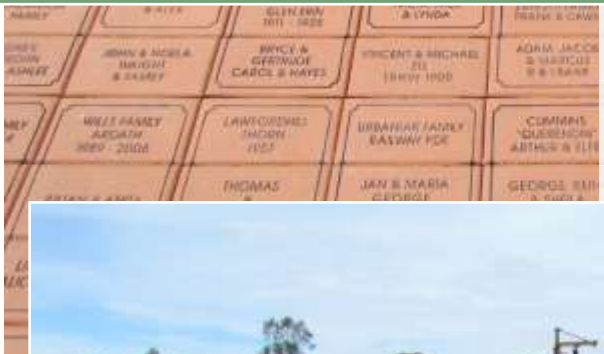




2013/14

# Annual Report



Shire of  
Bruce Rock

## CONTENTS

---

<b>INTRODUCTION</b> .....	ii
Our Vision.....	ii
Our Mission.....	ii
Our Values.....	ii
<b>OUR SHIRE</b> .....	iii
<b>SHIRE OF BRUCE ROCK STATISTICS</b> .....	iii
<b>THE COUNCIL</b> .....	vi
<b>SHIRE OF BRUCE ROCK CONTACT NUMBERS</b> .....	vii
<b>STAFF</b> .....	ix
<b>PRESIDENT'S REPORT</b> .....	x
<b>CHIEF EXECUTIVE OFFICER'S REPORT</b> .....	xii
CORPORATE AND COMMUNITY.....	xii
FINANCE.....	xii
REGULATORY.....	xiii
WORKS AND SERVICES.....	xiv
THE YEAR AHEAD.....	xiv
<b>DISABILITIES SERVICE PLAN</b> .....	xvi
<b>STATE RECORDKEEPING ACT</b> .....	xix
<b>FREEDOM OF INFORMATION</b> .....	xx
<b>EMPLOYEE PAYMENTS</b> .....	xx
<b>REGISTER OF CERTAIN COMPLAINTS FOR MINOR BREACHES</b> .....	xxi
<b>PART 2 – ANNUAL FINANCIAL REPORT</b> .....	1

# INTRODUCTION

## OUR VISION

Leads the Way

## OUR MISSION

We will achieve our vision by maintain and enhancing the Bruce Rock lifestyle, increase business and employment opportunities and achieve population growth in an environmentally sustainable way.

## OUR VALUES

We will conduct our business with:

### Respect

- Value people and places and the contribution they make to the Shire
- Develop an environment of respect for different cultures
- Be appreciative of the aspirations of the community and what it does for itself

### Inclusiveness

- Be receptive, proactive and responsive as an organisation
- Foster the community that has the ability to capacity build
- Demonstrate leadership by promoting Council and community teamwork

### Fairness and equity

- Maintain a 'whole of Shire' outlook, but recognise that each community is unique and likely to have variations on their needs
- Provide services for a variety of ages and needs
- Respond to the community in a fair and equal way depending on need

### Communication

- Create opportunities for consultation with the broad community
- Ensure appropriate, accessible information will be made available to the community



## OUR SHIRE

The Shire of Bruce Rock covers an area of 2,772 km<sup>2</sup> in the Wheatbelt of Western Australia and has a population of approximately 974 (ABS, Census, 2011). The Shire comprises of five town sites, Ardath, Babakin, Bruce Rock, Kwolyin and Shackleton.

## SHIRE OF BRUCE ROCK STATISTICS

### Localities

Ardath; Babakin; Belka; Bruce Rock; Shackleton

### Significant Local Events

Bruce Rock Agricultural Show –24 October 2015

Back to the Bush Reunion – 1<sup>st</sup> Weekend November

Art Exhibitions

### Ordinary Council Meeting

Meets third Thursday of each month except January

**Tourist Attractions**

- Granite Way including Kokerbin Rock
- Kwolyin Camping Grounds
- Shackleton's World's Smallest Bank
- Steve's Art Shackleton
- Mosaic and Centenary Path
- Babakin underground orchid
- Wildflowers
- Bruce's Rock
- Bruce Rock Museum
- Ardath Hotel
- Railway Dam
- Ardath Lake
- Scenic Rural Vistas
- Old Club – Art Gallery
- Federation Amphitheatre and Sculpture Park



**Local Industries**

Wheat and other cereals, steel fabrication, livestock and agricultural support industries.



**Council Statistics (2013-14)**

Distance from Perth (km)	245
Area (sq km)	2,772
Length of Sealed Roads (km)	501.1
Length of Unsealed Roads (km)	757.6
Population	974
Number of Electors	742
Number of Dwellings	562
Total Rates Levied	\$1,134,646
Total Revenue	\$8,042,990
Number of Employees	41



## THE COUNCIL

Council meets on every third Thursday of the month, except January, to discuss local and regional issues of importance to the district.

The Council is made up of nine Councillors representing the Bruce Rock District.

Council elections are held on the third Saturday in October. Council's next Ordinary election will be held on 17<sup>th</sup> October 2015.

### President

Cr SA Strange

### Deputy President

Cr IS Dolton

<b>Councillors</b>	<b>Telephone</b>	<b>Years of Service</b>	<b>Term Expires</b>
Cr Stephen Arthur STRANGE	9061 1324	25	2015
Cr Ian Stephen DOLTON	9062 3010	15	2017
Cr Margaret Mary FOSS	9061 1747	19	2015
Cr Jennifer Jean GMEINER	9064 1190	15	2015
Cr Donald Alan HEASMAN	9061 1450	11	2017
Cr Merredith Kym THORNTON	9061 1307	3	2015
Cr Ramesh RAJAGOPALAN	9061 1575	5	2017
Cr Nathan Robert BUEGGE	9061 1256	1	2017
Cr Marie Jean ROYCE	9061 1332	1	2015

## SHIRE OF BRUCE ROCK CONTACT NUMBERS

### Office Hours

8.30am to 4.30pm

Shire Office	9061 1377
Shire Office Fax	9061 1340
Workshop / Fax	9061 1030
Recreation Centre	9061 1169
Swimming Pool	9061 1278
Harvest Ban Information ( <i>Recorded Message Only</i> )	9061 1600

### After Hours

Chief Executive Officer	Darren Mollenoyux	0428 611 377
Deputy Chief Executive Officer	Catherine Dunn	0408 383 530
Manager of Finance	Jennifer Bow	0427 611 229
Manager of Works and Services	David Holland	0418 745 217
Works Foreman	Colin Brownley	0428 611 297
Town Foreman	Peter Elliot	0427 211 104
Workshop Mechanic	Gary Waight	0427 611 061

### Contact

Phone 08 9061 1377  
 Fax 08 9061 1340  
 Email [admin@brucerock.wa.gov.au](mailto:admin@brucerock.wa.gov.au)

54 Johnson Street  
 Bruce Rock WA 6418

PO Box 113  
 Bruce Rock WA 6418

[www.brucerock.wa.gov.au](http://www.brucerock.wa.gov.au)





**Fire Contact Numbers**

Emergency	000
Harvest Ban Information (Recorded Message Only)	9061 1600

**Emergency Numbers**

Ambulance/Police/Fire	000
Police Station	9061 1035
Hospital	9061 0222
Doctor's Surgery	9061 1166
Dental Surgery	9061 1954
Physiotherapist	9041 1500
Water Corporation	13 13 75
Synergy	13 13 53



## STAFF

<b>Chief Executive Officer</b>	Darren Mollenoyux
<b>Deputy Chief Executive Officer</b>	Catherine Dunn
<b>Manager of Finance</b>	Jennifer Bow
<b>Manager of Works and Services</b>	David Holland
<b>Environmental Health Officer</b>	John Mitchell
<b>Senior Finance Officer</b>	Mandy Butler
<b>Community Development Officer</b>	Ashleigh Waight
<b>Finance Officer</b>	Melissa Schilling
<b>Administration Officer</b>	Jenette Payne
<b>Natural Resource Management Officer</b>	Stephen Fry
<b>Swimming Pool Manager</b>	Rodena Lightbody
<b>Medical Centre Practice Manager</b>	Sam Aurisch
<b>Medical Centre Receptionist</b>	Trudy Butler & Natalie Barrett-Lennard
<b>Construction Foreman</b>	Colin Brownley
<b>Leading Hand Grader Driver</b>	Ron Yeats
<b>Truck Driver</b>	Glyn Corby
<b>Dozer Driver</b>	Brian Dayman
<b>Loader Driver</b>	Danny Orchard
<b>Truck Driver</b>	Mark Black
<b>Truck Driver</b>	Phil Cumming
<b>Plant Operator</b>	Clint Houston
<b>Plant Operator</b>	Brian Braddock
<b>Town Foreman</b>	Peter Elliot
<b>Leading Hand</b>	Max Fuchsbichler
<b>Labourer</b>	Des Houston
<b>Labourer</b>	Stephen Leek
<b>Labourer</b>	Brockman Williams
<b>Labourer</b>	Emanuel Dumitrache
<b>Building Leading Hand</b>	Jack Andrews
<b>Building Assistant</b>	Trevor Smith
<b>Workshop Manager</b>	Gary Waight
<b>Apprentice Mechanic</b>	Jamie Houston
<b>Recreation Centre Manager</b>	Damien Bow
<b>Gardener</b>	John Houston
<b>Gardener</b>	Kaley McGregor
<b>Gardener</b>	Brandon Crouch
<b>Cleaner</b>	Robyn Brownley
<b>Cleaners (Part –Time)</b>	Denise Houston & Sue Hart

## PRESIDENT'S REPORT



I am pleased to provide this report on the activities of the Shire of Bruce Rock for the year ending 30 June 2014. After celebrating Bruce Rock's centenary last year it is now time to look forward to the next one hundred years. The year has been one of consolidation of past achievements while planning and building for the future.

Council is now one year into its Integrated Strategic Plan and has adopted the Shire of Bruce Rock's Strategic Community Plan 2013 - 2023, along with its Informing Strategies – the Corporate Business Plan, Long Term Financial Plan, Asset Management Plan and Workforce Plan. The goals from the Strategic Community Plan have been broken down into four main areas:

- Social;
- Economic;
- Environment; and
- Civic Leadership.

Councillors and staff have been working towards the objectives in each of these key areas over the past year. While the work we have completed goes a long way towards fulfilling many of the strategic goals, there is always room for improvement. This is why we are always looking to the future and identifying what opportunities it may bring for the Shire.

While the 2013 financial year saw the completion of a number of projects in time for Bruce Rock's Centenary celebrations, the last financial year has seen the inception of many new projects which are currently in the planning and implementation phases. These include the camping grounds at Kwolyin - which will see part of the old abandoned

townsite upgraded to a tourism destination, and the upgrade of the Bruce Rock Caravan Park. On the environmental side, the Shire is planning to install solar panels on some of the larger Shire buildings to reduce both our future energy bills and environmental footprint.

On a regional level, Councillors and staff have spent considerable time on the following areas that are significant to Bruce Rock and the region:

- Grain Freight Network – As a member of the Rail Retention Alliance Council is continuing to work hard to retain Tier 3 rail and advocating for funding to bring and maintain roads on the grain freight network up to a reasonable standard.
- Aged Care – Council has identified the importance of aged care services within the shire and is currently working towards a strategic direction that will meet the needs of our community. Part of this strategy has seen Council continue to be part of the Central East Aged Care Alliance which has been investigating the best options for addressing aged care in our region.

Councillors have been kept busy attending many meetings and workshops over the past year. In addition to regular monthly Council meetings Councillors and staff have attended or participated in the following;

- Wheatbelt East Regional Organisation of Council's (WERO) meetings;
- WA Local Government Association (WALGA) Zone meetings;
- WA Local Government Association Annual Conference;
- Regional Road Group meetings;
- Local and Regional Health meetings;
- Local and District Fire Advisory meetings;
- Local Emergency Management meetings;

- Structural Reform and Strategic Planning;
- Grain Freight Network Meetings
- Central East Aged Care Alliance meetings; and
- Local community and recreation group meetings.

Council continues to provide its community with the infrastructure that supports development of the district and the provision of services that make Bruce Rock an attractive place in which to live, work, invest and play.

Once again Councillors and staff have worked hard to provide for the needs of the community whilst continuing to plan for the long term viability of the shire and its residents and believes that it is well placed both financially and strategically to be sustainable for many years to come.

Council staff have all worked hard over the past twelve months completing works such as road construction and maintenance, building works, town scaping and gardens, the upkeep of facilities like the aquatic centre including

the slide pool, civic buildings and medical centre just to name a few.

I thank the staff and community members who have again contributed tirelessly to ensure that the Shire of Bruce Rock is the place that we all love and admire.

Finally, I would like to thank my fellow Councillors for their ongoing contribution towards the future of Council. This includes welcoming our new Councillors and saying farewell to our old Councillors Leslie Buller, Bruce Currie and Michael Verhoogt. The commitment and dedication of all of the Councillors to the role has been outstanding and I thank them for their support in my role as the Shire President.



Cr Stephen Strange

PRESIDENT

## CHIEF EXECUTIVE OFFICER'S REPORT



I am very pleased to present the 2013-14 Annual Report for the Shire of Bruce Rock. The 2013-14 financial year has been an

extremely busy and rewarding year for the staff and Councillors of the Shire of Bruce Rock, with many being heavily involved in a year of consolidation and planning for the future projects of the Shire, whilst ensuring that all day to day operations are conducted in an efficient, professional manner. Planning has been finalised for some projects and we are progressing with the Caravan Park upgrade, residential and industrial subdivisions and other community services.

### CORPORATE AND COMMUNITY

The Corporate and Community Directorate of the Shire of Bruce Rock is responsible for the following areas:

- Administration and Office Support
- IT
- Records Management
- Compliance
- Emergency Management
- Integrated Planning
- NRMO
- Library
- Bruce Rock Aquatic Centre
- Bruce Rock Medical Centre

The 2013/14 Financial Year for the Corporate and Community directorate has been one of consolidation and implementation.

The management team have worked to continue their implementation of the integrated planning and reporting which was adopted in June 2015. There has been ongoing work in the asset management plan and workforce plan as we strive to implement the identified objectives.

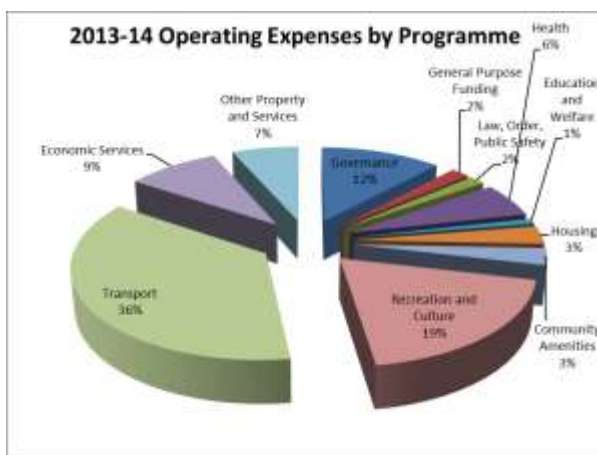
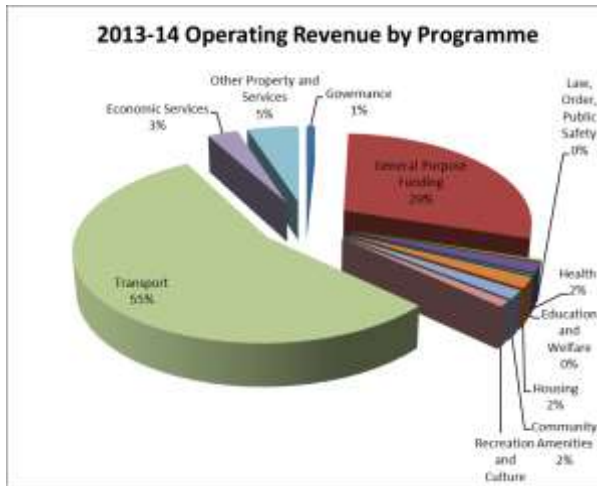
The Administration continues to strive to lift standards and meet compliance while addressing the needs of the local community.

It has been a busy year regionally with work going into the Central East Aged Care Alliance ("CEACA") and Aged Friendly Communities Resource Sharing, Wheatbelt Eastern Regional Operating Council ("WERO") Royalties for Regions community housing, the ongoing fight to keep Tier 3 Railway lines open and seeking to retain funding to maintain the affected road networks.

### FINANCE

The Finance department is responsible for the sound financial management of the Shire. The department maintains accurate accounting records and produces to Council each month financial reports. The department is also responsible for the preparation and presentation of the Shire's Annual Financial Reports, Annual Budgets and Long Term Financial Plans.

Council completed 2013/14 with a positive net operating result of \$318,419. This reflected a total operating revenue of \$6,919,983 and total operating expenditure of \$5,693,731.



Council also undertook an extensive capital works program totaling \$5,800,692. This expenditure consisted of \$971,845 in land and buildings, \$1,256,888 in plant acquisition, \$22,032 in furniture and equipment, and \$3,549,927 in roads and other infrastructure development.

### Debt Management

Through a conservative approach to financial management Council has been able to retain its loan indebtedness to nil, allowing Council in the future access to loan funds for large projects. Most projects are funded by operating income or the use of reserve funds. However, careful use of loan borrowings is considered to be an effective way to fund large projects and spread the cost burden over a number years. In the year to 30 June 2014 Council did not enter into any loans.

## REGULATORY

The Regulatory Services department is responsible for the following areas:

- Waste Management, public health and food hygiene
- Disability services
- Occupational Safety and Health Compliance
- Ranger and environmental management
- Local Laws and Law Enforcement
- Building

The Regulatory Services Department completed the following in relation to Building, Health and Waste Management:

15 applications including a new residence, a reroof, new storerooms and open bulkhead storage facilities with a total value of approximately \$1M were received. The remaining applications were for garages and patios structures.

One food premise underwent major improvements to address public safety and safe food practices. One business has closed. Improvements to the Storage facility at the Recreation Centre Club were also completed.

Four Planning applications were received, one for a grain sampling hut in Shackleton and the balance for R Codes variations.

Council has completed the industrial subdivision in Noonajin Road area and has received final planning consent for the residential land subdivision above the recreation centre.

## WORKS AND SERVICES

The Works and Services Department is responsible for:

- Roads Construction and Maintenance
- Town Maintenance
- Private Works
- Plant and Equipment Management

### Construction Crew

In the 2013/14 year the construction crew worked on the following projects:

- Grain Freight
  - Noonajin Road
  - Old Beverly Road
  - Shackleton Kellerberrin Road
  - Babakin North Road
  - Bruce Rock Corrigin Road
- Regional Road Group - Bruce Rock Narembreen Road
- Replacing the bridge on Vietch Road, Ardath
- York Merredin Road Culvert
- Mitchell Street
- Collier Street
- Roads to Recovery
  - Bruce Rock East Road
  - Perkins Road
  - Shepherd Road

### Town Crew

The Town Crew in the 2013/14 year worked on the following projects:

- Footpaths
- Stomwater drainage
- Culvert works on various roads
- Water Corp dam upgrade
- Site works for new housing
- Kwolyin Campsite works
- Private Works
- General Maintenance and Gardening around the townsites

### Workshop

The following Plant and Equipment were purchased throughout the 2013/14 year:

- 3 Ford Rangers- staff vehicles
- Holden Colorado- Workshop Ute
- Caterpillar Grader
- Ford Territory – CEO Vehicle
- Ford Kuga – Manager of Works Vehicle
- Prime mover and tipper
- Cement truck
- Community bus and wheelchair conversion
- Ardath Brigade vehicle- fast attack

## THE YEAR AHEAD

The major sources of funding for the 2014/15 budget are;

- \$2.43 million from Federal Financial Assistance Grants
- \$1,158,238 from Council Rates
- \$347,557 from the Royalties for Regions' Country Local Government Fund for 2012/13 towards the construction of a residential property
- \$428,000 from the Federal Government's Roads to Recovery Program
- \$475,400 in State Government Road Funding
- \$102,000 for Specific bridge replacement through Main Roads and the WA Grants Commission.

Council's total operating expenditure will be \$5.2 million for the 2014/15 financial year. In addition to this, Council will have significant expenditure on capital works and purchases of \$5.0 million.

The 2014/15 budget will see improvement in many areas of the shire. Council will continue to fund the maintenance of many of its buildings and community facilities, however the following is an overview of expenditure on new projects and improvements;

### **Administration and Governance**

- Engage an architect to design concept plans for the future expansion of the Administration Building due to lack of office and storage space.
- Continue to upgrade desktop computers to improve efficiency of staff.

### **Health Services**

- Construct a storage and records room at the rear of the Medical Centre.
- Install automatic doors at the Medical Centre entrance.

### **Housing**

- \$330,000 towards the construction of a three by two residence at 13 Collier Street. This is funded under the State Government's Royalties for Regions' Country Local Government Fund for 2012/13 which will increase the rental stock available for professionals and workers in town.

### **Community Amenities**

- Construct the access road into the new residential subdivision so that Landcorp can continue with the development of the lots for sale. This is an important project as it will provide opportunity for housing development and growth of the community.
- Works to improve the entrance to the Cemetary.

### **Recreation & Culture**

- A number of dramatic performances have been organised for the year ahead.

- Construction of a balustrade around the amphitheatre to improve safety.
- Install sound proofing and improve the lighting at the District Club.
- \$75,000 towards restoration works and re-painting of the museum. This is supported by a Lotterywest grant of \$26,200.

### **Road and Transport**

- \$18,000 will be spent on installing LED lights at the airstrip.
- \$822,000 towards improving and maintain road infrastructure as part of the grain freight works.
- \$183,000 will be spent on resealing Jermyn Street, Shackleton.
- \$47,000 has been committed to the ongoing footpath improvement project.
- Install automatic gates at the Shire Depot to improve safety and security.
- An upgraded diesel fuel tank facility will be installed at the depot to maintain compliance with current safety standards.

### **Economic Services**

- An upgrade of the Caravan Park including construction of short stay accommodation units has been allocated \$468,000. The costs of this project will be partially funded by a loan of \$250,000.
- Completion of the Industrial Land Subdivision in readiness for public sale.
- Complete the camping and day facilities for the Granite Way project also funded through Royalties for Regions' Country Local Government Fund.



## DISABILITIES SERVICE PLAN

Council reviews provision of facilities and services on a regular basis to identify barriers that may prevent the effective delivery of the services to people with a disability.

As Council continues to build new facilities and improve others it is always mindful of improving access for people with disabilities.

Recent initiatives to support people with disabilities within Bruce Rock include:

- Wheelchair accessibility at the Bruce Rock Men's Shed;
- Footpath improvements Bath St and Dampier St have been undertaken to improve access points between the Aged Centre and other key points around the town; and
- Affiliating with the Companion Card program.
- Disabled accessible ablution in Shackleton.

### DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2003, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans replace and build on the achievements of the Disability Services Plans (DSPs).

The Disability Services Commission requires Local Governments to report on the six outcomes relating to DAIPs to the public annually.

#### Outcome 1: Services and Events

Council is continually adapting our existing services to give people with disabilities the same opportunities as other

people to access the services of, and any events organised by the Shire.

Council ensures people with disabilities are given access to all Shire events and to access the services of the Shire. Events such as the Veteran's Week progress because the Council ensures that adequate and proper facilities are provided. These facilities include level ground for caravan parking, new footpaths to the town centre from temporary overflow facilities and access to the heated pool facilities.

#### Outcome 2: Buildings and Other Facilities

Council also continues with improvements to buildings and footpath infrastructure to assist with both wheelchair and gopher access.

#### Outcome 3: Information

Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information readily as other people are able to access it.

People with disabilities can access information produced by the Shire of Bruce Rock in different formats. Anyone requiring a different format are encouraged to contact the Shire Office. Council also has a website which enables ease of access to public documents, information and other Council related data.

#### Outcome 4: Level and Quality of Service

The staff is always encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive.

Staff at the Shire of Bruce Rock are made aware that people with disabilities may

have different needs. Staff are encouraged to ensure that people with disabilities receive the same level and quality of service as other people receive.

#### **Outcome 5: Complaints Process**

People with disabilities have the same opportunities as other people to make complaints to staff, and can be via written letters, email, SMS or verbally.

People with disabilities are able to make complaints and can do this via written letters, email, SMS or verbally.

#### **Outcome 6: Public Consultation Process**

Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

Council has made the DAIP available on the website for the community to access. The community was also given the opportunity to comment on the DAIP prior to it being adopted by Council. The proposed draft 2012 – 2017 DAIP is also available on the website for public comment.

## **INTEGRATED STRATEGIC PLANNING**

The changes to the *Local Government Act 1995* have replaced the need for the Plan for the Future of the District with the requirement that Local Governments produce plans that are in line with the Integrated Strategic Planning and Reporting Framework.

In June 2013 Council adopted the Strategic Community Plan 2012-2023. This plan contains a number of strategic outcomes and drivers which are classified into four key areas:

1. Social;
2. Economic;
3. Environmental; and
4. Civic Leadership

This plan builds on the innovations and achievements of Bruce Rock – our success in attracting new businesses and residents to the Shire, the quality of our facilities and lifestyle, the financial sustainability of the Shire Council, and most importantly, the strengths, energy and commitment of our community. It was developed in consultation with the community and is available for viewing on the Shire's website. While this is the overarching document, the development of this plan included the creation of a number of other informing strategies which include the Long Term Financial Plan, Asset Management Plan, Workforce Plan and Corporate Business Plan.

#### **Key goals for the community that have been identified by the Strategic Community Plan 2013-2023 are:**

- a recognizable Shire of Bruce Rock identity;
- the Shire of Bruce rock is an attractive, connected and rewarding place to live;
- advocate and provide for an integrated transport network;
- determine service requirement and delivery options in the areas of children, youth, families and seniors;

- facilitate diverse, inclusive housing options;
- a high standard of health services to address the needs of all sectors of the community;
- provide a variety of sport, recreation and leisure services for all life stages;
- people are safe in their homes and in public;
- actively support and develop local and new business;
- provide commercial and industrial land aligned to economic need and growth;
- advocate for the technological infrastructure necessary to support and expand business;
- strengthen the capacity and integration of tourism in the Shire of Bruce Rock;
- lifelong education, learning and employment is fostered;
- a functional mix of open space;
- preserve and protect local ecology and biodiversity;
- mitigate the Shire of Bruce Rock's environmental footprint;
- plan for water conservation, reuse and efficiency, water catchment and storage;
- sustainable waste management focusing on waste minimization, infill sewerage and resource recovery;
- develop leadership skills and behaviours that enhance the knowledge, skills and experience of the Shire staff and Council;
- manage the organization in a responsible and accountable manner;

- deliver services that meet the current and future needs and expectations of the community whilst maintaining statutory compliance.

**Major Initiatives proposed or continuing during 2014/15 are;**

- The planning and development of a camping ground at Kwolyin;
- Upgrade of the Bruce Rock Caravan Park;
- Development of the residential subdivision north of the recreation ground.
- Implementation of the strategic planning, asset management, workforce plan and other integrated strategic plans.
- Work towards solutions on the current shortage of long and short term accommodation within Bruce Rock.
- Continue to investigate options regarding the demand and requirements to further develop facilities for retirees, aged and frail aged.
- Completion of the industrial subdivision to provide land for economic need and growth.
- Construction and planning of the new residential subdivision to encourage the provision of affordable housing stock in the Shire.

As at 30 June 2014 the Shire of Bruce Rock there have been no changes to the following plans which were adopted during the previous financial year.

- Strategic Community Plan
- Corporate Business Plan

Copies of these plans are available from the Shire Office or can be downloaded from Council's website at [www.brucerock.wa.gov.au](http://www.brucerock.wa.gov.au)

### Forward Capital Works Plan

As part of the requirements of the Royalties for Regions Country Local Government Fund Council has also developed a Forward Capital Works Plan, which currently compliments our Integrated Strategic Planning. This Plan was adopted in 2010/11 and was reviewed during the 2013 financial year.

## NATIONAL COMPETITION POLICY

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform. Each Local Government is required to report its progress in achieving NCP reforms in its annual report.

In respect to Council's responsibility in relation to the National Competition Policy, the Shire reports as follows:

- No business enterprise of the Shire has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private enterprise.
- The principles of competitive neutrality will be implemented in respect of any

relevant activities undertaken during the 2013/14 year.

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the Local Government Act 1995.

A review of Council's Local Laws was undertaken during the 2011/12 financial year.

## STATE RECORDKEEPING ACT

The *State Records Act 2000* requires that the Shire maintains and disposes of all records in the prescribed manner.

The Shire of Bruce Rock carried out a review of its Record Keeping Plan in November 2009 with amendments finalised in November 2010.

Standard 2, Principle 6 – Compliance: Government organisations ensure their employees comply with the record keeping plan.

Rationale:

*An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.*

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is

evaluated not less than once every 5 years.

2. The organisation conducts a record keeping training program.

3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.

4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire of Bruce Rock has complied with items 1-4.

## PUBLIC INTEREST DISCLOSURES

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, and provides for the protection of those making such disclosure and those who are subject of the disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with the obligation under the Act, including:

- appointing the Deputy Chief Executive Officer as the PID Officer for the Shire of Bruce Rock and publishing an internal procedure manual relating to the Shire's obligations.
- providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

The Shire of Bruce Rock had no Public Interest Disclosures during the reporting period 2013/14.

## FREEDOM OF INFORMATION

Part 5 of the *Freedom of Information Act 1992* requires an agency such as a local government to prepare and publish an Information Statement.

The Shire of Bruce Rock has developed an Information Statement which can be inspected via Council's website or by contacting the Shire Office. This Information Statement was adopted in 2007 and reviewed in 2010.

The Shire of Bruce Rock received one application under the *Freedom of Information Act 1992*.

## EMPLOYEE PAYMENTS

For the purpose of Regulation 19B of the *Local Government (Administration) Regulations 1996* the following is required to be contained in Council's Annual Report;

1. The number of employees of the Local Government entitled to an annual salary of \$100,000 or more; and
2. The number of those employees with an annual salary entitlement that fall within each band of \$10,000 over \$100,000.

The Shire of Bruce Rock has the following employees entitled to an annual salary more than \$100,000:

Salary Range	2014	2013
\$100,000 - \$109,900	0	1
\$110,000 - \$119,000	1	0

## **REGISTER OF CERTAIN COMPLAINTS FOR MINOR BREACHES**

For the purpose of Section 5.121 of the *Local Government Act 1995* Council must report entries recorded in the Register of Complaints during the financial year. Council did not receive any complaints during the 2013/14 financial year.

# PART 2 – ANNUAL FINANCIAL REPORT

## SHIRE OF BRUCE ROCK

### FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

#### TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4 to 5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Rate Setting Statement	9
Notes to and Forming Part of the Financial Report	10 to 58
Independent Audit Report	59 to 60
Supplementary Ratio Information	61

Principal place of business:

---

54 Johnson Street  
Bruce Rock WA 6418

**SHIRE OF BRUCE ROCK  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Bruce Rock being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Bruce Rock at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 17th day of December 2014



Darren Mollenoyux  
Chief Executive Officer



**SHIRE OF BRUCE ROCK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Rates	22	1,097,169	1,098,431	1,048,339
Operating Grants, Subsidies and Contributions	28	1,466,354	1,348,842	2,309,491
Fees and Charges	27	4,115,961	747,355	5,825,321
Interest Earnings		127,680	105,271	80,985
Other Revenue	2(a)	112,820	0	88,740
		<u>6,919,984</u>	<u>3,299,899</u>	<u>9,352,876</u>
<b>Expenses</b>				
Employee Costs		(1,886,801)	(1,503,455)	(1,699,001)
Materials and Contracts		(1,485,171)	(1,468,489)	(1,288,622)
Utility Charges		(286,457)	(274,170)	(289,981)
Depreciation on Non-Current Assets	2(a)	(1,850,396)	(2,011,942)	(1,823,054)
Interest Expenses		0	(4,033)	0
Insurance Expenses		(120,768)	(171,690)	(237,076)
Other Expenditure		(64,140)	(106,350)	(49,422)
		<u>(5,693,733)</u>	<u>(5,540,129)</u>	<u>(5,387,156)</u>
		1,226,251	(2,240,230)	3,965,720
Non-Operating Grants, Subsidies and Contributions				
	28	1,123,007	3,295,463	1,824,761
Profit on Asset Disposals	20	122,657	326,000	101,482
Loss on Asset Disposals	20	(97,733)	(8,028)	(402,580)
<b>NET RESULT</b>		<b>2,374,182</b>	<b>1,373,205</b>	<b>5,489,383</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	12	19,873,781	0	628,111
<b>Total Other Comprehensive Income</b>		<b>19,873,781</b>	<b>0</b>	<b>628,111</b>
<b>Total Comprehensive Income</b>		<b><u>22,247,963</u></b>	<b><u>1,373,205</u></b>	<b><u>6,117,494</u></b>

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

**SHIRE OF BRUCE ROCK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Governance		57,524	46,770	39,628
General Purpose Funding		2,018,400	1,974,217	2,470,506
Law, Order, Public Safety		23,180	17,212	13,280
Health		117,335	132,300	94,959
Education and Welfare		15,538	17,760	7,731
Housing		132,327	95,700	103,288
Community Amenities		108,182	111,560	97,008
Recreation and Culture		74,716	58,815	76,988
Transport		3,818,548	515,765	6,079,541
Economic Services		204,518	142,400	187,294
Other Property and Services		349,715	187,400	182,653
	<b>2(a)</b>	6,919,983	3,299,899	9,352,876
<b>Expenses</b>				
Governance		(678,999)	(682,904)	(626,434)
General Purpose Funding		(105,981)	(71,043)	(104,843)
Law, Order, Public Safety		(89,677)	(84,458)	(89,519)
Health		(349,402)	(356,004)	(261,448)
Education and Welfare		(54,063)	(43,577)	(56,434)
Housing		(181,261)	(148,551)	(132,851)
Community Amenities		(170,403)	(179,749)	(152,196)
Recreation & Culture		(1,090,454)	(914,912)	(1,066,645)
Transport		(2,078,834)	(2,303,675)	(2,133,670)
Economic Services		(520,690)	(627,114)	(531,069)
Other Property and Services		(373,968)	(124,109)	(232,047)
	<b>2(a)</b>	(5,693,732)	(5,536,096)	(5,387,156)
<b>Financial Costs</b>				
Economic Services		0	(4,033)	0
		0	(4,033)	0
<b>Non-Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		0	0	689,757
Law, Order, Public Safety		114,413	0	305,523
Health		6,381	3,189	0
Education and Welfare		6,004	6,004	0
Housing		269,840	683,980	55,575
Transport		726,369	2,443,733	773,906
Economic Services		0	158,557	0
		1,123,007	3,295,463	1,824,761
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(13,663)	(2,200)	(80,651)
Law, Order, Public Safety		0	0	0
Health		(6,569)	0	(27,783)
Education and Welfare		0	0	0
Housing		(4,348)	0	0
Community Amenities		0	0	0
Recreation & Culture		(16,451)	0	(11,873)
Transport		(17,431)	85,000	(253,829)
Economic Services		83,386	235,172	73,038
		24,924	317,972	(301,098)
<b>Net Result</b>		<b>2,374,182</b>	<b>1,373,205</b>	<b>5,489,383</b>

**SHIRE OF BRUCE ROCK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*BY PROGRAM*  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	19,873,781	0	628,111
<b>Total Other Comprehensive Income</b>		<b>19,873,781</b>	<b>0</b>	<b>628,111</b>
<b>Total Comprehensive Income</b>		<b>22,247,963</b>	<b>1,373,205</b>	<b>6,117,494</b>

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

**SHIRE OF BRUCE ROCK  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	2,461,087	3,934,420
Trade and Other Receivables	4	738,609	517,293
Inventories	5	14,142	32,745
<b>TOTAL CURRENT ASSETS</b>		3,213,838	4,484,458
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	8,469	0
Property, Plant and Equipment	6	35,683,888	14,543,852
Infrastructure	7	23,158,893	20,890,099
<b>TOTAL NON-CURRENT ASSETS</b>		58,851,250	35,433,951
<b>TOTAL ASSETS</b>		62,065,088	39,918,409
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	255,711	433,354
Provisions	10	299,572	233,520
<b>TOTAL CURRENT LIABILITIES</b>		555,283	666,874
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	35,852	25,545
<b>TOTAL NON-CURRENT LIABILITIES</b>		35,852	25,545
<b>TOTAL LIABILITIES</b>		591,135	692,419
		61,473,953	39,225,990
<b>EQUITY</b>			
Retained Surplus		39,824,760	38,300,833
Reserves - Cash Backed	11	1,147,301	297,046
Revaluation Surplus	12	20,501,892	628,111
<b>TOTAL EQUITY</b>		61,473,953	39,225,990

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

**SHIRE OF BRUCE ROCK  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2012</b>		<b>32,690,405</b>	<b>418,090</b>	<b>0</b>	<b>33,108,496</b>
Comprehensive Income					
Net Result		5,489,383	0	0	5,489,383
Changes on Revaluation of Non-Current Assets	12	0	0	628,111	628,111
Total Comprehensive Income		5,489,383	0	628,111	6,117,494
Transfers from/(to) Reserves		121,044	(121,044)	0	0
<b>Balance as at 30 June 2013</b>		<b>38,300,833</b>	<b>297,046</b>	<b>628,111</b>	<b>39,225,990</b>
Comprehensive Income					
Net Result		2,374,182	0	0	2,374,182
Changes on Revaluation of Non-Current Assets	12	0	0	19,873,781	19,873,781
Total Comprehensive Income		2,374,182	0	19,873,781	22,247,963
Transfers from/(to) Reserves		(850,255)	850,255	0	0
<b>Balance as at 30 June 2014</b>		<b>39,824,760</b>	<b>1,147,301</b>	<b>20,501,892</b>	<b>61,473,953</b>

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

**SHIRE OF BRUCE ROCK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,089,083	1,098,431	1,033,222
Operating Grants, Subsidies and Contributions		1,244,655	1,348,842	2,309,491
Fees and Charges		4,115,961	747,355	5,457,163
Service Charges		0	0	80,985
Interest Earnings		127,680	105,271	0
Goods and Services Tax		0	50,000	0
Other Revenue		112,820	0	88,740
		<u>6,690,199</u>	<u>3,349,899</u>	<u>8,969,601</u>
<b>Payments</b>				
Employee Costs		(1,811,595)	(1,543,455)	(1,734,727)
Materials and Contracts		(1,643,058)	(1,504,233)	(1,239,568)
Utility Charges		(286,457)	(274,170)	(289,981)
Interest Expenses		0	(4,033)	(237,076)
Insurance Expenses		(120,767)	(171,690)	0
Goods and Services Tax		0	(50,000)	0
Other Expenditure		(64,141)	(106,350)	(49,419)
		<u>(3,926,018)</u>	<u>(3,653,931)</u>	<u>(3,550,771)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>2,764,181</u>	<u>(304,032)</u>	<u>5,418,830</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		0	(150,000)	0
Payments for Purchase of Property, Plant & Equipment		(2,250,765)	(2,795,896)	(1,843,768)
Payments for Construction of Infrastructure		(3,549,927)	(3,457,713)	(3,798,114)
Advances to Community Groups		0	0	
Non-Operating Grants, Subsidies and Contributions		1,123,007	3,295,463	1,824,761
Proceeds from Sale of Fixed Assets		440,171	643,000	420,030
<b>Net Cash Provided by (Used in) Investment Activities</b>		<u>(4,237,514)</u>	<u>(2,465,146)</u>	<u>(3,397,091)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		0	(36,925)	0
Proceeds from New Debentures		0	200,000	0
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>0</u>	<u>163,075</u>	<u>0</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(1,473,333)</u>	<u>(2,606,103)</u>	<u>2,021,739</u>
Cash at Beginning of Year		3,934,420	3,934,421	1,912,681
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>2,461,087</u></u>	<u><u>1,328,318</u></u>	<u><u>3,934,420</u></u>

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

**SHIRE OF BRUCE ROCK  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$	
<b>Revenue</b>					
Governance		57,524	47,770	39,628	
General Purpose Funding		921,231	875,786	2,155,438	
Law, Order, Public Safety		137,593	17,212	318,803	
Health		124,169	136,489	94,959	
Education and Welfare		21,542	23,764	7,731	
Housing		402,167	779,680	158,863	
Community Amenities		108,182	111,560	97,008	
Recreation and Culture		74,716	58,815	76,988	
Transport		4,551,453	3,045,498	6,881,758	
Economic Services		320,186	538,957	260,466	
Other Property and Services		349,715	187,400	182,653	
		<u>7,068,478</u>	<u>5,822,931</u>	<u>10,274,295</u>	
<b>Expenses</b>					
Governance		(692,662)	(686,104)	(707,085)	
General Purpose Funding		(105,981)	(71,043)	(148,363)	
Law, Order, Public Safety		(89,677)	(84,458)	(89,519)	
Health		(356,424)	(357,004)	(289,231)	
Education and Welfare		(54,063)	(43,577)	(56,434)	
Housing		(185,609)	(148,551)	(132,851)	
Community Amenities		(170,403)	(179,749)	(152,196)	
Recreation and Culture		(1,106,905)	(914,912)	(1,078,518)	
Transport		(2,102,801)	(2,304,675)	(2,415,809)	
Economic Services		(552,972)	(633,975)	(531,203)	
Other Property and Services		(373,969)	(124,109)	(232,047)	
		<u>(5,791,466)</u>	<u>(5,548,157)</u>	<u>(5,833,256)</u>	
<b>Net Result Excluding Rates</b>		1,277,012	274,774	4,441,039	
<b>Adjustments for Cash Budget Requirements:</b>					
(Profit)/Loss on Asset Disposals	20	(24,924)	(317,972)	301,101	
Movement in Deferred Pensioner Rates (Non-Current)		(8,469)	0	0	
Movement in Employee Benefit Provisions (Non-current)		10,307	0	3,926	
Depreciation and Amortisation on Assets	2(a)	1,850,396	2,011,942	1,823,054	
<b>Capital Expenditure and Revenue</b>					
Purchase Land Held for Resale		0	(150,000)	0	
Purchase Land and Buildings	6(a)	(971,845)	(1,257,477)	(579,711)	
Purchase Furniture and Equipment	6(a)	(22,032)	(23,400)	(64,465)	
Purchase Plant and Equipment	6(a)	(1,256,888)	(1,515,019)	(1,199,590)	
Purchase Roads	7(a)	(3,549,927)	(3,457,713)	(3,798,114)	
Proceeds from Disposal of Fixed Assets	20	440,171	643,000	420,030	
Repayment of Debentures	21(a)	0	(36,925)	0	
Proceeds from New Debentures	21(a)	0	200,000	0	
Transfers to Reserves (Restricted Assets)	11	(850,256)	(1,171,269)	(16,270)	
Transfers from Reserves (Restricted Assets)	11	0	140,000	137,315	
ADD	Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	3,520,538	3,561,629	1,003,884
LESS	Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,511,253	0	3,520,538
<b>Total Amount Raised from General Rate</b>	22(a)	<u>(1,097,169)</u>	<u>(1,098,431)</u>	<u>(1,048,339)</u>	

This statement is to be read in conjunction with the accompanying

notes.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical Accounting Estimates**

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

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

**The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19. to these financial statements.

**(b) 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.



**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

**(d) Trade and Other Receivables**

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

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(e) Inventories**

***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.

***Land Held for Sale***

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or-
      - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

***Land Under Control***

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity.

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

***Transitional Arrangements***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land Under Roads***

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

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

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

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

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

***Depreciation***

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Water supply piping and drainage systems	75 years

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

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

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

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

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

**(i) Valuation of Non-Current Assets**

Property, plant and equipment are brought to account at cost, or if acquired other than by purchase, as valued by the Chief Executive Officer, less where applicable any accumulated depreciation or amortisation.

Property, plant, equipment and infrastructure is capitalised if the cost or valuation exceeds:

- Land
- Buildings
- Plant and Equipment
- Furniture and Equipment

Assets which, at the time of acquisition, there are reasonable expectations that they may last for more than one accounting period, yet because their cost is below the declared thresholds for capitalisation, are recorded in quantitative terms to ensure a record of ownership and location exists.

**(ii) Infrastructure Assets**

Infrastructure assets are the amenities, structures or facilities which assist Local Government in providing services to the community and may have the following characteristics:

- a long life
- require substantial capital outlays
- does not necessarily have a realisable value
- usually a fixture - sometimes not readily visible/ noticeable
- consists of a number of components of an overall system
- provides public facilities or deliver services

Council will capitalise Infrastructure Assets with a threshold value of \$5,000.

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Statement of Financial Position.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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.

***Fair Value Hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

The Council 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 Council 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.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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 Council 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 and 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and Subsequent Measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

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



**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

**(i) Impairment of Assets**

In accordance with Australian Accounting Standards the Council'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.

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) Trade and Other Payables**

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

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-Term Employee Benefits**

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

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

**(l) Borrowing Costs**

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

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Provisions**

Provisions are recognised when the Council 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.

**(n) Leases**

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

**(o) Investment in Associates**

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement.

**(q) Rates, Grants, Donations and Other Contributions**

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to 'those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(r) Superannuation**

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

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

**(t) Rounding Off Figures**

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

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Comparative Figures**

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

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

**(v) 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.

**SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

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

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i)	AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. (Continued)**

**New Accounting Standards and Interpretations for Application in Future Periods**

**(w) (Continued)**

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iii)	AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]  [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.  It is not expected to have a significant impact on Council.
(iv)	AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities  [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.  This Standard is not expected to significantly impact the Council's financial statements.

**SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. (Continued)**

**New Accounting Standards and Interpretations for Application in Future Periods**

**(w) (Continued)**

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(v)	AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.  It is not expected to have a significant impact on Council.
(vi)	AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.  It is not expected to have a significant impact on Council.
(vii)	AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments  [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards.  Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.  Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.



**SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. (Continued)**

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
		AASB 2012 -
AASB 119	AASB 2011 - 10	10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

<b>2. REVENUE AND EXPENSES</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit of the annual financial report	5,812	8,316
- Grant & Other Acquittals	5,050	3,241
<b>Depreciation</b>		
Buildings	237,302	225,127
Furniture and Equipment	28,503	34,330
Plant and Equipment	303,458	346,065
Roads	<u>1,281,133</u>	<u>1,217,532</u>
	<u>1,850,396</u>	<u>1,823,054</u>
(ii) Crediting as Revenue:		
<b>Significant Revenue</b>		
Transport - Fees and Charges	<u>3,310,465</u>	<u>5,209,910</u>
	<u>3,310,465</u>	<u>5,209,910</u>

This significant income relates to the revenue received for the construction of the Grain Freight Network Upgrade project funded by the State Government of Western Australia due to the closure of the Tier 3 Railway Network and the decision to transport grain on road rather than rail.

<b>Other Revenue</b>		
Other	<u>112,820</u>	<u>88,740</u>
	<u>112,820</u>	<u>88,740</u>

	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest Earnings</b>			
- Self Supporting Loans	0	0	0
- Reserve Funds	35,255	56,271	18,183
- Other Funds	85,228	43,300	56,698
Other Interest Revenue ( <i>refer note 26</i> )	<u>7,197</u>	<u>5,700</u>	<u>6,104</u>
	<u>127,680</u>	<u>105,271</u>	<u>80,985</u>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

The Shire of Bruce Rock is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**COMMUNITY VISION**

*To maintain and enhance the Bruce Rock Lifestyle, increase business and employment opportunities and achieve population growth.*

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

**GOVERNANCE**

Administration and operation of facilities and services to its members of Council and other costs that relate to the costs of the tasks of elected members and ratepayers on matters which do not concern specific areas of Council.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Assistance to the Shire's Bush Fire Services, fire prevention, animal control, crime prevention and community safety and the supervision of various by-laws.

**HEALTH**

Food quality and pest control, operation of medical centre and the provision of accommodation office and other services to the doctor, dentist, counsellor, infant health nurse and other visiting practitioners.

**EDUCATION AND WELFARE**

Provision of facilities for local playgroup, senior citizen association, daycare and men's shed.

**HOUSING**

Maintenance of the shire aged, single and community, and other houses.

**COMMUNITY AMENITIES**

Rubbish collection services, operation of refuse site, recycling centre, bulk litter drives and Drummuster and maintenance of cemetery.

**RECREATION AND CULTURE**

Maintenance and operation of amphitheatre, halls and the recreation centre, the swimming pool, various courts, cricket pitches and oval. Maintenance of Council's parks and gardens and various reserves. Operation and control of Library and Museum and heritage inventory.

**TRANSPORT**

Construction and maintenance of streets, roads, drainage works, lighting of streets, depot maintenance and airstrip maintenance. Vehicle inspections are conducted on behalf of Department of Transport.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**ECONOMIC SERVICES**

Provision of tourism promotion through caravan park and camping ground, provision of community bus, assistance with Vietnam Veterans Back to the Bush Reunion, building surveyor, saleyards and water standpipes. Operation of Bruce Rock Natural Resource Management and various landcare projects.

**OTHER PROPERTY AND SERVICES**

Private works operations, public works overheads, plant repairs and operation costs.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
		<sup>(1)</sup> 1/07/12	2012/13	2012/13	<sup>(1)</sup> 30/06/13	2013/14	2013/14	Balance 30/06/14
		\$	\$	\$	\$	\$	\$	\$
WA Grants Commission	Gen Pur Rev	0	1,298,435	(1,298,435)	0	746,788	(746,788)	0
R 4 R - CLGF (09-10)	Gen Pur Rev	16,656	0	(16,656)	0	0	0	0
R 4 R - CLGF (11-12)	Gen Pur Rev	92,145	0	(92,145)	0	0	0	0
R 4 R - Reg CLGF (10-11)	Gen Pur Rev	0	20,000	(18,872)	1,128	0	(1,128)	0
R 4 R - Reg CLGF (11-12)	Gen Pur Rev	0	250,000	(88,552)	161,448	0	(126,382)	35,066
FESA - ESL for BFB	Law, Or & PS	0	7,173	(7,173)	0	10,355	(10,355)	0
FESA - Capital ESL	Law, Or & PS	0	296,440	(296,440)	0	114,413	(114,413)	0
Natural Disaster Mitigation Scheme	Law, Or & PS	0	309	(309)	0	0	0	0
Community Safety Fund	Law, Or & PS	0	9,082	0	9,082	0	(9,082)	0
LGEEP	Health	0	0	0	0	7,446	(7,446)	0
LGEEP	Ed & Welfare	0	0	0	0	7,482	(7,482)	0
R 4 R - Reg CLGF (11-12)	Housing	0	55,575	(55,575)	0	269,840	(269,840)	0
State Rev Office - Pool Sub	Rec & Cult	0	3,000	(3,000)	0	0	0	0
Community Arts Networks	Rec & Cult	0	0	0	0	4,000	(4,000)	0
Regional Road Group	Transport	0	325,000	(325,000)	0	325,000	(325,000)	0
FAGS Roads	Transport	0	694,940	(694,940)	0	345,042	(345,042)	0
Main Roads - Direct Grant	Transport	0	128,726	(128,726)	0	138,352	(138,352)	0
Roads to Recovery	Transport	63,326	448,907	(524,766)	(12,533)	401,369	(388,836)	0
Main Roads - St Light Subsidy	Transport	0	4,464	(4,464)	0	4,476	(4,476)	0
R 4 R - CLGF (12-13)	Transport	0	419,757	(18,230)	401,527	0	(130,691)	270,836
Lotterywest - Community Bus	Ec Services	0	0	0	0	40,000	(40,000)	0
Healthway - Vets	Ec Services	0	3,000	(3,000)	0	2,500	(2,500)	0
Hollywood Hospital - Vets	Ec Services	0	4,545	(4,545)	0	0	0	0
Lotterywest - Vets	Ec Services	0	7,686	(7,686)	0	11,769	(11,769)	0
Road Wise (Main Roads)	Ec Services	0	0	0	0	1,200	(1,200)	0
WE-ROC Rec Plan	Ec Services	0	6,667	(6,667)	0	0	0	0
Shire of Trayning	Ec Services	0	0	0	0	1,667	(1,667)	0
Dry Season Assistance	Ec Services	0	10,000	0	10,000	0	(10,000)	0
<b>Total</b>		<b>172,127</b>	<b>3,993,706</b>	<b>(3,595,181)</b>	<b>570,652</b>	<b>2,431,699</b>	<b>(2,696,449)</b>	<b>305,902</b>

**SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUE AND EXPENSES (Continued)**

**Notes:**

- (1)** - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2)** - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3)** - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Not e	2014 \$	2013 \$
<b>3</b>			
<b>. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		962,884	3,021,723
Restricted		<u>1,498,203</u>	<u>912,697</u>
		<u><u>2,461,087</u></u>	<u><u>3,934,420</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	98,116	95,280
Plant Reserve	11	5,350	5,195
Housing Reserve	11	194,049	188,440
Be-Active Long Service Leave Reserve	11	8,372	8,130
Transport Infrastructure Reserve	11	826,414	0
Sports Facility Replacement Reserve	11	15,000	0
Deposit on Sale of Property		45,000	45,000
Unspent Grants	2(c)	<u>305,902</u>	<u>570,652</u>
		<u><u>1,498,203</u></u>	<u><u>912,697</u></u>
<b>4</b>			
<b>. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		54,629	55,012
Sundry Debtors		673,812	462,281
Accrued Income		<u>10,168</u>	<u>0</u>
		<u><u>738,609</u></u>	<u><u>517,293</u></u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		<u>8,469</u>	<u>0</u>
		<u><u>8,469</u></u>	<u><u>0</u></u>
<b>5</b>			
<b>. INVENTORIES</b>			
<b>Current</b>			
Fuel and Materials		<u>14,142</u>	<u>32,745</u>
		<u><u>14,142</u></u>	<u><u>32,745</u></u>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Freehold Land at:		
- Additions after Valuation - Cost	110,515	163,047
- Independent Valuation Level 2	1,279,000	0
- Independent Valuation Level 3	701,100	0
	2,090,615	163,047
 Total Land	 2,090,615	 163,047
 Buildings at:		
- Additions after Valuation - Cost	1,124,107	13,570,710
- Independent Valuation Level 2	3,870,000	0
- Independent Valuation Level 3	24,443,700	0
Less: Accumulated Depreciation	(5,127)	(2,702,145)
	29,432,680	10,868,565
 Total Buildings	 29,432,680	 10,868,565
 Total Land and Buildings	 31,523,295	 11,031,612
 Furniture and Equipment at:		
- Additions after Valuation - Cost	22,032	0
- Management Valuation 2013 - Level 2	690	690
- Independent Valuation 2013 - Level 3	154,100	154,100
Less Accumulated Depreciation	(28,503)	0
	148,319	154,790
 Plant and Equipment at:		
- Additions after Valuation - Cost	1,256,888	0
- Independent Valuation 2013 - Level 2	2,913,900	3,235,900
- Independent Valuation 2013 - Level 3	121,550	121,550
Less Accumulated Depreciation	(280,064)	0
	4,012,274	3,357,450
	35,683,888	14,543,852



**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Land and Buildings:**

The Shire's land, buildings and improvements were valued at 30 June 2013 by independent valuers. The independent valuers also performed a desktop market assessment at 30 June 2014 stating there were no significant change in fair values per the 30 June 2013 valuation report as at 30 June 2014.

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

These 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.

The revaluation resulted in an overall revaluation surplus of \$20,696,660 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer to Note 12 for further details) and was recognised as changes on Revaluation of Non-current Assets in the Statement of Comprehensive Income.

**Furniture and Equipment**

The Shire's furniture and equipment were valued at 30 June 2013 by independent valuers.

On item that is classed as a historical item, was valued as at 30 June 2013 by management valuation.

The assets were valued on level 3 inputs (may be observable or unobservable) which 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 significantly higher or lower fair value measurement.

The revaluation resulted in an overall revaluation surplus of \$31,242 in the net value of the Shire's furniture and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer to Note 12 for further details) and was recognised as changes on Revaluation of Non-current Assets in the Statement of Comprehensive Income.

**Plant and Equipment:**

The Shire's plant and equipment were valued at 30 June 2013 by independent valuers.

All of the mobile plant was valued on the basis of an open market of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The remainder of the assets were valued on level 3 inputs (may be observable or unobservable) which 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 significantly higher or lower fair value measurement.

The revaluation resulted in an overall revaluation surplus of \$596,869 in the net value of the Shire's furniture and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer to Note 12 for further details) and was recognised as changes on Revaluation of Non-current Assets in the Statement of Comprehensive Income.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**PROPERTY, PLANT AND EQUIPMENT**

**6. (Continued)**

**(a) Movements in Carrying Amounts**

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

		<b>Balance at the Beginning of the Year \$</b>	<b>Additions \$</b>	<b>(Disposals) \$</b>	<b>Revaluation Increments/ (Decrements) \$</b>	<b>Depreciation (Expense) \$</b>	<b>Carrying Amount at the End of Year \$</b>
Freehold Land	(Additions after valuation - cost)	163,047	110,515	(22,072)	(140,975)	0	110,515
Freehold Land	(Level 2)	0	0	0	1,279,000	0	1,279,000
Freehold Land	(Level 3)	0	0	0	701,100	0	701,100
<b>Total Land</b>		<b>163,047</b>	<b>110,515</b>	<b>(22,072)</b>	<b>1,839,125</b>	<b>0</b>	<b>2,090,615</b>
Buildings	(Additions after valuation - cost)	10,868,565	861,330	(94,569)	(10,279,044)	(237,302)	1,118,980
Buildings	(Level 2)	0	0	0	3,870,000	0	3,870,000
Buildings	(Level 3)	0	0	0	24,443,700	0	24,443,700
<b>Total Buildings</b>		<b>10,868,565</b>	<b>861,330</b>	<b>(94,569)</b>	<b>18,034,656</b>	<b>(237,302)</b>	<b>29,432,680</b>
<b>Total Land and Buildings</b>		<b>11,031,612</b>	<b>971,845</b>	<b>(116,641)</b>	<b>19,873,781</b>	<b>(237,302)</b>	<b>31,523,295</b>
Furniture and Equipment	(Additions after valuation - cost)	0	22,032	0	0	0	22,032
Furniture and Equipment	(Level 2)	690	0	0	0	0	690
Furniture and Equipment	(Level 3)	154,100	0	0	0	(28,503)	125,597
Plant and Equipment	(Additions after valuation - cost)	0	1,256,888	0	0	0	1,256,888
Plant and Equipment	(Level 2)	3,235,900	0	(298,606)	0	(303,458)	2,633,836
Plant and Equipment	(Level 3)	121,550	0	0	0	0	121,550
<b>Total Property, Plant and Equipment</b>		<b>14,543,852</b>	<b>2,250,765</b>	<b>(415,247)</b>	<b>19,873,781</b>	<b>(569,263)</b>	<b>35,683,888</b>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads		
- Cost	53,875,882	50,325,955
Less Accumulated Depreciation	<u>(30,717,989)</u>	<u>(29,436,856)</u>
	23,157,893	20,889,099
Quarry		
- Cost	42,500	42,500
Less Accumulated Depreciation	<u>(41,500)</u>	<u>(41,500)</u>
	1,000	1,000
	<u>23,158,893</u>	<u>20,890,099</u>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**7**  
**. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<b>Balance as at the Beginning of the Year \$</b>	<b>Additions \$</b>	<b>(Disposals) \$</b>	<b>Revaluation Increments/ (Decrements) \$</b>	<b>Depreciation (Expense) \$</b>	<b>Carrying Amount at the End of Year \$</b>
Roads	20,889,099	3,549,927	0	0	(1,281,133)	23,157,893
Quarry	1,000	0	0	0	0	1,000
<b>Total</b>	<b>20,890,099</b>	<b>3,549,927</b>	<b>0</b>	<b>0</b>	<b>(1,281,133)</b>	<b>23,158,893</b>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	211,804	388,294
Accrued Salaries and Wages	43,907	45,060
	<u>255,711</u>	<u>433,354</u>

**9. LONG-TERM BORROWINGS**

The Shire did not have any long term borrowings at the reporting date.

**10. PROVISIONS**

Analysis of Total Provisions

Current	299,572	233,520
Non-Current	35,852	25,545
	<u>335,424</u>	<u>259,065</u>

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
Opening balance at 1 July 2013	95,808	163,257	259,065
Additional provision	46,380	29,978	76,358
Amounts used	0	0	0
Used amount reserved	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2014	<u>142,188</u>	<u>193,235</u>	<u>335,423</u>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2014 Budget \$	2013 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	95,280	95,281	90,062
Amount Set Aside / Transfer to Reserve	2,836	3,744	5,218
Amount Used / Transfer from Reserve	0	0	0
	98,116	99,025	95,280
<b>(b) Plant Reserve</b>			
Opening Balance	5,195	5,196	4,911
Amount Set Aside / Transfer to Reserve	155	204	284
Amount Used / Transfer from Reserve	0	0	0
	5,350	5,400	5,195
<b>(c) Housing Reserve</b>			
Opening Balance	188,440	188,440	178,119
Amount Set Aside / Transfer to Reserve	5,609	7,403	10,321
Amount Used / Transfer from Reserve	0	0	0
	194,049	195,843	188,440
<b>(d) Be-Active Long Service Leave Reserve</b>			
Opening Balance	8,130	8,130	7,685
Amount Set Aside / Transfer to Reserve	242	318	445
Amount Used / Transfer from Reserve	0	0	0
	8,372	8,448	8,130
<b>(e) Transport Infrastructure Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	826,414	1,144,000	0
Amount Used / Transfer from Reserve	0	(140,000)	0
	826,414	1,004,000	0
<b>(f) Sports Facility Replacement Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	15,000	15,600	0
Amount Used / Transfer from Reserve	0	0	0
	15,000	15,600	0
<b>(g) Council Housing Reserve</b>			
Opening Balance	0	0	137,315
Amount Set Aside / Transfer to Reserve	0	0	1,912
Amount Used / Transfer from Reserve	0	0	(139,227)
	0	0	0
<b>TOTAL RESERVES</b>	<b>1,147,301</b>	<b>1,328,316</b>	<b>297,045</b>
Total Opening Balance	297,045	297,047	418,092
Total Amount Set Aside / Transfer to Reserve	850,256	1,171,269	18,180
Total Amount Used / Transfer from Reserve	0	(140,000)	(139,227)
<b>TOTAL RESERVES</b>	<b>1,147,301</b>	<b>1,328,316</b>	<b>297,045</b>

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

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**11. RESERVES - CASH BACKED (continued)**

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

- (a)** Leave Reserve  
- to be used to fund annual and long service leave requirements.
- (b)** Plant Reserve  
- to be used for the purpose of major plant.
- (c)** Housing Reserve  
- to be used for the construction of new joint venture housing.
- (d)** Be-Active Long Service Leave Reserve  
- to be used to fund the Be-Active Coordinator's long service leave requirements.
- (e)** Transport Infrastructure Reserve  
- to be used towards the road infrastructure network within the Shire.
- (f)** Sports Facility Replacement Reserve  
- to be used towards the replacement of sporting playing surfaces within the Shire.
- (g)** Council Housing Reserve  
- to be used to construct Council housing.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

<b>12. REVALUATION SURPLUS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land &amp; Buildings</b>		
Opening Balance	0	0
Revaluation Increment	23,499,774	0
Revaluation Decrement	(3,625,993)	0
	<u>19,873,781</u>	<u>0</u>
<b>(b) Furniture and Equipment</b>		
Opening Balance	31,242	0
Revaluation Increment	0	110,349
Revaluation Decrement	0	(79,107)
	<u>31,242</u>	<u>31,242</u>
<b>(c) Plant and Equipment</b>		
Opening Balance	596,869	0
Revaluation Increment	0	1,180,478
Revaluation Decrement	0	(583,609)
	<u>596,869</u>	<u>596,869</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>20,501,892</u></u>	<u><u>628,111</u></u>



**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**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:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash and Cash Equivalents	<u>2,461,087</u>	<u>3,934,420</u>
 <b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>		
Net Result	2,374,182	5,489,383
Depreciation	1,850,396	1,823,054
(Profit)/Loss on Sale of Asset	(24,924)	301,102
(Increase)/Decrease in Receivables	(229,785)	(383,276)
(Increase)/Decrease in Inventories	18,603	(9,029)
Increase/(Decrease) in Payables	(177,643)	59,961
Increase/(Decrease) in Employee Provisions	76,359	(37,604)
Grants Contributions for the Development of Assets	(1,123,007)	(1,824,761)
Loss on Revaluation of Fixed Assets	0	0
Non-Current Assets recognised due to changes in legislative requirements	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>2,764,181</u>	<u>5,418,830</u>
 <b>(c) Undrawn Borrowing Facilities</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Credit Standby Arrangements</b>		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>0</u>	<u>4</u>
<b>Total Amount of Credit Unused</b>	<u>5,000</u>	<u>5,004</u>
 <b>Loan Facilities</b>		
Loan Facilities - Current	0	0
Loan Facilities - Non-Current	<u>0</u>	<u>0</u>
<b>Total Facilities in Use at Balance Date</b>	<u>0</u>	<u>0</u>
 <b>Unused Loan Facilities at Balance Date</b>	 <u>NIL</u>	 <u>NIL</u>

**SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**14. CONTINGENT LIABILITIES**

The Shire of Bruce Rock does not have any contingent liabilities as at the 30th June 2014.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Governance	35,208	39,866
General Purpose Funding	0	0
Law, Order, Public Safety	911,524	241,367
Health	2,019,098	706,930
Education and Welfare	1,141,443	205,198
Housing	7,737,755	2,822,888
Community Amenities	281,392	154,990
Recreation and Culture	12,589,665	6,175,112
Transport	24,195,541	20,856,601
Economic Services	3,938,550	942,543
Other Property and Services	3,758,848	3,066,450
Unallocated	5,456,064	4,706,464
	<u>62,065,088</u>	<u>39,918,409</u>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014	2013	2012
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	3.75	6.25	2.28
Asset Sustainability Ratio	2.30	1.23	0.74
Debt Service Cover Ratio	N/A	N/A	N/A
Operating Surplus Ratio	0.23	0.51	(0.38)
Own Source Revenue Coverage Ratio	0.94	1.23	0.35

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**19. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	<b>Balance</b>	<b>Amounts</b>	<b>Amounts</b>	<b>Balance</b>
	<b>1 July 2013</b>	<b>Received</b>	<b>Paid</b>	<b>30 June</b>
	<b>\$</b>	<b>\$</b>	<b>(\$)</b>	<b>2014</b>
	<b>\$</b>			<b>\$</b>
Nomination Deposits	0	480	(480)	0
Factory Unit & Housing Bonds	8,503	1,067	(840)	8,730
Indigenous Womens Grant	(457)			(457)
Hydro Pool Key Deposit	490		(15)	475
Kwolyin Progress Assoc	671			671
Sale of Land Deposits	4,000	7,000	(7,000)	4,000
Bruce Rock Museum Funds	34			34
Overpayment of Rates	120	7,067	(7,067)	120
Community Rec Centre	25			25
Tidy Towns	1,512			1,512
Vietnam Veterans	15,242	7,611	(200)	22,653
Wind Up Committee	125			125
Wheatbelt Women	8,339			8,339
Fundraisers	0	205	0	205
Hall Hire	0	220	(220)	0
	<b>38,605</b>	<b>23,650</b>	<b>(15,822)</b>	<b>46,433</b>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR**

The following assets were disposed of during the year.

**By Program**

		Net Book Value		Sale Price		Profit (Loss)	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>							
BK1 - CEO's Vehicle	P	41,539	33,200	29,091	30,000	(12,448)	(3,200)
BK2 - DCEO's Vehicle	P	26,670	34,000	25,455	35,000	(1,215)	1,000
<b>Health</b>							
BK117 - EHO's Vehicle	P	19,547	24,000	20,000	23,000	453	(1,000)
BK09 - Doctor's Vehicle	P	26,113	27,000	19,091	28,000	(7,022)	1,000
<b>Housing</b>							
Lot 453 Parry St, Bruce Rock	L	504	0	0	0	(504)	0
Lot 229 Butcher St, Bruce Rock	L	107	0	0	0	(107)	0
Lot 50 Venemore St, Shackleton	L	120	0	0	0	(120)	0
Lot 20 Jermyn St, Shackleton	L	117	0	0	0	(117)	0
Lot 187 Railway Parade, Bruce Rock	L	500	0	0	0	(500)	0
32 Bruce St, Bruce Rock	B	3,000	0	0	0	(3,000)	0
<b>Recreation and Culture</b>							
Tennis Club Pavilion	B	14,240	0	0	0	(14,240)	0
Basketball Court Kiosk	B	1,311	0	0	0	(1,311)	0
Shackleton Golf Club	B	900	0	0	0	(900)	0
BK010 - Be-Active Coordinator's Vehicle	P	0	24,000	0	24,000	0	0
<b>Transport</b>							
BK02 - Construction Foreman's Vehicle	P	21,450	21,000	20,818	23,000	(632)	2,000
BK08 - Town Foreman's Vehicle	P	25,639	21,000	19,955	23,000	(5,684)	2,000
BK3 - Workshop Manager's Vehicle	P	15,854	21,000	15,454	20,000	(400)	(1,000)
BK398 - Manager of Works & Services	P	20,287	20,000	21,718	23,000	1,432	3,000
BK025 - Prime Mover	P	29,335	12,000	34,291	36,000	4,956	24,000
BK975 - Cement Truck	p	30,252	0	13,000	15,000	(17,252)	15,000
BK409 - Grader	P	0	0	0	40,000	0	40,000
Builder Utility - Replaced W/Off	P	27,049	0	27,198	0	149	0

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**20. DISPOSALS OF ASSETS (Continued) - 2013/14 FINANCIAL YEAR**

**By Program (Continued)**

	Net Book Value		Sale Price		Profit (Loss)		
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	
<b>Economic Services</b>							
Lot 459 Butcher St, Bruce Rock L	500	0	0	0	(500)	0	
Lot 7 Jermyn St, Shackleton L	1,270	0	0	0	(1,270)	0	
Lot 10 Johnson St, Bruce Rock B	29,740	0	0	0	(29,740)	0	
BK6299 - Community Bus P	14,873	0	14,100	15,000	(773)	15,000	
BK123 - NRMO's Vehicle P	0	28,000	0	28,000	0	0	
Swan St Factory Unit	0	0	0	100,000	0	100,000	
3 x Swan St Factory Units B	56,352	56,000	156,172	179,000	99,820	123,000	
Lot 446 Swan St L	3,828	3,828	3,828	1,000	0	(2,828)	
Lot 447 Strange St L	2,076	0	10,000	0	7,924	0	
Lot 448 Strange St L	2,076	0	10,000	0	7,924	0	
	415,247	325,028	440,171	643,000	24,923	317,972	
					Profit	122,657	326,000
					Loss	(97,733)	(8,028)
						<u>24,924</u>	<u>317,972</u>

**SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

The Shire did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

The Shire did not have a bank overdraft at 1 July 2013 or 30 June 2014.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**22. RATING INFORMATION - 2013/14 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>General Rate</b>											
GRV	0.056000	181	1,521,513	84,748	732	0	85,480	84,748	0	0	84,748
UV - Rural	0.009739	336	101,323,500	986,790		0	986,790	986,790	0	0	986,790
UV - Mining	0.009739	1	33,778	329		0	329	329	0	0	329
							0				0
<b>Sub-Totals</b>		518	102,878,791	1,071,867	732	0	1,072,599	1,071,867	0	0	1,071,867
<b>Minimum Payment</b>	<b>Minimum \$</b>										
GRV	320.00	177	613,796	56,640		0	56,640	56,640	0	0	56,640
UV - Rural	320.00	14	226,900	4,480		0	4,480	4,480	0	0	4,480
UV - Mining	320.00	6	35,534	1,920	(993)	0	927	1,920	0	0	1,920
							0				0
<b>Sub-Totals</b>		197	876,230	63,040	(993)	0	62,047	63,040	0	0	63,040
Ex-Gratia Rates							1,134,646				1,134,907
Discounts (refer note 25.)							7,524				7,524
							(45,001)				(44,000)
<b>Total Amount Raised From General Rate Specified Area Rate (refer note 23.)</b>							<b>1,097,169</b>				<b>1,098,431</b>
							0				0
<b>Totals</b>							1,097,169				1,098,431



**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)**

**(b) Information on Surplus/(Deficit) Brought Forward**

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 13 Brought Forward</b>	<u>1,511,253</u>	<u>3,520,538</u>	<u>3,520,538</u>
<b><u>Comprises:</u></b>			
Cash and Cash Equivalents			
Unrestricted	962,884	3,637,375	3,637,375
Restricted	1,498,203	297,045	297,045
Receivables			
Rates Outstanding	54,629	55,012	55,012
Sundry Debtors	673,812	462,281	462,281
Accrued Income	10,168	0	0
Inventories			
Fuel and Materials	14,141	32,744	32,744
<b><u>Less:</u></b>			
Trade and other Payables			
Sundry Creditors	(211,804)	(388,294)	(388,294)
Accrued Salaries and Wages	(43,907)	(45,060)	(45,060)
Provisions			
Provision for Annual Leave	(142,189)	(95,808)	(95,808)
Provision for Long Service Leave	(157,383)	(137,712)	(137,712)
<b><u>Net Current Assets</u></b>	<u><b>2,658,554</b></u>	<u><b>3,817,583</b></u>	<u><b>3,817,583</b></u>
Less:			
Reserves - Restricted Cash	(1,147,301)	(297,045)	(297,045)
<b>Surplus/(Deficit)</b>	<u><b>1,511,253</b></u>	<u><b>3,520,538</b></u>	<u><b>3,520,538</b></u>

**Difference**

There was no difference between the Surplus 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2013/14 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	45,001	44,000
			45,001	44,000
Rate Assessments	Write-Off	N/A	34	0

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

**26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		5,827	4,300
Interest on Instalments Plan	5.50%		1,158	1,100
Charges on Instalment Plan		8.33	1,225	940
Pensioner Deferred Rate Interest	0		212	300
			8,422	6,640

Ratepayers had the option of paying rates in either two or four equal instalments. The two instalments were due on 16th September 2013 & 18th November 2013. Administration fee and interest applied to final instalment. The four instalments were due on 16th September 2013, 18th November 2013, 20th January 2014 & 24th March 2014. Administration charges and interest applied for the final three instalments.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

<b>27. FEES &amp; CHARGES</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Governance	471	4,742
General Purpose Funding	3,653	2,587
Law, Order, Public Safety	2,068	1,592
Health	85,107	71,761
Education and Welfare	4,634	7,731
Housing	98,667	94,741
Community Amenities	103,618	92,659
Recreation and Culture	54,001	38,082
Transport	3,330,678	5,240,408
Economic Services	113,075	117,112
Other Property and Services	319,989	153,906
	<u>4,115,961</u>	<u>5,825,321</u>

The changes to the fees and charges for the financial year were the following:

Amendment to Bruce Rock District Club's Monthly Rent  
Introduction of Dishonoured Cheque Fee  
Pensioner Concession for Entry to Hydrotherapy Pool  
Amendment to Meeting Fees for Presiding Member and Councillors  
Introduction of new fees and charges for Dog Act and Cat Act

**28. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Operating Grants, Subsidies and Contributions	1,466,354	2,309,491
Non-Operating Grants, Subsidies and Contributions	1,123,007	1,824,761
	<u>2,589,361</u>	<u>4,134,252</u>
<b>By Program:</b>		
Governance	57,052	34,270
General Purpose Funding	746,828	1,988,222
Law, Order, Public Safety	135,525	317,211
Health	35,778	19,892
Education and Welfare	16,909	0
Housing	279,131	64,121
Community Amenities	4,564	4,349
Recreation and Culture	20,715	38,906
Transport	1,214,239	1,613,040
Economic Services	62,189	42,434
Other Property and Services	16,431	11,807
	<u>2,589,361</u>	<u>4,134,252</u>

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**29. EMPLOYEE NUMBERS**

	<b>2014</b>	<b>2013</b>
The number of full-time equivalent employees at balance date	<u>38</u>	<u>37</u>

**30. ELECTED MEMBERS REMUNERATION**

	<b>2014</b>	<b>2014</b>		<b>2013</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>	<b>\$</b>
The following fees, expenses and allowances were paid to council members and/or the president.				
Meeting Fees	11,599	16,000		2,490
President's Allowance	15,000	15,000		11,000
Deputy President's Allowance	3,750	3,750		0
Travelling Expenses	2,437	2,000		1,044
Telecommunications Allowance	12,750	11,250		0
	<u>45,536</u>	<u>48,000</u>		<u>14,534</u>

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2013/14.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT**

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by the finance area under policies approved by the Council.

*The Council held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	2,461,087	3,934,420	2,461,087	3,934,421
Receivables	747,078	517,293	736,910	517,293
	<u>3,208,165</u>	<u>4,451,713</u>	<u>3,197,997</u>	<u>4,451,714</u>
<b>Financial Liabilities</b>				
Payables	255,711	433,354	255,711	433,354
	<u>255,711</u>	<u>433,354</u>	<u>255,711</u>	<u>433,354</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	24,611	39,344
- Statement of Comprehensive Income	24,611 <sup>(2)</sup>	39,344 <sup>(*)</sup>

**Notes:**

(1) Sensitivity percentages based on management's expectation of future possible market movements.

(2) Maximum impact.

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	<b>2014</b>	<b>2013</b>
Percentage of Rates and Annual Charges		
- Current	40%	28%
- Overdue	60%	72%
Percentage of Other Receivables		
- Current	99%	94%
- Overdue	1%	6%

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended if required.

The contractual undiscounted cash flows of Council's Payables are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2014</u></b>					
Payables	255,711	0	0	255,711	255,711
Provisions	<u>299,572</u>	<u>35,852</u>	<u>0</u>	<u>335,424</u>	<u>335,424</u>
	<u><u>555,283</u></u>	<u><u>35,852</u></u>	<u><u>0</u></u>	<u><u>591,135</u></u>	<u><u>591,135</u></u>
<b><u>2013</u></b>					
Payables	433,354	0	0	433,354	433,354
Provisions	<u>233,520</u>	<u>25,545</u>	<u>0</u>	<u>259,065</u>	<u>259,065</u>
	<u><u>666,874</u></u>	<u><u>25,545</u></u>	<u><u>0</u></u>	<u><u>692,419</u></u>	<u><u>692,419</u></u>

**(c) Borrowings**

The Shire of Bruce Rock did not have any borrowings as at 30th June 2014.



**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF BRUCE ROCK**

**Report on the Financial Report**

We have audited the accompanying financial report of the Shire of Bruce Rock, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2014, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

**Management's responsibility for the financial report**

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), and for such internal control as Management determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



**Chartered  
Accountants**

Independent Member of  
**BKR**  
INTERNATIONAL

Liability limited by a scheme approved under Professional Standards Legislation

**Bunbury Office**

Unit 1, 28-30 Wellington Street,  
PO Box 1306,  
Bunbury, WA 6231

Telephone: (08) 9780 7555  
Facsimile: (08) 9721 8982

**Mandurah Office**

197 Mandurah Terrace,  
PO Box 4250,  
Mandurah North, WA 6210

Telephone: (08) 9584 6600  
Facsimile: (08) 9535 8840

Email: [amd@amdonline.com.au](mailto:amd@amdonline.com.au)

**Geraldton Office**

156 Durlacher Street,  
PO Box 288,  
Geraldton, WA 6531

Telephone: (08) 9964 5888  
Facsimile: (08) 9964 5899

[www.amdonline.com.au](http://www.amdonline.com.au)

## Opinion

In our opinion, the financial report of the Shire of Bruce Rock

- i. gives a true and fair view of the Shire of Bruce Rock's financial position as at 30 June 2014 and of its performance for the financial year ended 30 June 2014;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

## Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, other than :
  - A draft copy of the annual financial report was not provided to the auditor prior to the 30 September deadline as required by section 6.4 of the Local Government Act, an extension was granted by the department of local government to 28 October 2014, however the Shire of Bruce Rock failed to meet this extension date.
  - The matter detailed in (iii) below.
- iii. The asset consumption ratio and the asset renewal funding ratio are not included in the annual financial report, as required by Local Government (Financial Management) Regulations 1996 Section 50 (1) (b) and (c).
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

## AMD Chartered Accountants



**MARIA CAVALLO**  
Partner

Bunbury, Western Australia

Dated this 17<sup>th</sup> December 2014

**SHIRE OF BRUCE ROCK  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2014**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Asset Consumption Ratio	N/A	N/A	N/A
Asset Renewal Funding Ratio	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

The Shire of Bruce Rock as at 30th June 2014 had not been able to determine the depreciated replacement cost of assets or the current replacement cost of depreciable assets.

**N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.**