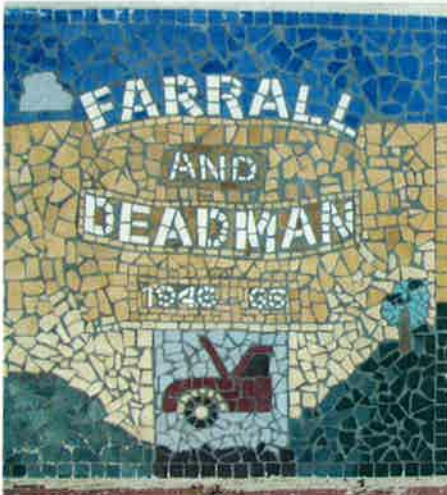




2014/15

Annual Report



Shire of
Bruce Rock

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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 km² 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 – 1st 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 (2014-15)

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	\$1,193,174
Total Revenue	\$6,735,719
Number of Employees	36



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.

President

Cr SA Strange

Deputy President

Cr IS Dolton

Councillors	Telephone	Years of Service	Term Expires
Cr Stephen Arthur STRANGE	9061 1324	26	2015
Cr Ian Stephen DOLTON	9062 3010	16	2017
Cr Margaret Mary FOSS	9061 1747	20	2015
Cr Jennifer Jean GMEINER	9064 1190	16	2015
Cr Donald Alan HEASMAN	9061 1450	12	2017
Cr Merredith Kym THORNTON	9061 1307	4	2015
Cr Ramesh RAJAGOPALAN	9061 1575	6	2017
Cr Nathan Robert BUEGGE	9061 1256	2	2017
Cr Marie Jean ROYCE	9061 1332	2	2015

Council elections are held on the third Saturday in October. The Council will hold an Ordinary election on 17 October 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	TBC	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

54 Johnson Street
 Bruce Rock WA 6418

PO Box 113
 Bruce Rock WA 6418

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

Chief Executive Officer	Darren Mollenoyux
Deputy Chief Executive Officer	Catherine Dunn
Manager of Finance	Jennifer Bow
Manager of Works and Services	David Holland
Environmental Health Officer	Julian Goldacre
Building Surveyor	John Mitchell
Senior Finance Officer	Jaqueline Cook
Community Development Officer	Ashleigh Waight
Finance Officer	Melissa Schilling
Executive Support Officer	Lorraine Dransfield
Customer Service Officer	Hannah Gilbert
Swimming Pool Manager	Rodena Lightbody
Medical Centre Practice Manager	Sam Aurisch
Medical Centre Receptionist	Trudy Butler & Caris Negri
Construction Foreman	Colin Brownley
Leading Hand Grader Driver	Ron Yeats
Truck Driver	Glyn Corby
Dozer Driver	Darron Smith
Loader Driver	Danny Orchard
Truck Driver	Mark Black
Truck Driver	Phil Cumming
Plant Operator	Clint Houston
Plant Operator	Brian Braddock
Town Foreman	Peter Elliot
Leading Hand	Max Fuchsbichler
Labourer	Des Houston
Labourer	Stephen Leek
Labourer	Brockman Williams
Labourer	Trevor Smith
Building Leading Hand	Jack Andrews
Building Assistant	Emanuel Dumitrache
Workshop Manager	Gary Waight
Apprentice Mechanic	Jamie Houston
Recreation Centre Manager	Damien Bow
Gardener	John Houston
Gardener	Kaley McGregor
Gardener	Chris Van Vegten
Cleaner	Robyn Brownley
Cleaners (Part –Time)	Denise Houston, Sue Hart, Jen Elliot Lisa Mackwell, Shelley Jetta

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 2015.

It has been another good year and has been great to see our Councillors and staff striving to continuously provide a high level of service. This has been despite the recent economic conditions which have seen a tightening of belts across all levels of government from a Federal level right down to individual local governments.

Council is now two years into its Integrated Strategic Plan and is working on the objectives of 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 continued to work 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.

The last financial year has seen the completion of a number of projects that have been in the pipeline including the camping grounds at Kwolyin, the completion of the

Caravan Park upgrade and the installation of solar panels on Shire buildings. The camping ground at Kwolyin has seen part of the old abandoned townsite upgraded to a tourism destination which includes a scenic walking path to the Kokerbin Rock, part of the Granite Way tourism drive. Since its completion this has become a popular destination for campers and caravanners. The feedback we have received regarding this site has been overwhelmingly positive and the number of tourists to the area has increased significantly.

This has tied in well with the upgrade of the Bruce Rock Caravan Park. We now have three new self-contained chalets which can accommodate up to 4 people each. This has increased the availability of short-term accommodation within the Shire and has been very well received by visitors. In addition, we have sealed a number of the powered caravan sites, built new curbing around the caravan park and constructed an information board. All of this has been a great enhancement to the area.

On the environmental side, the Shire has installed solar panels on some of the larger Shire buildings to reduce both our future energy bills and environmental footprint. While it is too early to have exact figures, it is looking like a very successful project with the reduction in electricity cost at the aquatic centre alone likely to pay back the cost of the panels within four

years.

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

- Grain Freight Network – As a member of the Rail Retention Alliance, Council continues to advocate to return grain to Tier 3 rail as well as pushing for additional funding to bring and maintain roads on the grain freight network up to a reasonable standard.

This is one of the most serious issues facing the Shire and will require a great deal of time and effort. CBH is currently striving to improve the efficiency of its networks and, in doing so is rationalising parts of its network. This has as flow on effect of changing heavy vehicle road use patterns within the State, directly affecting a number of Shire roads.

- 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.

This includes being part of the Central East Aged Care Alliance (CEACA) to help form a regional strategic direction as well as being part of the incorporation of Wheatbelt Communities Inc. This is an incorporated company with ourselves and a number of our neighbouring Shires as the shareholders. This company was created in order to apply for regional funding from the Federal Government to build and manage aged care housing across the 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 (WEROC) meetings;
- Wheatbelt Communities Inc.
- 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. 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 2014-15 Annual Report for the Shire of Bruce Rock. The 2014-15 financial year has been another

busy year for the staff and Councillors.

There have been a number of projects on the go for our staff along with the usual day to day operations. The staff work hard to ensure these tasks 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. Significant work has been undertaken towards aged friendly communities programs including improving the footpath network and installing automatic doors at the medical centre. Planning for implementation of the Septic Tank Effluent Disposal scheme ("STED") scheme has also been occurring. This is a significant project which will have a beneficial outcome for many properties in town.

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

During the year, 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. An upgrade of the administration office was started during the year to improve the appearance and efficiency of the administration office.

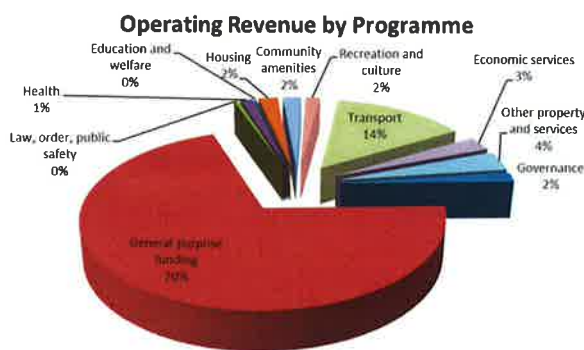
Regionally, there continue to be a number of issues we have been working towards. This includes the Central East Aged Care Alliance ("CEACA"), Wheatbelt Communities Inc., Aged Friendly Communities Resource Sharing, Wheatbelt Eastern Regional Operating Council ("WEROC") Royalties for Regions community housing, the ongoing fight to keep Tier 3 Railway lines open and seeking to retain funding to maintain the affected road networks.

FINANCE

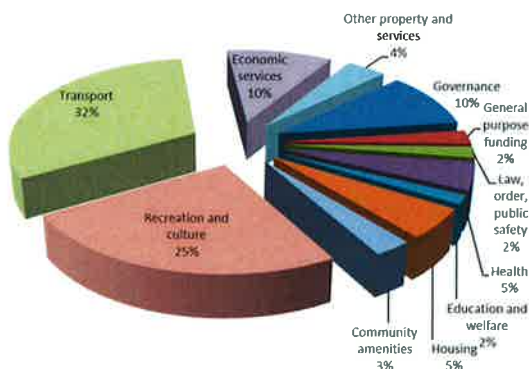
The Finance department is responsible for the sound financial management of the Shire. The department maintains accurate

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 2014/15 with a net operating loss of \$594,928. This reflected a total operating revenue of \$5,619,893 and total operating expenditure of \$6,241,821.



Operating Expenditure by Programme



Council also undertook an extensive capital works program totaling \$3,812,463. This expenditure consisted of \$921,219 in land and buildings, \$604,047 in plant acquisition, \$51,600 in furniture and equipment, and \$2,235,587 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 of years. In the year to 30 June 2015 Council did entered into one loan for \$250,000 to help fund the caravan park upgrade.

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:

17 applications including new caravan park units, housing renovations, solar panel additions and a new dwelling were received. The remaining applications were for garages, sheds and patios structures.

Inspections of food premises and lodging accommodations occurred as necessary. Inspections were undertaken prior to public events to ensure there were no hazards to the public.

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
- Bruce Rock Recreation Centre

Construction Crew

In the 2014/15 year the construction crew worked on the following projects:

- Grain Freight
 - Noonajin Road
 - Old Beverly Road
 - Shackleton Kellerberrin Road
 - Ardath CBH Bin Access Road
 - Bruce Rock townsite network
- Regional Road Group –
 - Bruce Rock Narembeen Road
 - Bruce Rock Corrigin Road
- Replacing the bridge on Kwolyin West Rd
- Jermyn St Shackleton
- Depot Road (dust suppression seal)
- Anderson Road
- Roads to Recovery
 - Totadgin Road
 - Wogarl West Road
 - Copestakes Road

Town Crew

The Town Crew in the 2014/15 year worked on the following projects:

- Footpaths
- Stormwater drainage
- Culvert works on various roads
- Water Corp dam upgrade
- Site works for new housing
- Kwolyin Campsite works

- Caravan Park upgrade
- Upgrade of the batching plant
- Completion of industrial subdivision
- Sealing of the cemetery roads
- Sealing of the Shire depot facility
- Private Works
- General Maintenance and Gardening around the townsites

Workshop

The following Plant and Equipment were purchased throughout the 2014/15 year:

- 2 Crew cab trucks- crew vehicles
- Toyota Prado (CEO's vehicle)
- NRMO Vehicle
- Ford Kuga – Doctors Vehicle
- Holden Colorado - Manager of Works and services vehicle
- Front end loader
- Roll tarps for 6 vehicles
- Ride on mower
- Diesel fuel tank replacement facility

THE YEAR AHEAD

The major sources of funding for the 2015/16 budget are;

- \$2.43 million from Federal Financial Assistance Grants
- \$1.23 million from Council Rates
- \$0.28 million from the Royalties for Regions' Country Local Government Fund 2011/12 towards the construction of a residential property
- \$1.1 million towards specific grain freight routes
- \$1.02m from the Federal Government's Roads to Recovery Program
- \$1.27 million for Specific road and bridge funding through Main Roads and the WA Grants Commission.

Council's total operating expenditure will be \$6.7 million for the 2015/16 financial year. In addition to this, Council will have

significant expenditure on capital works and purchases of \$4.3 million.

The 2015/16 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

- Completion of upgrades to the administration building.
- A significant upgrade of our IT environment is planned.

Health Services

- A four bay car-port at the rear of the Medical Centre.
- Install automatic doors at the Medical Centre entrance.

Housing

- Work with Landcorp to organize the residential subdivision.
- Completion of new house through the Royalties for Regions scheme. The purpose of this is to attract and retain professionals 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 Bruce Rock cemetery.

Recreation & Culture

- The 'Back to the Bush Reunion' will return to its traditional weekend - the first weekend in November.
- Continuing work towards restoration works and re-painting of the museum. This is supported by a Lotterywest grant of \$26,200.

Road and Transport

- \$498,000 to fund the reseal of Old Beverley Road.
- \$1,078,000 towards improving and maintain road infrastructure as part of the grain freight works.
- \$1,014,000 will be spent on other improvements to the road network.
- \$62,000 has been committed to the ongoing footpath improvement project.
- \$366,000 has been allocated to bridgeworks and repairs.

Economic Services

- The final stages of the caravan park upgrade including kerbing, resealing and an information board has been allocated \$44,000.
- Work with Landcorp to develop a residential subdivision. The Shire has committed to purchase two of the available lots.

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:

- Upgrade of the Shire administration centre, including wheelchair accessible counter and automatic doors;
- Continued work to improve the footpath network around the town;
- Affiliating with the Companion Card program.
- Disabled access chalet built at the caravan park

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 'Back to the Bush Reunion' 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.

Outcome 7: Employment

Council is working to improve the accessibility of the administration office and the Shire depot. This is to remove barriers to employment for a person with a disability. The upgrade of the Shire administration building is the first step of this plan.

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 2015/16 are;

- Completion of the administration centre upgrade
- Upgrade of the Bruce Rock Caravan Park;
- Continue with restoration works on the Bruce Rock Museum;
- 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.
- IT upgrade for the Shire to protect against cyber threats
- Construction and planning of the new residential subdivision, north of the recreation ground to encourage the provision of affordable housing stock in the Shire.

As at 30 June 2015 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

A summary of the Shire's progress against the Key Performance Indicators ("KPI's) in the Strategic Community Plan has been shown below.

Strategic Performance Measures				
Social				
KPI No	Strategic Outcomes	Data Source	Value	Comment
1	Perception that Shire - Leads the Way	Conduct a stakeholder survey every 2 years	Data unavailable	
2	Increase in population	ABS - Census	Data unavailable	
3	Increase in retention of young people (under 25 years)	ABS - Census	Data unavailable	
4	Resident attendance at recreation, culture and leisure activities	Events information/ records	4	Number of activities only
5	Provision of current and improved medical infrastructure and services	Number of Health & Allied Health providers in the Shire	6	
6	Crime Rate	External Agency Reports	25	Based on WAPol reports
7	Safety of transport networks	External Agency Reports	0	
8	Provision of affordable housing and aged care options	Number of housing options available	0	In progress
Economic				
KPI No	Strategic Outcomes	Data Source	Value	Comment
9	Degree of educational engagement in the community	Training statistics from the CRC	Data unavailable	
10	Number of businesses in the Shire	Library usage data		Number of loans
11	Satisfaction with commercial services and infrastructure	Number of businesses in the Shire	44	
12	Perceived visitor satisfaction and number of visitors to the Shire.	Conduct a stakeholder survey every 2 years	Data unavailable	
		Conduct a stakeholder survey every 2 years	Data unavailable	
		Event information/ records	4	
Environment				
KPI No	Strategic Outcomes	Data Source	Value	Comment
13	Awareness of environmental responsibility	Number of articles/information published by the shire	16	
		Number of projects conducted by NRMO	3	
14	Shire environmental footprint continues to be reduces	Number of "green initiatives"	4	Solar panels, improved water catchments
15	Satisfaction with waste management services and recycling processes	Conduct a stakeholder survey every 2 years	Not yet available	
16	Satisfaction with water capture, reuse and recycle	Conduct a stakeholder survey every 2 years	Not yet available	
17	Number of connections to deep sewerage	Number of sewerage connections	0	STED scheme in planning stage
Civic Leadership				
KPI No	Strategic Outcomes	Data Source	Value	Comment
18	Level of satisfaction with community leadership	Conduct a stakeholder survey every 2 years	Data unavailable	
19	level of satisfaction with leadership support	Conduct a stakeholder survey every 2 years	Data unavailable	
20	Degree of community engagement in decisions	Number of community consultation ads and attendance	2	Community consultation events
21	Successful staff attraction and retention strategies	Number of strategies implemented from the WFP	21	
		Number of applicants received per job ads	6.2	

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 2014/15 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 2014/15.

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 no applications 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	2015	2014
\$100,000 - \$109,900	0	0
\$110,000 - \$119,000	1	1

**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 2014/15 financial year.

SHIRE OF BRUCE ROCK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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**SHIRE OF BRUCE ROCK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 10th day of December, 2015.



Darren Mollenoyux
Chief Executive Officer

SHIRE OF BRUCE ROCK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	1,153,757	1,158,238	1,097,169
Operating grants, subsidies and contributions	28	3,756,469	2,545,577	1,466,354
Fees and charges	27	545,948	714,422	4,115,961
Interest earnings	2(a)	77,502	97,355	127,680
Other revenue		86,217	22,500	112,820
		<u>5,619,893</u>	<u>4,538,092</u>	<u>6,919,984</u>
Expenses				
Employee costs		(1,841,201)	(1,587,369)	(1,886,801)
Materials and contracts		(1,131,105)	(1,586,201)	(1,485,171)
Utility charges		(255,923)	(297,690)	(286,457)
Depreciation on non-current assets	2(a)	(2,729,704)	(1,477,157)	(1,850,396)
Interest expenses		0	(5,845)	0
Insurance expenses		(192,716)	(181,024)	(120,768)
Other expenditure		(64,172)	(78,744)	(64,140)
		<u>(6,214,821)</u>	<u>(5,214,030)</u>	<u>(5,693,733)</u>
		(594,928)	(675,938)	1,226,251
Non-operating grants, subsidies and contributions	28	1,066,570	2,232,457	1,123,007
Loss on revaluation of fixed assets	2(a)	(390,716)	0	0
Profit on asset disposals	20	1,256	71,100	122,657
Loss on asset disposals	20	<u>(102,954)</u>	<u>(37,000)</u>	<u>(97,733)</u>
Net result		(20,772)	1,590,619	2,374,182
Other comprehensive income				
Changes on revaluation of non-current assets	12	36,410,733	0	19,873,781
Total other comprehensive income		36,410,733	0	19,873,781
Total comprehensive income		<u>36,389,961</u>	<u>1,590,619</u>	<u>22,247,963</u>

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 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		99,627	75,810	57,524
General purpose funding		3,966,683	2,742,161	2,018,400
Law, order, public safety		26,864	22,300	23,180
Health		80,083	80,000	117,335
Education and welfare		5,196	5,392	15,538
Housing		117,990	122,700	132,327
Community amenities		112,053	118,130	108,182
Recreation and culture		88,041	82,970	74,716
Transport		808,589	942,329	3,818,548
Economic services		155,060	124,900	204,518
Other property and services		208,963	221,400	349,715
		<u>5,669,149</u>	<u>4,538,092</u>	<u>6,919,983</u>
Expenses	2(a)			
Governance		(625,691)	(657,804)	(678,999)
General purpose funding		(154,479)	(60,875)	(105,981)
Law, order, public safety		(121,431)	(95,706)	(89,677)
Health		(301,247)	(320,140)	(349,402)
Education and welfare		(99,339)	(56,925)	(54,063)
Housing		(333,809)	(145,659)	(181,261)
Community amenities		(178,394)	(188,223)	(170,403)
Recreation and culture		(1,549,351)	(1,247,532)	(1,090,454)
Transport		(1,982,214)	(1,688,717)	(2,078,834)
Economic services		(662,468)	(565,112)	(520,690)
Other property and services		(255,654)	(181,492)	(373,968)
		<u>(6,264,077)</u>	<u>(5,208,185)</u>	<u>(5,693,732)</u>
Finance costs	2(a)			
Health		0	(157)	0
Recreation and culture		0	(1,360)	0
Economic services		0	(4,328)	0
		<u>0</u>	<u>(5,845)</u>	<u>0</u>
Loss on revaluation of fixed assets	2(a)			
Transport		(390,716)	0	0
		<u>(390,716)</u>	<u>0</u>	<u>0</u>
Non-operating grants, subsidies and contributions				
Law, order, public safety		0	0	114,413
Health		9,900	0	6,381
Education and welfare		0	0	6,004
Housing		67,524	414,257	269,840
Community amenities		0	5,000	0
Recreation and culture		0	26,200	0
Transport		989,146	1,787,000	726,369
	28	<u>1,066,570</u>	<u>2,232,457</u>	<u>1,123,007</u>
Profit/(Loss) on disposal of assets				
Governance		(11,243)	(16,000)	(13,663)
Health		108	(7,000)	(6,569)
Housing		0	0	(4,348)
Recreation and culture		(7,050)	(10,000)	(16,451)
Transport		(11,756)	(1,000)	(17,431)
Economic services		(71,757)	68,100	83,386
	20	<u>(101,698)</u>	<u>34,100</u>	<u>24,924</u>
Net result		<u>(20,772)</u>	<u>1,590,619</u>	<u>2,374,182</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	36,410,733	0	19,873,781
Total other comprehensive income		<u>36,410,733</u>	<u>0</u>	<u>19,873,781</u>
Total comprehensive income		<u><u>36,389,961</u></u>	<u><u>1,590,619</u></u>	<u><u>22,247,963</u></u>

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

**SHIRE OF BRUCE ROCK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,101,638	2,461,087
Trade and other receivables	4	366,378	738,609
Inventories	5	28,760	14,141
TOTAL CURRENT ASSETS		<u>3,496,776</u>	<u>3,213,837</u>
NON-CURRENT ASSETS			
Other receivables	4	9,161	8,469
Property, plant and equipment	6	35,073,069	35,683,888
Infrastructure	7	60,447,055	23,158,893
TOTAL NON-CURRENT ASSETS		<u>95,529,285</u>	<u>58,851,250</u>
TOTAL ASSETS		<u>99,026,061</u>	<u>62,065,087</u>
CURRENT LIABILITIES			
Trade and other payables	8	472,072	255,711
Current portion of long term borrowings	9	64,257	0
Provisions	10	317,074	299,571
TOTAL CURRENT LIABILITIES		<u>853,403</u>	<u>555,282</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	272,988	0
Provisions	10	35,758	35,852
TOTAL NON-CURRENT LIABILITIES		<u>308,746</u>	<u>35,852</u>
TOTAL LIABILITIES		<u>1,162,149</u>	<u>591,134</u>
NET ASSETS		<u>97,863,912</u>	<u>61,473,953</u>
EQUITY			
Retained surplus		39,757,615	39,824,760
Reserves - cash/investment backed	11	1,193,672	1,147,301
Revaluation surplus	12	56,912,625	20,501,892
TOTAL EQUITY		<u>97,863,912</u>	<u>61,473,953</u>

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 2015**

	NOTE	RETAINED SURPLUS \$	CASH/INVESTMENT BACKED RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		38,300,833	297,045	628,111	39,225,988
Comprehensive income		2,374,182	0	0	2,374,182
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		(850,256)	850,256	0	0
Balance as at 30 June 2014		39,824,759	1,147,301	20,501,892	61,473,951
Comprehensive income		(20,772)	0	0	(20,772)
Net result		(20,772)	0	0	(20,772)
Changes on revaluation of non-current assets	12	0	0	36,410,733	36,410,733
Total comprehensive income		(20,772)	0	36,410,733	36,389,961
Transfers from/(to) reserves		(46,371)	46,371	0	0
Balance as at 30 June 2015		39,757,616	1,193,672	56,912,625	97,863,912

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,147,033	1,158,238	1,089,083
Operating grants, subsidies and contributions		4,158,003	2,545,577	1,244,655
Fees and charges		545,948	714,422	4,115,961
Interest earnings		78,369	97,355	127,680
Other revenue		86,215	22,500	112,820
		<u>5,991,429</u>	<u>4,538,092</u>	<u>6,690,199</u>
Payments				
Employee costs		(1,815,880)	(1,587,369)	(1,811,595)
Materials and contracts		(937,273)	(1,349,207)	(1,643,058)
Utility charges		(255,923)	(297,690)	(286,457)
Interest expenses		0	(5,845)	0
Insurance expenses		(192,716)	(181,024)	(120,767)
Other expenditure		(64,172)	(78,744)	(64,141)
		<u>(3,265,964)</u>	<u>(3,499,879)</u>	<u>(3,926,018)</u>
Net cash provided by (used in) operating activities	13(b)	<u>2,725,465</u>	<u>1,038,213</u>	<u>2,764,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	(107,400)	0
Payments for purchase of property, plant & equipment		(1,576,866)	(2,104,056)	(2,250,765)
Payments for construction of infrastructure		(2,235,587)	(2,802,586)	(3,549,927)
Non-operating grants, Subsidies and contributions		1,066,570	2,232,457	1,123,007
Proceeds from sale of fixed assets		323,724	291,000	440,171
Net cash provided by (used in) investment activities		<u>(2,422,159)</u>	<u>(2,490,585)</u>	<u>(4,237,514)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		0	(31,310)	0
Proceeds from new debentures		337,245	337,245	0
Net cash provided by (used in) financing activities		<u>337,245</u>	<u>305,935</u>	<u>0</u>
Net increase (decrease) in cash held		640,551	(1,146,437)	(1,473,333)
Cash at beginning of year		2,461,087	2,461,087	3,934,420
Cash and cash equivalents at the end of the year	13(a)	<u><u>3,101,638</u></u>	<u><u>1,314,650</u></u>	<u><u>2,461,087</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		99,627	75,810	57,524
General purpose funding		2,763,669	1,583,923	921,231
Law, order, public safety		26,864	22,300	137,593
Health		90,091	80,000	124,169
Education and welfare		5,196	5,392	21,542
Housing		185,514	536,957	402,167
Community amenities		112,053	123,130	108,182
Recreation and culture		88,041	109,170	74,716
Transport		1,797,735	2,732,329	4,551,453
Economic services		156,209	193,000	320,186
Other property and services		208,963	221,400	349,715
		<u>5,533,962</u>	<u>5,683,411</u>	<u>7,068,478</u>
Expenses				
Governance		(636,935)	(673,804)	(692,662)
General purpose funding		(105,222)	(60,875)	(105,981)
Law, order, public safety		(121,431)	(95,706)	(89,677)
Health		(301,247)	(327,297)	(356,424)
Education and welfare		(99,339)	(56,925)	(54,063)
Housing		(333,809)	(145,659)	(185,609)
Community amenities		(178,394)	(188,223)	(170,403)
Recreation and culture		(1,556,401)	(1,258,892)	(1,106,905)
Transport		(2,384,686)	(1,692,717)	(2,102,801)
Economic services		(735,374)	(569,440)	(552,972)
Other property and services		(255,653)	(181,492)	(373,968)
		<u>(6,708,491)</u>	<u>(5,251,030)</u>	<u>(5,791,465)</u>
Net result excluding rates		(1,174,529)	432,381	1,277,013
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
Loss on revaluation of fixed assets	7(b)	390,716	0	0
(Profit)/Loss on asset disposals	20	101,698	(34,100)	(24,924)
Movement in deferred pensioner rates (non-current)	4	(692)	0	(8,469)
Movement in employee benefit provisions	10	(94)	0	10,307
Movement in cash backed reserves	11	4,348	0	0
Depreciation and amortisation on assets	2(a)	2,729,704	1,477,157	1,850,396
Capital Expenditure and Revenue				
Purchase land held for resale		0	(107,400)	0
Purchase of land and buildings	6(b)	(921,219)	(1,240,891)	(971,845)
Purchase total furniture & equipment	6(b)	(51,600)	(72,330)	(22,032)
Purchase plant & equipment	6(b)	(604,047)	(790,835)	(1,256,888)
Purchase roads	7(b)	(1,809,135)	(2,802,586)	(3,549,927)
Purchase bridges	7(b)	(96,788)	0	0
Purchase footpaths	7(b)	(58,240)	0	0
Purchase drainage	7(b)	(200,527)	0	0
Purchase other infrastructure	7(b)	(70,897)	0	0
Proceeds from disposal of fixed assets	20	323,724	291,000	440,171
Repayment of debentures	21(a)	0	(31,310)	0
Proceeds from new debentures	21(a)	337,245	337,245	0
Transfers to reserves (restricted assets)	11	(55,048)	(167,349)	(850,256)
Transfers from reserves (restricted assets)	11	8,677	0	0
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	1,609,370	1,550,780	3,520,538
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	1,616,423	0	1,511,254
Total amount raised from general rate	22(a)	<u>(1,153,757)</u>	<u>(1,158,238)</u>	<u>(1,097,170)</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 2015**

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 been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(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.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 the Council's intentions to release for sale.

(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, the Shire 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.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire 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.

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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework 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.

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 Shire.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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	5 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	50 years
- asphalt surfaces	50 years
Gravel roads	
formation	not depreciated
pavement	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Bridges	40 years
Footpaths - slab	40 years
Drainage	40 years
Other Infrastructure	20 to 50 years

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.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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	Nil
· Buildings	Nil
· Plant and Equipment	\$1,000
· Furniture and Equipment	\$500

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/noticable
- 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.

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(g) Fair Value of Assets and Liabilities

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

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

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Market approach

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

Income approach

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

Cost approach

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

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.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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.

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 Shire 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.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

(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.

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 Shire 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.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets

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

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

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

(k) Employee Benefits

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire'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 of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(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 Shire, 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 Shire 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire 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 Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(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.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire 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 Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current 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 Shire'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.

(u) Comparative Figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial 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 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (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 Shire.

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Shire, 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]	September 2012	1 January 2018	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 Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	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.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire. This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements. This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date

(x) Adoption of New and Revised Accounting Standards

During the current year, the Shire 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 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire 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 2015

2. REVENUE AND EXPENSES	2015	2014	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Significant expense			
Transport	<u>390,716</u>	<u>0</u>	
This significant expense in 2015 relates to the loss on revaluation of footpaths to fair value			
Auditors remuneration			
- Audit of the annual financial report	15,200	14,500	
- Other services	1,640	7,620	
Depreciation			
Buildings	1,373,625	237,302	
Furniture & Equipment	29,398	28,503	
Plant & Equipment	360,239	303,458	
Roads	741,432	1,281,133	
Bridges	160,274	0	
Footpaths	46,855	0	
Drainage	3,723	0	
Other Infrastructure	14,158	0	
	<u>2,729,704</u>	<u>1,850,396</u>	
(ii) Crediting as revenue:			
Significant revenue			
Transport - Fees & Charges - Income Received	347,949	3,310,465	
Transport - Fees & Charges - Funds Returned	<u>(450,000)</u>	<u>0</u>	
	<u>(102,051)</u>	<u>3,310,465</u>	
This significant income relates to revenue received for the construction of Grain Freight Network upgrades funded by the State Government of Western Australia due to the Tier Three Railway network being placed in care and maintenance. The negative balance for 2014/15 is due an over claim in funding which had to be returned to Main Roads but was budgeted for.			
Other revenue			
Other	<u>86,217</u>	<u>112,820</u>	
	<u>86,217</u>	<u>112,820</u>	
	2015	2015	2014
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	29,647	40,156	35,255
- Other funds	40,613	50,199	85,228
Other interest revenue (refer note 26)	7,242	7,000	7,197
	<u>77,502</u>	<u>97,355</u>	<u>127,680</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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.

Shire 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, day-care 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 2015**

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 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Grant/Contribution	Function/ Activity							
WA Grants Commission	Gen Pur Rev	0	746,788	(746,788)	0	2,637,531	(2,637,531)	0
R 4 R - Reg CLGF (10-11)	Gen Pur Rev	1,128	0	(1,128)	0	0	0	0
R 4 R - Reg CLGF (11-12)	Gen Pur Rev	161,448	0	(126,382)	35,066	0	(35,066)	0
Dept of Local Govt	Governance	0	0	0	0	25,000	0	25,000
FESA - ESL for BFB	Law, Or & PS	0	10,355	(10,355)	0	9,072	(9,072)	0
FESA - Capital ESL	Law, Or & PS	0	114,413	(114,413)	0	0	0	0
AWARE - State Emergency Mana	Law, Or & PS	0	0	0	0	5,455	0	5,455
Community Safety Fund	Law, Or & PS	9,082	0	(9,082)	0	0	0	0
LGEEP	Health	0	7,446	(7,446)	0	0	0	0
WDC - Age Friendly Grants	Health	0	0	0	0	9,900	0	9,900
LGEEP	Ed & Welfare	0	7,482	(7,482)	0	0	0	0
R 4 R - Reg CLGF (11-12)	Housing	0	269,840	(269,840)	0	11,008	(11,008)	0
R 4 R - Reg CLGF (12-13)	Housing	0	0	0	0	56,516	(56,516)	0
Community Arts Networks	Rec & Cult	0	4,000	(4,000)	0	0	0	0
DSR - Community Pools Grant	Rec & Cult	0	0	0	0	30,000	(30,000)	0
Regional Road Group	Transport	0	325,000	(325,000)	0	287,421	(287,421)	0
FAGS Roads	Transport	0	345,042	(345,042)	0	751,837	(751,837)	0
Main Roads - Direct Grant	Transport	0	138,352	(138,352)	0	150,400	(150,400)	0
Main Roads - Bridges	Transport	0	0	0	0	306,000	(306,000)	0
Roads to Recovery	Transport	(12,533)	401,369	(388,836)	0	355,725	(355,725)	0
Main Roads - St Light Subsidy	Transport	0	4,476	(4,476)	0	4,220	(4,220)	0
R 4 R - CLGF (12-13)	Transport	401,527	0	(130,691)	270,836	0	(172,011)	98,825
WDC - Age Friendly Grants	Transport	0	0	0	0	40,000	0	40,000
Lotterywest - Community Bus	Ec Services	0	40,000	(40,000)	0	0	0	0
Healthway - Vets	Ec Services	0	2,500	(2,500)	0	0	0	0
Lotterywest - Vets	Ec Services	0	11,769	(11,769)	0	7,380	(7,380)	0
Road Wise (Main Roads)	Ec Services	0	1,200	(1,200)	0	1,000	(1,000)	0
Shire of Trayning	Ec Services	0	1,667	(1,667)	0	0	0	0
Dry Season Assistance	Ec Services	10,000	0	(10,000)	0	0	0	0
Total		570,652	2,431,699	(2,696,449)	305,902	4,688,465	(4,815,187)	179,180

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

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 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,728,787	962,884
Restricted		<u>1,372,851</u>	<u>1,498,203</u>
		<u><u>3,101,638</u></u>	<u><u>2,461,087</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	102,464	98,116
Be-Active Long Service Leave Reserve	11	0	8,372
Plant Replacement Reserve	11	5,587	5,350
Housing Reserve	11	202,647	194,049
Transport Infrastructure Reserve	11	852,195	826,414
Sports Facility Replacement Reserve	11	30,779	15,000
Unspent grants	2(c)	179,180	305,902
Sale Deposit		0	45,000
		<u><u>1,372,852</u></u>	<u><u>1,498,203</u></u>
4 TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		60,661	54,629
Sundry debtors		272,278	673,812
GST receivable		24,139	0
Accrued Income		<u>9,300</u>	<u>10,168</u>
		<u><u>366,378</u></u>	<u><u>738,609</u></u>
Non-current			
Rates outstanding - pensioners		<u>9,161</u>	<u>8,469</u>
		<u><u>9,161</u></u>	<u><u>8,469</u></u>
5. INVENTORIES			
Current			
Fuel and materials		<u>28,760</u>	<u>14,141</u>
		<u><u>28,760</u></u>	<u><u>14,141</u></u>

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land at:		
- Independent valuation 2013 - level 2	1,267,000	1,279,000
- Independent valuation 2013 - level 3	689,100	701,100
- Additions after valuation	110,515	110,515
	<u>2,066,615</u>	<u>2,090,615</u>
	<u>2,066,615</u>	<u>2,090,615</u>
Buildings at:		
- Independent valuation 2014 - level 2	3,870,000	3,870,000
- Independent valuation 2014 - level 3	24,249,794	24,443,700
- Additions after valuation	2,044,232	1,124,107
Less: accumulated depreciation	<u>(1,377,658)</u>	<u>(5,127)</u>
	<u>28,786,368</u>	<u>29,432,680</u>
	<u>28,786,368</u>	<u>29,432,680</u>
Total land and buildings	<u>30,852,983</u>	<u>31,523,295</u>
Furniture & Equipment at:		
- Management valuation 2013 - level 2	690	690
- Independent valuation 2013 - level 3	154,100	154,100
- Additions after valuation	73,632	22,032
Less accumulated depreciation	<u>(57,901)</u>	<u>(28,503)</u>
	170,521	148,319
Plant & Equipment at:		
- Independent valuation 2013 - level 2	2,796,900	2,913,900
- Independent valuation 2013 - level 3	120,550	121,550
- Additions after valuation	1,731,312	1,256,888
Less accumulated depreciation	<u>(599,197)</u>	<u>(280,064)</u>
	<u>4,049,565</u>	<u>4,012,274</u>
	<u>35,073,069</u>	<u>35,683,888</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$
Land - Level 2	1,279,000	0	0	0	0	0	1,279,000
Land - Level 3	701,100	0	0	0	0	0	701,100
Land - Additions after Valuation	110,515	0	(24,000)	0	0	0	86,515
Total Land	2,090,615	0	(24,000)	0	0	0	2,066,615
Buildings - Level 2	3,870,000	0	0	0	0	(95,752)	3,774,248
Buildings - Level 3	24,443,700	0	(193,906)	0	0	(1,223,559)	23,026,235
Buildings - Additions after Valuation	1,118,980	921,219	0	0	0	(54,314)	1,985,885
Total Buildings	29,432,680	921,219	(193,906)	0	0	(1,373,625)	28,786,368
Furniture & Equipment - Level 2	690	0	0	0	0	0	690
Furniture & Equipment - Level 3	125,667	0	0	0	0	(25,482)	100,185
Furniture & Equipment - Additions after Valuation	21,962	51,600	0	0	0	(3,916)	69,646
Total Furniture & Equipment	148,319	51,600	0	0	0	(29,398)	170,521
Plant & Equipment - Level 2	2,671,797	0	(96,440)	0	0	(231,523)	2,343,834
Plant & Equipment - Level 3	109,138	0	(800)	0	0	(12,523)	95,815
Plant & Equipment - Additions after Valuation	1,231,339	604,047	(109,276)	0	0	(116,193)	1,609,917
Total Plant & Equipment	4,012,274	604,047	(206,516)	0	0	(360,239)	4,049,565
Total property, plant and equipment	35,683,888	1,576,866	(424,422)	0	0	(1,763,262)	35,073,069

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2013	Price per hectare/ market borrowing rate
Land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2013	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2013	Price per hectare/ market borrowing rate
Buildings	3	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2013	Price per hectare/ market borrowing rate
Furniture & Equipment					
Furniture & Equipment	2	Market approach using recent observable market data for similar items	Management Valuation	June 2013	Price per item
Furniture & Equipment	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant & Equipment					
Plant & Equipment	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2013	Price per item
Plant & Equipment	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Roads		
- Independent valuation 2015	27,670,728	0
- Additions after valuation	1,809,135	0
- Cost	0	45,001,333
Less accumulated depreciation	0	(25,056,407)
	<u>29,479,863</u>	<u>19,944,926</u>
 Bridges		
- Independent valuation 2015	23,186,913	0
- Additions after valuation	96,788	0
- Cost	0	6,410,961
Less accumulated depreciation	0	(4,369,228)
	<u>23,283,701</u>	<u>2,041,733</u>
 Footpaths		
- Independent valuation 2015	421,654	0
- Additions after valuation	58,240	0
- Cost	0	1,874,183
Less accumulated depreciation	0	(1,014,958)
	<u>479,894</u>	<u>859,225</u>
 Drainage		
- Independent valuation 2015	6,128,486	0
- Additions after valuation	200,527	0
- Cost	0	288,947
Less accumulated depreciation	0	(417)
	<u>6,329,013</u>	<u>288,530</u>
 Other Infrastructure		
- Independent valuation 2015	803,687	0
- Additions after valuation	70,897	0
- Cost	0	300,458
Less accumulated depreciation	0	(276,979)
	<u>874,584</u>	<u>23,479</u>
 Quarry		
- Cost	0	42,500
Less accumulated depreciation	0	(41,500)
	<u>0</u>	<u>1,000</u>
	<u><u>60,447,055</u></u>	<u><u>23,158,893</u></u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(b) 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.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	19,944,926	1,809,135	0	8,467,234	0	(741,432)	0	29,479,863
Bridges	2,041,733	96,788		21,305,454	0	(160,274)	0	23,283,701
Footpaths	859,225	58,240	0	(390,716)	0	(46,855)	0	479,894
Drainage	288,530	200,527	0	5,843,679	0	(3,723)	0	6,329,013
Other Infrastructure	23,479	70,897	0	794,366	0	(14,158)	0	874,584
Quarry	1,000	0	(1,000)	0	0	0	0	0
Total infrastructure	23,158,893	2,235,587	(1,000)	36,020,017	0	(966,442)	0	60,447,055

The revaluation of infrastructure assets resulted in an overall increase on revaluation of \$36,020,017 in the net value of infrastructure.

The increase for roads, bridges, drainage and other infrastructure was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

The decrease in valuation for Footpaths of \$390,716 was recognised as a loss on valuation of fixed 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 2015**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Bridges	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	119,858	211,804
Accrued salaries and wages	51,819	43,907
Accrued Expenses	300,395	0
	<u>472,072</u>	<u>255,711</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	64,257	0
	<u>64,257</u>	<u>0</u>
Non-current		
Secured by floating charge		
Debentures	272,988	0
	<u>272,988</u>	<u>0</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	142,188	157,383	299,571
Non-current provisions	0	35,852	35,852
	<u>142,188</u>	<u>193,235</u>	<u>335,423</u>
Additional provision	7,491	9,918	17,409
Balance at 30 June 2015	<u>149,679</u>	<u>203,153</u>	<u>352,832</u>
Comprises			
Current	149,679	167,395	317,074
Non-current	0	35,758	35,758
	<u>149,679</u>	<u>203,153</u>	<u>352,832</u>

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH/INVESTMENT BACKED			
(a) Leave Reserve			
Opening balance	98,116	98,116	95,280
Amount set aside / transfer to reserve	4,348	3,434	2,836
Amount used / transfer from reserve	0	0	0
	<u>102,464</u>	<u>101,550</u>	<u>98,116</u>
(b) Be-Active Long Service Leave Reserve			
Opening balance	8,372	8,372	8,130
Amount set aside / transfer to reserve	305	293	242
Amount used / transfer from reserve	(8,677)	0	0
	<u>0</u>	<u>8,665</u>	<u>8,372</u>
(c) Plant Replacement Reserve			
Opening balance	5,350	5,350	5,195
Amount set aside / transfer to reserve	237	187	155
Amount used / transfer from reserve	0	0	0
	<u>5,587</u>	<u>5,537</u>	<u>5,350</u>
(d) Housing Reserve			
Opening balance	194,049	194,049	188,440
Amount set aside / transfer to reserve	8,598	6,792	5,609
Amount used / transfer from reserve	0	0	0
	<u>202,647</u>	<u>200,841</u>	<u>194,049</u>
(e) Transport Infrastructure Reserve			
Opening balance	826,414	826,414	0
Amount set aside / transfer to reserve	25,781	141,118	826,414
Amount used / transfer from reserve	0	0	0
	<u>852,195</u>	<u>967,532</u>	<u>826,414</u>
(f) Sports Facility Replacement Reserve			
Opening balance	15,000	15,000	0
Amount set aside / transfer to reserve	15,779	15,525	15,000
Amount used / transfer from reserve	0	0	0
	<u>30,779</u>	<u>30,525</u>	<u>15,000</u>
TOTAL RESERVES	<u>1,193,672</u>	<u>1,314,650</u>	<u>1,147,301</u>
Total Opening balance	1,147,301	1,147,301	297,045
Total Amount set aside / transfer to reserve	55,048	167,349	850,256
Total Amount used / transfer from reserve	(8,677)	0	0
TOTAL RESERVES	<u>1,193,672</u>	<u>1,314,650</u>	<u>1,147,301</u>

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 2015

11. RESERVES - CASH/INVESTMENT 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)** Be-Active Long Service Leave Reserve
- to be used to fund the Be-Active Coordinator's long service leave requirements.
- (c)** Plant Replacement Reserve
- to be used for the purpose of major plant.
- (d)** Housing Reserve
- to be used for the construction of new joint venture housing.
- (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.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	19,873,781	19,873,781
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>19,873,781</u>	<u>19,873,781</u>
(b) Furniture & Equipment		
Opening balance	31,242	31,242
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>31,242</u>	<u>31,242</u>
(c) Plant & Equipment		
Opening balance	596,869	596,869
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>596,869</u>	<u>596,869</u>
(d) Roads		
Opening balance	0	0
Revaluation increment	8,467,234	0
Revaluation decrement	0	0
	<u>8,467,234</u>	<u>0</u>
(e) Bridges		
Opening balance	0	0
Revaluation increment	21,305,454	0
Revaluation decrement	0	0
	<u>21,305,454</u>	<u>0</u>
(g) Drainage		
Opening balance	0	0
Revaluation increment	5,843,679	0
Revaluation decrement	0	0
	<u>5,843,679</u>	<u>0</u>
(h) Other Infrastructure		
Opening balance	0	0
Revaluation increment	794,366	0
Revaluation decrement	0	0
	<u>794,366</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>56,912,625</u></u>	<u><u>20,501,892</u></u>

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

13. 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:

	2015	2014
	\$	\$
Cash and cash equivalents	<u>3,101,638</u>	<u>2,461,087</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result		
Net result	(20,772)	2,374,182
Non-cash flows in Net result:		
Depreciation	2,729,704	1,850,396
(Profit)/Loss on sale of asset	101,698	(24,924)
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	371,538	(229,785)
(Increase)/Decrease in inventories	(14,619)	18,603
Increase/(Decrease) in payables	216,361	(177,643)
Increase/(Decrease) in provisions	17,409	76,359
Grants contributions for the development of assets	<u>(1,066,570)</u>	<u>(1,123,007)</u>
Net cash from operating activities	<u>2,725,465</u>	<u>2,764,181</u>
(c) Undrawn Borrowing Facilities		
	\$	\$
Credit Standby Arrangements		
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	557	0
Total amount of credit unused	<u>5,557</u>	<u>5,000</u>
Loan facilities		
Loan facilities - current	64,257	0
Loan facilities - non-current	272,988	0
Total facilities in use at balance date	<u>337,245</u>	<u>0</u>
Unused loan facilities at balance date	<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 2015**

14. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at the reporting date.

15. CAPITAL AND LEASING 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

	2015	2014
	\$	\$
Governance	55,943	35,208
Law, order, public safety	1,014,474	911,524
Health	2,066,600	2,019,098
Education and welfare	1,148,535	1,141,443
Housing	7,792,721	7,737,755
Community amenities	383,472	281,392
Recreation and culture	12,906,307	12,589,665
Transport	65,860,724	29,651,605
Economic services	4,169,372	3,938,550
Other property and services	3,627,913	3,758,848
	<u>99,026,061</u>	<u>62,065,088</u>

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	2.83	3.75	6.25
Asset sustainability ratio	0.54	2.3	1.23
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.36)	0.23	0.51
Own source revenue coverage ratio	0.30	0.94	1.23

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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

The **debt service cover ratio** is unable to be calculated for 2014/15 as no repayments had been made on the loans as at 30th June 2015.

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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:

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Nomination Deposits	0	0	0	0
Factory Unit & Housing Bonds	8,730	3,363	(1,012)	11,081
Fundraisers	205	149	(149)	205
Hydro Pool Key Deposit	475	0	0	475
Kwolyin Progress Assoc	671	501	0	1,172
Sale of Land Deposits	4,000	0	(500)	3,500
Bruce Rock Museum Funds	34	0	0	34
Overpayment of Rates	120	0	0	120
Community Rec Centre	25	0	0	25
Tidy Towns	1,512	0	0	1,512
Vietnam Veterans	22,653	4,788	0	27,441
Wind Up Committee	125	0	0	125
Wheatbelt Women	8,339	0	0	8,339
Indigenous Womens Grant	(457)	0	0	(457)
Hall Hire	0	0	0	0
	<u>46,432</u>			<u>53,572</u>

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)		
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	
Land							
Economic services							
Lot 444 Swan Street	L1072	12,000	3,900	12,000	3,900	0	0
Industrial Land	L1104	12,000	10,000	12,000	30,000	0	20,000
Buildings							
Economic services							
Factory Unit on Swan St	B2045	193,906	48,000	121,000	96,100	(72,906)	48,100
Plant and Equipment							
Governance							
BK1 - CEO's Vehicle	P3308	41,698	41,000	30,455	25,000	(11,243)	(16,000)
Health							
BK09 - Doctor's Vehicle	P3314	22,610	25,000	22,718	20,000	108	(5,000)
BK51 - Infant Health Nurse's	P3243	0	17,000	0	15,000	0	(2,000)
BK968 - Hospital Bus	P3163	8,000	0	3,363	0	(4,637)	0
Recreation and culture							
BK010 - Be-Active Coordina	P3237	20,358	20,000	13,560	10,000	(6,798)	(10,000)
Dolphin Pool Cleaner	P3190	800	0	549	0	(251)	0
Transport							
BK604 - Light Truck	P3139	22,350	23,000	21,850	25,000	(500)	2,000
BK608 - Light Truck	P3140	23,244	24,000	23,100	25,000	(144)	1,000
BK041 - Mananger of Works	P3309	21,531	22,000	17,273	18,000	(4,258)	(4,000)
BK08 - Foreman's Vehicle	P3313	23,437	0	22,220	0	(1,217)	0
		0	0	0	0	0	0
Economic services							
BK123 - NRMO's Vehicle	P3239	22,488	23,000	23,636	23,000	1,148	0
Quarry							
Transport							
O&K Face Shovel	Q4001	1,000	0	0	0	(1,000)	0
O&K Excavator	Q4003	0	0	0	0	0	0
		425,422	256,900	323,724	291,000	(101,698)	34,100

Profit	1,256	71,100
Loss	(102,954)	(37,000)
	<u>(101,698)</u>	<u>34,100</u>

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture	0	87,245	0	8,100	87,245	79,145	0	1,517
Solar Panels								
Economic services	0	250,000	0	23,210	250,000	226,790	0	4,328
Caravan Park Upgrade								
	0	337,245	0	31,310	337,245	305,935	0	5,845

All other loan repayments were financed by general purpose revenue.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Solar Panels	87,245	87,245	WATC	Principal	5	8,934	2.41%	87,245	87,245	0
Caravan Park Upgrade	250,000	250,000	WATC	Principal	5	25,578	2.41%	250,000	250,000	0
	337,245	337,245				34,512		337,245	337,245	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire did not have an overdraft as at 30th June 2015.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates	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 \$
General rate											
GRV	0.053450	214	1,907,133	101,936	155	0	102,091	101,936	0	0	101,936
UV - Rural	0.012046	328	85,959,000	1,035,462	(379)	0	1,035,083	1,035,462	0	0	1,035,462
Sub-Totals		542	87,866,133	1,137,398	(224)	0	1,137,174	1,137,398	0	0	1,137,398
Minimum payment	Minimum \$										
GRV	350	142	456,314	49,700	0	0	49,700	49,700	0	0	49,700
UV - Rural	350	18	255,858	6,300	0	0	6,300	6,300	0	0	6,300
Sub-Totals		160	712,172	56,000	0	0	56,000	56,000	0	0	56,000
Ex-gratia rates							1,193,174				1,193,398
Discounts/concessions (refer note 25)							9,840				9,840
Total amount raised from general rate							(49,257)				(45,000)
Specified Area Rate (refer note 23)							1,153,757				1,158,238
Totals							0				0
							1,153,757				1,158,238

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>1,616,423</u>	<u>1,609,370</u>	<u>1,511,254</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	1,728,787	962,884	962,884
Restricted	1,372,851	1,498,203	1,498,203
Receivables			
Rates outstanding	60,661	54,629	54,629
Sundry debtors	272,278	673,812	673,812
GST receivable	24,139	0	0
Accrued Income	9,300	10,168	10,168
Inventories			
Fuel and materials	28,760	14,141	14,141
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(119,858)	(211,804)	(211,804)
Accrued salaries and wages	(51,819)	(43,907)	(43,907)
Accrued Expenses	(300,395)	0	0
Current portion of long term borrowings			
Secured by floating charge	(64,257)	0	0
Provisions			
Provision for annual leave	(149,679)	(142,188)	(142,188)
Provision for long service leave	(167,395)	(157,383)	(157,383)
Net current assets	<u>2,643,373</u>	<u>2,658,555</u>	<u>2,658,555</u>
<u>Less:</u>			
Reserves - restricted cash	(1,193,671)	(1,147,301)	(1,147,301)
<u>Add:</u>			
Cash backed reserve	102,464	98,116	0
Secured by floating charge	64,257	0	0
Surplus/(deficit)	<u>1,616,423</u>	<u>1,609,370</u>	<u>1,511,254</u>

Difference

There was a difference between the surplus 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

This was the inclusion of the adding back the cash backed employee entitlement reserves held which improved the surplus position as at the 1st July 2014 and as at the 30th June 2015.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	49,257	45,000
			49,257	45,000
Rates Assessments	Write-Off	N/A	13	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 rates notice.

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%		5,919	5,500
Interest on instalments plan	5.50%		988	1,500
Charges on instalment plan		8.75	1,085	1,000
Pensioner deferred rate interest			335	0
			8,327	8,000

Rate payers have the option of paying rates in either two or four instalments. The two instalments were due on the 15th September 2014 and 17th November 2014. An administration fee and interest was applied to the final instalment. The four instalments were due on 15th September 2014, 17th November 2014, 19th January 2015 and 23rd March 2015. Administration charges and interest was applied to the final three instalments.

27. FEES & CHARGES	2015 \$	2014 \$
Governance	6,072	471
General purpose funding	3,296	3,653
Law, order, public safety	1,625	2,068
Health	69,847	85,107
Education and welfare	5,196	4,634
Housing	108,877	98,667
Community amenities	110,231	103,618
Recreation and culture	42,282	54,001
Transport	(102,051)	3,330,678
Economic services	116,506	113,075
Other property and services	184,067	319,989
	<u>545,948</u>	<u>4,115,961</u>

The changes to the fees and charges for the financial year were the following:
Introduction of fees for new accommodation at the Caravan Park

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	3,756,469	1,466,354
Non-operating grants, subsidies and contributions	1,066,570	1,123,007
	<u>4,823,039</u>	<u>2,589,361</u>
By Program:		
Governance	81,289	57,052
General purpose funding	2,637,531	746,828
Law, order, public safety	25,239	135,525
Health	15,770	35,778
Education and welfare	0	16,909
Housing	76,637	279,131
Community amenities	1,822	4,564
Recreation and culture	45,759	20,715
Transport	1,899,786	1,214,239
Economic services	28,441	62,189
Other property and services	10,764	16,431
	<u>4,823,039</u>	<u>2,589,361</u>

Operating grants, subsidies and contributions total of \$3,756,469 includes reimbursements and recoveries totalling \$134,574.

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>36</u>	<u>38</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	15,533	16,000	11,599
President's allowance	9,134	15,000	15,000
Deputy President's allowance	0	3,500	3,750
Travelling expenses	2,964	2,500	2,437
Telecommunications allowance	3,500	4,500	12,750
	<u>31,131</u>	<u>41,500</u>	<u>45,536</u>

31. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2014-15 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,101,638	2,461,087	3,101,638	2,461,087
Investments	0	0	0	0
Receivables	375,539	747,078	375,539	747,078
	<u>3,477,177</u>	<u>3,208,165</u>	<u>3,477,177</u>	<u>3,208,165</u>
Financial liabilities				
Payables	472,072	255,711	472,072	255,711
Borrowings	337,245	0	337,245	0
	<u>809,317</u>	<u>255,711</u>	<u>809,317</u>	<u>255,711</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

The Shire'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 the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	31,016	24,611
- Statement of Comprehensive Income	31,016	24,611

Notes:

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

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

The Shire'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. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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

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

The Shire 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 Shire's credit risk at balance date was:

	2015	2014
Percentage of rates and annual charges		
- Current	41%	40%
- Overdue	59%	60%
Percentage of other receivables		
- Current	97%	99%
- Overdue	3%	1%

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings**

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

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

	<u>2015</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	472,072	0	0	472,072	472,072
Borrowings	64,257	272,988	0	337,245	337,245
	<u>536,329</u>	<u>272,988</u>	<u>0</u>	<u>809,317</u>	<u>809,317</u>
	<u>2014</u>				
Payables	255,711	0	0	255,711	255,711
Borrowings	0	0	0	0	0
	<u>255,711</u>	<u>0</u>	<u>0</u>	<u>255,711</u>	<u>255,711</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debtentures	0	0	0	0	(337,245)	0	(337,245)	2.41%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	2.41%	0.00%		
Year ended 30 June 2014								
Borrowings								
Fixed rate								
Debtentures	0	0	0	0	0	0	0	0.00%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		



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**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 2015, 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 2015, 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.

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 2015 and of its performance for the financial year ended 30 June 2015;
- 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, with exception of the following:
 - > A draft copy of the annual financial report was not provided to the auditor prior to 30 September 2015 as required by section 6.4 of the Local Government Act. An extension was granted to the Shire of Bruce Rock by the Department of Local Government to 20 November 2015, however the financial report was not provided to the auditor by the extension date; and
 - > The matter outlined in iv) below.
- iii. The asset consumption ratio included in the annual financial report is supported by verifiable information and reasonable assumptions.
- iv. The asset renewal funding ratio is not included in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996.
- v. All necessary information and explanations were obtained by us.
- vi. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



MARIA CAVALLO

Partner

Bunbury, Western Australia

Dated this 14th day of December 2015

**SHIRE OF BRUCE ROCK
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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

	2015	2014	2013
Asset consumption ratio	0.979	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 2015 had not been able to determine the Net Present Value (NVP) of planning capital renewal over 10 years or the required capital expenditure over 10 years.