



Leads the Way

Shire of Bruce Rock



**ANNUAL REPORT
2010/2011**

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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 eleven Councillors representing the Bruce Rock District.

Council elections will be held on the third Saturday in October. Council's next Ordinary election will be held on Saturday 15th October 2011.

President

Cr SA Strange

Deputy President

Cr IS Dolton

Councillors	Telephone	Years of Service	Term Expires
Cr Leslie Keith BULLER	9061 1026	25	2013
Cr Graeme John CURRIE	9061 1042	25	2011
Cr Ian Stephen DOLTON	9062 3010	12	2013
Cr Margaret Mary FOSS	9065 1034	16	2011
Cr Jennifer Jean GMEINER	9064 1190	12	2011
Cr Donald Alan HEASMAN	9065 1020	8	2013
Cr Justin Ryan LYNN	9061 1556	5	2011
Cr Ramesh RAJAGOPALAN	9061 1575	2	2013
Cr Douglas Edwin SEDGWICK	9065 2031	9	2011
Cr Stephen Arthur STRANGE	9061 1324	22	2011
Cr Michael John VERHOOGT	9061 1385	8	2013

SHIRE OF BRUCE ROCK CONTACT NUMBERS

Office Hours

8.30am to 4.30pm

Shire Office	9061 1377
CEO's Mobile (<i>After Hours Emergency Contact</i>)	0428 611 377
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	Steve O'Halloran	9061 1230 0428 611 377
Deputy Chief Executive Officer	Darren Mollenoyux	9061 1384 0408 383 530
Manager of Finance & Compliance	Jennifer Bow	0427 611 229
Works Foreman	Colin Brownley	9061 1297 0428 611 297
Town Foreman	Peter Elliot	9061 1104 0427 211 104
Workshop Mechanic	Gary Waight	9061 1072 0427 611 061
Shire Carpenter	Troy Fazey	0428 61 1401

Fire Contact Numbers

Emergency	000
Harvest Ban Information (<i>Recorded Message Only</i>)	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 Authority	13 13 75
Synergy	13 13 53

SHIRE OF BRUCE ROCK STATISTICS

Localities

Ardath; Babakin; Belka; Bruce Rock; Shackleton

Significant Local Events

Bruce Rock Agricultural Show – 29th October 2011
Back to the Bush Reunion – 1st Weekend November

Ordinary Council Meeting

Meets third Thursday of each month except January

Tourist Attractions

Kokerbin Rock	Federation Amphitheatre & Sculpture
Shackleton's World's Smallest Bank	Park
Babakin underground orchid	Ardath Hotel
Wildflowers	Railway Dam
Bruce's Rock	Ardath Lake
Bruce Rock Museum	Scenic Rural Vistas

Local Industries

Wheat and other cereals, steel fabrication, machinery manufacturing, sheep, pigs and cattle.

Council Statistics (2010-11)

Distance from Perth (km)	244
Area (sq km)	2,772
Length of Sealed Roads (km)	496.1
Length of Unsealed Roads (km)	762.6
Population	1,100
Number of Electors	697
Number of Dwellings	564
Total Rates Levied	\$967,678
Total Revenue	\$4,600,541
Number of Employees	40

SHIRE OF BRUCE ROCK STAFF

Chief Executive Officer	Steve O'Halloran
Deputy Chief Executive Officer	Darren Mollenoyux
Manager Finance & Compliance	Jennifer Bow
Environmental Health Officer	Gary Tucker
Senior Finance Officer	Mandy Butler
Executive Support Officer	Ashleigh Waight
Administration Officer	Melissa Schilling & Malene Vad Brownley
Customer Services Officer	Vacant
Be-Active Coordinator	Rodney Thornton
Natural Resource Management Officer	Stephen Fry
Swimming Pool Manager	Roneta McNally
Federation Amphitheatre Manager	Phil Skipsey
Medical Centre Practice Manager	Sam Aurisch
Receptionist	Trudy Butler
Receptionist	Natalie Barrett-Lennard
Construction Foreman	Colin Brownley
Leading Hand Grader Driver	Ron Yeats
Truck Driver	Glyn Corby
Dozer Driver	Brian Mellet
Loader Driver	Danny Orchard
Truck Driver	Mark Black
Truck Driver	Phil Cumming
Plant Operator	Nathan Gardener
Plant Operator	Nathan Hayden
Town Foreman	Peter Elliot
Leading Hand	Max Fuchsbichler
Labourer	Colin Orchard
Labourer	Stephen Leek
Carpenter	Troy Fazey
Apprentice	Ricky Aurisch
Workshop Manager	Gary Waight
Apprentice Mechanic	Jamie Houston
Recreation Centre Manager	Damien Bow
Gardener	John Houston
Gardener	Kaley McCregor
Gardener	Des Houston
Cleaner	Laurel Fuchsbichler
Cleaner (Part –Time)	Denise Houston
Cleaner (Part –Time)	Linda Dudek

PRESIDENT'S REPORT



It is with my pleasure that I present the 2010/2011 Annual Report for the Shire of Bruce Rock. The Shire has experienced another busy year locally whilst dealing with regional matters and the continued pressures of structural reform being driven by the Minister for Local Government.

The 2010/11 financial year has seen Council forge forward despite the impact of the drought and the affect that it has on our community. Council has made every attempt to consider the impacts of a poor season and found ways to provide the community with opportunities to feel good about themselves and the community in which we live.

Several funding opportunities have helped Council progress projects and events over the past twelve months including Drought Funding for community events, grants from various organisations and the "Royalties for Regions" Country Local Government Fund.

Over the past twelve months new areas of focus have arisen with Councillors and staff spending time on the following;

- Grain Freight Network – Council has joined the Rail Retention Alliance in an attempt to retain Tier 3 rail and/or receive adequate time and funding to bring roads on the grain freight network up to a standard.
- Aged Care – Over recent years 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.
- Structural Reform – Council staff and consultants have completed Council's Forward Capital Works Plan, as required under the Royalties for Regions Program. With this now in place staff are focusing on Integrated Planning which encompasses areas such as; asset management, long term financial planning, planning for our workforce, community engagement and corporate business planning for Council.

The financial position of the Shire remains strong with solid reserve levels, a focused "Plan for the Future" and strategic "Forward Capital Works Plan". These all combine to ensure high quality and affordable services and facilities are available for the residents of Bruce Rock and visitors to our community.

The Shire of Bruce Rock is committed to providing 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.

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
- WA Local Government Association (WALGA) Zone meetings
- Regional Road Group meetings
- Local and Regional Health meetings
- Local and District Fire Advisory meetings
- Structural Reform and Strategic Planning
- Grain Freight Network workshops and meetings
- Local community and recreation group meetings

Councillors also attended the WALGA Local Government Conference in August. This conference gives councillors and staff attending the opportunity to learn more about local government at different levels and to share ideas with members of other councils.

This financial year saw the commencement of the final stage of an upgrade to the Bruce Rock Recreation Centre. This stage will see an extension to the indoor court area, new sporting change rooms and tennis club facilities which will be completed during the upcoming year.

Council staff have all worked hard over the past twelve months completing works from road construction and maintenance, building works, town scaping and gardens, to the upkeep of facilities such as the aquatic centre and medical centre just to name a few.

I thank the staff at the Shire of Bruce Rock and the community members who have contributed tirelessly to ensure that the Shire of Bruce Rock is the place that we all love and admire. The efforts of such people are gratefully appreciated and have not gone unnoticed.

Despite the drought and poor 2010 harvest, Council and the community have managed to remain positive and focus on the new season and various exciting projects and events planned during the new financial year.

Finally, I wish to convey my thanks to all my fellow Councillors for their continued support, assistance and hard work throughout the year.



A handwritten signature in black ink, appearing to read 'S. Strange'.

Cr Stephen Strange
PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT



It is with great pleasure that I present my report on the activities of the Shire of Bruce Rock during 2010-2011. The year saw the completion of several community initiatives and the commencement of new projects including the final stage of the Bruce Rock Recreation Centre.

Council continues to value-add to the community by providing new facilities such as the Bruce Rock Men's Shed and adding to others such as the extension to the Bruce Rock Hall. These projects help the Shire to continue to enhance Bruce Rock as a community where people are proud to live as well as a place where visitors feel welcome.

Council's financial position remains strong which assists in ensuring the Shire's future and guarantees the retention of facilities and services currently on offer. Council continues to manage its finances well and this is evidenced with a clean audit report.

Council's administration restructure has assisted in the continued improvement of administration and finance practices. Council staff are committed to continually developing the management of the organisation whilst ensuring the sustainability of the organisation and community that it serves.

In line with the Department of Local Government's reform agenda and new regulations Council staff continues to work towards forward planning and have commenced work on Council's integrated planning. Council's integrated planning will include the following;

- Strategic Community Plan
- Corporate Business Plan
- Asset Management Plan
- Long Term Financial Planning
- Workforce Planning

Staff have been working hard towards improving occupational safety and health practices in the workplace. This year the Local Government Insurance Services carried out an audit on Council's occupational safety and health practices and with a 21% improvement on our previous audit the Shire was awarded a Silver Diligence in Safety Certificate.

MAJOR PROJECTS

The Shire of Bruce Rock has had another busy year with some of the following projects being undertaken by Council staff during the 2010/11 financial year;

- Installation of shade structures at the new bowling green facility.
- In conjunction with volunteers Council constructed and completed the fit out of the Bruce Rock Men's Shed.
- Council replaced the old leaky concrete tank at the Recreation Ground with a modern tank.
- Construction of new niche wall at the Bruce Rock Cemetery.
- A major upgrade of computer systems was carried out, including installation of a new server.
- A new storage room was constructed at the Bruce Rock Hall. This room will house tables, chairs and other furniture to enable a larger floor space within the hall during functions.
- Commenced construction works for final stage of the Recreation Centre expansion.



PLANT & EQUIPMENT REPLACEMENT

Council has continued to manage its plant, equipment and changeover of vehicles to maximise the benefits of its assets. In accordance with the budget the following vehicles were replaced;

- Replacement of cement agitator
- Changeover of Volvo L70c Loader with new Volvo L70F Loader
- Major refurbishment of dozer
- Be-Active and Doctor Vehicles
- NRM and Works Foremen utilities
- Purchase new ride on mower



MAJOR ROADWORKS

The works crew continued to provide excellent work with the roads construction program during 2010/11. In addition to the construction work the works crew carried out maintenance grading, clearing and minor works on its gravel roads.

The following major road works were carried out during the year;

- Various roads – Gravel sheeting and maintenance of gravel roads.
- Cramphorne Road – Widen, reconstruct and seal 5 km section.
- Bruce Rock / Doodlakine Road – reseal 7km section commencing from townsite.
- Shepherd Road – reseal of a 4km section.
- Yarding Ardath Road – construction of a concrete floodway.
- Yad Yaddin Road – reseal of a 4km section.
- Old Beverly Road – gravel sheeting and minor construction works.
- O'Gradys Road – reconstruction and sealing of a 600m section.
- Bruce Rock / Merredin Road – Private works installation and extension of culverts.



MAJOR EVENTS

Over the past twelve months Council has been involved in many local community events. Listed below are a few of the major events involving the Shire and held in Bruce Rock;

- Vietnam Veterans Week – Council and staff assisted both financially and provided administration support to the Vietnam Veterans “Back to the Bush Reunion”, which was held from the 1st to the 8th November 2010. The 2010 “Back to the Bush Reunion” also saw the dedication of the Fuzzy Wuzzy Angels Memorial in Bruce Rock.
- Annual Sports Trophy Night – On the 11th September 2010 Council held this annual event and it was well attended by the sporting community. The night was highlighted by the guest speaker, Robert Wiley from the West Coast Eagles.
- Australia Day – On 26th January 2011 Council held its annual Australia Day event at the Bruce Rock Aquatic Centre. This event was well attended by the community, with fun and games for people of all ages and a sausage sizzle held for lunch.
- Thank a Volunteer / Welcome to New Residents BBQ – In February Council held this event at the Bruce Rock Aquatic Centre to highlight the efforts of volunteers in the community. This event coincides with welcoming new residents to town. A BBQ was held followed by presentation of awards to volunteers and the President gave an address on the importance of volunteers in the community.
- Drought Relief Events – Funding was provided to Local Governments who were affected by the 2010 drought, this funding was aimed at providing events to the community that assisted in people getting together and enjoying themselves during hard financial times. Council opted to fund several different events throughout the period, some of these included;



- Good Bye to 2010 – The Bruce Rock Football Club hosted a community event at the Bruce Rock Hall to encourage people to come along to farewell the bad harvest season and look forward to a positive new year.
- Community Sports Day – Members of Bruce Rock’s sporting group initiated a day at the Bruce Rock Recreation Centre, which saw people of all ages participate in many different sports, whilst having an enjoyable time. The day finished with a BBQ tea and it gave everyone an opportunity to get together in a friendly and relaxed environment.
- I Swam in a Drought – This event was also funded by the Department of Agriculture and Drought Relief Funding. The day started with many games and activities for children and adults, with prizes also being given for winning the mini golf – hole in one competition and diving competition. A BBQ lunch was provided to those attending.

The Year Ahead

Council’s town and building crews will be extremely busy with construction of the final stage of the Recreation Centre expansion. Other building works will see the construction of a new staff residence, construction of a storeroom at the Medical Centre and façade at the Mens Shed.

The road construction crew have many roadworks planned for 2011/12 with construction and/or sealing on Cramphorne Road, Ardath West Road, Treherne Road Shackleton Babakin Road just to name a few.

Administration staff will continue to work towards the priority areas identified in Council’s “Plan for the Future”, implementation of ROMAN 2, Forward Capital Works Plan, asset management and the new Integrated Planning for Local Governments.

I take great pleasure in taking this opportunity to thank Council for its continued support over the past year.

Finally, I would like to extend my sincerest thanks to the Staff of the Shire of Bruce Rock. I give them praise and congratulate them for their dedication and the high level of work they completed throughout the year.



Steve O’Halloran
CHIEF EXECUTIVE OFFICER

DISABILITIES SERVICE PLAN

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

A report was commissioned by Council in 2004 to determine the most effective way to remove all obstacles that hinder the access to essential services in the main street of Bruce Rock. In 2007 Council reconstructed the footpath and parking along the Main Street CBD. These works have improved the quality of life for all who were impeded by unsuitable facilities.

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 include;

- Disabled access ablutions at the upgraded Recreation Centre
- Automatic opening and closing doors at the District Club
- Wheelchair accessibility at the Bruce Rock Men's Shed



Main street after upgrade – removed kerbs for ease of access



Hydro pool with chair lift for disabled access



New Rec Centre entrance has automatic doors for ease of access

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 accepted our DAIP in July 2007. Council is required to report on the six outcomes relating to DAIPs.

- **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.

- **Outcome 2: Buildings and Other Facilities**

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

Council has reconstructed the footpath along the Main Street which gives people with disabilities greater access to shops and facilities. Council have also included disability access

to all parts of the redeveloped Recreation Centre and ensured that there is disabled access to all parts of the new Bruce Rock Men's Shed, including the ablutions.

- **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.

PLAN FOR THE FUTURE OF THE DISTRICT

The changes to the Local Government Act 1995 have replaced the need for the Principal Activities Plan with the requirement for a Plan for the Future of the District.

In September 2009 Council adopted its new "Plan for the Future" 2010 – 2014. 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.

Key highlights for the community that will be delivered by the Plan for the Future 2010 - 2014 are:

- Increased availability of land, including the development of an industrial park and new residential subdivision, to encourage growth of existing businesses, attract new businesses and residents and increase employment opportunities.
- Further expansion of the recreation centre as a hub of community activity with completion of the bowling green, indoor court and change rooms, introduction of a Sports Council and development of programs for local, regional and State events.
- The continued high standard of community facilities together with better roads.
- Ongoing support for community groups and the wide range of community events that bring people together and profile Bruce Rock.
- Taking a key role in the Voluntary Regional Organisation of Councils (VROC) to bring benefits to our community including Royalties for Regions funding and implementation of economic development, tourism and natural resource management initiatives.
- Celebration of the Bruce Rock Centenary in 2013 – recognising our past, looking to the future and promoting the distinctiveness of the Bruce Rock identity and lifestyle.

Council identified four priority areas, these being;

1. Leadership, Innovation & Identity
2. Lifestyle
3. Infrastructure
4. Organisational Management

Major Initiatives proposed or continuing during 2011/12 are;

- The construction of stage 3 of the Bruce Rock Recreation Centre upgrade.
- Finalisation of the Town Planning Scheme.
- Development of the residential subdivision north of the recreation ground.
- Development of waste management strategies including refuse site upgrade and expansion.
- Commencement & implementation of improved asset management & intergraded planning.
- Analysing demand & requirements to further develop facilities for retirees, aged & frail aged.
- Review of elected members will see Councillors reduce from 11 to 10 in October 2011.

A detailed copy of the Plan for the Future is available from the Shire Office or can be downloaded from Council's website at www.brucerock.wa.gov.au

Forward Capital Works Plan

As part of the requirements of the Royalties for Regions Country Local Government Fund Council has also developed a Forward Capital Works Plan, which currently compliments our Plan for the Future of the District.

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 2010/11 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. No Local Laws were amended during the period.

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 2010/11.

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 did not receive any 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;

The number of employees of the Local Government entitled to an annual salary of \$100,000 or more, and

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	2010	2011
\$110,000 – \$119,999	1	1

FINANCIAL STATEMENTS FOR YEAR ENDING 30TH JUNE 2011

SHIRE OF BRUCE ROCK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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SHIRE OF BRUCE ROCK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Bruce Rock being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Bruce Rock at 30th June 2011 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 on the 23rd day of August 2011



Steve O'Halloran
Chief Executive Officer

SHIRE OF BRUCE ROCK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	22	960,989	962,682	961,238
Operating Grants, Subsidies and Contributions	28	2,208,117	3,237,392	2,560,177
Fees and Charges	27	565,808	602,245	570,793
Service Charges	24	0	0	0
Interest Earnings	2(a)	81,333	67,635	61,966
Other Revenue		73,148	21,090	64,827
		<u>3,889,395</u>	<u>4,891,044</u>	<u>4,219,001</u>
EXPENSES				
Employee Costs		(1,481,828)	(1,346,526)	(1,412,814)
Materials and Contracts		(1,170,805)	(1,259,426)	(1,046,463)
Utility Charges		(274,163)	(258,400)	(178,304)
Depreciation on Non-Current Assets	2(a)	(1,951,965)	(1,919,266)	(1,951,083)
Interest Expenses	2(a)	0	(5,746)	0
Insurance Expenses		(200,183)	(198,496)	(174,635)
Other Expenditure		(16,746)	(120,580)	(49,657)
		<u>(5,095,690)</u>	<u>(5,108,440)</u>	<u>(4,812,956)</u>
		(1,206,295)	(217,396)	(593,955)
Non-Operating Grants, Subsidies and Contributions	28	493,609	0	990,680
Profit on Asset Disposals	20	217,535	189,000	219,601
Loss on Asset Disposal	20	(32,212)	(8,000)	(42,199)
		<u>(527,363)</u>	<u>(36,396)</u>	<u>574,127</u>
NET RESULT				
Other Comprehensive Income				
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(527,363)</u></u>	<u><u>(36,396)</u></u>	<u><u>574,127</u></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 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Governance		38,441	63,650	42,364
General Purpose Funding		2,161,337	2,380,386	2,487,746
Law, Order, Public Safety		14,587	10,464	15,368
Health		77,461	85,090	77,282
Education and Welfare		6,623	46,605	89,864
Housing		203,014	222,180	279,990
Community Amenities		58,313	62,900	60,243
Recreation and Culture		174,505	522,330	236,471
Transport		1,416,843	1,334,499	1,666,250
Economic Services		258,364	172,440	257,523
Other Property and Services		191,053	219,000	216,181
	2 (a)	<u>4,600,541</u>	<u>5,119,544</u>	<u>5,429,282</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(484,421)	(503,158)	(508,576)
General Purpose Funding		(95,269)	(158,970)	(109,441)
Law, Order, Public Safety		(81,593)	(92,489)	(76,764)
Health		(202,879)	(250,538)	(226,752)
Education and Welfare		(81,751)	(124,071)	(31,183)
Housing		(210,822)	(176,378)	(175,486)
Community Amenities		(103,904)	(113,492)	(103,853)
Recreation & Culture		(932,292)	(857,624)	(837,369)
Transport		(2,086,562)	(2,263,461)	(2,160,680)
Economic Services		(500,594)	(419,856)	(392,506)
Other Property and Services		(347,817)	(190,157)	(232,545)
	2 (a)	<u>(5,127,904)</u>	<u>(5,150,194)</u>	<u>(4,855,155)</u>
FINANCE COSTS				
Community Amenities		0	(5,746)	0
	2 (a)	<u>0</u>	<u>(5,746)</u>	<u>0</u>
NET RESULT		<u>(527,363)</u>	<u>(36,396)</u>	<u>574,127</u>
Other Comprehensive Income				
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(527,363)</u>	<u>(36,396)</u>	<u>574,127</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 2011**

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,392,358	1,857,145
Trade and Other Receivables	4	183,099	126,425
Inventories	5	15,981	20,590
TOTAL CURRENT ASSETS		<u>1,591,438</u>	<u>2,004,160</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	12,044,215	11,750,908
Infrastructure	7	18,464,919	18,865,007
TOTAL NON-CURRENT ASSETS		<u>30,509,134</u>	<u>30,615,915</u>
TOTAL ASSETS		<u>32,100,572</u>	<u>32,620,075</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	112,108	111,136
Provisions	10	233,893	225,292
TOTAL CURRENT LIABILITIES		<u>346,001</u>	<u>336,428</u>
NON-CURRENT LIABILITIES			
Provisions	10	18,474	20,187
TOTAL NON-CURRENT LIABILITIES		<u>18,474</u>	<u>20,187</u>
TOTAL LIABILITIES		<u>364,475</u>	<u>356,615</u>
NET ASSETS		<u>31,736,097</u>	<u>32,263,460</u>
EQUITY			
Retained Surplus		31,084,710	31,797,736
Reserves - Cash Backed	11	651,387	465,724
TOTAL EQUITY		<u>31,736,097</u>	<u>32,263,460</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 2011**

NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009	31,124,410	564,923	0	31,689,333
Net Result	574,127	0	0	574,127
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	99,199	(99,199)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2010	31,797,736	465,724	0	32,263,460
Net Result	(527,363)	0	0	(527,363)
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(185,663)	185,663	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2011	<u>31,084,710</u>	<u>651,387</u>	<u>0</u>	<u>31,736,097</u>

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 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		957,238	977,682	962,301
Operating Grants, Subsidies and Contributions		2,208,117	3,237,392	2,560,177
Fees and Charges		547,885	602,245	577,046
Interest Earnings		81,333	67,635	61,966
Other Revenue		73,148	21,090	64,827
		<u>3,867,721</u>	<u>4,906,044</u>	<u>4,226,317</u>
Payments				
Employee Costs		(1,471,394)	(1,295,515)	(1,409,047)
Materials and Contracts		(1,170,917)	(1,659,426)	(1,226,958)
Utility Charges		(274,163)	(258,400)	(178,304)
Insurance Expenses		(200,183)	(198,496)	(174,635)
Interest expenses		0	(5,746)	0
Goods and Services Tax		(32,851)	0	0
Other Expenditure		(16,746)	(120,580)	(49,657)
		<u>(3,166,254)</u>	<u>(3,538,163)</u>	<u>(3,038,601)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>701,467</u>	<u>1,367,881</u>	<u>1,187,716</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	(206,000)	0
Payments for Purchase of Property, Plant & Equipment		(1,079,454)	(2,216,030)	(1,525,354)
Payments for Construction of Infrastructure		(1,006,259)	(1,135,056)	(896,310)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		493,609	0	990,680
Proceeds from Sale of Plant & Equipment		425,850	410,000	402,114
Net Cash Provided By (Used In) Investing Activities		<u>(1,166,254)</u>	<u>(3,147,086)</u>	<u>(1,028,870)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		0	(13,249)	0
Proceeds from New Debentures		0	200,000	0
Net Cash Provided By (Used In) Financing Activities		<u>0</u>	<u>186,751</u>	<u>0</u>
Net Increase (Decrease) in Cash Held		(464,787)	(1,592,454)	158,846
Cash at Beginning of Year		1,857,145	1,857,165	1,698,299
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>1,392,358</u></u>	<u><u>264,711</u></u>	<u><u>1,857,145</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 2011**

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Governance		38,441	63,650
General Purpose Funding		1,193,641	1,417,704
Law, Order, Public Safety		14,587	10,464
Health		77,461	85,090
Education and Welfare		6,623	46,605
Housing		203,014	222,180
Community Amenities		58,313	62,900
Recreation and Culture		174,505	522,330
Transport		1,416,843	1,334,499
Economic Services		258,364	172,440
Other Property and Services		191,053	219,000
		<u>3,632,845</u>	<u>4,156,862</u>
EXPENSES			
Governance		(484,421)	(503,158)
General Purpose Funding		(95,251)	(119,470)
Law, Order, Public Safety		(81,593)	(92,489)
Health		(202,879)	(250,538)
Education and Welfare		(81,751)	(124,071)
Housing		(210,822)	(176,378)
Community Amenities		(103,904)	(119,238)
Recreation & Culture		(932,292)	(857,624)
Transport		(2,086,562)	(2,263,461)
Economic Services		(500,594)	(419,856)
Other Property and Services		(347,817)	(190,157)
		<u>(5,127,886)</u>	<u>(5,116,440)</u>
Net Operating Result Excluding Rates		(1,495,041)	(959,578)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(185,323)	(181,000)
Movement in Employee Benefit Provisions		(1,713)	0
Depreciation and Amortisation on Assets		1,951,965	1,919,266
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	(206,000)
Purchase Land and Buildings		(456,563)	(1,625,000)
Purchase Infrastructure Assets - Roads		(1,006,259)	(1,135,056)
Purchase Plant and Equipment		(581,518)	(551,030)
Purchase Furniture and Equipment		(41,371)	(40,000)
Proceeds from Disposal of Assets		425,850	410,000
Repayment of Debentures		0	(13,249)
Proceeds from New Debentures		0	200,000
Transfers to Reserves (Restricted Assets)		(230,844)	(208,915)
Transfers from Reserves (Restricted Assets)		0	410,928
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,202,009	1,016,952
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		548,870	0
Amount Required to be Raised from Rates	22	<u>(967,678)</u>	<u>(962,682)</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 2011**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial statement which has 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.

The report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the 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.

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

Collectibility 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.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Fixed Assets

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

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	50 to 100 years
Furniture and Equipment	5 to 15 years
Plant and Equipment	5 to 15 years
Sealed roads and streets clearing and earthworks construction/road base original surfacing and major re-surfacing	not depreciated 50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads clearing and earthworks construction/road base gravel sheet	not depreciated 50 years 12 years
Formed roads (unsealed) clearing and earthworks construction/road base	not depreciated 50 years
Footpaths - slab	40 years

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

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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 with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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 Balance Sheet.

(h) Financial Instruments

Initial Recognition and Measurement

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

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

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.

Fair value represents the amount for which an asset could be exchanged or a liability settled,

Classification and Subsequent Measurement (Continued)

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;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount
- (b) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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.

(k) Trade and Other Payables

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

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) 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.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) 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.

Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present

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.

(p) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

(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 operation for the current reporting period.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(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 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) 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, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2009 - 5
AASB 2009 - 8
AASB 2009 - 10
AASB 2009 - 13
AASB 2010 - 1
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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 2011**

2. REVENUE AND EXPENSES**2011**
\$**2010**
\$**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	9,250	4,900
- Other Services	0	6,300

Depreciation

Buildings	173,321	174,376
Furniture and Equipment	31,703	28,619
Plant and Equipment	340,595	359,673
Roads	1,406,346	1,388,415
Quarry	0	0
	<u>1,951,965</u>	<u>1,951,083</u>

(ii) Crediting as Revenue:

2011
\$**2011**
Budget
\$**2010**
\$**Interest Earnings**

Investments			
- Reserve Funds	26,783	38,915	29,850
- Other Funds	50,270	25,120	27,728
Other Interest Revenue (<i>refer note 26</i>)	4,280	3,600	4,388
	<u>81,333</u>	<u>67,635</u>	<u>61,966</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

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.

SHIRE MISSION STATEMENT

Bruce Rock Leads the Way

SHIRE VISION

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

Council operations as disclosed in this budget 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 offices and other services to the doctor, dentist, counsellor, infant health nurse and other visiting practitioners.

EDUCATION AND WELFARE

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

HOUSING

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

COMMUNITY AMENITIES

Rubbish collection services, operation of refuse site, recycling centre, bulk litter drives and Drum Muster 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 Dept of Transport.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

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 stand pipes. 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 2011

2. REVENUE AND EXPENSES (Continued)**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
WA Local Govt Grants Comm	Gen Pur Rev		1,012,039	(1,012,039)	0	1,073,166	(1,073,166)	0
Royalties for Regions	Gen Pur Rev	378,736	378,736	(757,472)	0			0
Royalties for Regions	Gen Pur Rev		35,000		35,000		(18,344)	16,656
FESA - ESL	Law, O & PS		13,140	(13,140)	0	7,964	(7,964)	0
Office of Crime Prevention	Law, O & PS	19,000		(2,500)	16,500		(10,124)	6,376
DVA - Mens Shed	Ed & Wel		22,135		22,135	4,446	(26,581)	0
Lotterywest - Mens Shed	Ed & Wel		62,000	(40,000)	22,000		(22,000)	0
DSR - Bowling Green	Rec & Culture		130,000	(130,000)	0			0
RLCIP 2009/10 - Shade Sails	Rec & Culture		30,000		30,000		(30,000)	0
RLCIP 2008/09 - Playgrounds	Rec & Culture	100,000		(100,000)	0			0
RLCIP 2010/11 - Hall	Rec & Culture					30,000	(30,000)	0
Dept of Local Govt - Toilets	Rec & Culture	10,673		(10,673)	0			0
Tennis Australia - Ardath TC	Rec & Culture		38,500	(38,500)	0			0
State Revenue Office Pool	Rec & Culture					6,000	(6,000)	0
Lotterywest - Cultural Heritage	Rec & Culture					96,729	(96,729)	0
Main Rds - Cramphorne Rd	Transport		220,688	(220,688)	0	239,370	(239,370)	0
Main Rds - Flood Damage	Transport		117,055	(117,055)	0			0
FAGS Roads	Transport		662,610	(662,610)	0	711,659	(711,659)	0
Main Rds - Doodlie - BK Rd	Transport		135,900	(135,900)	0			0
Main Rds - Direct Grant	Transport		110,438	(110,438)	0	111,682	(111,682)	0
Main Rds - Specific Bridges	Transport		9,000	(9,000)	0			0
Roads to Recovery 2005-09	Transport	130,732		(130,732)	0			0
Roads to Recovery 2009-14	Transport		380,957	(194,108)	186,849	219,793	(406,642)	0
Main Rds - St Light Subsidy	Transport		2,199	(2,199)	0	2,199	(2,199)	0
Healthway - Vets Wkend	Ec Services		3,000	(3,000)	0	2,500	(2,500)	0
Lotterywest - Vets Wkend	Ec Services		9,327	(9,327)	0	22,889	(22,889)	0
DCD - Thank a Volunteer Day	Ec Services		665	(665)	0	895	(895)	0
Dept of Ag - Skeleton Weed	Ec Services		33,300	(18,278)	15,022	38,305	(48,022)	5,305
Indigeneous Grant	Ec Services					8,880	(1,844)	7,036
Dry Season Assistance	Ec Services					20,000	(5,550)	14,450
Dept of Food & Ag	Ec Services					1,400	(1,400)	0
Total		639,141	3,406,689	(3,718,324)	327,506	2,597,877	(2,875,560)	49,823

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - 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.

(#) - 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 2011**

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	691,148	1,063,915
Restricted	701,210	793,230
	<u>1,392,358</u>	<u>1,857,145</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long Service Leave Reserve	84,983	81,770
Be-Active Long Service Leave Reserve	7,251	6,977
Plant Reserve	4,634	4,459
Housing Reserve	168,075	155,100
Recreation Centre Upgrade Reserve	113,249	106,810
Council Housing Reserve	273,195	110,608
Unspent Grants	49,823	327,506
	<u>701,210</u>	<u>793,230</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	31,249	27,498
Sundry Debtors	116,850	98,927
GST Receivable	35,000	0
	<u>183,099</u>	<u>126,425</u>
5. INVENTORIES		
Current		
Fuel and Materials	15,981	20,590
	<u>15,981</u>	<u>20,590</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011	2010
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land at Cost	63,187	63,187
	<u>63,187</u>	<u>63,187</u>
Buildings - Cost	11,354,699	10,963,030
Less Accumulated Depreciation	(2,322,095)	(2,166,410)
	<u>9,032,604</u>	<u>8,796,620</u>
Furniture and Equipment - Cost	343,493	302,122
Less Accumulated Depreciation	(172,396)	(140,694)
	<u>171,097</u>	<u>161,428</u>
Plant and Equipment - Cost	5,279,146	5,170,296
Less Accumulated Amortisation	(2,501,819)	(2,440,623)
	<u>2,777,327</u>	<u>2,729,673</u>
	<u>12,044,215</u>	<u>11,750,908</u>

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

	<u>Land</u> \$	<u>Buildings</u> \$	<u>Furniture & Equipment</u> \$	<u>Plant & Equipment</u> \$	<u>Total</u> \$
Balance as at the beginning of the year	63,187	8,796,620	161,428	2,729,673	11,750,908
Additions	0	456,563	41,372	581,519	1,079,454
(Disposals)	0	(47,257)	0	(193,270)	(240,527)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0
- reversals	0	0	0	0	0
Depreciation (Expense)	0	(173,322)	(31,703)	(340,595)	(545,620)
Carrying amount at the end of year	<u>63,187</u>	<u>9,032,604</u>	<u>171,097</u>	<u>2,777,327</u>	<u>12,044,215</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
7. INFRASTRUCTURE		
Roads - Cost	44,990,447	43,984,189
Less Accumulated Depreciation	<u>(26,526,528)</u>	<u>(25,120,182)</u>
	18,463,919	18,864,007
Quarry - Cost	42,500	42,500
Less Accumulated Depreciation	<u>(41,500)</u>	<u>(41,500)</u>
	1,000	1,000
	<u>18,464,919</u>	<u>18,865,007</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	<u>Roads</u> \$	<u>Quarry</u> \$	<u>Total</u> \$
Balance at the beginning of the year	18,864,007	1,000	18,865,007
Additions	1,006,258	0	1,006,258
(Disposals)	0	0	0
Revaluation - Increments	0	0	0
- (Decrements)	0	0	0
Impairment - (losses)	0	0	0
- reversals	0	0	0
Depreciation (Expense)	(1,406,346)	0	(1,406,346)
Carrying amount at the end of year	<u><u>18,463,919</u></u>	<u><u>1,000</u></u>	<u><u>18,464,919</u></u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	93,234	95,808
Accrued Salaries and Wages	18,874	15,328
	112,108	111,136
9. LONG-TERM BORROWINGS		
The Shire of Bruce Rock did not have any long term borrowings as at 30 June 2011.		
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	82,554	80,493
Provision for Long Service Leave	151,339	144,799
	233,893	225,292
Non-Current		
Provision for Long Service Leave	18,474	20,187
	18,474	20,187

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	81,770	81,770	77,673
Amount Set Aside / Transfer to Reserve	3,213	5,070	4,097
Amount Used / Transfer from Reserve	0	0	0
	<u>84,983</u>	<u>86,840</u>	<u>81,770</u>
(b) Be-Active Long Service Leave Reserve			
Opening Balance	6,978	6,978	5,508
Amount Set Aside / Transfer to Reserve	273	435	1,469
Amount Used / Transfer from Reserve	0	0	0
	<u>7,251</u>	<u>7,413</u>	<u>6,977</u>
(c) Plant Reserve			
Opening Balance	4,459	4,458	4,235
Amount Set Aside / Transfer to Reserve	175	280	224
Amount Used / Transfer from Reserve	0	0	0
	<u>4,634</u>	<u>4,738</u>	<u>4,459</u>
(d) Housing Reserve			
Opening Balance	155,100	155,100	376,052
Amount Set Aside / Transfer to Reserve	12,975	9,620	7,770
Amount Used / Transfer from Reserve	0	0	(228,722)
	<u>168,075</u>	<u>164,720</u>	<u>155,100</u>
(e) Rec Centre Upgrade Reserve			
Opening Balance	106,810	106,810	101,455
Amount Set Aside / Transfer to Reserve	6,439	6,510	5,355
Amount Used / Transfer from Reserve	0	(113,320)	0
	<u>113,249</u>	<u>0</u>	<u>106,810</u>
(f) Council Housing Reserve			
Opening Balance	110,608	110,608	0
Amount Set Aside / Transfer to Reserve	162,587	187,000	240,789
Amount Used / Transfer from Reserve	0	(297,608)	(130,181)
	<u>273,195</u>	<u>0</u>	<u>110,608</u>
TOTAL CASH BACKED RESERVES	<u>651,387</u>	<u>263,711</u>	<u>465,724</u>

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

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

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

11. RESERVES - CASH BACKED (Continued)

Long Service Leave Reserve

- to be used to fund long service leave requirements.

Be-Active Long Service Leave Reserve

- to be used to fund long service leave requirements.

Plant Reserve

- to be used for the purchase of major plant.

Housing Reserve

- to be used for the construction of a new joint venture housing.

Recreation Centre Upgrade Reserve

- to be used for the upgrade of the Recreation Centre.

Council Housing Reserve

- to be used for the construction of a new housing for Council.

The Leave, Plant and Housing Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Recreation Centre Upgrade Reserve and the Council Housing Reserve is expected to be utilised in 2011/12.

12. RESERVES - ASSET REVALUATION

The Shire of Bruce Rock did not revalue any assets during 2010/11 financial year.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>1,392,358</u>	<u>264,711</u>	<u>1,857,145</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	(527,363)	(36,396)	574,127
Depreciation	1,951,965	1,919,266	1,951,083
(Profit)/Loss on Sale of Asset	(185,323)	(181,000)	(177,402)
(Increase)/Decrease in Receivables	(54,525)	(92,434)	7,316
(Increase)/Decrease in Inventories	4,609	(13,122)	3,702
Increase/(Decrease) in Payables	(1,175)	(267,943)	(181,131)
Increase/(Decrease) in Employee Provisions	6,888	39,510	700
Grants/Contributions for the Development of Assets	<u>(493,609)</u>	<u>0</u>	<u>(990,680)</u>
Net Cash from Operating Activities	<u>701,467</u>	<u>1,367,881</u>	<u>1,187,715</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	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u>5,000</u>	<u>5,000</u>

Loan Facilities

Loan Facilities - Current	0	0
Loan Facilities - Non-Current	<u>0</u>	<u>0</u>
Total Facilities in Use at Balance Date	<u>0</u>	<u>0</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

14. CONTINGENT LIABILITIES

The Shire of Bruce Rock does not have any impending Contingent Liabilities.

15. CAPITAL AND LEASING COMMITMENTS**(a) Finance Lease Commitments**

The Shire of Bruce Rock has no Finance Lease Commitments.

(b) Operating Lease Commitments

The Shire of Bruce Rock has no Operating Lease Commitments.

(c) Capital Expenditure Commitments

The Shire of Bruce Rock has no Major Capital Expenditure Commitments other than those detailed in the Budget.

16. JOINT VENTURE

The Shire of Bruce Rock was not involved in any Joint Venture Projects for the 2010/11 financial year.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	104,681	97,626
General Purpose Funding	0	0
Law, Order, Public Safety	327,226	315,377
Health	677,123	700,664
Education and Welfare	148,053	145,262
Housing	2,506,700	2,920,087
Community Amenities	39,786	40,028
Recreation and Culture	4,461,457	4,191,755
Transport	18,436,826	18,881,174
Economic Services	873,239	782,447
Other Property and Services	2,336,269	2,255,478
Unallocated	597,774	2,290,177
	<u>30,509,134</u>	<u>32,620,075</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

18. FINANCIAL RATIOS	2011	2010	2009
Current Ratio	3.53	3.6	1.48
Untied Cash to Unpaid Trade Creditors Ratio	7.46	11.1	2.12
Debt Ratio	0.01	0.01	0.02
Debt Service Ratio	0	0	0
Gross Debt to Revenue Ratio	0	0	0
Gross Debt to Economically Realisable Assets Ratio	0	0	0
Rate Coverage Ratio	0.21	0.21	0.18
Outstanding Rates Ratio	0.03	0.03	0.03

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Factory Unit & Housing Bonds	10,155	792	(1,530)	9,417
Cemetery Donations	973	0	0	973
Hydro Pool Key Deposits	330	160	(45)	445
Kwolyin Progress Association	671	0	0	671
Sale of Land Deposits	5,050	0	0	5,050
Bruce Rock Museum Funds	34	0	0	34
Overpayment of Rates	120	286	(25)	381
Community Rec Centre	25	0	0	25
Tidy Towns	1,513	0	0	1,513
Vietnam Veterans	17,456	24,476	(700)	41,232
Wind up	836	8,073	(8,734)	175
Wheatbelt Women	2,751	11,755	0	14,506
Fundraisers	0	58	(58)	0
Unspent Grant Funding	0	5,306	(457)	4,849
	<u>39,914</u>			<u>79,271</u>

20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

<u>By Program</u>	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Buildings						
26 Osborne St, Bruce Rock	47,257	48,000	158,880	170,000	111,623	122,000
Plant & Equipment						
BK1 - CEO Vehicle	0	28,000	0	31,000	0	3,000
BK2 - DCEO Vehicle	0	28,000	0	31,000	0	3,000
BK09 - Doctor's Vehicle	24,992	26,000	25,596	27,000	604	1,000
BK02 - Construction Foreman Vehicle	20,651	20,000	18,182	19,000	(2,469)	(1,000)
BK08 - Town Foreman Vehicle	24,986	20,000	20,227	19,000	(4,759)	(1,000)
BK3 - Workshop Manager Vehicle	23,914	20,000	15,955	19,000	(7,959)	(1,000)
BK04 - Builder's Vehicle	16,702	15,000	9,091	12,000	(7,611)	(3,000)
BK6222 - Loader	0	0	64,000	60,000	64,000	60,000
BK123 - NRMO Vehicle	23,699	24,000	22,727	22,000	(972)	(2,000)
Skeleton Weed Vehicle	9,424	0	6,406	0	(3,018)	0
BK010 Be Active Vehicle	20,879	0	15,455	0	(5,424)	0
BK6163 - Cement Truck (Insurance)	28,023	0	69,331	0	41,308	0
	240,527	229,000	425,850	410,000	185,323	181,000

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire of Bruce Rock had no debentures for the year ended 30 June 2011.

(b) New Debentures - 2010/11

The Shire of Bruce Rock did not take any new debentures for the year ended 30 June 2011.

(c) Unspent Debentures

The Shire of Bruce Rock had no unspent debentures at the 30 June 2011.

(d) Overdraft

The Shire of Bruce Rock does not have an overdraft facility in place at 30 June 2011, nor was the Council in overdraft during the year.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

22. RATING INFORMATION - 2010/11 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV - Bruce Rock	5.0210	245	1,866,776	93,012	2,396	0	95,408	93,012	0	0	93,012
UV - Rural	0.7803	329	112,749,500	879,785	0	(476)	879,309	879,531	0	0	879,531
UV - Mining	0.7803	1	48,084	375	0	0	375	375	0	0	375
Sub-Totals		575	114,664,360	973,172	2,396	(476)	975,092	972,918	0	0	972,918
Minimum Rates	Minimum \$										
GRV - Bruce Rock	248	101	215,378	25,048	0	0	25,048	25,048	0	0	25,048
UV - Rural	248	11	158,000	2,728	0	0	2,728	2,728	0	0	2,728
UV - Mining	248	6	37,872	1,488	0	0	1,488	1,488	0	0	1,488
Sub-Totals		118	411,250	29,264	0	0	29,264	29,264	0	0	29,264
Ex-Gratia Rates							1,004,356				1,002,182
Specified Area Rate (refer note 23)							6,689				0
							0				0
							1,011,045				1,002,182
Discounts (refer note 25)							(43,367)				(39,500)
Totals							967,678				962,682

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

The Shire of Bruce Rock did not have any specified area rates for the year ended 30 June 2011.

24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

The Shire of Bruce Rock did not have any service charges for the year ended 30 June 2011.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	43,367	39,500
			43,367	39,500
Rate Assessment	Write-Off		18	0

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

26. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		3,340	2,500
Interest on Instalments Plan	5.50%		940	800
Charges on Instalment Plan		21	819	650
			5,099	3,950

Ratepayers had the option of paying rates in four equal instalments, due on 3rd September 2010, 5th November 2010, 8th January 2011 and 12th March 2011. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2011 \$	2010 \$
Governance	4,921	3,616
General Purpose Funding	8,683	7,922
Law, Order, Public Safety	1,523	2,227
Health	75,112	76,878
Education and Welfare	1,875	5,644
Housing	84,584	83,703
Community Amenities	55,987	54,850
Recreation and Culture	39,956	35,413
Transport	26,832	26,992
Economic Services	101,860	97,811
Other Property and Services	164,475	175,737
	<u>565,808</u>	<u>570,793</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

28. GRANT REVENUE

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

	2011	2010
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,208,117	2,560,177
Non-Operating Grants, Subsidies and Contributions	493,609	990,680
	<u>2,701,726</u>	<u>3,550,857</u>
By Program:		
Governance	33,520	38,072
General Purpose Funding	1,073,166	1,425,775
Law, Order, Public Safety	13,064	13,140
Health	0	0
Education and Welfare	4,747	84,221
Housing	6,808	7,032
Community Amenities	2,326	5,393
Recreation and Culture	134,550	201,058
Transport	1,284,703	1,638,847
Economic Services	137,876	109,063
Other Property and Services	10,966	28,256
	<u>2,701,726</u>	<u>3,550,857</u>

29. ELECTED MEMBERS REMUNERATION

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

	2011	2011	2010
	\$	Budget	\$
		\$	
Meeting Fees	0	3,000	0
President's Allowance	9,850	9,580	9,880
Travelling Expenses	0	2,000	0
	<u>9,850</u>	<u>14,580</u>	<u>9,880</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2011	2010
	<u>30</u>	<u>35</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2010/11 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets				
Cash and cash equivalents	1,392,358	1,857,145	1,392,358	1,857,145
Receivables	183,099	126,425	183,099	126,425
	<u>1,575,457</u>	<u>1,983,570</u>	<u>1,575,457</u>	<u>1,983,570</u>
Financial Liabilities				
Payables	112,108	111,135	112,108	111,135
Borrowings	0	0	0	0
	<u>112,108</u>	<u>111,135</u>	<u>112,108</u>	<u>111,135</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2011	2010
	\$	\$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	139,236	185,714
- Statement of Comprehensive Income	139,236	185,714

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

Impact of a 1% (*) movement in interest rates on cash and investments:

- Equity	13,924	18,571
- Statement of Comprehensive Income	13,924	18,571

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2011	2010
Percentage of Rates and Annual Charges		
- Current	53.00%	55.00%
- Overdue	47.00%	45.00%
Percentage of Other Receivables		
- Current	65.00%	64.00%
- Overdue	35.00%	36.00%

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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. Council 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 Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	112,108	0	0	112,108	112,108
Borrowings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>112,108</u>	<u>0</u>	<u>0</u>	<u>112,108</u>	<u>112,108</u>
<u>2010</u>					
Payables	111,135	0	0	111,135	111,135
Borrowings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>111,135</u>	<u>0</u>	<u>0</u>	<u>111,135</u>	<u>111,135</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

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. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The Shire of Bruce Rock did not have any borrowings as at 30th June 2011.

**Anderson Munro & Wyllie**

CHARTERED ACCOUNTANTS

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ABN 59 125 425 274

Website: www.amwaudit.com.au*Liability limited by a scheme approved under Professional Standards Legislation***INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF BRUCE ROCK****Scope**

We have audited the financial report of Shire of Bruce Rock for the year ended 30 June 2011. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Balance Sheet, Statement of Change in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Bruce Rock. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include



consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Bruce Rock.

Independence

Anderson Munro & Wyllie are independent of the Shire of Bruce Rock, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of the Shire of Bruce Rock are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2011 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

- a) We did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.

Dated the 19th day of October 2011 in Perth, Western Australia

BILLY-JOE THOMAS
Director

Anderson Munro & Wyllie
ANDERSON MUNRO & WYLLIE
Chartered Accountants