



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
INDEX – MINUTES

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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 Cr M Virgo | Deputy Shire President Councillor |
| Apologies: | Shire President C Mitchell Mr S Mastrolembo | Chief Executive Officer |
| Leave of Absence: | Nil | |
| Officers: | Mr J Watt Mr J Hall Ms S Becker Mr F Mammone Mr J Dodds Ms E Kerr | Director Corporate Services Director Infrastructure Director Development and Community Manager Finance Accountant 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> | | <i>(656,752)</i> |
| | | 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 Untied 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



ABN 94 526 654 007

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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 Mastrolemba
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.



SHIRE OF BROOME
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

| | Note | 2025 \$ | 2024 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 59,765,655 | 53,524,615 |
| Trade and other receivables | 5 | 3,204,598 | 2,570,892 |
| Other financial assets | 4(a) | 145,322 | 96,154 |
| Inventories | 6 | 37,732 | 27,879 |
| Other assets | 7 | 1,756,188 | 576,111 |
| TOTAL CURRENT ASSETS | | 64,909,495 | 56,795,651 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 5 | 163,075 | 134,560 |
| Other financial assets | 4(b) | 1,964,996 | 2,003,696 |
| Property, plant and equipment | 8 | 89,098,905 | 87,529,275 |
| Infrastructure | 9 | 328,795,824 | 324,647,381 |
| Right-of-use assets | 12(a) | 279,489 | 356,399 |
| TOTAL NON-CURRENT ASSETS | | 420,302,289 | 414,671,311 |
| TOTAL ASSETS | | 485,211,784 | 471,466,962 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 5,550,157 | 4,186,894 |
| Other Liabilities | 13 | 7,171,152 | 7,112,533 |
| Lease liabilities | 12(b) | 6,819 | 132,032 |
| Borrowings | 14 | 903,033 | 608,967 |
| Employee related provisions | 15 | 1,972,629 | 2,016,446 |
| Other provisions | 16 | 2,229,058 | 103,000 |
| TOTAL CURRENT LIABILITIES | | 17,832,848 | 14,159,872 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 12(b) | 288,195 | 235,554 |
| Borrowings | 14 | 9,164,466 | 6,626,745 |
| Employee related provisions | 15 | 301,871 | 352,567 |
| Other provisions | 16 | 2,596,147 | 4,190,943 |
| TOTAL NON-CURRENT LIABILITIES | | 12,350,679 | 11,405,809 |
| TOTAL LIABILITIES | | 30,183,527 | 25,565,681 |
| NET ASSETS | | 455,028,257 | 445,901,281 |
| EQUITY | | | |
| Retained surplus | | 155,382,853 | 153,595,866 |
| Reserve accounts | 28 | 46,127,288 | 38,787,299 |
| Revaluation surplus | 17 | 253,518,116 | 253,518,116 |
| TOTAL EQUITY | | 455,028,257 | 445,901,281 |

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



SHIRE OF BROOME
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

| | Note | Retained surplus | Reserve accounts | Revaluation surplus | Total equity |
|---|------|---------------------|---------------------|------------------------|-----------------|
| | | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2023 | | 155,622,152 | 35,137,161 | 253,518,116 | 444,277,429 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 1,623,852 | 0 | 0 | 1,623,852 |
| Total comprehensive income for the period | | 1,623,852 | 0 | 0 | 1,623,852 |
| Transfers from reserve accounts | 28 | 3,357,078 | (3,357,078) | 0 | 0 |
| Transfers to reserve accounts | 28 | (7,007,216) | 7,007,216 | 0 | 0 |
| Balance as at 30 June 2024 | | 153,595,866 | 38,787,299 | 253,518,116 | 445,901,281 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 9,126,976 | 0 | 0 | 9,126,976 |
| Total comprehensive income for the period | | 9,126,976 | 0 | 0 | 9,126,976 |
| Transfers from reserve accounts | 28 | 3,075,826 | (3,075,826) | 0 | 0 |
| Transfers to reserve accounts | 28 | (10,415,815) | 10,415,815 | 0 | 0 |
| Balance as at 30 June 2025 | | 155,382,853 | 46,127,288 | 253,518,116 | 455,028,257 |

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



SHIRE OF BROOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

| | Note | 2025 Actual \$ | 2024 Actual \$ |
|--|-------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Rates | | 28,614,217 | 26,299,580 |
| Grants, subsidies and contributions | | 1,723,178 | 2,224,636 |
| Fees and charges | | 14,961,154 | 10,031,607 |
| Interest revenue | | 3,130,586 | 3,307,419 |
| Goods and services tax received | | 2,261,289 | 2,567,995 |
| Other revenue | | 1,794,300 | 1,569,079 |
| | | 52,484,724 | 46,000,316 |
| Payments | | | |
| Employee costs | | (18,700,843) | (17,221,526) |
| Materials and contracts | | (12,347,819) | (10,869,050) |
| Utility charges | | (2,217,136) | (2,454,887) |
| Finance costs | | (277,371) | (317,705) |
| Insurance paid | | (840,744) | (808,032) |
| Goods and services tax paid | | (2,461,417) | (2,265,374) |
| Other expenditure | | (1,596,786) | (2,393,236) |
| | | (38,442,116) | (36,329,810) |
| Net cash provided by operating activities | 18(b) | 14,042,608 | 9,670,506 |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | | |
| Payments for financial assets at amortised cost - self supporting loans | | (157,960) | (151,294) |
| Payments for purchase of property, plant & equipment | 8(a) | (6,406,489) | (5,545,588) |
| Payments for construction of infrastructure | 9(a) | (15,433,810) | (11,203,382) |
| Proceeds from capital grants, subsidies and contributions | | 11,225,077 | 10,257,715 |
| Proceeds from financial assets at amortised cost - self-supporting loans | | 143,052 | 96,154 |
| Proceeds from sale of property, plant & equipment | | 136,364 | 570,564 |
| Net cash (used in) investing activities | | (10,493,766) | (5,975,831) |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | | |
| Repayment of borrowings | 27(a) | (608,966) | (551,033) |
| Payments for principal portion of lease liabilities | 27(c) | (139,589) | (96,276) |
| Proceeds from new borrowings | 27(a) | 3,440,753 | 0 |
| Net cash provided by (used in) financing activities | | 2,692,198 | (647,309) |
| Net increase in cash held | | 6,241,040 | 3,047,366 |
| Cash at beginning of year | | 53,524,615 | 50,477,249 |
| Cash and cash equivalents at the end of the year | 18(a) | 59,765,655 | 53,524,615 |

Non-cash investing and financing movements are disclosed at note 18.(c)

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



SHIRE OF BROOME
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025

| | Note | 2025 Actual \$ | 2025 Budget \$ | 2024 Actual \$ |
|---|--------------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities | | | | |
| General rates | 25 | 28,795,118 | 28,649,409 | 25,848,510 |
| Rates excluding general rates | 25 | 0 | 0 | 736,494 |
| Grants, subsidies and contributions | | 1,759,601 | 2,483,917 | 2,853,130 |
| Fees and charges | | 14,961,153 | 11,400,517 | 10,260,381 |
| Interest revenue | | 3,130,586 | 1,781,275 | 3,307,419 |
| Other revenue | | 1,794,299 | 1,316,967 | 1,569,079 |
| Profit on asset disposals | | 50,364 | 248,908 | 100,022 |
| Fair value adjustments to financial assets at fair value through profit or loss | 4(b) | (4,439) | 0 | 2,102 |
| | | 50,486,682 | 45,880,993 | 44,677,137 |
| Expenditure from operating activities | | | | |
| Employee costs | | (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 | | (264,430) | (450,931) | (447,837) |
| Insurance | | (840,744) | (867,944) | (808,032) |
| Other expenditure | | (1,596,786) | (1,586,394) | (1,441,510) |
| Loss on asset disposals | | (98,625) | (211,375) | (115,383) |
| | | (53,920,673) | (55,179,623) | (50,751,645) |
| Non-cash amounts excluded from operating activities | 26(a) | 16,712,119 | 15,972,042 | 16,931,769 |
| Amount attributable to operating activities | | 13,278,128 | 6,673,412 | 10,857,261 |
| INVESTING ACTIVITIES | | | | |
| Inflows from investing activities | | | | |
| Capital grants, subsidies and contributions | | 12,560,967 | 10,794,394 | 7,698,360 |
| Proceeds from disposal of assets | | 136,364 | 729,394 | 570,564 |
| Proceeds from financial assets at amortised cost - self-supporting loans | 27(a) | 143,052 | 96,154 | 96,154 |
| | | 12,840,383 | 11,619,942 | 8,365,078 |
| Outflows from investing activities | | | | |
| Payments for financial assets at amortised cost - self supporting loans | | (157,960) | 0 | (151,294) |
| Right of use assets received - non cash | 12(a) | (67,018) | 0 | (463,862) |
| Acquisition of property, plant and equipment | 8(a) | (6,406,489) | (8,360,381) | (5,545,588) |
| Acquisition of infrastructure | 9(a) | (15,433,810) | (18,264,344) | (11,203,382) |
| | | (22,065,277) | (26,624,725) | (17,364,126) |
| Non-cash amounts excluded from investing activities | 26(b) | 67,018 | 0 | 463,862 |
| Amount attributable to investing activities | | (9,157,876) | (15,004,783) | (8,535,186) |
| FINANCING ACTIVITIES | | | | |
| Inflows from financing activities | | | | |
| Proceeds from borrowings | 27(a) | 3,440,753 | 3,963,081 | 0 |
| Proceeds from new leases - non cash | 27(c) | 67,017 | 0 | 463,862 |
| Transfers from reserve accounts | 28 | 3,075,826 | 5,567,720 | 3,357,078 |
| | | 6,583,596 | 9,530,801 | 3,820,940 |
| Outflows from financing activities | | | | |
| Repayment of borrowings | 27(a) | (608,966) | (955,389) | (551,033) |
| Payments for principal portion of lease liabilities | 27(c) | (139,589) | (137,144) | (96,276) |
| Transfers to reserve accounts | 28 | (10,415,815) | (4,234,917) | (7,007,216) |
| | | (11,164,370) | (5,327,450) | (7,654,525) |
| Non-cash amounts excluded from financing activities | 26(c) | (67,017) | 0 | (463,862) |
| Amount attributable to financing activities | | (4,647,791) | 4,203,351 | (4,297,447) |
| MOVEMENT IN SURPLUS OR DEFICIT | | | | |
| Surplus or deficit at the start of the financial year | 26(d) | 5,913,170 | 4,128,020 | 7,888,542 |
| Amount attributable to operating activities | | 13,278,128 | 6,673,412 | 10,857,261 |
| Amount attributable to investing activities | | (9,157,876) | (15,004,783) | (8,535,186) |
| Amount attributable to financing activities | | (4,647,791) | 4,203,351 | (4,297,447) |
| Surplus or deficit after imposition of general rates | 26(d) | 5,385,631 | 0 | 5,913,170 |

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



**SHIRE OF BROOME
FOR THE YEAR ENDED 30 JUNE 2025
INDEX OF NOTES TO THE FINANCIAL REPORT**

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**SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

1. BASIS OF PREPARATION

The financial report of the Shire of Broome, which is a Class 2 local government, comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
 - infrastructure; or
 - vested improvements that the local government controls ;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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

Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - Note 8
 - Infrastructure - Note 9
- Expected credit losses on other receivables - Note 5
- Measurement of employee benefits - Note 15
- Measurement of provisions - Note 16

Fair value hierarchy information can be found in Note 23

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-1 *Amendments to Australian Accounting Standards*
 - *Classification of Liabilities as Current or Non-current*
- AASB 2022-5 *Amendments to Australian Accounting Standards*
 - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards*
 - *Non-current Liabilities with Covenants*
- AASB 2023-3 *Amendments to Australian Accounting Standards*
 - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards*
 - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

New accounting standards for application in future years

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

- AASB 2014-10 *Amendments to Australian Accounting Standards*
 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards*
 - *Effective Date of Amendments to AASB 10 and AASB 128*
[deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-9 *Amendments to Australian Accounting Standards*
 - *Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*
 - *Lack of Exchangeability*
- AASB 18 (FP) *Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for for-profit entities]
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for not-for-profit and superannuation entities]
- AASB 2024-2 *Amendments to Australian Accounting Standards*
 - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
 - *Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

| Revenue category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/refunds/warranties | Timing of revenue recognition |
|---|--|--------------------------------------|--|---|---|
| Grants, subsidies and contributions | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Output method based on project milestones and/or completion date matched to performance obligations |
| Fees and charges - licences, registrations, approvals | Building, planning, development and animal management. | Single point in time | Full payment prior to issue | None | On payment of the licence, registration or approval |
| Other revenue - private works | Contracted private works | Single point in time | Monthly in arrears | None | At point of service |

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

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

For the year ended 30 June 2025

| Nature | Contracts with customers | Capital grant/contributions | Statutory requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 28,795,118 | 0 | 28,795,118 |
| Grants, subsidies and contributions | 0 | 0 | 0 | 1,759,601 | 1,759,601 |
| Fees and charges | 14,153,199 | 0 | 735,114 | 72,840 | 14,961,153 |
| Interest revenue | 0 | 0 | 379,373 | 2,751,213 | 3,130,586 |
| Other revenue | 0 | 0 | 0 | 1,794,299 | 1,794,299 |
| Capital grants, subsidies and contributions | 0 | 12,560,967 | 0 | 0 | 12,560,967 |
| Total | 14,153,199 | 12,560,967 | 29,909,605 | 6,377,953 | 63,001,724 |

For the year ended 30 June 2024

| Nature | Contracts with customers | Capital grant/contributions | Statutory requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 26,585,004 | 0 | 26,585,004 |
| Grants, subsidies and contributions | 2,096,564 | 0 | 0 | 756,566 | 2,853,130 |
| Fees and charges | 9,377,975 | 0 | 643,025 | 239,381 | 10,260,381 |
| Interest revenue | 28,132 | 0 | 298,374 | 2,980,913 | 3,307,419 |
| Other revenue | 1,104,126 | 0 | 0 | 464,953 | 1,569,079 |
| Capital grants, subsidies and contributions | 0 | 7,698,360 | 0 | 0 | 7,698,360 |
| Total | 12,606,797 | 7,698,360 | 27,526,403 | 4,441,813 | 52,273,373 |

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

| Note | 2025 Actual \$ | 2024 Actual \$ |
|---|----------------------|----------------------|
| Interest revenue | | |
| Financial assets at amortised cost - self-supporting loans | 64,988 | 77,931 |
| Interest on reserve account | 1,930,270 | 1,779,336 |
| Trade and other receivables overdue interest | 379,362 | 298,374 |
| Other interest revenue | 755,966 | 1,151,778 |
| | 3,130,586 | 3,307,419 |
| The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was \$263,831 | | |
| Fees and charges relating to rates receivable | | |
| Charges on instalment plan | 56,753 | 54,483 |
| The 2025 original budget estimate in relation to: Charges on instalment plan was \$57,006. | | |

(b) Expenses

| | | |
|--|------------|------------|
| Auditors remuneration | | |
| - Audit of the Annual Financial Report | 165,424 | 150,200 |
| - Other services – grant acquittals | 14,630 | 25,422 |
| | 180,054 | 175,622 |
| Employee Costs | | |
| Employee benefit costs | 17,528,778 | 16,598,714 |
| Other employee costs | 1,175,837 | 1,122,456 |
| | 18,704,615 | 17,721,170 |
| Finance costs | | |
| Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss | 277,371 | 317,705 |
| Provisions: unwinding of discount | (12,941) | 130,132 |
| | 264,430 | 447,837 |
| Other expenditure | | |
| Impairment losses on other receivables | 0 | 244,274 |
| Contributions to Community Groups for Event Development | 216,404 | 360,392 |
| Contributions to Tourism Promotion | 709,108 | 422,209 |
| Community Sponsorship Program | 80,403 | 31,922 |
| Sundry expenses | 590,871 | 382,713 |
| | 1,596,786 | 1,441,510 |

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

| Note | 2025 \$ | 2024 \$ |
|--|-------------------|-------------------|
| Cash at bank and on hand | 59,765,655 | 53,524,615 |
| Total cash and cash equivalents | 59,765,655 | 53,524,615 |
| Held as | | |
| - Unrestricted cash and cash equivalents | 6,467,215 | 7,624,783 |
| - Restricted cash and cash equivalents | 53,298,440 | 45,899,832 |
| | 59,765,655 | 53,524,615 |

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

| Note | 2025 \$ | 2024 \$ |
|--|------------------|------------------|
| (a) Current assets | | |
| Financial assets at amortised cost | 145,322 | 96,154 |
| | 145,322 | 96,154 |
| Other financial assets at amortised cost | | |
| Self-supporting loans receivable | 145,322 | 96,154 |
| | 145,322 | 96,154 |
| Held as | | |
| - Unrestricted other financial assets at amortised cost | 145,322 | 96,154 |
| | 145,322 | 96,154 |
| (b) Non-current assets | | |
| Financial assets at amortised cost | 1,865,472 | 1,899,732 |
| Financial assets at fair value through profit or loss | 99,524 | 103,964 |
| | 1,964,996 | 2,003,696 |
| Financial assets at amortised cost | | |
| Self-supporting loans receivable | 1,865,472 | 1,899,732 |
| | 1,865,472 | 1,899,732 |
| Financial assets at fair value through profit or loss | | |
| Units in Local Government House Trust - opening balance | 103,964 | 101,862 |
| Movement attributable to fair value increment | (4,439) | 2,102 |
| Units in Local Government House Trust - closing balance | 99,524 | 103,964 |

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates.

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

Financial assets at fair value through profit or loss

The Shire classifies the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

5. TRADE AND OTHER RECEIVABLES

| | Note | 2025 \$ | 2024 \$ |
|--|-------|------------|------------|
| Current | | | |
| Rates and statutory receivables | | 1,354,052 | 1,052,012 |
| Trade receivables | | 1,419,875 | 1,336,602 |
| Other receivables | | 292,654 | 244,390 |
| GST receivable | | 332,944 | 132,815 |
| Receivables for employee related provisions | 15 | 49,347 | 49,347 |
| Allowance for credit losses of other receivables | 22(b) | (244,274) | (244,274) |
| | | 3,204,598 | 2,570,892 |
| Non-current | | | |
| Rates and statutory receivables | | 122,332 | 93,817 |
| Receivables for employee related provisions | | 40,743 | 40,743 |
| | | 163,075 | 134,560 |

MATERIAL ACCOUNTING POLICIES**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

6. INVENTORIES

| Note | 2025 | 2024 |
|--|---------------|----------------|
| | \$ | \$ |
| Current | | |
| Fuel and Materials | 17,793 | 21,441 |
| Other Inventories | 19,939 | 6,438 |
| | <u>37,732</u> | <u>27,879</u> |
| The following movements in inventories occurred during the year: | | |
| Balance at beginning of year | 27,879 | 30,354 |
| Additions to inventory | <u>9,853</u> | <u>(2,475)</u> |
| Balance at end of year | <u>37,732</u> | <u>27,879</u> |

MATERIAL ACCOUNTING POLICIES

General

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

7. OTHER ASSETS

Other assets - current
Prepayments
Accrued income

| 2025 | 2024 |
|-----------|---------|
| \$ | \$ |
| 261,525 | 432,031 |
| 1,494,663 | 144,080 |
| 1,756,188 | 576,111 |

MATERIAL 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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

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

| | Assets not subject to operating lease | | | | Total property | | | Plant and equipment | | | | Total property, plant and equipment | |
|--|---------------------------------------|-----------|-------------|----|----------------|-------------|------------------|---------------------|-------------------------|---------------------|--------|---|-------------------------------------|
| | Note | Land | Buildings | | Land | Buildings | Work in progress | Total property | Furniture and equipment | Plant and equipment | | Work in progress - Plant, Furniture and equipment | Total property, plant and equipment |
| | | | \$ | \$ | | | | | | \$ | \$ | | \$ |
| Balance at 1 July 2023 | | 5,130,000 | 72,986,734 | | 5,130,000 | 72,986,734 | 938,020 | 79,054,754 | 1,768,935 | 6,223,985 | 0 | 0 | 87,047,674 |
| Additions | | 842,303 | 589,266 | | 842,303 | 589,266 | 1,543,494 | 2,975,063 | 77,850 | 2,492,675 | | | 5,545,588 |
| Disposals | | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | (585,925) | | | (585,925) |
| Depreciation | | 0 | (3,152,005) | | 0 | (3,152,005) | 0 | (3,152,005) | (268,292) | (1,077,898) | | | (4,498,195) |
| Transfers | | 0 | 240,263 | | 0 | 240,263 | (7,566) | 232,697 | (212,564) | 7,052,837 | 0 | 0 | 20,133 |
| Balance at 30 June 2024 | | 5,972,303 | 70,664,258 | | 5,972,303 | 70,664,258 | 2,473,948 | 79,110,509 | 1,365,929 | 7,052,837 | 0 | 0 | 87,529,275 |
| Comprises: | | | | | | | | | | | | | |
| Gross balance amount at 30 June 2024 | | 5,972,303 | 76,622,965 | | 5,972,303 | 76,622,965 | 2,473,948 | 85,069,216 | 4,424,044 | 15,641,809 | 0 | 0 | 105,135,069 |
| Accumulated depreciation at 30 June 2024 | | 0 | (5,958,707) | | 0 | (5,958,707) | 0 | (5,958,707) | (3,058,115) | (8,588,972) | 0 | 0 | (17,605,794) |
| Balance at 30 June 2024 | 8(b) | 5,972,303 | 70,664,258 | | 5,972,303 | 70,664,258 | 2,473,948 | 79,110,509 | 1,365,929 | 7,052,837 | 0 | 0 | 87,529,275 |
| Additions | | 0 | 2,916,326 | | 0 | 2,916,326 | 346,987 | 3,263,313 | 2,110,864 | 941,267 | 91,045 | 0 | 6,406,489 |
| Disposals | | 0 | 0 | | 0 | 0 | 0 | 0 | | (184,624) | | | (184,624) |
| Depreciation | | 0 | (3,196,060) | | 0 | (3,196,060) | 0 | (3,196,060) | (275,237) | (1,180,938) | | | (4,652,235) |
| Transfers | | 0 | 177,121 | | 0 | 177,121 | (177,121) | 0 | | | | | 0 |
| Balance at 30 June 2025 | | 5,972,303 | 70,561,645 | | 5,972,303 | 70,561,645 | 2,643,814 | 79,177,762 | 3,201,556 | 6,628,542 | 91,045 | 0 | 89,098,905 |
| Comprises: | | | | | | | | | | | | | |
| Gross balance amount at 30 June 2025 | | 5,972,303 | 79,716,412 | | 5,972,303 | 79,716,412 | 2,643,814 | 88,332,529 | 6,534,908 | 15,983,763 | 91,045 | 0 | 110,942,245 |
| Accumulated depreciation at 30 June 2025 | | 0 | (9,154,767) | | 0 | (9,154,767) | 0 | (9,154,767) | (3,333,352) | (9,355,221) | | | (21,843,340) |
| Balance at 30 June 2025 | 8(b) | 5,972,303 | 70,561,645 | | 5,972,303 | 70,561,645 | 2,643,814 | 79,177,762 | 3,201,556 | 6,628,542 | 91,045 | 0 | 89,098,905 |

**SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

| Asset class | Note | Carrying amount 2025 \$ | Carrying amount 2024 \$ | Fair value hierarchy | Valuation technique | Basis of valuation | Date of last valuation | Inputs used |
|--|------|-------------------------------|-------------------------------|-------------------------|--|-------------------------------------|---------------------------|---|
| (i) Fair value - as determined at the last valuation date | | | | | | | | |
| Land and buildings | | | | | | | | |
| Land - subject to usage restrictions | | 5,972,303 | 5,972,303 | 2 & 3 | Market approach using recent observable market data for similar properties | Independent registered valuer | June 2022 | Sales comparisons (level 2 and 3 inputs) |
| Total land | 8(a) | 5,972,303 | 5,972,303 | | | | | |
| Buildings - non specialised | | 70,561,645 | 70,664,258 | 2 & 3 | Market approach using recent observable market data for similar properties | Independent registered valuer | June 2022 | Sales comparisons per lettable area (level 2 inputs), depreciated replacement cost per unit area and estimated useful life (Level 3 inputs) |
| Total buildings | 8(a) | 70,561,645 | 70,664,258 | | | | | |

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. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

(ii) Cost

**Furniture and equipment
Plant and equipment**

| | | |
|------|-----|-----|
| Cost | N/A | N/A |
| Cost | N/A | N/A |

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE

(a) Movements in balances

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

| | Infrastructure - roads | | | Infrastructure - footpaths, carparks & bridges | | | Infrastructure - drainage | | | Infrastructure - recreation areas | | | Infrastructure - other | | | Work in progress - roads, footpaths and bridges | | | Infrastructure - landfill assets | | | Work in Progress - recreation areas | | | Work in Progress - other infrastructure | | | Total infrastructure | | |
|---|---------------------------|-------------|-------------|---|-------------|-----------|------------------------------|-------------|----------|--------------------------------------|----|----|---------------------------|----|----|---|----|----|-------------------------------------|----|----|--|----|----|--|----|----|-------------------------|----|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Balance at 1 July 2023 | 200,997,529 | 24,458,948 | 42,117,481 | 36,607,764 | 16,616,243 | 732,213 | 438,242 | 2,371,747 | 29,024 | 324,369,191 | | | | | | | | | | | | | | | | | | | | |
| Additions | 4,297,690 | 1,246,310 | 853,926 | 1,489,303 | 223,093 | 144,735 | 0 | 2,908,875 | 39,450 | 11,203,382 | | | | | | | | | | | | | | | | | | | | |
| Revaluation (loss) / reversals transferred to profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | (99,884) | 0 | 0 | (99,884) | | | | | | | | | | | | | | | | | | | | |
| Depreciation | (4,750,113) | (833,081) | (685,407) | (3,785,528) | (694,308) | 0 | (56,738) | 0 | 0 | (10,805,175) | | | | | | | | | | | | | | | | | | | | |
| Transfers | 649,657 | 82,556 | | 642,774 | (91,896) | (732,213) | 95,987 | (642,774) | (24,224) | (20,133) | | | | | | | | | | | | | | | | | | | | |
| Balance at 30 June 2024 | 201,194,763 | 24,954,733 | 42,286,000 | 34,954,313 | 16,053,132 | 144,735 | 377,607 | 4,637,848 | 44,250 | 324,647,381 | | | | | | | | | | | | | | | | | | | | |
| Comprises: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross balance at 30 June 2024 | 210,638,337 | 26,588,833 | 43,640,795 | 42,468,648 | 17,374,930 | 144,735 | 3,065,757 | 4,637,848 | 44,250 | 348,604,133 | | | | | | | | | | | | | | | | | | | | |
| Accumulated depreciation at 30 June 2024 | (9,443,574) | (1,634,100) | (1,354,795) | (7,514,335) | (1,321,798) | 0 | (2,688,150) | 0 | 0 | (23,956,752) | | | | | | | | | | | | | | | | | | | | |
| Balance at 30 June 2024 | 201,194,763 | 24,954,733 | 42,286,000 | 34,954,313 | 16,053,132 | 144,735 | 377,607 | 4,637,848 | 44,250 | 324,647,381 | | | | | | | | | | | | | | | | | | | | |
| Additions | 1,715,848 | 3,988,829 | 833,968 | 0 | 5,073,729 | 2,332,316 | 0 | 1,444,392 | 44,728 | 15,433,810 | | | | | | | | | | | | | | | | | | | | |
| Revaluation increments/(decrements) transferred to profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | (243,067) | 0 | 0 | (243,067) | | | | | | | | | | | | | | | | | | | | |
| Depreciation | (4,848,668) | (869,209) | (688,851) | (3,859,327) | (735,094) | 0 | (41,151) | 0 | 0 | (11,042,300) | | | | | | | | | | | | | | | | | | | | |
| Transfers | 54,459 | 1,711,197 | 0 | 1,085,794 | 44,250 | (54,459) | 0 | (2,796,991) | (44,250) | 0 | | | | | | | | | | | | | | | | | | | | |
| Balance at 30 June 2025 | 198,116,402 | 29,785,550 | 42,431,117 | 32,180,780 | 20,436,017 | 2,422,592 | 93,389 | 3,285,249 | 44,728 | 328,795,824 | | | | | | | | | | | | | | | | | | | | |
| Comprises: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross balance at 30 June 2025 | 212,408,644 | 32,288,859 | 44,474,763 | 43,554,443 | 22,492,908 | 2,422,592 | 2,822,691 | 3,285,249 | 44,728 | 363,794,877 | | | | | | | | | | | | | | | | | | | | |
| Accumulated depreciation at 30 June 2025 | (14,292,242) | (2,503,309) | (2,043,646) | (11,373,663) | (2,056,891) | 0 | (2,729,302) | 0 | 0 | (34,999,053) | | | | | | | | | | | | | | | | | | | | |
| Balance at 30 June 2025 | 198,116,402 | 29,785,550 | 42,431,117 | 32,180,780 | 20,436,017 | 2,422,592 | 93,389 | 3,285,249 | 44,728 | 328,795,824 | | | | | | | | | | | | | | | | | | | | |

**SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2025**

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

| Asset class (i) Fair value - as determined at the last valuation date | Fair value hierarchy | Valuation technique | Basis of valuation | Date of last valuation | Inputs used |
|--|----------------------|--|-------------------------------|------------------------|--|
| Infrastructure - roads | 3 | Cost approach using current replacement cost | Independent registered valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - footpaths, carparks & bridges | 3 | Cost approach using current replacement cost | Independent registered valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - drainage | 3 | Cost approach using current replacement cost | Independent registered valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - recreation areas | 3 | Cost approach using current replacement cost | Independent registered valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - other | 3 | Cost approach using current replacement cost | Independent registered valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - landfill assets | 3 | Cost approach using current replacement cost | Independent registered valuer | June 2025 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

| Asset class | Useful life |
|--|--------------------|
| Buildings | 10 - 80 Years |
| Furniture and equipment | 4 - 10 Years |
| Plant and equipment | 2 - 16 Years |
| Infrastructure - Roads | 8 - 100 Years |
| Infrastructure - Footpaths, carparks & bridges | 15 - 80 Years |
| Infrastructure - Drainage | 50 - 80 Years |
| Infrastructure - Recreation areas | 4 - 100 Years |
| Infrastructure - Others | 4 - 100 Years |
| Infrastructure - Landfill assets | 7 - 50 Years |
| Right-of-use (plant and equipment) | 3 - 10 Years |

(b) Fully depreciated assets in use

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

| | | |
|-------------------------|------------------|------------------|
| Furniture and equipment | 2,076,387 | 2,076,387 |
| Plant and equipment | 4,775,617 | 4,639,393 |
| | <u>6,852,004</u> | <u>6,715,780</u> |

SHIRE OF BROOME
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10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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

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

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 Bonds and deposits held
 Accrued Expenses
 Accrued Loan Interest

| | 2025 | 2024 |
|--|-----------|-----------|
| | \$ | \$ |
| | 2,125,566 | 2,100,926 |
| | 709,998 | 560,344 |
| | 375,007 | 276,723 |
| | 840,913 | 846,171 |
| | 1,466,788 | 371,693 |
| | 31,885 | 31,037 |
| | 5,550,157 | 4,186,894 |

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

12. LEASES

(a) Right-of-use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

| | Right-of-use assets - Plant & Equipment | Total right-of-use assets |
|--|---|------------------------------|
| Note | \$ | \$ |
| Balance at 1 July 2023 | 0 | 0 |
| Additions * | 463,862 | 463,862 |
| Depreciation | (107,463) | (107,463) |
| Balance at 30 June 2024 | 356,399 | 356,399 |
| Gross balance amount at 30 June 2024 | 463,862 | 463,862 |
| Accumulated depreciation at 30 June 2024 | (107,463) | (107,463) |
| Balance at 30 June 2024 | 356,399 | 356,399 |
| Additions * | 67,018 | 67,018 |
| Depreciation | (143,928) | (143,928) |
| Balance at 30 June 2025 | 279,489 | 279,489 |
| Gross balance amount at 30 June 2025 | 279,489 | 279,489 |
| Balance at 30 June 2025 | 279,489 | 279,489 |

* Right of use asset additions are non-cash additions. Refer to note 18(c).

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:

Depreciation on right-of-use assets
Finance charge on lease liabilities
Total amount recognised in the statement of comprehensive income

Total cash outflow from leases

| | 2025 Actual | 2024 Actual |
|-------|----------------|----------------|
| | \$ | \$ |
| 27(c) | (143,928) | (107,463) |
| | (17,769) | (19,401) |
| | (161,697) | (126,864) |
| | (157,358) | (115,677) |
| 27(c) | 6,819 | 132,032 |
| | 288,195 | 235,554 |
| | 295,014 | 367,586 |

(b) Lease liabilities

Current
Non-current

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 27(c).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

SHIRE OF BROOME
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FOR THE YEAR ENDED 30 JUNE 2025

12. LEASES (Continued)

(c) Lessor - property, plant and equipment subject to lease

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

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

4 to 5 years

> 5 years

| 2025 Actual | 2024 Actual |
|----------------|----------------|
| \$ | \$ |
| 1,523,655 | 1,606,632 |
| 1,126,916 | 1,358,126 |
| 844,559 | 973,159 |
| 625,690 | 665,501 |
| 398,082 | 487,040 |
| 1,969,128 | 2,308,603 |
| 6,488,030 | 7,399,061 |

MATERIAL ACCOUNTING POLICIES

The Shire as lessor

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

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

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

13. OTHER LIABILITIES

| | 2025 | 2024 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Contract liabilities | 354,837 | 259,722 |
| Capital grant/contributions liabilities | 6,816,315 | 6,852,811 |
| | 7,171,152 | 7,112,533 |
| Reconciliation of changes in contract liabilities | | |
| Opening balance | 259,722 | 0 |
| Additions | 141,752 | 259,722 |
| Revenue from contracts with customers included as a contract liability at the start of the period | (46,637) | 0 |
| | 354,837 | 259,722 |
| Reconciliation of changes in capital grant/contribution liabilities | | |
| Opening balance | 6,852,811 | 5,489,456 |
| Additions | 10,802,029 | 1,363,355 |
| Revenue from capital grant/contributions held as a liability at the start of the period | (10,838,525) | 0 |
| | 6,816,315 | 6,852,811 |

MATERIAL ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

14. BORROWINGS

| | Note | 2025 | | | 2024 | | |
|-----------------------------------|-------|---------|-------------|------------|---------|-------------|-----------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| Unsecured | | \$ | \$ | \$ | \$ | \$ | \$ |
| Loans - WATC | | 903,033 | 9,164,466 | 10,067,499 | 608,967 | 6,626,745 | 7,235,712 |
| Total unsecured borrowings | 27(a) | 903,033 | 9,164,466 | 10,067,499 | 608,967 | 6,626,745 | 7,235,712 |

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 27(a).

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

15. EMPLOYEE RELATED PROVISIONS

Employee related provisions

| | 2025 | 2024 |
|--|------------------|------------------|
| | \$ | \$ |
| Current provisions | | |
| Employee benefit provisions | | |
| Annual leave | 992,423 | 1,021,199 |
| Long service leave | 649,683 | 667,456 |
| | 1,642,106 | 1,688,655 |
| Employee related other provisions | | |
| Employment on-costs | 330,523 | 327,791 |
| | 330,523 | 327,791 |
| Total current employee related provisions | 1,972,629 | 2,016,446 |
| Non-current provisions | | |
| Employee benefit provisions | | |
| Long service leave | 267,238 | 310,181 |
| | 267,238 | 310,181 |
| Employee related other provisions | | |
| Employment on-costs | 34,633 | 42,386 |
| | 34,633 | 42,386 |
| Total non-current employee related provisions | 301,871 | 352,567 |
| Total employee related provisions | 2,274,500 | 2,369,013 |

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

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

| | Note | 2025 | 2024 |
|--|------|-----------|-----------|
| | | \$ | \$ |
| Amounts are expected to be settled on the following basis: | | | |
| Less than 12 months after the reporting date | | 106,187 | 1,154,915 |
| More than 12 months from reporting date | | 2,168,313 | 1,214,098 |
| | | 2,274,500 | 2,369,013 |
| Expected reimbursements of employee related provisions from other WA local governments included within other receivables | 5 | (49,347) | (49,347) |

MATERIAL ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

16. OTHER PROVISIONS

| | Landfill Rehabilitation | Remediation 20 Cable Beach Rd | Total |
|--------------------------------|----------------------------|----------------------------------|-----------|
| | \$ | \$ | \$ |
| Opening balance at 1 July 2024 | | | |
| Current provisions | 103,000 | 0 | 103,000 |
| Non-current provisions | 2,994,943 | 1,196,000 | 4,190,943 |
| | 3,097,943 | 1,196,000 | 4,293,943 |
| Additional provision | 0 | 1,653,606 | 1,653,606 |
| Amounts used | (19,470) | (846,866) | (866,336) |
| Unused amounts reversed | (387,422) | 0 | (387,422) |
| Charged to profit or loss | | | |
| - unwinding of discount | 131,414 | 0 | 131,414 |
| Balance at 30 June 2025 | 2,822,465 | 2,002,740 | 4,825,205 |
| Comprises | | | |
| Current | 226,318 | 2,002,740 | 2,229,058 |
| Non-current | 2,596,147 | 0 | 2,596,147 |
| | 2,822,465 | 2,002,740 | 4,825,205 |

Other provisions

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

Landfill Rehabilitation

Shire of Broome recognised the future remediation liability for the waste management facility in the statement of financial position as it is probable that an outflow of obligation is certain and the amount at which the settlement will take place can be measured reliably. The liability is reported at the present value of the future net cash outflows that are expected to be required to settle the liability in the normal course of business as per AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. 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.

Unused provision amounts reversed were accounted as a finance cost, similar to the unwinding of associated interest.

Remediation 20 Cable Beach Rd

As part of the Annual Financial Statements for 2023/2024, the Shire of Broome initiated a provision for the Remediation of its property 20 Cable Beach Road. At the Ordinary Council Meeting held on 12 December 2024, the Council accepted a Tender from Site Environmental & Remediation Services (SERS). The work commenced during May 2025 and whilst substantial progress was made, the earthworks revealed that the problem was worst than initially thought. At the Ordinary Council Meeting held on 26 June 2025, the Council resolved to increase the budget for these works by a further \$929,000. The project will continue in 2025/2026.

MATERIAL ACCOUNTING POLICIES

Provisions

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

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

17. REVALUATION SURPLUS

| | 2025 Opening balance | 2025 Closing balance | 2024 Opening balance | 2024 Closing balance |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land | 26,803,337 | 26,803,337 | 26,803,337 | 26,803,337 |
| Revaluation surplus - Plant and equipment | 201,314 | 201,314 | 201,314 | 201,314 |
| Revaluation surplus - Infrastructure - footpaths, carparks & bridges | 148,085,836 | 148,085,836 | 148,085,836 | 148,085,836 |
| Revaluation surplus - Infrastructure - drainage | 11,799,526 | 11,799,526 | 11,799,526 | 11,799,526 |
| Revaluation surplus - Infrastructure - recreation areas | 38,398,458 | 38,398,458 | 38,398,458 | 38,398,458 |
| Revaluation surplus - Infrastructure - other | 28,229,645 | 28,229,645 | 28,229,645 | 28,229,645 |
| | 253,518,116 | 253,518,116 | 253,518,116 | 253,518,116 |

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

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

| | Note | 2025 Actual \$ | 2024 Actual \$ |
|---------------------------|------|----------------------|----------------------|
| Cash and cash equivalents | 3 | 59,765,655 | 53,524,615 |

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

| | | | |
|-----------------------------|---|------------|------------|
| - Cash and cash equivalents | 3 | 53,298,440 | 45,899,832 |
| | | 53,298,440 | 45,899,832 |

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

| | | | |
|--|----|-------------------|-------------------|
| Restricted reserve accounts | 28 | 46,127,288 | 38,787,299 |
| Contract liabilities | 13 | 354,837 | 259,722 |
| Capital grant liabilities | 13 | 6,816,315 | 6,852,811 |
| Total restricted financial assets | | 53,298,440 | 45,899,832 |

(b) Reconciliation of net result to net cash provided by operating activities

| | | | |
|------------|--|-----------|-----------|
| Net result | | 9,126,976 | 1,623,852 |
|------------|--|-----------|-----------|

Non-cash items:

| | | |
|--|------------|------------|
| Adjustments to fair value of financial assets at fair value through profit or loss | 4,439 | (2,102) |
| Depreciation/amortisation | 15,838,463 | 15,410,833 |
| (Profit)/loss on sale of asset | 48,261 | 15,361 |
| Loss on revaluation of fixed assets | (144,355) | 0 |

Changes in assets and liabilities:

| | | |
|---|--------------|--------------|
| (Increase)/decrease in trade and other receivables | (662,220) | (872,250) |
| (Increase)/decrease in other assets | (1,180,076) | (415,199) |
| (Increase)/decrease in inventories | (9,853) | 2,475 |
| Increase/(decrease) in trade and other payables | 1,363,258 | 922,609 |
| Increase/(decrease) in employee related provisions | (94,512) | 293,433 |
| Increase/(decrease) in other provisions | 131,414 | 1,326,132 |
| Increase/(decrease) in other liabilities - Contract Liabilities | 58,620 | 1,623,077 |
| Increase/(decrease) in other liabilities - BRAC Remediation | 806,740 | 0 |
| Increase/(decrease) in other liabilities - Remediation | (19,470) | 0 |
| Capital grants, subsidies and contributions | (11,225,077) | (10,257,715) |

| | | | |
|---|--|------------|-----------|
| Net cash provided by/(used in) operating activities | | 14,042,608 | 9,670,506 |
|---|--|------------|-----------|

(c) Non-cash investing and financing activities

| | | | |
|--|-------|--------|---------|
| Acquisition of right of use assets by means of a lease | 12(a) | 67,018 | 463,862 |
|--|-------|--------|---------|

(d) Undrawn borrowing facilities

Credit standby arrangements

| | | |
|--------------------------------------|----------------|----------------|
| Bank overdraft limit | 700,000 | 700,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 200,000 | 200,000 |
| Credit card balance at balance date | (21,172) | (13,452) |
| Total amount of credit unused | 878,828 | 886,548 |

Loan facilities

| | | |
|--|-------------------|------------------|
| Loan facilities - current | 903,033 | 608,967 |
| Loan facilities - non-current | 9,164,466 | 6,626,745 |
| Total facilities in use at balance date | 10,067,499 | 7,235,712 |

| | | | |
|--|--|-----|-----|
| Unused loan facilities at balance date | | Nil | Nil |
|--|--|-----|-----|

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

19. CONTINGENT LIABILITIES

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

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

20. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

| 2025 | 2024 |
|------------|------------|
| \$ | \$ |
| 41,087,835 | 12,559,737 |
| 354,880 | 292,396 |
| 41,442,715 | 12,852,133 |
| 41,442,715 | 12,852,133 |

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.

| Note | 2025 Actual | 2025 Budget | 2024 Actual |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| President's annual allowance | 68,552 | 68,552 | 65,915 |
| President's meeting attendance fees | 33,706 | 33,706 | 32,410 |
| President's ICT expenses | 3,500 | 3,500 | 3,500 |
| President's annual allowance for travel and accommodation expenses | 100 | 100 | 100 |
| | 105,858 | 105,858 | 101,925 |
| Deputy President's annual allowance | 17,138 | 17,138 | 16,479 |
| Deputy President's meeting attendance fees | 25,137 | 25,137 | 24,170 |
| Deputy President's ICT expenses | 3,500 | 3,500 | 3,500 |
| Deputy President's annual allowance for travel and accommodation expenses | 100 | 100 | 100 |
| | 45,875 | 45,875 | 44,249 |
| All other council member's meeting attendance fees | 175,959 | 175,959 | 140,667 |
| All other council member's annual allowance for ICT expenses | 24,500 | 24,500 | 20,370 |
| All other council member's annual allowance for travel and accommodation expenses | 700 | 700 | 582 |
| | 201,159 | 201,159 | 161,619 |
| 21(b) | 352,892 | 352,892 | 307,793 |

(b) Key management personnel (KMP) compensation

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

| | | |
|-------------------------------------|-----------|-----------|
| Short-term employee benefits | 1,082,081 | 1,158,564 |
| Post-employment benefits | 107,976 | 112,957 |
| Employee - other long-term benefits | (58,905) | 21,386 |
| Employee - termination benefits | 35,702 | 0 |
| Council member costs | 352,892 | 307,793 |
| | 1,519,746 | 1,600,700 |
| 21(a) | | |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

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

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

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

| | 2025 Actual \$ | 2024 Actual \$ |
|--|----------------------|----------------------|
| Sale of goods and services | 49,353 | 197,677 |
| Purchase of goods and services | 305,828 | 254,000 |
| Amounts outstanding from related parties: | | |
| Trade and other receivables | 33 | 21,251 |
| Amounts payable to related parties: | | |
| Trade and other payables | 3,851 | 115 |

(d) Related parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

22. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted average interest rate | Carrying amounts | Fixed interest rate | Variable interest rate | Non interest bearing |
|---------------------------|---------------------------------------|-------------------------|----------------------------|-------------------------------|-----------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2025 | | | | | |
| Cash and cash equivalents | 3.75% | 59,765,655 | 0 | 59,561,116 | 204,539 |
| 2024 | | | | | |
| Cash and cash equivalents | 3.95% | 53,524,615 | 0 | 53,313,642 | 210,973 |

Sensitivity

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

| | 2025 | 2024 |
|---|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit or loss and equity* | 595,611 | 533,136 |

* 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 27(a).

SHIRE OF BROOME
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and other receivables

The Shire's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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.

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 Financial Instruments simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The Shire has determined that there are no expected losses from the following debtors categories shown at Note 5.

- Rates and statutory receivables
- GST Receivables
- Receivables for employee related provisions

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2024 or 1 July 2025 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for trade and other receivables.

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|--------------------------|-----------|-------------------------------|-------------------------------|-------------------------------|-----------|
| 30 June 2025 | | | | | |
| Trade receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 537,775 | 785,774 | 3,136 | 93,190 | 1,419,875 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| Other receivables | | | | | |
| Expected credit loss | 98.87% | 99.17% | 99.91% | 17.78% | |
| Gross carrying amount | 7,430 | 3,119 | 6,274 | 275,831 | 292,654 |
| Loss allowance | 7,346 | 3,093 | 6,268 | 227,568 | 244,275 |
| 30 June 2024 | | | | | |
| Trade receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 1,123,243 | 167,318 | 28,300 | 17,741 | 1,336,602 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| Other receivables | | | | | |
| Expected credit loss | 98.87% | 99.17% | 99.91% | 17.78% | |
| Gross carrying amount | 7,430 | 3,119 | 6,274 | 227,568 | 244,391 |
| Loss allowance | 7,346 | 3,093 | 6,268 | 227,568 | 244,275 |

SHIRE OF BROOME
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

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

| | Trade receivables | | Other receivables | | Contract assets | |
|---|-------------------|----------------|-------------------|----------------|-----------------|----------------|
| | 2025 Actual | 2024 Actual | 2025 Actual | 2024 Actual | 2025 Actual | 2024 Actual |
| Opening loss allowance as at 1 July | \$ 0 | \$ 0 | \$ 244,274 | \$ 0 | \$ 0 | \$ 0 |
| Increase in loss allowance recognised in profit or loss during the year | 0 | 0 | 0 | 244,274 | 0 | 0 |
| Receivables written off during the year as uncollectible | 0 | (6,611) | 0 | 0 | 0 | 0 |
| Unused amount reversed | 0 | 6,611 | 0 | 0 | 0 | 0 |
| Closing loss allowance at 30 June | 0 | 0 | 244,274 | 244,274 | 0 | 0 |

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

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

Contract assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(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 amounts, 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 amount |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2025 | | | | | |
| Trade and other payables | 5,550,157 | 0 | 0 | 5,550,157 | 5,550,157 |
| Borrowings | 903,032 | 3,700,595 | 5,463,871 | 10,067,498 | 10,067,498 |
| Lease liabilities | 154,418 | 140,595 | 0 | 295,013 | 295,013 |
| | 6,607,607 | 3,841,190 | 5,463,871 | 15,912,668 | 15,912,668 |
| 2024 | | | | | |
| Trade and other payables | 4,186,894 | 0 | 0 | 4,186,894 | 4,186,894 |
| Borrowings | 816,059 | 3,864,741 | 4,018,822 | 8,699,622 | 7,235,712 |
| Lease liabilities | 132,032 | 235,554 | 0 | 367,586 | 367,586 |
| | 5,134,985 | 4,100,295 | 4,018,822 | 13,254,102 | 11,790,192 |

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. OTHER MATERIAL 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 report is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's 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 except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

| Objective | Description |
|---|---|
| Governance To provide a decision making process for the efficient allocation of scarce resources. | Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services. |
| General purpose funding To collect revenue to allow provision of services. | Rates, general purpose government grants and interest revenue. |
| Law, order, public safety To provide services to help ensure a safer and environmentally conscious community. | Supervision of various by-laws, fire prevention, emergency services and animal control. |
| Health To provide an operational framework for environmental and community health. | Food quality, eating house inspection, pest control and child health clinics. |
| Education and welfare To provide services to disadvantaged persons, the elderly, children and youth. | Facilities and assistance towards 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 30 JUNE 2025

24. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

| | 2025 Actual \$ | 2024 Actual \$ |
|---|-------------------------------|-------------------------------|
| Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions | | |
| Governance | 23,832 | 20,571 |
| General purpose funding | 29,311,731 | 27,052,162 |
| Law, order, public safety | 218,733 | 294,186 |
| Health | 235,796 | 222,442 |
| Education and welfare | 0 | 6,000 |
| Housing | 821,571 | 575,237 |
| Community amenities | 11,420,999 | 6,951,660 |
| Recreation and culture | 1,591,369 | 1,745,249 |
| Transport | 289,320 | 280,837 |
| Economic services | 843,931 | 756,928 |
| Other property and services | 3,969,799 | 3,918,736 |
| | 48,727,081 | 41,824,008 |
| Grants, subsidies and contributions and capital grants, subsidies and contributions | | |
| General purpose funding | 256,875 | 1,372,560 |
| Law, order, public safety | 244,719 | 25,000 |
| Health | 59,680 | 7,169 |
| Education and welfare | 75,890 | 123,000 |
| Community amenities | 74,300 | 194,616 |
| Recreation and culture | 10,341,246 | 4,055,528 |
| Transport | 3,028,062 | 4,573,331 |
| Economic services | 216,545 | 200,285 |
| Other property and services | 23,251 | 0 |
| | 14,320,568 | 10,551,489 |
| Total income | 63,047,649 | 52,375,497 |
| Expenses | | |
| Governance | (2,690,029) | (2,266,816) |
| General purpose funding | (511,241) | (128,949) |
| Law, order, public safety | (2,006,522) | (1,814,867) |
| Health | (1,017,110) | (885,911) |
| Education and welfare | (961,361) | (865,846) |
| Housing | (1,191,313) | (897,186) |
| Community amenities | (10,962,402) | (10,525,285) |
| Recreation and culture | (14,974,856) | (14,819,974) |
| Transport | (11,499,235) | (10,157,028) |
| Economic services | (2,611,175) | (2,621,308) |
| Other property and services | (5,495,429) | (5,768,475) |
| Total expenses | (53,920,673) | (50,751,645) |
| Net result for the period | 9,126,976 | 1,623,852 |
| (c) Assets | | |
| Governance | 359,337 | 1,400,359 |
| General purpose funding | 2,133,136 | 2,859,656 |
| Law, order, public safety | 6,483,661 | 6,414,784 |
| Health | 2,438 | 4,382 |
| Education and welfare | 0 | 37,500 |
| Housing | 7,285,849 | 4,298,538 |
| Community amenities | 72,718,626 | 68,670,330 |
| Recreation and culture | 102,107,338 | 86,100,832 |
| Transport | 239,886,176 | 239,557,435 |
| Economic services | 5,925,920 | 5,435,127 |
| Other property and services | 48,309,303 | 56,688,018 |
| Total assets | 485,211,784 | 471,466,961 |

25. RATING INFORMATION

(a) General rates

*Rateable Value at time of raising of rate.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. DETERMINATION OF SURPLUS OR DEFICIT

| Note | 2024/25 (30 June 2025 carried forward) \$ | 2024/25 Budget (30 June 2025 carried forward) \$ | 2023/24 (30 June 2024 carried forward) \$ |
|---|---|---|---|
| (a) Non-cash amounts excluded from operating activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to operating activities | | | |
| Less: Profit on asset disposals | (50,364) | (248,908) | (100,022) |
| Less: Movement in liabilities associated with restricted cash | 65,861 | 0 | 36,963 |
| Less: Fair value adjustments to financial assets at fair value through profit or loss | 4,439 | 0 | (2,102) |
| Add: Loss on disposal of assets | 98,625 | 211,375 | 115,383 |
| Add: Loss on revaluation of fixed assets | 9(a) 0 | 0 | 99,884 |
| Add: Depreciation | 10(a) 15,838,463 | 16,009,575 | 15,410,833 |
| Non-cash movements in non-current assets and liabilities: | | | |
| Financial assets at amortised cost | 0 | 0 | 130,132 |
| Pensioner deferred rates | (28,515) | 0 | (36,444) |
| Change in Remediation Provision | 826,210 | 0 | 0 |
| Employee benefit provisions | (50,696) | 0 | 49,606 |
| Other provisions | 8,096 | 0 | 1,227,536 |
| Non-cash amounts excluded from operating activities | 16,712,119 | 15,972,042 | 16,931,769 |
| (b) Non-cash amounts excluded from investing activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to investing activities | | | |
| Right of use assets received - non cash | 12(a) 67,018 | 0 | 463,862 |
| Non-cash amounts excluded from investing activities | 67,018 | 0 | 463,862 |
| (c) Non-cash amounts excluded from financing activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to financing activities | | | |
| Non cash proceeds from new leases | 27(c) (67,017) | 0 | (463,862) |
| Non-cash amounts excluded from financing activities | (67,017) | 0 | (463,862) |
| (d) Surplus or deficit after imposition of general rates | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | |
| Adjustments to net current assets | | | |
| Less: Reserve accounts | 28 (46,127,288) | (38,657,681) | (38,787,299) |
| Less: Financial assets at amortised cost - self-supporting loans | 4(a) (145,322) | (96,154) | (96,154) |
| Less: Financial assets at amortised cost | 0 | 0 | 0 |
| Less: Current assets not expected to be received at end of year | | | |
| - Receivables for employee related provisions | 15,566 | 0 | 15,566 |
| Add: Current liabilities not expected to be cleared at end of year | | | |
| - Current portion of borrowings | 14 903,033 | 3,963,081 | 608,967 |
| - Current portion of Developer Contributions held in Reserve | 0 | 1,701,173 | 0 |
| - Current portion of Remediation Provision | 2,186,036 | 0 | 0 |
| - Current portion of lease liabilities | 12(b) 6,819 | 137,144 | 132,032 |
| - Employee benefit provisions | 1,470,140 | 1,367,316 | 1,404,279 |
| Total adjustments to net current assets | (41,691,016) | (31,585,121) | (36,722,609) |
| Net current assets used in the Statement of financial activity | | | |
| Total current assets | 64,909,495 | 42,594,072 | 56,795,651 |
| Less: Total current liabilities | (17,832,848) | (11,008,951) | (14,159,872) |
| Less: Total adjustments to net current assets | (41,691,016) | (31,585,121) | (36,722,609) |
| Surplus or deficit after imposition of general rates | 5,385,631 | 0 | 5,913,170 |

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27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

| Purpose | Note | Actual | | | | | Budget | | |
|--|-----------|--------------------------|--------------------------|---------------------------|--------------------------|-------------------------------------|---------------------------|--------------------------|--------------------------|
| | | Principal at 1 July 2023 | New loans during 2023-24 | Principal at 30 June 2024 | New loans during 2024-25 | Principal repayments during 2024-25 | Principal at 30 June 2025 | Principal at 1 July 2024 | New loans during 2024-25 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 195 - Town Beach Redevelopment | | 1,187,316 | 0 | 1,096,897 | 0 | (91,886) | 1,005,011 | 1,096,897 | 0 |
| 196 - Chinatown Revitalisation Project Stage 1 | | 1,058,108 | 0 | (168,163) | 0 | (171,356) | 718,589 | 889,945 | 0 |
| 198 - Chinatown Revitalisation Project Stage 2 | | 1,575,930 | 0 | (107,617) | 0 | (109,726) | 1,358,587 | 1,488,313 | 0 |
| 201 - Chinatown Contingency | | 1,715,391 | 0 | (88,680) | 0 | (92,946) | 1,533,765 | 1,626,711 | 0 |
| 203 - Cable Beach Stage 1 | | 0 | 0 | 0 | 613,153 | 0 | 613,153 | 0 | 997,717 |
| 200 - Broome Life Saving Club | | 309,254 | (151,294) | 0 | (157,960) | 0 | 0 | 157,960 | 0 |
| 202 - Key Worker Housing | | 0 | 0 | 0 | 2,827,600 | 0 | 2,827,600 | 0 | 2,965,364 |
| Total | | 5,845,999 | (151,294) | 5,239,826 | 3,282,793 | (465,914) | 8,066,705 | 5,239,826 | 3,963,081 |
| Self-supporting loans | | | | | | | | | |
| 200 - Broome Life Saving Club | | 690,746 | 151,294 | 0 | 157,960 | (46,898) | 953,102 | 0 | 0 |
| 199 - Broome Golf Club | | 1,250,000 | 0 | (96,154) | 0 | (96,154) | 1,057,692 | 0 | 0 |
| Total self-supporting loans | | 1,940,746 | 151,294 | 1,995,886 | 157,960 | (143,052) | 2,010,794 | 0 | 0 |
| Total borrowings | 14 | 7,786,745 | 0 | 7,235,712 | 3,440,753 | (608,966) | 10,067,499 | 5,239,826 | 3,963,081 |

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

Borrowing finance cost payments

| Purpose | Loan number | Institution | Interest rate | Date final payment is due | Actual for year ended 30 June 2025 | Budget for year ended 30 June 2025 |
|--|-------------|-------------|---------------|---------------------------|------------------------------------|------------------------------------|
| 195 - Town Beach Redevelopment | 195 | WATC* | 1.62% | 15/06/2035 | (17,297) | (24,854) |
| 196 - Chinatown Revitalisation Project Stage 1 | 196 | WATC* | 1.89% | 20/06/2029 | (15,917) | (21,910) |
| 198 - Chinatown Revitalisation Project Stage 2 | 198 | WATC* | 1.95% | 30/06/2036 | (28,082) | (38,186) |
| 201 - Chinatown Contingency | 201 | WATC* | 4.75% | 21/06/1937 | (78,131) | (87,464) |
| 203 - Cable Beach Stage 1 | 202 | WATC* | 4.42% | 24/06/2035 | (518) | (37,159) |
| 200 - Broome Life Saving Club | 200 | WATC* | 4.78% | 27/06/2039 | 0 | 0 |
| 202 - Key Worker Housing | 202 | WATC* | 4.42% | 24/06/2035 | (2,390) | (147,256) |
| Total | | | | | (140,335) | (356,829) |
| Self-supporting loans finance cost payments | | | | | | |
| 200 - Broome Life Saving Club | 200 | WATC* | 4.78% | 27/06/2039 | (47,240) | (54,201) |
| 199 - Broome Golf Club | 199 | WATC* | 1.95% | 28/06/2036 | (22,061) | (29,981) |
| Total self-supporting loans finance cost payments | | | | | (69,301) | (84,182) |
| Total finance cost payments | | | | | (209,636) | (441,011) |

* WA Treasury Corporation

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New borrowings - 2024/25

| Particulars/purpose | Institution | Loan type | Term years | Interest rate % | Amount borrowed | | Amount (used) | | Total interest and charges | Actual balance unspent |
|---------------------------|-------------|-------------|------------|-----------------|-----------------|-------------|---------------|-------------|----------------------------|------------------------|
| | | | | | 2025 Actual | 2025 Budget | 2025 Actual | 2025 Budget | \$ | \$ |
| 203 - Cable Beach Stage 1 | WATC | Semi-annual | 10 | 4.42% | 613,153 | 997,717 | 613,153 | 997,717 | (518) | 0 |
| 202 - Key Worker Housing | WATC | Semi-annual | 10 | 4.42% | 2,827,600 | 2,965,364 | 2,827,600 | 2,965,364 | (2,390) | 0 |
| * WA Treasury Corporation | | | | | 3,440,753 | 3,963,081 | 3,440,753 | 3,963,081 | (2,908) | 0 |

(c) Lease liabilities

| Purpose | Note | Actual | | | | Budget | | | |
|--|--------------|--------------------------|---------------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | | Principal at 1 July 2023 | New leases during 2023-24 | Principal repayments during 2023-24 | Principal at 30 June 2024 | Principal at 1 July 2024 | New leases during 2024-25 | Principal repayments during 2024-25 | Principal at 30 June 2025 |
| IT Equipment - Monitors, Laptops and other | | 0 | 311,646 | (80,815) | 230,831 | 230,831 | 0 | (108,596) | 122,235 |
| IT Equipment - WiFi, Routers and Switches | | 0 | 152,216 | (15,461) | 136,755 | 136,755 | 0 | (28,548) | 108,207 |
| IT Equipment - Printers/Copiers | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IT Equipment - Laptops | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total lease liabilities | 12(b) | 0 | 463,862 | (96,276) | 367,586 | 367,586 | 0 | (137,144) | 230,442 |
| Lease finance cost payments | | | | | | | | | |
| Purpose | Lease number | Institution | Interest rate | Date final payment is due | Actual for year ended 30 June 2024 | Budget for year ended 30 June 2024 | Lease term | | |
| IT Equipment - Monitors, Laptops and other | BRO020123B | Vestone Capital | 5.00% | 29/08/2026 | (13,247) | (8,215) | 3 Years | | |
| IT Equipment - WiFi, Routers and Switches | BRO020124 | Vestone Capital | 5.80% | 20/11/2029 | (6,154) | (6,817) | 5 Years | | |
| IT Equipment - Printers/Copiers | BRO011024 | Vestone Capital | 6.10% | 06/08/2029 | 0 | (2,517) | 5 Years | | |
| IT Equipment - Laptops | BRO010725 | Vestone Capital | 4.30% | 27/05/2028 | 0 | (220) | 3 Years | | |
| Total finance cost payments | | | | | (19,401) | (17,769) | | | |

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

28. RESERVE ACCOUNTS

Restricted by legislation/agreement

- (a) Developer Contributions - Footpaths
 (b) Developer Contributions - Drainage
 (c) Cash-in-lieu of Public Open Space

Restricted by council

- (d) Leave reserve
 (e) Restricted cash
 (f) Community sponsorship
 (g) EDL sponsorship
 (h) Road reserve
 (i) Public Art Reserve
 (j) BRAC (Leisure Centre) Reserve
 (k) Public Open Space
 (l) Drainage reserve
 (m) Plant reserve
 (n) Buildings reserve
 (o) Refuse site reserve
 (p) Regional resource recovery park reserve
 (q) IT & equipment reserve
 (r) Kimberley zone reserve
 (s) Resilience Reserve (New)
 (t) Carpark reserve
 (u) Footpath reserve
 (v) Staff Housing Reserve

| | 2025 Actual opening balance | 2025 Actual transfer to | 2025 Actual transfer (from) | 2025 Budget opening balance | 2025 Budget transfer to | 2025 Budget transfer (from) | 2025 Budget closing balance | 2024 Actual opening balance | 2024 Actual transfer to | 2024 Actual transfer (from) | 2024 Actual closing balance |
|---|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| Restricted by legislation/agreement | | | | | | | | | | | |
| (a) Developer Contributions - Footpaths | 646,787 | 103,860 | (182,364) | 568,283 | 0 | (182,364) | 421,842 | 0 | 838,790 | (192,003) | 646,787 |
| (b) Developer Contributions - Drainage | 61,424 | 32,881 | 0 | 94,305 | 0 | 0 | 91,243 | 0 | 61,424 | 0 | 61,424 |
| (c) Cash-in-lieu of Public Open Space | 180,587 | 8,470 | 0 | 189,057 | 0 | 0 | 180,587 | 0 | 180,587 | 0 | 180,587 |
| | 888,798 | 145,211 | (182,364) | 851,645 | 0 | (182,364) | 693,672 | 0 | 1,080,801 | (192,003) | 888,798 |
| Restricted by council | | | | | | | | | | | |
| (d) Leave reserve | 1,404,279 | 65,861 | 0 | 1,470,140 | 25,266 | 0 | 1,429,191 | 1,367,316 | 60,529 | (23,566) | 1,404,279 |
| (e) Restricted cash | 406,946 | 31,500 | (341,946) | 96,500 | 445,042 | 0 | 0 | 65,000 | 341,946 | 0 | 406,946 |
| (f) Community sponsorship | 88,021 | 13,725 | 0 | 101,746 | 87,999 | 0 | 89,557 | 84,290 | 3,731 | 0 | 88,021 |
| (g) EDL sponsorship | 79,379 | 3,723 | (26,500) | 56,602 | 29,371 | 520 | 29,891 | 28,133 | 51,246 | 0 | 79,379 |
| (h) Road reserve | 3,234,530 | 392,118 | (151,981) | 3,474,667 | 3,233,510 | 285,723 | 3,367,252 | 2,451,865 | 821,310 | (38,645) | 3,234,530 |
| (i) Public Art Reserve | 6,712 | 315 | 0 | 7,027 | 6,711 | 119 | 6,830 | 6,428 | 284 | 0 | 6,712 |
| (j) BRAC (Leisure Centre) Reserve | 22,107 | 209,121 | 0 | 231,228 | 22,092 | 0 | 23,211 | 60,541 | 2,680 | (41,114) | 22,107 |
| (k) Public Open Space | 5,607,811 | 1,339,276 | (1,470,574) | 5,476,513 | 6,959,279 | 1,089,440 | 5,251,247 | 5,126,978 | 624,172 | (143,339) | 5,607,811 |
| (l) Drainage reserve | 1,755,533 | 82,335 | 0 | 1,837,868 | 1,720,683 | 54,255 | 1,774,938 | 1,659,383 | 96,150 | 0 | 1,755,533 |
| (m) Plant reserve | 2,280,160 | 394,691 | (125,747) | 2,549,104 | 2,279,786 | 314,471 | 2,538,510 | 1,446,090 | 1,187,354 | (353,284) | 2,280,160 |
| (n) Buildings reserve | 3,901,844 | 1,219,285 | (253,294) | 4,867,835 | 4,002,171 | 999,457 | 4,123,465 | 3,556,699 | 729,458 | (384,313) | 3,901,844 |
| (o) Refuse site reserve | 2,261,492 | 3,360,346 | (82,931) | 5,538,907 | 2,162,463 | 43,748 | 1,508,161 | 2,367,508 | 405,355 | (511,371) | 2,261,492 |
| (p) Regional resource recovery park reserve | 13,281,953 | 2,217,899 | 0 | 15,499,852 | 13,239,766 | 579,579 | 13,787,170 | 13,313,641 | 1,016,129 | (1,047,817) | 13,281,953 |
| (q) IT & equipment reserve | 1,209,451 | 277,799 | (68,222) | 1,419,028 | 1,209,183 | 240,290 | 1,449,473 | 1,039,887 | 185,034 | (15,470) | 1,209,451 |
| (r) Kimberley zone reserve | 110,773 | 5,195 | (112,706) | 3,262 | 110,746 | 1,960 | 0 | 106,077 | 4,696 | 0 | 110,773 |
| (s) Resilience Reserve (New) | 96,465 | 104,524 | 0 | 200,989 | 96,465 | 100,000 | 196,465 | 0 | 96,465 | 0 | 96,465 |
| (t) Carpark reserve | 499,707 | 318,776 | (105,188) | 713,295 | 499,597 | 303,187 | 697,596 | 424,719 | 74,988 | 0 | 499,707 |
| (u) Footpath reserve | 1,651,338 | 234,115 | (154,373) | 1,731,080 | 1,605,659 | 194,225 | 1,691,052 | 2,032,606 | 224,888 | (606,156) | 1,651,338 |
| (v) Staff Housing Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 37,898,501 | 10,270,604 | (2,893,462) | 45,275,643 | 39,114,448 | 4,234,917 | 37,964,009 | 35,137,161 | 5,926,415 | (3,165,075) | 37,898,501 |
| | 38,787,299 | 10,415,815 | (3,075,826) | 46,127,288 | 39,990,484 | 4,234,917 | 38,657,681 | 35,137,161 | 7,007,216 | (3,357,078) | 38,787,299 |

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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

Name of reserve account

Restricted by legislation/agreement

- (a) Developer Contributions - Footpaths
 (b) Developer Contributions - Drainage
 (c) Cash-in-lieu of Public Open Space

Purpose of the reserve account

- To hold developer contributions for footpaths as required by State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6).
 To hold developer contributions for drainage as required by State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6).
 Maintained for the purpose of retaining and using funds in accordance with section 154 (2) of the Planning and Development Act 2005.

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

28. RESERVE ACCOUNTS (Continued)

| | |
|--|---|
| Restricted by council | |
| d) Leave reserve | To be used to fund annual and long service leave requirements. |
| e) Restricted cash | To be used for unspent grant and loan funds. |
| | 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. |
| f) Community sponsorship | To hold funds to be spent on community projects as approved by Energy Development Limited. |
| g) EDL sponsorship | To be used for renewal, upgrade or new streets and roads. |
| h) Road reserve | To hold funds set aside annually to fund future public art projects and initiatives within the Shire. |
| i) Public Art Reserve | To be used for the construction of recreation infrastructure and facilities. |
| j) BRAC (Leisure Centre) Reserve | 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) Public Open Space | To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers. |
| l) Drainage reserve | To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment. |
| m) Plant reserve | To be used for renewal, upgrade, replacement or new building construction and associated infrastructure. |
| n) Buildings reserve | To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines. |
| o) Refuse site reserve | To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund: |
| p) Regional resource recovery park reserve | <ul style="list-style-type: none"> 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. |
| q) IT & equipment reserve | To be used for renewal, upgrade or new office equipment, IT hardware and software. |
| r) Kimberley zone reserve | To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups. |
| s) Resilience Reserve (New) | To provide a level of self insurance for claims falling outside of Council's insurance coverage, particularly miscellaneous infrastructure. |
| t) Carpark reserve | To be used for renewal, upgrade or new carparks. Typically, funds are from "Cash In Lieu" payments from developers. |
| u) Footpath reserve | To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers. |



Auditor General

INDEPENDENT AUDITOR'S REPORT

2025

Shire of Broome

To the Council of the Shire of Broome

Opinion

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

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Broome for the year ended 30 June 2025 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
2 December 2025



Our Ref: 8250-002

Cr Chris Mitchell JP
President
Shire of Broome

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: councillor.mitchell@broome.wa.gov.au

Dear Cr Mitchell

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

The Office has completed the audit of the annual financial report for your local government. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the CEO and the Minister for Local Government, as required by the Act.

The CEO is required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Management control issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

Unresolved matters from prior audits

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

The date the financial statements submitted by your entity and considered to be of audit ready quality is 9 November 2025. This date will be reported in our local government sector audit results report to be tabled in Parliament. I am providing this date for completeness of our Office's procedural fairness process.

If you have any queries in relation to this date, please contact me on 6557 7674 within 14 days of the date of this letter. If we do not hear from you, we will take this as confirmation of the date.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Yours sincerely



Aram Madnack
Acting Senior Director
Financial Audit
2 December 2025

Attach

| SHIRE OF BROOME | | Schedule of Adjustments to Carry Forwards 2024-2025 following Audit | | | | | | |
|--|---|---|------------------------|-----------------|-------------------------------|-----------------------------------|-----------------------|---------------|
| Operating / Capital | Project Description | 2024/25 Cost CFwd (\$) | Municipal Funding (\$) | Borrowings (\$) | Grants and Contributions (\$) | Proceeds from Sale of Assets (\$) | Tfr from Reserve (\$) | Total Funding |
| OP | Needle Disposal Program - Unspent Grant (40% 24/25 60% 25/26) | 20,263 | 0 | 0 | 20,263 | 0 | 0 | 20,263 |
| OP | Needle Disposal Program - Unspent Grant | (5,918) | 0 | 0 | (5,918) | 0 | 0 | (5,918) |
| OP | Needle Disposal Program - Unspent Grant | 947 | 0 | 0 | 947 | 0 | 0 | 947 |
| OP | State of the Environment Report - Stage 6 & Stage 7 | (4,298) | (4,298) | 0 | 0 | 0 | 0 | (4,298) |
| OP | CHRMAP Review 2024/25 Portion (\$44k grant received \$12.5k grant recognised [\$25k spent in 24/25], \$31,500 carry forward grant) | (4,800) | 12,500 | 0 | (17,300) | 0 | 0 | (4,800) |
| OP | Arts & Culture Strategy Actions (AC02): Spirited Thinking Project | (964) | (964) | 0 | 0 | 0 | 0 | (964) |
| OP | Arts & Culture Strategy Actions (AC03): Spirited Thinking Project | 2,227 | 2,227 | 0 | 0 | 0 | 0 | 2,227 |
| OP | Arts & Culture Strategy Actions (AC05): Spirited Thinking Project | (1,741) | (1,741) | 0 | 0 | 0 | 0 | (1,741) |
| OP | Libraries Grant Expenditure - LG AEDC - Unspent Grant | (4,093) | 0 | 0 | (4,093) | 0 | 0 | (4,093) |
| OP | Housing Support Program (Broome Housing Affordability Strategy & Master Planning) - Unspent Grant | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OP | Contaminated Site Remediation - BRAC | 1,288,546 | 0 | 0 | 0 | 0 | 1,288,546 | 1,288,546 |
| OP | Animal Welfare Grant Unspent | (8,100) | 0 | 0 | (8,100) | 0 | 0 | (8,100) |
| CAP | Buildings - New - 23/24 Ctwd - Town Beach Café | (22,945) | (22,945) | 0 | 0 | 0 | 0 | (22,945) |
| CAP | Land & Buildings - Renewal - Town Beach Cafe Redevelopment | (50,000) | 0 | 0 | 0 | 0 | (50,000) | (50,000) |
| CAP | Land & Buildings - Renewal - Museum Precinct Masterplan | (10,457) | (10,457) | 0 | 0 | 0 | 0 | (10,457) |
| CAP | Land & Buildings - Renewal - Administration Building Packaged Plant (Airconditioning) | 3,840 | 18,880 | 0 | 0 | 0 | (15,040) | 3,840 |
| CAP | Land & Buildings - Upgrade - BRAC IL4 Upgrades | (1,014) | 0 | 0 | (1,014) | 0 | 0 | (1,014) |
| CAP | Furniture & Equipment - New - Kimberley Artwork Grant - Exhibition Infrastructure - Unspent Grant | (7,944) | 21,945 | 0 | (29,889) | 0 | 0 | (7,944) |
| CAP | Plant Replacement Program - Vehicle & Mob Plant Renewal(Replacement) - Cap Exp - Works Ops | 24,430 | 0 | 0 | 0 | 24,430 | 0 | 24,430 |
| CAP | Other Infrastructure - New - Sanctuary Road Detailed Design | 1,784 | 0 | 0 | 1,784 | 0 | 0 | 1,784 |
| CAP | Other Infrastructure - Renewal - Street Lighting Renewal | (4,606) | (4,606) | 0 | 0 | 0 | 0 | (4,606) |
| CAP | Other Infrastructure - Renewal - Shire Depot - Nursery Greenhouse Shade Structures (x2) | 5,322 | 5,322 | 0 | 0 | 0 | 0 | 5,322 |
| CAP | Recreation Areas Infrastructure - New - Cable Beach Stage 1 Bbrf Grant Expenditure | 17,907 | 17,907 | 0 | 0 | 0 | 0 | 17,907 |
| CAP | Recreation Areas Infrastructure - New - Cable Beach Stage 1 Lotterywest Grant Expenditure | 3,751 | 0 | 0 | 3,751 | 0 | 0 | 3,751 |
| CAP | Recreation Areas Infrastructure - New - Cable Beach Stage 1 Loan Expenditure | (26,188) | (26,188) | 0 | 0 | 0 | 0 | (26,188) |
| CAP | Recreation Areas Infrastructure - New - Cable Beach Stage 2 - Head Contract | (937,218) | 0 | 0 | (937,218) | 0 | 0 | (937,218) |
| CAP | Recreation Areas Infrastructure - New - Cable Beach Stage 2 – Marketing, Community Engagement, Place Activation And Events | (12,708) | 0 | 0 | (12,708) | 0 | 0 | (12,708) |
| CAP | Recreation Areas Infrastructure - New - Cable Beach Stage 2 – Foreshore Access Path | (10,841) | (5,420) | 0 | (5,420) | 0 | 0 | (10,841) |
| CAP | Recreation Areas Infrastructure - New - Cable Beach Foreshore Redevelopment (Design, Approval Application and Application Fees for MVT Boardwalk) | (60,391) | (60,391) | 0 | 0 | 0 | 0 | (60,391) |
| CAP | Recreation Areas Infrastructure - Renewal - Male Oval Renewal | (100,000) | (95,173) | 0 | 0 | 0 | (4,827) | (100,000) |
| CAP | Roads, F/Paths & Bridges Infrastructure - New - Broome North Subdivisional Footpaths | (0) | 0 | 0 | 0 | 0 | (0) | (0) |
| CAP | Roads, F/Paths & Bridges Infrastructure - Renewal - Frederick St Footpath Construction - Jewell To The Boulevard | 96,249 | 145,638 | 0 | (49,389) | 0 | 0 | 96,249 |
| CAP | Roads, F/Paths & Bridges Infrastructure - Upgrade - Black Spot - Fairway Drive Traffic Calming Device | (29,940) | (5,940) | 0 | (24,000) | 0 | 0 | (29,940) |
| CAP | Roads, F/Paths & Bridges Infrastructure - Upgrade - Frederick St Roundabout - Brac Entry | 16,264 | 0 | 0 | 16,264 | 0 | 0 | 16,264 |
| CAP | Roads, F/Paths & Bridges Infrastructure - Upgrade - Old Broome Road | 13,560 | 13,560 | 0 | 0 | 0 | 0 | 13,560 |
| CAP | Roads, F/Paths & Bridges Infrastructure - Upgrade - De Marchi Road Black Spot | 6,302 | (30,000) | 0 | 36,302 | 0 | 0 | 6,302 |
| CAP | Brac Gym And Fitness Facility - Detailed Design / Tender Package - Unspent Tfr to Reserve | 35,106 | 35,106 | 0 | 0 | 0 | 0 | 35,106 |
| Total 24/25 Carried Forward Projects - Operating | | 1,282,070 | 28,319 | 0 | (14,200) | 0 | 1,267,951 | 1,282,070 |
| Total 24/25 Carried Forward Projects - Capital | | (1,049,738) | 1,527,525 | 0 | (2,533,537) | 24,430 | (68,154) | (1,049,738) |
| Total 24/25 Carried Forward Projects | | 232,332 | 1,555,844 | 0 | (2,547,738) | 24,430 | 1,199,796 | 232,332 |

| |
|---------------------------------------|
| 6. MATTERS BEHIND CLOSED DOORS |
|---------------------------------------|

Nil

| |
|---------------------------|
| 7. MEETING CLOSURE |
|---------------------------|

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