



UNCONFIRMED MINUTES

OF THE

AUDIT AND RISK COMMITTEE MEETING

4 DECEMBER 2025

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

Signed:

SHIRE OF BROOME
AUDIT AND RISK COMMITTEE MEETING
THURSDAY 4 DECEMBER 2025
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**MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING OF THE SHIRE OF BROOME,
HELD IN THE COMMITTEE ROOM, ON THURSDAY 4 DECEMBER 2025,
COMMENCING AT 12:00PM.**

1. OFFICIAL OPENING

The Chair welcomed Councillors and officers and declared the meeting open at 12:00 PM

2. ATTENDANCE AND APOLOGIES

ATTENDANCE

Members: Cr D Male Deputy Shire President
Cr M Virgo Councillor

Apologies: Shire President C Mitchell
Mr S Mastrolembo Chief Executive Officer

Leave of Absence: Nil

Officers: Mr J Watt Director Corporate Services
Mr J Hall Director Infrastructure
Ms S Becker Director Development and Community
Mr F Mammone Manager Finance
Mr J Dodds Accountant
Ms E Kerr Creditors Officer

3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY

Committee Member	Item No	Item	Nature of Interest
Nil.			

4. CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION:

Minute No. AR/1225/001

Moved: Cr D Male

Seconded: Cr M Virgo

That the Minutes of the Audit and Risk Committee held on 7 October 2025, as published and circulated, be confirmed as a true and accurate record of that meeting.

CARRIED UNANIMOUSLY 2/0

5. REPORTS OF OFFICERS

5.1 ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2024/25

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

SUMMARY:

The Audit and Risk Committee is requested to review and recommend to Council the adoption of the 2024/25 Annual Financial Report, Audit Management Letter and applicable budget amendments.

BACKGROUND

In accordance with section 7.9 of the *Local Government Act 1995* (the Act), an auditor is required to examine the accounts and annual financial report of a local government. Upon completion of the audit, the auditor must prepare a report and submit it by 31 December following the end of the financial year to:

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

Under *Regulation 10(4) of the Local Government (Audit) Regulations 1996*, the auditor may also prepare a Management Letter, which provides additional commentary on the audit process, internal control issues, or any other matters deemed relevant. While generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of the Shire. This Management Letter accompanies the auditor's report and is similarly forwarded to the individuals specified under section 7.9 of the Act.

The Office of the Auditor General (OAG), with RSM Australia as its contracted auditor for the third consecutive year, conducted the Shire's 2024/25 financial year audit. An Audit Entrance Meeting which outlined the audit process and timeline was held on 25 March 2025, attended by the Audit and Risk Committee, CEO, Shire Executive and officers.

The final audit occurred between 6 October 2025 and 1 November 2025, with follow-up discussions continuing through November.

The Final Audit Exit Meeting was held on 27 November 2025, attended by the Chair of the Audit Risk Improvement Committee (ARIC), CEO, Executive and Shire officers. During the meeting, the auditors presented an overview of the audit, including:

1. Areas of focus
2. Management letter points

On 2 December 2025, the OAG issued the signed audit report, including their Opinion and Management Letter, which are attached to this report.

The Audit Risk Improvement Committee (ARIC), under its terms of reference, is required to:

1. Review the auditor's reports after considering a report from the CEO on the matters raised.
2. Assess whether any matters raised require action by the local government.
3. Ensure appropriate responses and remedial actions are implemented.

In the instance that the auditor raises findings considered significant in the audit report, the ARC must consider a report prepared by the CEO addressing those significant findings, and state what action the local government has taken or intends to take with respect to each of those findings. As per section 7.12A(4) of the Act:

- within three months of receiving the auditor's report it must be provided to the Minister, and
- a copy of the report published on the local government's official website within 14 days after a local government gives a report to the Minister.

This agenda item ensures compliance with the legislative requirements of the *Local Government Act 1995*, the *Local Government (Audit) Regulations 1996*, and the *Local Government (Financial Management) Regulations 1996*, while facilitating the necessary review and recommendation process for the adoption of the Annual Financial Report.

COMMENT

The 2024/25 financial statements were submitted to the RSM on 30 September 2025. The statutory requirement is to submit by 30 September 2025.

The Shire of Broome has received a clear (unmodified) audit opinion from the OAG.

It is noted however, that comments within the Management Letter addressed to the Shire President identified two issues for Council's attention.

1. Unresolved matters from previous audits - the Auditor has requested that these outstanding matters be attended to before next years audit.
2. Audit Readiness – the Auditor has indicated that the Shire financial statements were considered to be audit ready on 9 November 2025, the requirement is 30 September 2025. This is the date to be reported on the local government sector audit results report to be tabled in Parliament.

No significant issues were raised requiring a separate report to the Minister.

Audit Findings

The 2025 final audit raised ten internal control improvement recommendations, identified in the table below. The Management Letter (Confidential Attachment 3) provides further detail on each finding, including an audit recommendation and Management comment.

No findings identified were determined to be significant.

The contents of the report are deemed confidential due to the potential risk of increased vulnerability to fraudulent or illegal activities if released publicly.

Findings	Prior year finding	Rating	Target completion date
1. Expert Report Review: Landfill Provision		Moderate	June 2026
2. Property, Plant and Equipment, and Infrastructure Reconciliation		Moderate	June 2026
3. Risk Registers Maintenance	Yes	Moderate	June 2026
4. Related party declaration		Minor	June 2026
5. Non-timely reconciliation of key account balances	Yes	Minor	June 2026
6. Non-confirmation of goods received, or services transferred	Yes	Minor	June 2026
7. No testing of business continuity and disaster recovery plan	Yes	Minor	June 2026
8. Portable and attractive assets register not maintained	Yes	Minor	June 2026
9. Bonds and deposits register not maintained	Yes	Minor	April 2026
10.No policies and procedures for inventory management	Yes	Minor	June 2026

Audit findings are rated as either significant, moderate or minor. Three of the findings are new (two moderate and one minor), and seven have been identified in a prior audit, which are being progressed by officers (one moderate, six minor). Officers have proposed completion dates for each item.

Outstanding items will be addressed and presented at each subsequent ARIC meeting until appropriately resolved.

Identified Accounting Misstatements

The auditors identified four misstatements in the financial report, three of which have been adjusted and one that remains unadjusted. These items, detailed below, are included in the Management Representation Letter (Attachment 1) as required under Auditing Standard ASA 320, *Materiality and Audit Adjustments*:

The adjusted amounts are detailed as follows:

1. **(\$1,196,000)** – Error in Journal causing a double up of prior year provision relating to BRAC Site Remediation.
2. **(\$2,603,682)** – Being Adjustment of Building Better Regions Fund (BBRF) project in relation to Cable Beach Stage 1 – contract liability transferred to revenue as expenditure occurred in current year.
3. **(\$43,622)** – Being Adjustment to provision for rehabilitation for Buckleys Road landfill.

The above items were thoroughly reviewed and discussed between the Shire and RSM with agreement reached that adjustment would be made.

The unadjusted amount is detailed as follows:

1. **\$125,394** – Being additional provision for rehabilitation of the BRAC Site.

Other Matters

No instances of fraud were identified for reporting, and there were no disagreements with management regarding significant accounting matters.

2024/25 Operating Result

The Audited Financial Report for the year ended 30 June 2025 received audit signoff on 2 December 2025, and resulted in a \$5,385,631 carried forward operating surplus, which is summarised below:

	Budgeted Opening Position 2024/25	Actual Opening Position as per 2025 AFR
Expenditure budget carried over	51,143,691	51,376,023
Income budget carried over (inc plant sales)	(45,324,439)	(42,801,131)
Borrowings budget carried over	0	0
Reserve transfers budget carried over	(3,403,746)	(4,603,542)
FA grant received in advance	0	656,752
BRAC Design Reserve	35,722	35,722
Estimated 2024/25 Surplus (Restricted Cash Reserve)	421,122	421,122
Additional Surplus to be allocated	0	300,685
Net surplus	2,872,350	5,385,631
<i>less advance of 2024/25 Budget for FA Grant</i>		(656,752)
		4,663,824

Budget Overview: The 2025/26 Annual Budget, adopted at the Special Council Meeting on 26 June 2025, included an estimated carried-forward operating surplus of **\$2,872,350** from the 2024/25 financial year.

These figures were preliminary and calculated before the finalisation of the 2024/25 financial year.

Final Financial Position: After completing year-end processes, the confirmed carried-forward surplus is **\$5,385,631**, broken down as follows:

- \$656,752 from advance Financial Assistance Grant funding.
- \$3,026,168 net surplus from capital projects.
- \$945,182 net surplus from operating projects.
- \$721,807 untied surplus.

The actual surplus amount of \$721,807 excludes non-cash transactions such as depreciation, gains or losses from asset revaluations, profit or loss from plant disposal, and provisions for credit losses. It is noted that during the 2025/26 budget process 2024/25 carryovers were reviewed in detail and a 2024/25 surplus of \$421,122 was estimated. These funds were quarantined in Restricted Cash Reserve.

Advance Financial Assistance Grant Impact: The Federal Government provides an annual Financial Assistance Grant (covering general purpose and road funding) through the WA

Local Government Grants Commission. The 2025/26 allocation was partially paid in advance on 24 June 2025, inflating the 2024/25 closing position. This requires an amendment to the 2025/26 budget to account for the advance payment (\$656,752 decrease in income). Additional grant funds are expected later in 2025/26 to complete the annual allocation. The Adopted Budget contained revenue expectation for Grants Commission funding of \$2,175,796, this amount has subsequently been reduced with the Grants Commission final calculations providing \$1,882,025. This is a shortfall of \$293,771 which has been previously reported to Council through the Minutes of the 7 October Audit and Risk Committee (First Quarter Finance and Costing Review).

Budget Compliance and Monitoring: The Shire of Broome is required to budget for an end-of-year closing position of \$0, or within 10% of the rates raised, as per statutory principles. The Shire adopts a \$0 closing balance position.

To ensure compliance, internal controls including quarterly budget reviews are in place. Responsible officers review expenditures and forecast potential variances. All budget amendments must be approved by an Absolute Majority of Council.'

During the 3rd quarter budget review for 2024/25, a closing deficit of **\$193,282** was forecast for 30 June 2025, assuming all budgets were met. This forecast considered the cash needed to maintain services and projects and was detailed in quarterly reviews and monthly financial statements.

Carry-Over Projects: The Executive Management Group has reviewed the carry-over project list to ensure all retained projects are essential. These include:

- Grant or reserve-funded projects,
- Committed projects,
- Asset Management Plan (AMP) renewals, where funds are allocated to appropriate reserves for future use.

Following end-of-year reconciliations and audit, the final untied surplus is confirmed at **\$721,807**.

Council has several significant projects within its Council Plan and Long Term Financial Plan in the coming years. A number of those projects are contained within the Buildings Asset Class, including a \$7M development of Kimberly Regional Offices 3, a \$4.7M Shire Depot and a \$6.7M Shire Library. It is noted that there are borrowings associated with these projects which will increase Council's longer term finance costs and constrain Council's financial position. Council also has a significant 2 year project to transition from the Shire's current Enterprise Resource Planning software to a more suitable and effective platform estimated at \$3M+.

Officers recommend that the surplus funds are split between the Buildings Reserve, reducing borrowings and therefore ongoing finance repayments, and the IT & Equipment Reserve to offset costs involved in progressing these critical strategic projects.

CONSULTATION

The preparation of the Annual Financial Report involved collaboration with key stakeholders to ensure compliance with statutory requirements and alignment with financial management best practices. This included:

- The **Office of the Auditor General (OAG)** and its contracted auditing firm, **RSM Australia (RSM)**, to oversee the audit process and address audit requirements.
- The **Department of Local Government, Industry Regulation and Safety**, for guidance on regulatory compliance.

These partnerships ensured a thorough and transparent process in the preparation and review of the Annual Financial Report.

STATUTORY ENVIRONMENT

Local Government Act 1995

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.

s7.9 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

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

Local Government (Financial Management) Regulations 1996

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

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

Adopting the Annual Financial Report ensures compliance with statutory financial reporting obligations and promotes transparency for both Council and the community.

The committed expenditure and corresponding income sources detailed in Attachment 6 will require an absolute majority vote to approve any budget amendments for the 2024/25 financial year. Furthermore, reconciling the final financial position with proposed carryover projects will also necessitate an absolute majority decision to allocate the untied portion of the net surplus being \$721,807.

RISK

The audited Annual Financial Report is a critical control tool, ensuring transparency and accountability in the Shire's financial management. It communicates to Council and stakeholders that the financial position, operational outcomes, cash flows, equity changes, and financial activities are free from material misstatements due to fraud or error.

The audit findings highlight areas where improvements are necessary, prompting management to either implement corrective measures or recommend reviews of existing processes. These actions support the Shire's ongoing efforts to maintain robust internal controls and sound financial governance.

The report also evaluates Council's financial capacity to meet its strategic and operational objectives. Identified variances or findings may highlight the need to reassess budget assumptions, workforce allocation, or overall resource capacity to achieve strategic goals effectively.

A recommendation from the Committee for Council to adopt the Annual Financial Report, Audit and Management Reports, and the CEO's Report is crucial to ensure compliance with statutory requirements. Failure to adopt these documents could delay the approval of the 2024/25 Annual Report, which would, in turn, impact the timely scheduling of the Annual Electors' Meeting (AEM). This represents a significant risk, as it could disrupt compliance with statutory obligations related to the AEM. Furthermore, such delays could have a substantial reputational impact, as the AEM attracts considerable attention from ratepayers and the community.

Should the Committee recommend alternative allocations for the 2024/25 surplus, aligned with Council's risk appetite, the associated risk is considered moderate. This risk can be effectively mitigated through adherence to the report recommendations, ensuring clarity and alignment with strategic priorities.

STRATEGIC ASPIRATIONS

VOTING REQUIREMENTS

Absolute Majority

COMMITTEE RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. AR/1225/002

Moved: Cr M Virgo

Seconded: Cr D Male

That the Audit and Risk Committee recommends that Council:

- 1. Receive the Chief Executive Officer's report relating to the audit.**
- 2. Receive the:**
 - (a) Management Representation Letter as per Attachment 1;**
 - (b) Audited Annual Financial Report including the Independent Auditor's Report as per Attachment 2 and 3; and**
 - (c) Audit Management Letter as per Confidential Attachment 4 and 5.**
- 3. Adopt the Audited Annual Financial Report dated 2 December 2025 and the Audit Management Letter for the year ended 30 June 2025 as per Attachment 2,3,4 and 5 respectively.**
- 4. Approves the Budget Amendment detailed as per Attachment 6 to finalise the correct amounts for Carry Forwards from 2024-2025.**
- 5. Acknowledging the advance payment of the Financial Assistance Grant in June 2025, approves budget amendments to decrease GL 100303010 General Purpose Grant by \$256,871 and GL 101203050 United Roads Grant by \$399,881.**
- 6. Approves a budget amendment to allocate \$360,903.50 of net 2024/25 surplus to GL 101474570 Transfer to Building Reserve to offset costs of new capital building projects contained within the Council Plan; and**
- 7. Approves a budget amendment to allocate \$360,903.50 of net 2024/25 surplus to GL 101419950 Transfer to IT & Equipment Reserve for Replacement of ERP Software and systems.**

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 2/0

Attachments

1. Management Representation Letter 2024-2025
2. Annual Financial Statements 2024-2025
3. Auditor Opinion 2024-2025
4. Audit Management Letter 2024-2025
5. Audit Management Letter 2024-2025 Attachments (*Confidential to Councillors and Directors Only*)

This attachment is confidential in accordance with section 5.23(2) of the Local Government Act 1995 section 5.23(2)((f)(ii)) as it contains “a matter that if disclosed, could be reasonably expected to endanger the security of the local governments property”.

6. Schedule of Adjustments to Carry Forwards



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Our Ref: Francis Mammone : ADM03 : O251127-146301
Your Ref:

28 November 2025

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

Dear Ms Spencer,

REPRESENTATION LETTER IN RESPECT OF THE SHIRE OF BROOME'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

This representation letter is provided in connection with your audit of the Shire of Broome's (the Shire) annual financial report for the year ended 30 June 2025 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2025 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. General

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

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

2. Fair value measurements and disclosures

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

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

We confirm the measurement methods, including related assumptions and data used by management in determining fair values are appropriate and have been consistently applied. We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. Going concern

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

4. Contingent liabilities

The contingent liabilities at year end that have been completely and adequately disclosed in Note 19 to the financial report.

5. Commitments for capital expenditure

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

6. Contaminated sites

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

7. Related entities

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to you if any of the Shire's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2025.

8. Related parties

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

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

9. Key management personnel compensation

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

10. Subsequent events

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the Shire

11. Internal control

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

12. Insurance

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

13. Risk management

We confirm that we have established and maintained a risk management framework that is appropriate to the Shire.

14. Accounting misstatements

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

Account/Disclosure	Reported balance Dr (Cr) \$	Actual balance Dr (Cr) \$	Variance Dr (Cr) \$
Rehab Asset	93,389	218,783	125,394
Provision for Rehab	(4,825,206)	(4,950,600)	(125,394)
<i>Being additional provision in relation to the remediation of the BRAC</i>			

15. Electronic presentation of the audited annual financial report and auditor's report

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

16. Other (unaudited) information in the annual report

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



James Watt
Director Corporate Services

Date 28.11.2025



Sam Mastrolembo
Chief Executive Officer

Date 28/11/25



SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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The Shire of Broome conducts the operations of a local government with the following community vision:

Broome - a future, for everyone

Principal place of business:
27 Weld Street
Broome WA 6725



SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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

Statement by CEO

The accompanying financial report of the Shire of Broome has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

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

Signed on the 28 day of November 2025



CEO



Name of CEO



SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
Revenue				
Rates	2(a),25	28,795,118	28,649,409	26,585,004
Grants, subsidies and contributions	2(a)	1,759,601	2,483,917	2,853,130
Fees and charges	2(a)	14,961,153	11,400,517	10,260,381
Interest revenue	2(a)	3,130,586	1,781,275	3,307,419
Other revenue	2(a)	1,794,299	1,316,967	1,569,079
		<u>50,440,757</u>	<u>45,632,085</u>	<u>44,575,013</u>
Expenses				
Employee costs	2(b)	(18,704,615)	(19,696,237)	(17,721,170)
Materials and contracts		(14,359,873)	(13,704,706)	(12,351,993)
Utility charges		(2,217,137)	(2,652,461)	(2,454,887)
Depreciation		(15,838,463)	(16,009,575)	(15,410,833)
Finance costs	2(b)	(264,430)	(450,931)	(447,837)
Insurance		(840,744)	(867,944)	(808,032)
Other expenditure	2(b)	(1,596,786)	(1,586,394)	(1,441,510)
		<u>(53,822,048)</u>	<u>(54,968,248)</u>	<u>(50,636,262)</u>
		<u>(3,381,291)</u>	<u>(9,336,163)</u>	<u>(6,061,249)</u>
Capital grants, subsidies and contributions	2(a)	12,560,967	10,794,394	7,698,360
Profit on asset disposals		50,364	248,908	100,022
Loss on asset disposals		(98,625)	(211,375)	(115,383)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(4,439)	0	2,102
		<u>12,508,267</u>	<u>10,831,927</u>	<u>7,685,101</u>
Net result for the period	24(b)	<u>9,126,976</u>	<u>1,495,764</u>	<u>1,623,852</u>
Total comprehensive income for the period		<u>9,126,976</u>	<u>1,495,764</u>	<u>1,623,852</u>

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



6. MATTERS BEHIND CLOSED DOORS

Nil

7. MEETING CLOSURE

There being no further business the Chair declared the meeting closed at 12:32 PM.