilities		(19,453,070)	(9,924,726)	(10,190,542)
Less: Total adjustments to net current assets		(26,241,142)	(24,500,437)	(33,042,264)
Net current assets used in the Rate Setting Statement		4,188,392	0	2,144,226

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	1.50%	43,577,663	0	43,577,663	0
2019					
Cash and cash equivalents	2.39%	42,169,411	0	42,169,411	0

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	435,777	421,694

* 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 15(b).

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for rates receivable. No expected credit loss was forecasted for rates receivable as penalty interest applies to unpaid rates and properties associated with rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Specific provision	Total
30 June 2020						
Rates receivable						
Expected credit loss	2.00%	5.00%	8.00%	10.00%		
Gross carrying amount	1,810	688,282	103,982	84,300	0	878,373
Loss allowance	36	34,414	8,319	8,430	116,505	167,704

30 June 2019

Rates receivable						
Expected credit loss	2.00%	5.00%	8.00%	10.00%		
Gross carrying amount	436,104	209,417	139,138	132,418	0	917,077
Loss allowance	8,722	10,471	11,131	13,242	92,426	135,992

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Specific provision	Total
30 June 2020						
Sundry Receivables						
Expected credit loss	2.00%	5.00%	10.00%	15.00%		
Gross carrying amount	4,867,675	96,166	24,282	69,981	0	5,058,104
Loss allowance	97,354	4,808	2,428	10,497	19,747	134,834
30 June 2019						
Sundry Receivables						
Expected credit loss	2.00%	5.00%	8.00%	10.00%		
Gross carrying amount	538,045	208,559	27,227	109,462	0	883,293
Loss allowance	10,761	10,428	2,178	10,946	48,415	82,728

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

25. 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 15(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	6,343,271	0	0	6,343,271	6,343,271
Borrowings	945,498	1,708,467	1,841,960	4,495,925	4,109,956
	7,288,769	1,708,467	1,841,960	10,839,196	10,453,227
2019					
Payables	7,495,460	0	0	7,495,460	7,495,460
Borrowings	836,251	1,920,356	936,850	3,693,457	3,399,412
	8,331,711	1,920,356	936,850	11,188,917	10,894,872

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

26. 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 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Other General Purpose Deposits	0	15,162	(15,162)	0
Town Planning Related Bond Deposits	102,437	0	0	102,437
Cash In Lieu Of Public Open Space	100,209	0	0	100,209
BRB Levy	14,836	62,867	(72,762)	4,941
Unclaimed Monies	2,160	200	0	2,360
Chinatown Revitalisation DRD Grant	805,721	808	(806,529)	0
	1,025,363	79,037	(894,453)	209,947

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

Under the Infrastructure Contribution Agreement between the Western Australian Land Authority and the Shire of Broome dated 8 December 2015, the Western Australian Land Authority agreed to undertake and complete the construction of the Broome Motocross Complex Stage 1 Relocation project as a contribution to the Shire of Broome.

On 24 September 2020, before the approval of the annual financial report, the construction of the Broome Motocross Complex was completed at a total cost of \$2,322,544 comprised as follows:

	\$
Building improvements	1,928,761
Roadworks	178,663
Fencing	27,364
Earthworks	187,756
	2,322,544

On the same date, full control and responsibility of the facility were transferred to the Shire of Broome.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Broome adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Broome has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19		AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract and grants liabilities - current			
Contract Liability	0	300,447	300,447
Contract liabilities non-current			
Adjustment to retained surplus from adoption of AASB 15	0	300,447	300,447

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Broome has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Broome has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19		AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Capital Grant Liability	0	0	0
Developer Contributions	0	2,585,547	2,585,547
Adjustment to retained surplus from adoption of AASB 1058	0	2,585,547	2,585,547

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The net impact on the Shire of Broome of the revenue standard changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	127,524,101
Adjustment to retained surplus from adoption of AASB 15	300,447
Adjustment to retained surplus from adoption of AASB 1058	2,585,547 (2,885,993)
Retained surplus - 01/07/2019	124,638,108

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

RIGHT-OF-USE ASSETS UNDER CONCESSIONARY LEASES

Prior to 1 July 2019, FMR Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Following the amendments to the FMR, vested crown land and other land which is not owned by the local government, but which is under its control or management (including Land under roads), is a concessionary lease right of use (ROU) asset to be recognised at cost (\$nil). Consequently, Regulation 16 has been removed as it is redundant.

The impact on the Shire of Broome of the changes as at 30 June 2020 is as follows:

	Carrying amount 2019	Reclassification	Carrying amount 2020
	\$	\$	\$
Broome Golf Club	8,264,330	0	0
Broome Turf Club	7,812,202	0	0
Revaluation surplus - Land - freehold land	34,853,440	(16,076,532)	18,776,908
	50,929,972	(16,076,532)	18,776,908

SHIRE OF BROOME

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 1059 *Service Concession Arrangements*, amendments to the definition of material in both AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Service Concession Arrangements :Grantors

The Shire will adopt the AASB 1059 service concession arrangements on 1 July 2020 which will result in changes in accounting policies. The new standard will cause a fundamental change in accounting practice as grantors (Shire) move from a 'risks and rewards' approach to a 'control approach'. This change will improve the comparability of grantor financial reporting and make the economic impact of concession arrangements more transparent to taxpayers and other parties. However, Shire has been investigating and there has been no material impact recognised yet.

(b) Amendments to AASB 101 and AASB 108 8 Definition of Material (AASB 2018-7)

These amendments are intended to make the definition of material in AASB 101 and has been replaced with following;
Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Comparing to the previous definition the threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101 and specific impacts have not been identified yet.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

31. ACTIVITIES/PROGRAMS

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.16	1.12	1.64
Asset consumption ratio	0.84	0.86	0.88
Asset renewal funding ratio	0.96	1.05	1.37
Asset sustainability ratio	0.62	1.50	0.22
Debt service cover ratio	15.38	8.63	11.86
Operating surplus ratio	0.05	(0.11)	(0.13)
Own source revenue coverage ratio	0.85	0.82	0.80

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Broome

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Broome which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 32 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Broome for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



VINCE TURCO
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
26 November 2020

ORIGINAL CARRYOVER

30/06/2020							Expenditure			Income				
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Total Forecast Exp by 30/6/20	Budgeted Carry Over Expenditure(\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
Executive														
BC - Media & Promotions Officer														
23450	34		Consultants - Op Exp - Other Governance	160,000	118,508	150,000	10,000	-	10,000					***CARRYOVER Roebuck Bay Caravan Park Redevelopment Masterplan \$10K
Total Proposed Carry Over - Executive							10,000		0		0			
Corporate Services														
CS1 - Director Corporate Services														
142012	34		Relieving Staff Exp - DCS - Gen Admin	102,348	-	-	102,348	-	102,348	MUNI				***CARRYOVER adjustment for any remaining budget at 30 June 2020 for 1,976 hours relief staff equivalent to Level 5 Business Systems Project Officer.
CS4 - Manager Governance														
23453	34		Review of Strategies Relating to the Community Strategic Plan - Op Exp - Other Gov	-	-	-	30,000	-	30,000	MUNI				***CARRYOVER \$30K Community Survey for review of SCP previously sitting in Acct 23450 in 2019/20
Total Proposed Carry Over - Corporate Services							132,348		132,348		0		0	
Development Services														
BS1 -Manager Planning & Building Services														
53172	34		VBFB Building New Const - Cap Exp - Volunteer Bush Fire Brigade	1,240,944	823,301	887,350	553,594	64,049	617,643					***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Broome Volunteer Bushfire Brigade
53390	10		Capital Grant Funding For Plant/Equip/ Buildings - Cap Inc - Volunteer Bush Fire Brigade	(1,242,520)	(567,277)	(688,926)	-	-			(553,594)	(121,649)	(675,243)	***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Broome Volunteer Bushfire Brigade
55286	34		SES Buildings New Const > \$5000 - Cap Exp - SES/ Fire & Emergency Services	224,000	-	-	224,000	-	224,000	Muni		-	-	***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Bush Fire Shed 100% Muni
CMS1 - Manager Community Development														
22172	58		Community Sponsorship Program - Op Exp - Other Governance	82,506	81,728		141,988	(80,000)	61,988		-	-	-	***CARRYOVER adjustment to reflect \$61,988 from Community Sponsorship Reserve as per April SMC.
22173	58		EDL sponsorship programme Reserve Funded - Op Exp - Other Governance	144,719	19,528	54,719	90,000	(10,000)	80,000		-	-	-	***CARRYOVER Adjustment additional \$10K from EDL previously carried over was spent in June 2020)
23596	26		Transfer From Community Sponsorship Reserve Cap Inc - Other Gov	123,733	(123,733)		-	-			(141,988)	80,000	(61,988)	***CARRYOVER 2019-20 \$80K COVID-19 Community Support Grants Program (Originally from 19-20 Community Sponsorship Program) + Additional \$61,988 from Community Sponsorship Reserve
23593	26		Transfer From EDL Sponsorship Reserve - Cap Inc - Other Gov	(88,307)	(146,382)	1,693	-	-	-		(90,000)	10,000	(80,000)	***CARRYOVER Adjustment to reduce the additional \$10K from EDL that was originally carried over
Total Proposed Carry Over - Dev Services							1,009,582	(25,951)	983,631		(785,582)	(31,649)	(817,231)	

ORIGINAL CARRYOVER

30/06/2020							Expenditure				Income				
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Total Forecast Exp by 30/6/20	Budgeted Carry Over Expenditure(\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments	
Infrastructure															
ES8 - Waste Coordinator															
101040	101042	34	Sanitation General Project Consultancy - Op Exp - Sanitation Gen Refuse	59,000	7,525	(30,000)	89,000	-	89,000					***CARRYOVER Waste Strategy Consultancy	
101525		26	Transfer From Refuse Site Reserve - Sanitation Gen Refuse	(120,362)	(524,510)	9,638	-	-	-		(339,000)	130,000	(209,000)	***CARRYOVER adjustment removing the reserve transfer for the Glass Crusher	
101510		34	Vehicle & Mob Plant Renewal(Replacement)-Cap Exp- Sanit Gen Refuse	515,820	265,820	265,820	250,000	(250,000)	-	Grants				***CARRYOVER adjustment removing the reserve transfer for the Glass Crusher	
ES1 - Director Infrastructure															
112071		34	Broome Golf Club Building Renewal - Cap Exp - Other Recreation & Sports	5,312,019	245,661	829,522	4,482,497	583,860	5,066,358					***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Broome Golf Club Club House	
113403		10	Grants - Non Op - Cap Inc - Other Rec & Sport	(9,724,921)	(2,941,335)	(829,522)	-	-	-		(4,482,497)	(189,301)	(4,671,798)	***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Broome Golf Club Club House	
1367405	1367419	34	Streeter's Jetty Refurbishment (Chinatown Stage 2) Cap Exp	300,000	29,240	250,000	50,000	216,799	266,799					***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Streeter's Jetty Refurbishment 100% Muni as per the audited FAA annual report.	
ES6 - Senior Project Engineer															
1181405		34	Town Beach Redevelopment - Greenspace & Waterpark - Cap Exp	5,069,037	4,928,640	-	100,000	40,397	140,397					***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Town Beach Redevelopment - Greenspace and Water Park	
121100	RU555	34	Old Broome Road/ Gus Winkler Road Upgrade - Capex	364,174	458,492	-	44,174	(44,174)	-					***CARRYOVER Gus Winkle Intersection (Additional \$230k is coming from private BIA contribution.)	
113561	RU666	34	Federal Black Spot - Herbert / Saville Roundabout - NEW- Capex	691,811	56,712	-	150,000	485,099	635,099					***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Herbert Saville Project	
121763		10	Black Spot Non Op Grant (Commonwealth/Federal)	(1,066,174)	(798,064)	-					(222,835)	(45,275)	(268,110)	***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Herbert Saville Project	
121763		25	Black Spot Non Op Grant (Commonwealth/Federal)	-	172,654	-						(172,654)	(172,654)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for Herbert Saville Project \$172,654	
121757		25	Reimb & Contrib/ins Rec'd for Road Construction	-	421,089	-		-	-			(21,089)	(21,089)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for Gus Winkle of \$21,089 from unspent BIA Contribution	
1181409		34	Town Beach Development - Jetty Project - Other Infra New - Cap Exp	7,118,810	802	1,000	7,117,810	(1,035,310)	6,082,500					***CARRYOVER Adjustment to reduce original estimated carryover for Town Beach Jetty Cost to \$6,082,500 as per the July OMC Council Item.	
113489		26	Transfer From POS Reserve - Other Rec & S	(3,188,837)	(2,906,857)	(2,906,857)				Reserve	(281,980)	(922,857)	(1,204,837)	***CARRYOVER Adjustment to reduce original estimated carryover for Town Beach Jetty Reserve funding to \$1,204,837 as per the August OMC Council Item.	
113371		25	Royalties For Regions Loc Govt. Non Op Grant - Op Inc - Other Recreation & Sport	-	256,904	-						(256,904)	(256,904)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for DOT Grant received for the Jetty	
113371		10	Royalties For Regions Loc Govt. Non Op Grant - Op Inc - Other Recreation & Sport	(7,255,693)	(420,528)	(419,863)					(6,835,830)	2,381,592	(4,454,238)	***CARRYOVER Adjustment to reduce original estimated carryover for Town Beach Jetty grant funding to \$4,871,142 as per the Aug OMC Council Item less \$160,000 Lotterywest grant. In Acct 113403 and \$256,903 unspent DoT grant in 113371. Comprised of \$1,467,238.4 from 2018 DoT RIR and \$2,987,000 from 2020 DPIRD RIR.	
113405		28	SS Loans Received (Broome Golf Club) - Other Rec & Sport	(1,250,000)	-	-		-			(1,250,000)	-	(1,250,000)	***CARRYOVER Broome Golf Club Self-Supporting Loan.	
113305		46	Sporting Clubs Loans Forwarded	1,250,000	-	-	1,250,000	-	1,250,000					***CARRYOVER Broome Golf Club Self-Supporting Loan no longer to be forwarded to BGC and instead captured in the budgeted cost of the construction.	
1181407		34	Town Beach Redevelopment - Greenspace Stage 2 - Cap Exp	1,214,678	110,148	200,000	1,014,678	(70,148)	944,530					***CARRYOVER adjustment for any remaining budget at 30 June 2020 for Town Beach Stage 2 less \$160,000 Lotterywest Funded expense that should be in 1181409 Jetty Account	

ORIGINAL CARRYOVER

30/06/2020							Expenditure			Income				
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Total Forecast Exp by 30/6/20	Budgeted Carry Over Expenditure(\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
113403		10	Grants - Non Op - Cap Inc - Other Rec & Sport	(9,724,921)	(2,941,335)	(6,693,043)		-		Grants	(1,031,878)	(554,829)	(1,586,707)	***CARRYOVER adjustment to reflect the actual grant budget for Town Beach Stage 2- Grant - Lotterywest (\$1,214,678 = \$1,714,678 grant agreement less \$500,000 received in 19/20). Town Beach Stage 1 grants not claimed until 20/21 (\$354,829) and Ausport CSI - Tracks and Trails \$17,200.
ES3 - Manager Works														
143610		34	Vehicle & Plant Renewal(Replacement) - Cap Exp - P&G Operations	656,000	443,045	516,000	140,000	72,955	212,955					***CARRYOVER P1114 Elevated Work Platform ordered but not delivered by 30 June (Income from sale of Elevated work Platform) & Elevated work Platform purchase
143601		07	Proceeds from Sale of Assets - Cap Inc - Parks & Gardens Operations	(130,727)	(78,164)	(110,727)		-		Reserve	(20,000)	-	(20,000)	***CARRYOVER P1114 EWP will have order raised but not delivered by 30 June
117455	117456	34	BRAC Ovals Renewal Infra Works - Cap Exp - BRAC Ovals	43,593	40,626	30,952	12,641	(12,641)	-					***CARRYOVER adjustment: budget transferred to 117452
PK3 - Parks Coordinator														
113603		34	Reticulation Control System New Exp - Cap Exp Parks & Ovals	40,500	-	20,000	20,500	20,000	40,500					***CARRYOVER Irrigation master control system.
ES9 - Manager Engineering														
107034		34	Broome Cemetery Survey & Other - Op Exp - Other Comm Amen	72,000	47,651	60,000	12,000	12,349	24,349					***CARRYOVER adjustment for remaining budget at 30 June 2020 for Ground Penetrating Radar
PM2 - Asset & Building Coordinator														
142558		34	Shire Office Build Haas St Renewal - Cap Exp - Corp Gov	131,133	19,810	31,000	100,133	11,190	111,323					***CARRYOVER adjustment for remaining budget at 30 June 2020 for Shire Admin Building Aircon renewal.
Total Proposed Carry Over - Infrastructure							14,833,433	30,376	14,863,809		(14,464,020)	348,683	(14,115,337)	
Community & Economic Development														
BRAC1 - Manager Sport & Recreation														
113027	113029	34	Skatepark New Infrs Const - Cap Exp - Other Rec & Sport	48,210	15,300	34,480	13,730	19,180	32,910					***CARRYOVER adjustment for remaining budget at 30 June 2020 for Skate Park Design & Site selection
117300	117365	34	Building New Construction Expense - BRAC Dry - Cap Exp	1,939,869	1,287,522	1,799,869	140,000	512,347	652,347					***CARRYOVER adjustment for remaining budget at 30 June 2020 for Outdoor Court Upgrades - Election Commitment
117294		10	Grant Income - Non-Op Inc - BRAC Dry	(2,006,899)	(1,851,623)	(1,828,956)				Grants	(177,933)	12,439	(165,494)	***CARRYOVER adjustment for remaining budget at 30 June 2020 for BRAC Outdoor Court Upgrades - Election Commitment. Brac out door C/O, BRAC Stadium Adjustable Backboards, Cricket Facilities upgrade
117294		25	Grant Income - Non-Op Inc - BRAC Dry	(2,006,899)	453,249							(453,249)	(453,249)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for BRAC Outdoor Court Upgrades
1181420	YBRA001	34	Youth Bike Recreation Area - New Construction - Cap Exp	641,360	306,377	608,041	33,319	301,664	334,983	Grants				***CARRYOVER adjustment for remaining budget at 30 June 2020 for BRAC 1 Tracks & Trails/Pump Track
LS1 - Coordinator Library														
0115280		34	Grant Program Expenses - Op Exp - Library (Income in 115480)	12,966	6,902	9,934	3,032	3,032	6,064					***CARRYOVER adjustment for remaining budget at 30 June 2020 for Children's Book Week Grant, Department of Communities Youth Week Grant and Inspiring Australia Grants put on hold until after COVID-19

ORIGINAL CARRYOVER

30/06/2020								Expenditure			Income			
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Total Forecast Exp by 30/6/20	Budgeted Carry Over Expenditure(\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
CMS2 - Manager Community Development														
0116125	116126	34	Broome Entry Statement Signage New Const - Cap Exp - Other Cult	74,089	51,599	62,843.96	11,245	11,245	22,490					***CARRYOVER adjustment for remaining budget at 30 June 2020 for Visitor Information Signage
1367405	1367415	34	Chinatown Entry Statement - Other Infra New - Cap Ex	200,000	161,811	180,906	35,269	2,919	38,189					***CARRYOVER adjustment for remaining budget at 30 June 2020 for Chinatown Entry Statement
Total Proposed Carry Over - C&ED							286,250	828,242	1,114,493		(177,933)	(440,810)	(618,743)	
TOTAL PROPOSED CARRYOVER EXP/(INC)							16,271,613	832,667	17,104,281		- 15,427,535	(123,776)	- 15,551,311	
Net MUNI carryover							844,078		1,552,969					
20/21 FAGS grants in advance in 19/20							1,382,467		1,382,467					
Total Muni Carryover							2,226,545		2,935,436					

ADDITIONAL CARRYOVER

30/06/2020			Expenditure						Income				
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Budgeted Carry Over Expenditure(\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
Executive													
ES7 - Special Projects Coordinator													
108001	34		New Refuse Site Exp - Op Exp - Regional Resource Recovery Park	962,844	260,886	-	701,958	701,958					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 for the Regional Resource Recovery Park
101995	26		Transfer from Regional Resource Recovery Reserve - Cap Inc - Reg Res Recov	(1,019,573)	(275,114)					-	(701,958)	(701,958)	****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 for the Regional Resource Recovery Park
53273	34		Cable Beach Foreshore Restore	76,000	65,825		10,175	10,175					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 for the Cable Beach Foreshore Plan
Total Proposed Carry Over - Executive						0	712,132	712,132		0	(701,958)	(701,958)	
Corporate Services													
CS4 - Manager Governance													
14296	58		****DO NOT USE****COVID-19 Emergency Costs - Unclassified General	100,000	57,604	-	5,000	5,000					****CARRYOVER Late COVID-19 Emergency Costs
CS6 - Manager Information Technology - C Coulson													
146122	34		Software >\$5000 Cap Exp - IT	202,088	180,169		21,890	21,890					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 Altus Infringement amount of \$24,974.00
146111	34		IT Contract Consultants - Exp	185,000	160,713		24,974	24,974					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 CCTV Stragey (Red Fish Invoice) amount of \$24,974.00
BF- Senior Finance Officer - N Vines													
143518	9		Profit on Sale of Assets - Op Inc - Parks & Gardens Operations	-	-						(12,000)	(12,000)	****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 Outstanding plant item purchases from 2019/20 P14012 -5k, P85807-5k,P1500- 2k (see email #16 in the carryover folder)
132038	43		Transfer to Restricted Cash Reserve - Cap Exp - Tourism & Area Promo MUN	-	-		50,000	50,000					****To return to restricted cash \$50,000 of Tourism WA grant received in 2006-07 for Visitor Centre & Railway Line Project that was released to P&L in 19/20
Total Proposed Carry Over - Corporate Services						0	101,864	101,864		0	(12,000)	(12,000)	
Development Services													
Total Proposed Carry Over - Dev Services						0	0	0		0	0	0	

ADDITIONAL CARRYOVER

30/06/2020						Expenditure			Income				
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Budgeted Carry Over Expenditure(\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
Infrastructure													
ES8 - Waste Coordinator													
101080	101082	34	WMF - Planned Maint & Minor Works - Op Exp	28,500	2,061		26,439	26,439					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 for WMF maintenance and minor works
101525		26	Transfer From Refuse Site Reserve - Sanitation Gen Refuse	(120,362)	(288,340)	-	-			-	93,561	93,561	Adjustment to zero our Sanitation Sub-programme after the effect of carryovers.
ES1 - Director Infrastructure													
1367404	1367407	34	Dampier St Upgrade - Cap Exp	211,972	166,374		15,000	15,000					****ADDITIONAL CARRYOVER for CTR Stage 1 shade structures
1367404	1367408	34	Carnarvon St Upgrade - Cap Ex	227,389	164,881		42,000	42,000					****ADDITIONAL CARRYOVER for CTR Stage 1 shade structures
132129		34	Visitor Centre Renewal (Inc plant & Furn) - Cap Bldg Exp	25,000	-		25,000	25,000					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 for BVC Renewal
112397		34	Vehicle & Mobile Plant Renewal (Replacement) -Cap Exp- Swim Area & Beaches	15,750	-		8,750	8,750					****CARRYOVER Plant replacement P10909 only need \$8,750 as per PO.
112500		7	Proceeds From Sale of Assets Swimm Areas & Bchs	-	-						(5,000)	(5,000)	****CARRYOVER Plant replacement P10909 \$5,000 proceeds from sale
112296		30	Loss on Sale of Assets - Swimming Areas & Beaches	8,000	-		8,000	8,000					****CARRYOVER Plant replacement P10909 \$8,000 loss on disposal
ES5 - Works Coordinator													
104800	104920	34	Broome Townsite Drains Renewal - Cap Infra Exp - Urb Stwater	20,000	-		20,000	20,000					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020
125300	125291	34	Footpath Old Broome Road - One Mile Access/Sandpiper/Short St	291,275	200,613		25,626	25,626					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 to cover 20-21 spending
ES6 - Senior Project Engineer													
104270	104299	34	Short St-Paspaley Carnarvon Street New Drainage Const - Cap Exp	762,509	607,679		154,830	154,830					***CARRYOVER Remaining IE34 budget for the project at 30 June 2020
121000	121560	34	McDaniel Rd - Archer to Ward Stage 1 New Rd Const - Cap Exp	1,883,313	884,922		998,391	998,391					***CARRYOVER Remaining IE34 budget for McDaniel at 30 June 2020. IE755 that was transferred to IE34 had been corrected.
121778		25	Regional Rd Group (RRG) Rural Rd Const Funding -Non Op Inc-Rd Const	-	480,733			-		-	(480,733)	(480,733)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for Herbert Saville Project
REQ33 Project Engineer													
1367221		34	Consultation Project Mgmt, Feasibility & Design Consultancy - Cap Exp - Economic Services Social Projects	116,000	28,374		-	-					CARRYOVER to adjust down the \$136,000 to \$618,855 remaining budget for project management component of CTR3
ES3 - Manager Works													
1223481	FPUP001	34	Various FootPath Upgrade - Cap Exp	46,337	-		46,337	46,337					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020

ADDITIONAL CARRYOVER

30/06/2020						Expenditure				Income			
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Budgeted Carry Over Expenditure (\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
125140	125290	34	Old Broome Estate Subdivision - Whole Estate - Various Paths	11,931	-		11,931	11,931					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020
148600		7	Proceeds from Sale of Assets - Cap Inc - Works Operations	-	-			-		-	(10,091)	(10,091)	****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020
122430		11	Natural Disaster Grant - Flood Damage Repairs	(970,000)	-								
120306		11	Dep't Premier & Cabint Natural Disaster Grant - Cape Leveque Rd	(4,382,500)	(3,594,660)					-	(787,840)	(787,840)	****ADDITIONAL CARRYOVER Remaining WANDRRA claims yet to be received at 30 June 2020: \$139,883.99 MRWA – EWP works, \$110K Tallis PM work, \$440K Demco restoration work, \$200K Simpsons beach.
PK3 - Parks Coordinator													
117450	117452	34	BRAC Oval Upgrade of Infra - Cap Exp	18,225	19,640		18,000	18,000					****ADDITIONAL CARRYOVER \$18,000 BRAC Irrigation and weather station budget
ES9 - Manager Engineering													
104600	104795	34	Frederick (KBR Report) - Infa Cap Exp	295,000	3,346		291,654	291,654					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020
125252		25	Reimb & Contrib'ns Rec'd for Road Construction	-	421,089						(400,000)	(400,000)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for \$400,000 Private Contribution for Port Drive Pedestrian Refuge
121100	RU555	34	Black Spot - Port Drive Refuge Island - Rd Upgrade Cap Exp			-	400,000	400,000					***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for \$400,000 Private Contribution for Port Drive Pedestrian Refuge
PM2 - Asset & Building Coordinator													
53238		34	Surf Club Building Renewal (Inc Plant & Furniture) Cap Exp-Law Ord & PS	15,000	-		15,000	15,000					ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 - Surf Club Bldg
147374		34	KRO1 Building Renewal - Cap Exp - Office Prop Leased	248,565	227,926		20,639	20,639					ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 - KRO Building
Total Proposed Carry Over - Infrastructure						0	2,127,597	2,127,597		0	(1,590,103)	(1,590,103)	

Community & Economic Development

ES7 - Special Projects Co-ordinator													
1367228		34	Detailed Design Chinatown Project Stage 2 - CapEx	800,000	743,352		56,648	56,648					***CARRYOVER unspent budget at 30 June 2020 for CTR Stage 2 Design
LS1 - Coordinator Library													
115480		19	Grant Program Income - Op Inc - Library (Expense in 115280)	-	9,153			-		-	(9,153)	(9,153)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for \$9,153 Various Library Grants
CMS2 - Manager Community Development													

ADDITIONAL CARRYOVER

30/06/2020						Expenditure				Income			
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Budgeted Carry Over Expenditure(\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
116201		34	Museum Building Renewal- Cap Exp - Other Cult	15,315	-		15,315	15,315					****ADDITIONAL CARRYOVER Remaining budget at 30 June 2020 - Broome Museum Bldg Renewal
116085		34	Arts, Culture and Heritage Strategy - Op Exp - Other Culture	60,000	27,200		24,250	24,250					***CARRYOVER Remaining budgets at 30 June 2020 of \$14,050 for RPS AAP Consulting and \$5,000 for Clancy McDowell: Community Dev Framework & Arts and Culture Strategy (PO 94684) and \$5,200 for Takeaway Alcohol Management System (PO 94490)
23050		19	Grant Op - Youth Coordinating Committee Op Inc. - Other Governance	-	8,871						(8,871)	(8,871)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for \$8,871 Youth Framework, Vibes Project & Late nigh Ball
82675		19	Grants For Community Programs - Op Inc - Community Services	-	8,716						(8,716)	(8,716)	***CARRYOVER unspent grant at 30 June 2020 to be earned in 20-21 for \$8,176 Community Crime - Operation Bounce Back
82670		19	Grant Income - Comm Services	-	25,000						(25,000)	(25,000)	*** Contract Liability at 30 June 2020 \$25,000 WAPOL Evaluation of Liquor Restrictions
1367405	1367412	34	Public Art (funded from Reserve) - Other Infra New - Cap Ex	121,387	12,255		20,861	20,861					***CARRYOVER unspent budget at 30 June 2020 for the Chinatown Public Art Stage 1 of \$109,132 less 20-21 Stage 2 Public Art brought already spent in 19/20 totaling \$88,271.
REQ - Chinatown and Place Activation Coordinator													
136723		34	Chinatown Place Activation Initiatives -Op Exp - Economic Services Special Projects	93,115	54,287	-	29,000	29,000					***CARRYOVER \$20,000 Chinatown Town Team funded as per CTR2 FAA, \$2,000 for PO 95117 for Nature Play, \$7,000 for PO 95215 for Broome Historical Society & Museum
REQ54- Place Development and Activation Coordinator													
1367301		19	Grants & Contributions Received (Chinatown Revitalisation Stage 2) - Op Inc - Economic Services Special Projects	-	53,517						(53,517)	(53,517)	*** Contract Liability at 30 June 2020 \$53,517 Discovery Festival (Chinatown Stage 2)
CMS4 - Venue Supervisor - S Bowra													
116483		19	Broome Civic Centre Operational Grants & Contributions - Op Inc - Bme Civic Centre	-	(31,150)	-				-	(48,850)	(48,850)	*** Contract Liability at 30 June 202 \$48,850 Raise the Roof Grant Contract Liability 30 June 2020
116483		11	Broome Civic Centre Operational Grants & Contributions - Op Inc - Bme Civic Centre	-	-						40,000	-	Raise the Roof grants budgeted as ie 11 when it should have been ie 19.
116495		34	Performance Production Expenses - Broome Civic - Op Exp	-	-	-	34,091	34,091					***ADDITIONAL CARRYOVER Civic Centre Events Prepayments in 19/20 to be expensed in 20/21
BS1 - Manager Planning & Building Services													
106482		19	Grant income - Op Inc - Town Planning/Regional Devel	-	11,712				-		(11,712)	(11,712)	*** Contract Liability at 30 June 202 \$11,712 Shoreline Monitoring Grant Contract Liability 30 June 2020
KRCG Kimberley Regional Collaborative Group Secretariat - POSITION GONE													
405385		11	Kimberley Zone - Alcohol Management Initiatives Grant - Op Inc	(100,000)	-								***CARRYOVER Kimberley Zone Alcohol Management Initiatives

ADDITIONAL CARRYOVER

30/06/2020				Expenditure					Income				
Acct #	Job #	IE	Description	Current Budget (\$)	Total YTD (\$)	Budgeted Carry Over Expenditure (\$)	Variance from budgeted carryover Exp	Adjusted Budget Amount 19/20	Funding Source	Non Muni Funded Income Carryover (\$)	Variance from budgeted carryover Inc	Adjusted Budget Amount 19/20	Comments
405370		11	Kimberley Zone - Kimberley Volunteer Strategy Grant	(65,000)	-						-	-	***CARRYOVER Kimberley Zone Volunteer Strategy Grant
			Total Proposed Carry Over - C&ED			0	180,165	180,165		0	(125,819)	(165,819)	
			TOTAL PROPOSED CARRYOVER EXP/(INC)			-	3,121,757	3,121,757	3,113,757	-	-	2,429,880	- 2,469,880
			Net MUNI carryover			0		651,878					
			less non cash items				8,000	3,113,757			(12,000)	(2,417,880)	
			TOTAL MUNI carryover					695,878					

6.

MEETING CLOSURE

These minutes were confirmed at a meeting held (DD Month Year),
and signed below by the Presiding Person, at the meeting these minutes were confirmed.

Signed: