

Annual Report

2017/18

CONTENTS

Introduction.....	2
.....	2
Our Vision	2
Our Mission.....	2
Our Values	2
Our Shire	2
SHIRE OF BRUCE ROCK STATISTICS.....	3
.....	5
The Council	6
SHIRE OF BRUCE ROCK CONTACT NUMBERS.....	7
STAFF.....	9
PRESIDENT'S REPORT	10
CHIEF EXECUTIVE OFFICER'S REPORT	13
CORPORATE AND COMMUNITY.....	13
FINANCE.....	14
REGULATORY	14
WORKS AND SERVICES.....	15
THE YEAR AHEAD.....	16
DISABILITIES SERVICE PLAN	17
STATE RECORDKEEPING ACT	20
FREEDOM OF INFORMATION	21
EMPLOYEE PAYMENTS	21
REGISTER OF CERTAIN COMPLAINTS FOR MINOR BREACHES.....	22

Introduction

OUR VISION

Leads the Way

OUR MISSION

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

OUR VALUES

We will conduct our business with:

Respect

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

Inclusiveness

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

Fairness and equity

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

Communication

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



Our Shire

The Shire of Bruce Rock covers an area of 2,772 km² in the Wheatbelt of Western Australia and has a population of approximately 930 (ABS, Census, 2016).

SHIRE OF BRUCE ROCK STATISTICS

Localities

Ardath, Babakin, Belka, Bruce Rock, Kwolyin, Shackleton

Significant Local Events

Bruce Rock Agricultural Show – Saturday 21st September 2019

Back to the Bush Reunion – Annually - 1st Weekend in November

Ordinary Council Meeting

Meets third Thursday of each month except January



Tourist Attractions

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



Local Industries

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



Council Statistics (2017-18)

Distance from Perth (km)	245
Area (sq km)	2,772
Length of Sealed Roads (km)	501.1
Length of Unsealed Roads (km)	757.6
Population	930
Number of Electors	642
Number of Dwellings	470
Total Rates Levied	\$1,390,825
Total Revenue	\$6,187,242
Number of Employees	43



The Council

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

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

President

Cr SA Strange

Deputy President

Cr R Rajagopalan

Councillors	Telephone	Years of Service	Term Expires
Cr Stephen Strange	0429 611 324	28	2019
Cr Ramesh Rajagopalan	0448 012 656	8	2021
Cr Ian Dolton	0427 623 010	19	2021
Cr Meredith Thornton	0429 611 307	6	2019
Cr Phillip Negri	0428 611 228	2	2019
Cr Brendan Waight	0428 149 654	1	2021
Cr Natalie Kilminster	0428 611 975	1	2021
Cr Anthony Crooks	0428 911 922	0	2019
Cr Kevin Foss	0427 998 878	0	2019

Council elections are held on the third Saturday in October.

SHIRE OF BRUCE ROCK CONTACT NUMBERS

Office Hours

8.30am to 4.30pm

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

After Hours

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

Contact

Phone 08 9061 1377
 Fax 08 9061 1340
 Email admin@brucerock.wa.gov.au

54 Johnson Street
 Bruce Rock WA 6418

PO Box 113
 Bruce Rock WA 6418

www.brucerock.wa.gov.au



Fire Contact Numbers

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

Emergency Numbers

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



STAFF

Chief Executive Officer	Darren Mollenoyux
Deputy Chief Executive Officer	Catherine Dunn
Manager of Finance	Jennifer Bow
Manager of Works and Services	Glenn Casley
Environmental Health Officer	Julian Goldacre
Senior Finance Officer	Mike Darby
Community Development Officer	Ashleigh Waight
Finance Officer	Shenae Cosh
Executive Support Officer	Melissa Schilling
Customer Service Officer	Caris Negri
Natural Resource Mgmt. Officer	Mandy Schilling
Swimming Pool Manager	Mel Warren
Medical Centre Practice Manager	Sam Aurisch
Medical Centre Receptionist	Trudy Butler
Construction Foreman	Colin Brownley
Leading Hand Grader Driver	Ron Yeats
Truck Driver	Tracey Casley
Dozer Driver	Darron Smith
Loader Driver	Brockman Williams
Truck Driver	Mark Black
Truck Driver	Phil Cumming
Plant Operator	Des Houston
Plant Operator	Clint Houston
Plant Operator	Brian Braddock
Town Foreman	Peter Elliot
Leading Hand	Vern Jetta
Labourer	Stephen Leek
Labourer	Trevor Smith
Building Leading Hand	Jack Andrews
Building Assistant	Jaxson Hintz
Workshop Manager	Brian Dayman
Apprentice Mechanic	Bruce Parker
Recreation Centre Manager	Damien Bow
Leading Hand Gardener	Geoffrey Wilkins
Gardener	James Houston
Gardener	Tenisha Hannah
Gardener	Tyson Van Bakkum
Cleaners	Robyn Brownley, Jennifer Elliott, Linda Dyson, Marilyn Kristensen, Lisa Mackwell, Cathy Cumming

PRESIDENT'S REPORT



I am pleased to provide this report on the activities of the Shire of Bruce Rock for the year ending 30 June 2018.

2017-18 has been an eventful year in terms of change within the membership of the Council. The Shire reluctantly farewelled two Councillors in Marie Royce and Simon Buller, who sadly resigned their positions. I wish to thank them for their contribution throughout the year and wish them both the best of luck for the future. Once more the Councillors and staff have striven to continuously provide a high level of service to the community, in what continues to be difficult economic conditions.

During the year Council progressed its Integrated Strategic Plan, including the adoption of the Shire of Bruce Rock's Strategic Community Plan 2017 - 2027, along with its Informing Strategies – the Corporate Business Plan, Long Term Financial Plan, Asset Management Plan and implementing the Workforce Plan. There are four main areas of the Strategic Community Plan:

- Infrastructure;
- Economy;
- Community; and
- Governance.

Councillors and staff are working towards the new objectives in each of these key areas. This work contributes towards meeting many of the strategic goals, but there is much work still to do. By regularly re-assessing our priorities and looking to the future, we continue to identify

opportunities for the Shire to improve its services.

2017-18 saw the completion of a number of projects that were part the Shire's plan for improvement of the facilities and to increase the amenity for our residents and visitors. These include:

- Construction of a new residence
- Completion of landscaping and paths around the new hockey turf
- New playground at the Aquatic Centre
- Commenced the redevelopment of the Dunstall Street facilities.

As part of the Shire's commitment to responsible and sustainable development we continue to investigate and implement the further installation of solar panels, and to improve dams and water catchment to conserve water for all. In addition the gardening crew continues to maintain the landscaping, gardens and trees around town to best present the town for locals and visitors.

The Shire also employs a Natural Resource Management Officer part-time to assist and advise the Shire and local growers in land management projects. The reinvigoration of the Bruce Rock Land Conservation Development Group has seen two study tours which investigated new ideas and processes that might be employed in local practices. Council also supports the local Skeleton Weed Coordinator program.

At the regional level, Councillors and staff have also monitored and contributed considerably towards the following areas of significance to Bruce Rock and the wider region:

- Council continues to advocate to return grain transport to Tier 3 rail, as well as seeking additional funding to upgrade and maintain road infrastructure on the grain freight network up to a reasonable standard. This remains one of the most serious issues facing the Shire, and is one which requires considerable time and effort. The Shire is part of the Wheatbelt Secondary Freight Project, a group of 42 Local Governments working collaboratively to create interconnecting regional freight routes.
- Council is also committed to improving safety by rectifying any damage caused by flood events. Over \$1.2 million of road repair works was completed in the year which was funded by the WANDRRA program.
- Aged Care – Council continues its commitment towards aged care services within the Shire and is currently implementing a strategic direction that will meet the needs of our community into the future.

This Shire is an integral part of the Central East Aged Care Alliance (CEACA), and contributes to the regional strategic direction in delivering aged care services in Bruce Rock and its partnering Councils. CEACA was created in order to apply for regional funding from the Federal Government to manage aged care housing provision including independent living units (ILUs) across the region. CEACA has been successful in

receiving grant funding from State and Federal governments and has commenced construction of 77 ILUs, including 8 in Bruce Rock.

Councillors have been busy attending a variety of meetings and workshops over the course of the year. These are in addition to the regular monthly Council meetings and briefings. The following is a selection of the types of events that Councillors and staff have attended or participated in:

- Wheatbelt East Regional Organisation of Councils (WEROC) meetings;
- Wheatbelt Communities Inc.
- WA Local Government Association (WALGA) Zone meetings;
- WA Local Government Association Annual Conference;
- Regional Road Group meetings;
- Local and Regional Health meetings;
- Local and District Fire Advisory meetings;
- Local Emergency Management meetings;
- Structural Reform and Strategic Planning;
- Grain Freight Network Meetings
- Central East Aged Care Alliance meetings; and
- Local community and recreation group meetings.

Through careful planning and diligent oversight Council continues to provide its community with the essential infrastructure and facilities that support development of the district, and to provide a wide range of services that combine to make Bruce Rock an attractive place in which to live, work, invest and play.



Over the year the Councillors and staff have worked hard together to provide for community need, while also continuing to plan for the long term viability of the Shire and its residents. The Council firmly believes that it is well placed both financially and strategically to be sustainable for the foreseeable future. An exciting development for 2017-2018 has been the development and implementation of the new Shire of Bruce Rock brand, supported by the concept encapsulated in the motto: "Where friends become family".

In the past twelve months Shire staff have been working hard on works such as road construction and maintenance, building works, and town landscaping and gardens. In addition, staff attend to the upkeep of facilities such as the Aquatic Centre (including the slide pool), and other Civic buildings and the Shire's Medical Centre.

I would like to offer my sincere thanks to all the staff and community members for once more making valuable and continuous efforts to make the Shire of Bruce Rock the place that we all love and admire and choose to live, work and play in.

Finally, in my role as the Shire President, I would like to thank all my fellow Councillors for their contribution towards the future of Council and this great Shire. Their commitment and dedication to their role has been simply outstanding, and I thank them for their support.

Cr Stephen Strange

PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT



I am very pleased to present the 2017-18 Annual Report for the Shire of Bruce Rock. The financial year has been a productive one, progressing both the physical infrastructure whilst maintaining and

enhancing governance strategies and practices.

Along with the usual day to day operations, there has been significant progress on a number of improvement projects. All staff work together to ensure these projects are completed in an efficient, competent and professional manner. The hockey turf and surrounds were finished during the year.

Other projects such as housing at the residential subdivision was completed, while aged housing in town, and the Dunstall St redevelopment, footpaths, new playground and the usual road program have kept staff very busy.

There has also been a significant focus on community development initiatives such as workshops with the community which have resulted in the updated Community Strategic Plan, and the creation of the Bruce Rock Progress Group.

CORPORATE AND COMMUNITY

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

- Administration and Office Support
- IT

- Records Management
- Compliance
- Emergency Management
- Integrated Planning
- NRMO
- Library
- Bruce Rock Aquatic Centre
- Bruce Rock Medical Centre

During the year, the management team have worked to continue their implementation of the integrated planning framework. Reviews of some of these services were conducted over the course of the year and have led to improvements. There has been ongoing work in the asset management area, and the Shire's Workforce Plan, as we strive to implement the identified objectives.

The area of compliance is addressed by the Administration which continually strives to raise standards and meet and exceed the needs and expectations of the local community. Staff have worked with Council and Market Creations to create and plan implementation of a new brand, logo and motto to improve and modernize the perception of the Shire. This will help the Shire sell itself and be well placed to meet future challenges and opportunities. The launch of the new brand is planned for 20th July 2018.

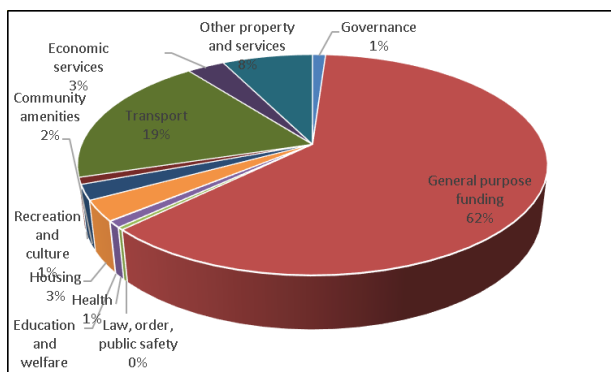
In our role as a regional Shire, we continue our contribution to the Central East Aged Care Alliance ("CEACA"), Wheatbelt Communities Inc., Aged Friendly Communities Resource Sharing, Wheatbelt Eastern Regional Operating Council ("WERO"), and a variety of tourism initiatives, while continuing the ongoing fight to manage grain freight operations and seeking to retain funding to maintain the affected road networks.

FINANCE

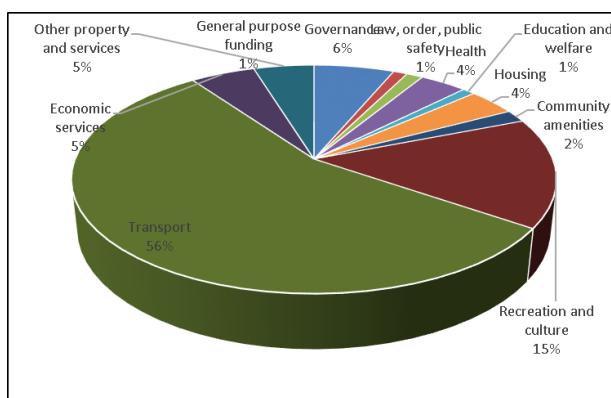
The Finance department is responsible for the sound financial management of the Shire. It maintains accurate accounting records and produces financial reports to Council each month. The department is also responsible for the preparation and presentation of the Shire's Annual Financial Reports, Annual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

Council completed 2017/18 with a net operating loss of \$3,211,363. This reflected a total operating revenue of \$6,187,242 and total operating expenditure of \$10,608,282.

Operating Revenue by programme



Operating Expense by programme



Council also undertook an extensive capital works program totaling \$2,872,637. This expenditure consisted of \$956,534 in land and buildings, \$158,428 in plant acquisition, \$33,864 in furniture and

equipment, and \$1,722,811 in roads and other infrastructure development.

Debt Management

Through a conservative approach to financial management Council has been able to retain its loan indebtedness to less than \$140,000 allowing Council in the future access to loan funds for large projects. Most projects are funded by operating income or the use of reserve funds. However, careful use of loan borrowings is considered to be an effective way to fund large projects and spread the cost burden over a number years. As at 30 June 2018 Council has two loans on its books at a value of \$139,764. This was taken out to help fund the Caravan Park upgrade and installation of solar panels on public buildings.

REGULATORY

The Regulatory Services department is responsible for the following areas:

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

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

Seventeen Building Permits have been issued for dwellings, sheds, a café, holiday accommodation, and for some housing renovations. Two Occupancy Permits have been issued and served and investigations to ensure Construction Compliance have been undertaken.

Inspections of food premises and lodging accommodations occurred as necessary. Inspections were undertaken prior to public events to ensure there were no hazards to the public. Compliance through education is at the forefront of engaging all levels of local food business. Registration of Food Businesses as well as changes to Proprietors have been undertaken using the delegated authority of Council.

At the request of the Joint Standing Committee of Delegated Legislation Chair, the Shire of Bruce Rock undertook an Amendment to the *Shire of Bruce Rock Animals, Environment and Nuisance Local Law 2016* and which was successfully completed.

New management techniques at the Refuse site is resulting in longer trench life by compacting waste before covering with soil. Metal recycling was undertaken by the landfill operator removing many tonnes of reusable metals. The refuse site oil recovery facility was emptied by WREN oil who are also seeking farmers' interest in their oil collection.

WORKS AND SERVICES

The Works and Services Department is responsible for:

- Roads Construction and Maintenance
- Town Maintenance
- Private Works
- Plant and Equipment Management
- Bruce Rock Recreation Centre

Construction Crew

In the 2017/18 year the construction crew worked on the following projects:

- Regional Road Group
 - Old Beverley Road
 - Muntadgin Road (Blackspot)

- Jakovich Road (Blackspot)
- Significant work in flood damaged roads through WANDRRA funding
- Roads to Recovery
 - Shackleton-Kellerberrin Road
 - Belka East Road
 - Babakin South East Road
 - Yarding Ardath Road
 - Hines Hill Road
 - Trehermes Road
 - Yad Yaddin Road
 - Cumminin Road

Town Crew

The Town Crew in the 2017/18 year worked on the following projects:

- Footpaths
- Storm water drainage
- Culvert works on various roads
- Construction of new residence in Curlew Drive
- Completion of Hockey Turf and associated works
- Drainage on Shackleton Kellerberrin Road
- Babakin South East Bridge to culverts
- Yarding Ardath Road Bridge to culvert
- Private Works
- Landscaping new residence
- New fence around the Recreation Centre Dam
- Repairs to the Negri Dam
- Upgrade of entry to Bruce Rock Town Hall gardens
- General Maintenance and Gardening around the townsites

Workshop

The following Plant and Equipment were purchased throughout the 2017/18 year:

- Toyota Prado (CEO's vehicle)
- Subaru Forester (EHO's Vehicle)

- New Bobcat
- Tyre Changer for Workshop
- Tipper Kits for 2 Single Cab Utes
- Safety Platform for Loader

THE YEAR AHEAD

The major sources of funding for the 2018/19 budget are;

- \$1.167 million from Federal Financial Assistance Grants. This was reduced as an advanced payment of \$1.214 million received in June 2018.
- Recovery \$1.42.million from Council Rates
- \$0.420 million from the Federal Government's Roads to Recovery Program
- \$0.562 million for Specific road and bridge funding through Main Roads and the WA Grants Commission.

Council's total operating expenditure will be \$8.74 million for the 2018/19 financial year. In addition to this, Council will have significant expenditure on capital works and purchases of \$2.47 million.

The 2018/19 budget will see improvement in many areas of the Shire. Council will continue to fund the maintenance of many of its buildings and community facilities, however the following is an overview of expenditure on new projects and improvements:

Administration and Governance

- Installation of solar panels on Admin Building

Health Services

- Installation of solar panels on Medical Centre

Housing

- Construction of second residence on Curlew Drive

Community Amenities

- Complete an entry statement for Curlew Drive
- Upgrade entrance to Recreation Centre
- Improve Drainage in Recreation Centre Carpark

Recreation & Culture

- Installation of new playground and soft fall at Aquatic Centre.

Road and Transport

- \$421,400 reconstruction of Bruce Rock - Narembreen Road.
- \$464,610 will be spent on other improvements to the road network, funded by Roads to Recovery.
- \$195,000 has been allocated to bridgeworks and repairs.

Economic Services

- New fence at Pony Club
- Upgrade fencing at Caravan Park and Pool and Entry Statement to Caravan Park
- Signage and gazebo at Bruce's Rock
- The 'Back to the Bush Reunion' will return to a full week finishing on the first weekend in November.
- Improvements to tourism re: signage and works at Bruce's Rock

DISABILITIES SERVICE PLAN

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

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

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

- Continuing the townscape grant program
- Continued work to improve the footpath network around the town;
- Affiliating with the Companion Card program.

DISABILITY ACCESS AND INCLUSION PLAN

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

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

Outcome 1: Services and Events

Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by the Shire.

Council ensures people with disabilities are given access to all Shire events and to access the services of the Shire. Events

such as the 'Back to the Bush Reunion' Week progress because the Council ensures that adequate and proper facilities are provided. These facilities include level ground for caravan parking, new footpaths to the town centre from temporary overflow facilities and access to the heated pool facilities.

Outcome 2: Buildings and Other Facilities

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

Outcome 3: Information

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

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

Outcome 4: Level and Quality of Service

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

Staff at the Shire of Bruce Rock are made aware that people with disabilities may have different needs. Staff are encouraged to ensure that people with disabilities receive the same level and quality of service as other people receive.

Outcome 5: Complaints Process

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

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

Outcome 6: Public Consultation Process

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

Council has made the DAIP available on the website for the community to access. The community was also given the opportunity to comment on the upcoming DAIP for 2017 – 2021.

Outcome 7: Employment

During the year Council maintained its awareness of reducing barriers to employment for people with disability. As a number of works had been conducted in the previous year, no further capital money was spent, however Council remained aware of its obligations when recruiting.

INTEGRATED STRATEGIC PLANNING

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

In June 2013 Council adopted the Strategic Community Plan 2017-2027. This plan contains a number of strategic outcomes and drivers which are classified into four key areas:

1. Infrastructure;
2. Economy;
3. Community; and
4. Governance

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

Key goals for the community that have been identified by the Strategic Community Plan 2017-2027 are:

- Road infrastructure meets the freight task and is sustainable in the long term
- a recognizable Shire of Bruce Rock identity;
- Asset maintenance and preservation is in line with community needs and Shire financial resources advocate and provide for an integrated transport network;
- Appealing and vibrant main street in Bruce Rock;
- Actively used main street in Bruce Rock;



- Occupied business units;
- Workers and their families reside in and contribute to the local economy;
- Reliable telecommunications and an extension of coverage across the whole Shire;
- Our tourism profile is increased in the region and State;
- Residents can age in-home;
- Bruce Rock Hospital is retained;
- Improved Civic leadership within the community;
- Less reliance on the Shire to lead projects and change;
- Improved mental and physical health outcomes for local residents;
- There are enough volunteers for voluntary services to be retained;
- Access to local early childhood programs and services is retained;
- Our community feels safe;
- Building upon our positive work culture;
- Collaboration amongst staff units;
- Improved understanding of each other's roles in the organization (works and administration staff);
- Technology reduces delays and improves accuracy in organisational processes;
- Be part of a strong regional group representing all members;
- We are financially viable while meeting all levels of compliance;
- Sustainable resource, land and waste management.

Major Initiatives proposed or continuing during 2018/19 are:

- Implementation of the Shire rebrand;
- Completion and implementation of strategies and direction identified in the Workforce Plan
- Implementation of the strategic planning, asset management, workforce plan and other integrated strategic plans.
- Work towards solutions on the current shortage of long and short term accommodation within Bruce Rock.
- Continue to investigate options regarding the demand and requirements to further develop facilities for retirees, the aged and frail aged people.
- Continue to work with the Water Corporation on the construction and implementation of a STED scheme.

The Shire of Bruce Rock consulted with the community for the new Strategic Community Plan covering 2017-2027, and this has now been adopted.

Copies of these plans are available from the Shire Office or can be downloaded from the Council's website at www.brucerock.wa.gov.au

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 2017/18 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.

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. The Shire reviewed the recordkeeping plan during the 2017 /18 financial year and will deliver a new plan in January 2019.

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 2017/18.

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.d

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

The Shire of Bruce Rock received no valid applications under the *Freedom of Information Act 1992*.

EMPLOYEE PAYMENTS

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

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

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

Salary Range	2018	2017
\$130,000 - \$139,999	0	1
\$140,000 - \$149,999	1	0

REGISTER OF CERTAIN COMPLAINTS FOR MINOR BREACHES

For the purpose of Section 5.121 of the *Local Government Act 1995* Council must report entries recorded in the Register of Complaints during the financial year. Council did not receive any complaints during the 2017/18 financial year.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Bruce Rock

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Bruce Rock which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Bruce Rock:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996* I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. Asset sustainability ratio is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years;
 - b. Operating surplus ratio is below the DLGSCI standard for the last three years; and
 - c. Own source revenue ratio is below the DLGSCI standard for the past two years.

The financial ratios are reported at Note 31 of the financial report.

- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2018, 2017 and 2016 in the annual financial report as required by section 50(1)(c) of the *Local Government (Financial Management) Regulations 1996*, as planned capital renewals and required capital expenditure were not estimated in a long term financial plan and asset management plan respectively;
 - b. Accounting journal entries were posted with no evidence of independent review and approval by another person. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 31 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Bruce Rock for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
13 December 2018

SHIRE OF BRUCE ROCK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	53

COMMUNITY VISION

The Shire of Bruce Rock "Leads the Way" by maintaining and enhancing the lifestyle of residents, and increasing business and employment opportunities in an environmentally sustainable way.

Principal place of business:
54 Johnson Street
Bruce Rock WA 6418

**SHIRE OF BRUCE ROCK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

*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 for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Bruce Rock at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 12TH day of DECEMBER 2018



Chief Executive Officer

Darren Mollenoyux

Name of Chief Executive Officer



SHIRE OF BRUCE ROCK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	24	1,366,465	1,367,910	1,300,847
Operating grants, subsidies and contributions	2(a)	3,712,524	1,741,212	4,134,667
Fees and charges	2(a)	912,207	790,305	1,139,057
Interest earnings	2(a)	70,404	70,311	78,500
Other revenue	2(a)	125,642	1,000	114,330
		<u>6,187,242</u>	<u>3,970,738</u>	<u>6,767,401</u>
Expenses				
Employee costs		(2,288,687)	(2,057,478)	(1,983,849)
Materials and contracts		(2,226,688)	(1,886,989)	(1,127,751)
Utility charges		(255,377)	(234,200)	(261,001)
Depreciation on non-current assets	9(b)	(5,526,882)	(3,737,016)	(4,346,129)
Interest expenses	2(a)	(5,718)	(4,589)	(7,832)
Insurance expenses		(176,366)	(169,883)	(168,548)
Other expenditure		(128,564)	(176,573)	(347,730)
		<u>(10,608,282)</u>	<u>(8,266,728)</u>	<u>(8,242,840)</u>
		<u>(4,421,040)</u>	<u>(4,295,990)</u>	<u>(1,475,439)</u>
Non-operating grants, subsidies and contributions	2(a)	1,204,337	1,276,873	1,620,341
Profit on asset disposals	9(a)	8,976	2,000	0
(Loss) on asset disposals	9(a)	(3,636)	(79,636)	(287,992)
Net result		<u>(3,211,363)</u>	<u>(3,096,753)</u>	<u>(143,090)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	30,834,175	0	3,757,228
Total other comprehensive income		<u>30,834,175</u>	<u>0</u>	<u>3,757,228</u>
Total comprehensive income		<u>27,622,812</u>	<u>(3,096,753)</u>	<u>3,614,138</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 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
Governance		66,474	51,945	54,335
General purpose funding		3,813,343	2,671,821	3,736,322
Law, order, public safety		23,753	25,450	23,964
Health		57,515	266,400	81,021
Education and welfare		2,459	5,200	3,123
Housing		184,884	163,100	244,661
Community amenities		137,808	131,045	124,038
Recreation and culture		61,000	92,575	339,279
Transport		1,189,676	134,549	1,743,249
Economic services		190,223	177,790	181,463
Other property and services		460,107	250,863	235,947
		<u>6,187,242</u>	<u>3,970,738</u>	<u>6,767,402</u>
Expenses	2(a)			
Governance		(672,735)	(664,614)	(617,267)
General purpose funding		(117,319)	(72,190)	(113,961)
Law, order, public safety		(136,465)	(180,598)	(122,346)
Health		(395,106)	(520,355)	(338,991)
Education and welfare		(105,804)	(113,715)	(98,076)
Housing		(404,600)	(473,816)	(601,510)
Community amenities		(186,800)	(215,622)	(209,938)
Recreation and culture		(1,647,287)	(1,646,452)	(1,483,098)
Transport		(5,890,638)	(3,473,638)	(3,758,206)
Economic services		(540,600)	(634,984)	(566,421)
Other property and services		(505,210)	(266,155)	(326,180)
		<u>(10,602,564)</u>	<u>(8,262,139)</u>	<u>(8,235,994)</u>
Finance Costs	2(a)			
Recreation and culture		(1,479)	(1,187)	(1,771)
Economic services		(4,239)	(3,402)	(5,077)
		<u>(5,718)</u>	<u>(4,589)</u>	<u>(6,848)</u>
		<u>(4,421,040)</u>	<u>(4,295,990)</u>	<u>(1,475,440)</u>
Non-operating grants, subsidies and contributions	2(a)	1,204,337	1,276,873	1,620,341
Profit on disposal of assets	9(a)	8,976	2,000	0
(Loss) on disposal of assets	9(a)	(3,636)	(79,636)	(287,991)
		<u>1,209,677</u>	<u>1,199,237</u>	<u>1,332,350</u>
Net result		<u>(3,211,363)</u>	<u>(3,096,753)</u>	<u>(143,090)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	30,834,175	0	3,757,228
Total other comprehensive income		<u>30,834,175</u>	<u>0</u>	<u>3,757,228</u>
Total comprehensive income		<u><u>27,622,812</u></u>	<u><u>(3,096,753)</u></u>	<u><u>3,614,138</u></u>

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



SHIRE OF BRUCE ROCK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,506,311	4,088,672
Trade and other receivables	5	272,950	1,018,744
Inventories	6	41,624	39,599
TOTAL CURRENT ASSETS		3,820,885	5,147,015
NON-CURRENT ASSETS			
Other receivables	5	10,621	8,460
Property, plant and equipment	7	35,346,555	36,644,155
Infrastructure	8	89,977,034	60,601,967
TOTAL NON-CURRENT ASSETS		125,334,210	97,254,582
TOTAL ASSETS		129,155,095	102,401,597
CURRENT LIABILITIES			
Trade and other payables	11	308,787	1,119,247
Current portion of long term borrowings	12(a)	69,045	67,410
Provisions	13	388,105	379,444
TOTAL CURRENT LIABILITIES		765,937	1,566,101
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	70,719	139,763
Provisions	13	51,656	51,757
TOTAL NON-CURRENT LIABILITIES		122,375	191,520
TOTAL LIABILITIES		888,312	1,757,621
NET ASSETS		128,266,783	100,643,976
EQUITY			
Retained surplus		35,435,822	38,661,881
Reserves - cash backed	4	1,309,120	1,294,429
Revaluation surplus	10	91,521,841	60,687,666
TOTAL EQUITY		128,266,783	100,643,976

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 2018

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		38,537,036	1,562,364	56,930,438	97,029,838
Comprehensive income					
Net result		(143,090)	0	0	(143,090)
Other comprehensive income	10	0	0	3,757,228	3,757,228
Total comprehensive income		(143,090)	0	3,757,228	3,614,138
Transfers from/(to) reserves		267,935	(267,935)	0	0
Balance as at 30 June 2017		38,661,881	1,294,429	60,687,666	100,643,976
Comprehensive income					
Net result		(3,211,363)	0	0	(3,211,363)
Other comprehensive income	10	0	0	30,834,175	30,834,175
Total comprehensive income		(3,211,363)	0	30,834,175	27,622,812
Transfers from/(to) reserves		(14,692)	14,692	0	0
Balance as at 30 June 2018		35,435,822	1,309,120	91,521,841	128,266,783

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 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,342,308	1,367,910	1,271,499
Operating grants, subsidies and contributions		4,480,311	1,741,212	4,175,872
Fees and charges		912,207	790,305	1,139,057
Interest earnings		70,404	70,311	78,500
Other revenue		125,642	1,000	114,330
		6,930,872	3,970,738	6,779,258
Payments				
Employee costs		(2,247,412)	(2,207,478)	(1,913,238)
Materials and contracts		(3,071,566)	(2,067,306)	(240,941)
Utility charges		(255,377)	(234,200)	(261,001)
Interest expenses		(6,040)	(4,589)	(7,156)
Insurance expenses		(176,366)	(169,883)	(168,548)
Other expenditure		(128,564)	(176,573)	(347,730)
		(5,885,325)	(4,860,029)	(2,938,614)
Net cash provided by (used in) operating activities	14	1,045,547	(889,291)	3,840,644
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,148,826)	(1,436,940)	(1,895,349)
Payments for construction of infrastructure		(1,722,811)	(1,796,478)	(1,609,562)
Non-operating grants, subsidies and contributions		1,204,337	1,276,873	1,620,341
Proceeds from sale of fixed assets		106,803	153,364	330,136
Net cash provided by (used in) investment activities		(1,560,497)	(1,803,181)	(1,554,434)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(67,410)	(67,410)	(65,814)
Net cash provided by (used in) financing activities		(67,410)	(67,410)	(65,814)
Net increase (decrease) in cash held		(582,360)	(2,759,882)	2,220,396
Cash at beginning of year		4,088,672	4,088,672	1,868,276
Cash and cash equivalents at the end of the year	14	3,506,312	1,328,790	4,088,672

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 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		2,461,796	2,463,924	915,398
		2,461,796	2,463,924	915,398
Revenue from operating activities (excluding rates)				
Governance		66,750	53,945	54,335
General purpose funding		2,461,178	1,315,304	2,435,475
Law, order, public safety		23,753	25,450	23,964
Health		57,515	266,400	81,021
Education and welfare		2,459	5,200	3,123
Housing		184,884	163,100	244,661
Community amenities		137,808	131,045	124,038
Recreation and culture		61,000	92,575	339,279
Transport		1,198,376	134,549	1,743,249
Economic services		190,223	177,790	181,463
Other property and services		460,107	250,863	235,947
		4,844,053	2,616,221	5,466,555
Expenditure from operating activities				
Governance		(672,735)	(664,614)	(641,946)
General purpose funding		(117,319)	(72,190)	(113,961)
Law, order, public safety		(136,465)	(180,598)	(122,346)
Health		(395,106)	(520,355)	(343,855)
Education and welfare		(105,804)	(113,715)	(98,076)
Housing		(404,600)	(548,816)	(601,510)
Community amenities		(186,800)	(215,622)	(324,938)
Recreation and culture		(1,648,766)	(1,647,639)	(1,484,869)
Transport		(5,890,638)	(3,474,638)	(3,899,558)
Economic services		(548,475)	(642,022)	(573,599)
Other property and services		(505,209)	(266,155)	(323,190)
		(10,611,917)	(8,346,364)	(8,527,848)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(8,976)	(2,000)	0
Loss on disposal of assets	9(a)	3,636	79,636	287,991
Movement in deferred pensioner rates (non-current)		(2,161)	0	1,882
Movement in employee benefit provisions (non-current)		(101)	0	23,155
Depreciation and amortisation on assets	9(b)	5,526,882	3,737,016	4,346,129
Amount attributable to operating activities		2,213,212	548,433	2,513,262
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,204,337	1,276,873	1,620,341
Proceeds from disposal of assets	9(a)	106,803	153,364	330,136
Purchase of property, plant and equipment	7(b)	(1,148,826)	(1,436,940)	(1,895,349)
Purchase and construction of infrastructure	8(b)	(1,722,811)	(1,796,478)	(1,609,562)
Amount attributable to investing activities		(1,560,497)	(1,803,181)	(1,554,434)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(67,410)	(67,410)	(65,814)
Transfers to reserves (restricted assets)	4	(214,692)	(234,361)	(62,065)
Transfers from reserves (restricted assets)	4	200,000	200,000	330,000
Amount attributable to financing activities		(82,102)	(101,771)	202,121
Surplus(deficiency) before general rates		570,613	(1,356,519)	1,160,949
Total amount raised from general rates	24	1,355,074	1,356,519	1,300,847
Net current assets at June 30 c/fwd - surplus/(deficit)	25	1,925,687	0	2,461,796

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

1 BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears in Note 27.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads

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

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

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

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2 REVENUE AND EXPENSES

	2018 Actual	2017 Actual
	\$	\$
(a) Revenue		
Other revenue		
Other	125,642	114,330
	125,642	114,330
Fees and Charges		
Governance	74	2,282
General purpose funding	3,882	3,640
Law, order, public safety	2,035	1,885
Health	52,174	76,695
Education and welfare	2,459	3,123
Housing	155,992	133,808
Community amenities	137,209	123,351
Recreation and culture	47,728	44,359
Transport	29,044	419,165
Economic services	153,855	153,796
Other property and services	327,755	176,953
	912,207	1,139,057

The following fees and charges were changed during the financial year after the adoption of the 2017/18 Budget;

Amend inspection of barrier to private swimming pool	\$58.45 (GST Free)
Introduction of fee for use of amphitheatre for group fitness per session	\$12.00 (Including GST)

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	2,316,720	52,053
General purpose funding	66,399	2,302,683
Law, order, public safety	21,718	22,080
Health	1,267	1,074
Housing	28,892	110,853
Community amenities	599	687
Recreation and culture	13,273	294,920
Transport	1,160,632	1,324,083
Economic services	26,108	15,427
Other property and services	76,916	10,807
	3,712,524	4,134,667
Non-operating grants, subsidies and contributions		
Recreation and culture	29,950	111,848
Transport	1,174,387	1,500,587
Economic services	0	7,906
	1,204,337	1,620,341
Total grants, subsidies and contributions	4,916,861	5,755,008

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

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 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	30,693	32,361	36,999
- Other funds	26,312	24,300	26,904
Other interest revenue (refer Note 24(e))	13,399	13,650	14,597
	70,404	70,311	78,500

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2 REVENUE AND EXPENSES (Continued)

(b) Expenses	2018	2017
	\$	\$
Auditors remuneration		
- Audit of the Annual Financial Report	12,263	19,036
- Other Services	4,475	1,300
	16,738	20,336
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	4,589	6,185
Accrued Interest	1,129	985
Other	0	662
	5,718	7,832

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

3 CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		2,176,931	2,513,437
Restricted		1,329,380	1,575,235
		<u>3,506,311</u>	<u>4,088,672</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Long Service Leave Reserve	4	110,812	107,901
Plant Reserve	4	6,043	5,884
Housing Reserve	4	219,159	213,401
Council Housing Reserve	4	140,428	331,484
Transport Infrastructure Reserve	4	733,922	572,703
Shire Sport Facility Replacement Reserve	4	64,757	63,056
Bowls - Sporting Clubs Facility Replacement Reserve	4	6,000	0
Cricket - Sporting Clubs Facility Replacement Reserve	4	3,000	0
Football - Sporting Clubs Facility Replacement Reserve	4	7,000	0
Hockey - Sporting Clubs Facility Replacement Reserve	4	6,000	0
Netball - Sporting Clubs Facility Replacement Reserve	4	6,000	0
Tennis - Sporting Clubs Facility Replacement Reserve	4	6,000	0
Unspent grants	23	20,260	280,806
		<u>1,329,380</u>	<u>1,575,235</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

4 RESERVES - CASH BACKED

	2018			2018			2018			2018			2017			2017		
	Actual	Actual	Actual	Actual	Transfer	Actual	Budget	Budget	Budget	Transfer	Budget	Budget	Actual	Actual	Actual	Transfer	Actual	Actual
	Opening	Transfer	to	to	(from)	2018	Opening	Transfer	to	(from)	Closing	Closing	Opening	Transfer	to	Transfer	Closing	Closing
	Balance					\$	Balance				Balance	Balance	Balance			(from)	Balance	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Long Service Leave Reserve	107,901	2,911	0	110,812	107,901	2,698	0	110,599	0	0	104,912	2,989	0	107,901	0	0	107,901	0
Plant Reserve	5,884	159	0	6,043	5,884	147	0	6,031	0	0	5,720	164	0	5,884	0	0	5,884	0
Housing Reserve	213,401	5,758	0	219,159	213,401	5,335	0	218,736	0	0	207,488	5,913	0	213,401	0	0	213,401	0
Council Housing Reserve	331,484	8,944	(200,000)	140,428	331,484	8,287	(200,000)	139,771	0	0	322,299	9,185	0	331,484	0	0	331,484	0
Transport Infrastructure Reserve	572,703	161,219	0	733,922	572,703	164,318	0	737,021	0	0	875,221	27,482	(330,000)	572,703	0	0	572,703	0
Shire Sport Facility Replacement Reserve	63,056	1,701	0	64,757	63,056	11,576	0	74,632	0	0	46,724	16,332	0	63,056	0	0	63,056	0
Bowls - Sporting Clubs Facility Replacement Reserve	0	6,000	0	6,000	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0
Cricket - Sporting Clubs Facility Replacement Reserve	0	3,000	0	3,000	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0
Football - Sporting Clubs Facility Replacement Reserve	0	7,000	0	7,000	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0
Hockey - Sporting Clubs Facility Replacement Reserve	0	6,000	0	6,000	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0
Netball - Sporting Clubs Facility Replacement Reserve	0	6,000	0	6,000	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0
Tennis - Sporting Clubs Facility Replacement Reserve	0	6,000	0	6,000	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0
Squash - Sporting Clubs Facility Replacement Reserve	0	6,000	0	6,000	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0
	1,294,429	214,692	0	1,309,120	1,294,429	234,361	(200,000)	1,328,790	0	0	1,562,364	62,065	(330,000)	1,294,429	0	0	1,294,429	0

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Long Service Leave Reserve	Ongoing	to be used to fund long service leave requirements for employees.
Plant Reserve	Ongoing	To be used to fund major plant purchases.
Housing Reserve	Ongoing	To be used for the construction of joint venture housing projects.
Council Housing Reserve	Ongoing	To be used for the construction of housing for Council staff.
Transport Infrastructure Reserve	Ongoing	To be used for the road infrastructure network within the Shire.
Shire Sport Facility Replacement Reserve	Ongoing	To be used towards the replacement of sporting playing surfaces within the Shire.
Bowls - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Bowls Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
Cricket - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Cricket Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
Football - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Football Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
Hockey - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Hockey Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
Netball - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Netball Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
Tennis - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Tennis Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
Squash - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Squash Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5 TRADE AND OTHER RECEIVABLES

NOTE	2018	2017
	\$	\$
Current		
Rates outstanding	126,445	104,449
Sundry debtors	135,746	906,319
Accrued Income	10,759	7,976
26	272,950	1,018,744
Non-current		
Rates outstanding - pensioners	10,621	8,460
	10,621	8,460

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

Classification and subsequent measurement

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

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

6 INVENTORIES

	2018	2017
	\$	\$
Current		
Fuel, Oil & Materials	41,624	39,599
	41,624	39,599

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7 PROPERTY, PLANT AND EQUIPMENT

(a) Property, Plant & Equipment

	2018	2017
	\$	\$
Land and buildings		
Land at:		
- Independent valuation 2017 - level 2	1,243,000	1,278,000
- Independent valuation 2017 - level 3	104,000	104,000
- Additions after valuation - cost	81,607	81,607
	1,428,607	1,463,607
Total land	1,428,607	1,463,607
Buildings at:		
- Independent valuation 2017 - level 2	5,124,000	5,124,000
- Independent valuation 2017 - level 3	24,630,300	25,150,300
- Additions after valuation - cost	1,683,324	726,790
Less: accumulated depreciation	(1,403,678)	0
	30,033,946	31,001,090
Total buildings	30,033,946	31,001,090
Total land and buildings	31,462,553	32,464,697
Furniture and equipment at:		
- Independent valuation 2016	229,700	229,700
- Additions after valuation - cost	56,910	23,046
Less: accumulated depreciation	(89,804)	(48,275)
	196,806	204,471
Plant and equipment at:		
- Independent valuation 2016 - level 2	2,251,477	2,271,477
- Independent valuation 2016 - level 3	675,500	675,500
- Additions after valuation - cost	1,443,699	1,336,907
Less: accumulated depreciation	(683,480)	(308,897)
	3,687,196	3,974,987
Total property, plant and equipment	35,346,555	36,644,155

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	2,051,615	27,538,286	29,589,901	238,772	3,766,604	33,595,277
Additions	81,607	726,790	808,397	13,974	1,072,978	1,895,349
(Disposals)	(115,000)	(2,100)	(117,100)	0	(528,423)	(645,523)
Revaluation increments/ (decrements) transferred to revaluation surplus	(554,615)	4,311,844	3,757,229	0	0	3,757,229
Depreciation (expense)	0	(1,383,384)	(1,383,384)	(48,275)	(336,172)	(1,767,831)
Transfers	0	(190,346)	(190,346)	0	0	(190,346)
Carrying amount at 30 June 2017	1,463,607	31,001,090	32,464,697	204,471	3,974,987	36,644,155
Additions	0	956,534	956,534	33,864	158,428	1,148,826
(Disposals)	(35,000)	0	(35,000)	0	(66,462)	(101,462)
Depreciation (expense)	0	(1,403,678)	(1,403,678)	(41,529)	(379,757)	(1,824,964)
Transfers	0	(520,000)	(520,000)	0	0	(520,000)
Carrying amount at 30 June 2018	1,428,607	30,033,946	31,462,553	196,806	3,687,196	35,346,555

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per hectare / market borrowing rate
Land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvement to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per hectare / market borrowing rate
Buildings	3	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Furniture and equipment					
Furniture & equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs (level 2) and current conditions (level 3), residual values and remaining useful life assessments (level 3) inputs
Plant and equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs (level 2) and current conditions (level 3), residual values and remaining useful life assessments (level 3) inputs

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 (a) INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Independent valuation 2018	55,674,004	0
- Independent valuation 2015	0	27,670,728
- Additions after valuation - cost	0	6,095,633
Less: accumulated depreciation	0	(3,650,210)
	<u>55,674,004</u>	<u>30,116,151</u>
Infrastructure - Bridges		
- Independent valuation 2018	23,026,776	0
- Independent valuation 2015	0	23,186,913
- Additions after valuation - cost	0	442,192
Less: accumulated depreciation	0	(1,012,873)
	<u>23,026,776</u>	<u>22,616,232</u>
Infrastructure - Footpaths		
- Independent valuation 2018	1,007,412	0
- Independent valuation 2015	0	421,654
- Additions after valuation - cost	0	214,926
Less: accumulated depreciation	0	(19,438)
	<u>1,007,412</u>	<u>617,142</u>
Infrastructure - Drainage		
- Independent valuation 2018	7,195,662	0
- Independent valuation 2015	0	6,128,486
- Additions after valuation - cost	0	307,434
Less: accumulated depreciation	0	(247,763)
	<u>7,195,662</u>	<u>6,188,157</u>
Infrastructure - Other		
- Independent valuation 2018	2,543,952	0
- Independent valuation 2015	0	803,687
- Additions after valuation - cost	0	332,813
Less: accumulated depreciation	0	(72,215)
	<u>2,543,952</u>	<u>1,064,285</u>
Infrastructure - Airstrip		
- Independent valuation 2018	529,228	0
Less: accumulated depreciation	0	0
	<u>529,228</u>	<u>0</u>
Total infrastructure	<u>89,977,034</u>	<u>60,601,967</u>

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Bridges	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Other	Infrastructure - Airstrip	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	30,587,575	23,027,717	566,498	6,303,198	895,369	0	61,380,357
Additions	1,449,474	87,345	59,714	5,042	7,987		1,609,562
Depreciation (expense)	(1,920,898)	(498,830)	(9,070)	(120,083)	(29,417)	0	(2,578,298)
Transfers	0				190,346		190,346
Carrying amount at 30 June 2017	30,116,151	22,616,232	617,142	6,188,157	1,064,285	0	60,601,967
Additions	1,520,575	202,236	0	0	0	0	1,722,811
Revaluation increments/ (decrements) transferred/ to revaluation surplus	26,979,852	703,702	430,861	1,164,832	1,508,102	46,826	30,834,175
Depreciation (expense)	(2,942,574)	(495,394)	(40,591)	(157,327)	(28,435)	(37,598)	(3,701,919)
Transfers	0	0	0	0	0	520,000	520,000
Carrying amount at 30 June 2018	55,674,004	23,026,776	1,007,412	7,195,662	2,543,952	529,228	89,977,034

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Airstrip	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs

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

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

9 FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

9 FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
BK 1 - CEO's Vehicle	50,463	50,739	276	0	47,500	48,500	1,000	0
BK 1 - CEO's Vehicle	0	0	0	0	47,500	48,500	1,000	0
Housing								
Lots 26, 27 & 28 Butcher Street	0	0	0	0	45,000	0	0	(45,000)
Lots 56 & 57 Butcher Street	0	0	0	0	30,000	0	0	(30,000)
Transport								
Skid Steer Loader	16,000	24,700	8,700	0	0	0	0	0
Loader	0	0	0	0	26,000	25,000	0	(1,000)
Economic services								
Lot 436 Strange Street, Bruce Rock	35,000	31,364	0	(3,636)	35,000	31,364	0	(3,636)
	101,463	106,803	8,976	(3,636)	231,000	153,364	2,000	(79,636)

(b) Depreciation

	2018	2017
	\$	\$
Buildings	1,403,678	1,383,384
Furniture and equipment	41,529	48,275
Plant and equipment	379,757	336,172
Infrastructure - Roads	2,942,573	1,920,898
Infrastructure - Bridges	495,394	498,830
Infrastructure - Footpaths	40,591	9,070
Infrastructure - Drainage	157,327	120,083
Infrastructure - Other	28,435	29,417
Infrastructure - Airstrip	37,598	0
	5,526,882	4,346,129

9 FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

- a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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

Buildings	5 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	5 to 50 years
seal	
- bituminous seals	5 to 50 years
- asphalt surfaces	5 to 50 years
Gravel roads	
formation	not depreciated
pavement	7 to 15 years
Formed roads (unsealed)	
formation	not depreciated
pavement	5 to 50 years
Bridges	40 to 80 years
Footpaths	30 to 65 years
Drainage	40 to 60 years
Other Infrastructure	20 to 50 years
Airstrip	21 to 50 years

Depreciation (Continued)

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

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10 REVALUATION SURPLUS

	2018					2017				
	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Land	1,272,266	0	0	0	1,272,266	1,826,881	0	(554,615)	(554,615)	1,272,266
Revaluation surplus -Buildings	22,358,743	0	0	0	22,358,743	18,046,900	4,311,843	0	4,311,843	22,358,743
Revaluation surplus -Furniture and equipment	91,733	0	0	0	91,733	91,733	0	0	0	91,733
Revaluation surplus -Plant and equipment	554,191	0	0	0	554,191	554,191	0	0	0	554,191
Revaluation surplus - Infrastructure - Roads	8,467,234	26,979,852	0	26,979,852	35,447,086	8,467,234	0	0	0	8,467,234
Revaluation surplus - Infrastructure - Bridges	21,305,454	703,702	0	703,702	22,009,156	21,305,454	0	0	0	21,305,454
Revaluation surplus - Infrastructure - Footpaths	0	430,861	0	430,861	430,861	0	0	0	0	0
Revaluation surplus - Infrastructure - Drainage	5,843,679	1,164,832	0	1,164,832	7,008,511	5,843,679	0	0	0	5,843,679
Revaluation surplus - Infrastructure - Other	794,366	1,508,102	0	1,508,102	2,302,468	794,366	0	0	0	794,366
Revaluation surplus - Infrastructure - Airstrip	0	46,826	0	46,826	46,826	0	0	0	0	0
	60,687,666	30,834,175	0	30,834,175	91,521,841	56,930,438	4,311,843	(554,615)	3,757,228	60,687,666

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

11 TRADE AND OTHER PAYABLES

	NOTE	2018	2017
		\$	\$
Current			
Sundry creditors		246,818	1,089,671
Accrued interest on long term borrowings		663	985
Accrued salaries and wages		61,306	28,591
	26	308,787	1,119,247

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

12 INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Interest Rate	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
				Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture									
Solar Panel	2.41%	53,596	0	17,439	17,439	36,157	36,157	1,187	1,187
Economic services									
Caravan Park	2.41%	153,578	0	49,971	49,971	103,607	103,607	3,402	3,402
		207,174	0	67,410	67,410	139,764	139,764	4,589	4,589

Borrowings

	2018	2017
	\$	\$
Current	69,045	67,410
Non-current	70,719	139,763
	139,764	207,173

(b) New Borrowings - 2017/18

The Shire did not take up any new borrowings during the year ended 30 June 2018.

(c) Unspent Borrowings

The Shire did not have any unspent borrowings as at 30 June 2018.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

12 INFORMATION ON BORROWINGS (Continued)

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

Credit card limit

Credit card balance at balance date

Total amount of credit unused

Loan facilities

Loan facilities - current

Loan facilities - non-current

Total facilities in use at balance date

Unused loan facilities at balance date

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

	2018	2017
	\$	\$
	5,000	5,000
	(4)	(4)
	4,996	4,996
	69,045	67,410
	70,719	139,763
	139,764	207,173
	NIL	NIL

Borrowing costs

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

13 PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	148,344	231,100	379,444
Non-current provisions	0	51,757	51,757
	148,344	282,857	431,201
Additional provision	24,017	(15,457)	8,560
Balance at 30 June 2018	172,361	267,400	439,761
Comprises			
Current	172,361	215,744	388,105
Non-current	0	51,656	51,656
	172,361	267,400	439,761

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

14 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	Note	2018 Actual \$	2017 Actual \$
Cash and cash equivalents	3.	3,506,311	4,088,672
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result		(3,211,363)	(143,090)
Non-cash flows in Net result:			
Depreciation	9(a)	5,526,882	4,346,129
(Profit)/loss on sale of asset	9(a)	(5,340)	287,991
Changes in assets and liabilities:			
(Increase)/decrease in receivables		743,630	11,857
(Increase)/decrease in inventories		(2,025)	(16,181)
Increase/(decrease) in payables		(810,460)	912,883
Increase/(decrease) in provisions		8,560	61,396
Grants contributions for the development of assets		(1,204,337)	(1,620,341)
Net cash from operating activities		1,045,547	3,840,644

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

15 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	147,238	62,734
Law, order, public safety	176,713	1,149,446
Health	130,139	1,832,889
Education and welfare	61,918	1,128,816
Housing	3,230,951	7,385,999
Community amenities	110,431	352,857
Recreation and culture	7,495,015	15,779,617
Transport	91,773,019	67,796,793
Economic services	1,451,242	3,273,317
Other property and services	299,893	3,639,129
Unallocated	24,278,536	0
	129,155,095	102,401,597

16 CONTINGENT LIABILITIES

The Shire of Bruce Rock may have a contingent liability with the synthetic hockey turf installed in 2017. The final product has some flaws and has not met the expectations of Council and we are currently liaising with all involved parties to determine a remedy and may result in a financial impact on Council going forward. Currently no party is taking responsibility for the issues and there is no immediate timeframe for it to be resolved. The financial impact could range from \$5,000 to over \$150,000 (this is an estimate figure), however Council has made no commitment at this stage to rectify the flaw as whilst it is a nuisance and not at the standard/quality that was expected it is still usable and not deemed hazardous or dangerous.

The Shire of Bruce Rock has identified the following sites, in relation to land owned, vested or leased, that is known to be, or is suspected of being contaminated. As at the date of this report the value and timing of remediation has not been ascertained:

i. Belka – Reserve 20196 and Road Reserve. It was listed as contaminated however the Shire has cleaned up the contamination and it is now listed as Remediated for Restricted Use; and

ii. Shackleton – Lot 424 – Old Rubbish Tip Site.

17 CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

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

(b) Operating Lease Commitments

The Shire of Bruce Rock does not have any future operating lease commitments at the reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

Finance leases are capitalised recording an asset and a liability at the lower of 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.

Leases (Continued)

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 on a straight line basis over the lease term.

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

18 JOINT ARRANGEMENTS

The Shire of Bruce Rock is not involved in any joint venture arrangements.

19 INVESTMENTS IN ASSOCIATES

The Shire of Bruce Rock did not have investments in associates at the reporting date.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	11,383	16,000	10,084
President's allowance	14,011	14,011	14,011
Deputy President's allowance	2,335	3,503	0
Travelling expenses	1,248	3,000	809
Telecommunications allowance	5,520	6,500	2,000
	34,497	43,014	26,904

Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	515,086	479,062
Post-employment benefits	59,550	47,437
Other long-term benefits	1,865	14,036
	576,501	540,535

Short-term employee benefits

These amounts include all fees, salary, paid leave, fringe benefits and cash bonuses awarded to KMP .

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20 RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services		
to KMP	26,946	131,239
to Other related parties	1,885	0
	28,831	131,239
Purchase of goods and services		
to KMP	159,305	63,239
to Other related parties	1,345	0
	160,650	63,239

Amounts payable to related parties:

Trade and other payables	0	18,878
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Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

21 MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2017-18 financial year.

22 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2017-18 financial year.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

23 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
WA Grants Commission	0	1,509,521	(1,509,521)	0	731,280	(731,280)	0
WA Grants Commission Advance Payment	0	786,213	(786,213)	0	795,546	(795,546)	0
WALGGC - Local Roads*	0	0	0	0	343,983	(343,983)	0
WALGGC - Local Roads Advance Payment	0	0	0	0	419,115	(419,115)	0
Law, order, public safety							
ESL Operating Grant for BFB	0	13,107	(13,107)	0	13,292	(13,292)	0
AWARE - State Emergency Management	5,455	0	0	5,455	0	0	5,455
Health							
RHEEM - STC for Hot Water System	0	1,036	(1,036)	0	0	0	0
Recreation and culture							
DSR - Stronger Communities	10,000	0	(10,000)	0	0	0	0
DSR - Community Pools Grant	0	32,000	(32,000)	0	0	0	0
DSR - CSRFF Grant Hockey Turf	0	89,848	(89,848)	0	29,950	(29,950)	0
WDC - Playground at Pool Grant	0	22,000	(22,000)	0	0	0	0
Transport							
Regional Road Group	0	66,000	(66,000)	0	0	0	0
Regional Road Group	0	265,267	(265,267)	0	384,787	(384,787)	0
WALGGC - Local Roads*	0	733,141	(733,141)	0	0	0	0
WALGGC - Local Roads Advance Payment	0	407,643	(407,643)	0	0	0	0
WALGGC - Special Projects	0	150,000	(150,000)	0	0	0	0
Main Roads - Direct Grant	0	175,843	(175,843)	0	102,521	(102,521)	0
Main Roads - Bridges	0	57,000	(57,000)	0	18,000	(18,000)	0
Roads to Recovery	89,576	899,965	(714,190)	275,351	752,064	(1,012,610)	14,805
Main Roads - Streetlight Subsidy	0	4,268	(4,268)	0	4,347	(4,347)	0
Main Roads - Black Spot	0	62,355	(62,355)	0	19,536	(19,536)	0
WANDRRA - Flood Repairs Funding	0	0	0	0	1,052,635	(1,052,635)	0
Economic services							
Dept of Water	0	7,906	(7,906)	0	0	0	0
Regional Men's Health Initiative	0	273	(273)	0	0	0	0
DVA - Vets Weekend	0	0	0	0	341	(341)	0
Total	105,031	5,283,386	(5,107,611)	280,806	4,667,397	(4,927,943)	20,260

Notes:

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24 RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations	0.0617	196	1,782,021	110,004	678	0	110,682	110,004	0	0	110,004
Unimproved valuations	0.0126	321	94,637,500	1,196,218	82	0	1,196,300	1,196,218	0	0	1,196,218
Mining	0.0126	3	45,099	0	1,046	0	1,046	0	0	0	0
Sub-Total		520	96,464,620	1,306,222	1,806	0	1,308,028	1,306,222	0	0	1,306,222
Minimum payment	Minimum \$										
Gross rental valuations	429	171	657,471	73,359	0	0	73,359	73,359	0	0	73,359
Unimproved valuations	429	22	416,600	9,438	0	0	9,438	9,438	0	0	9,438
Sub-Total		193	1,074,071	82,797	0	0	82,797	82,797	0	0	82,797
Discount											
Total amount raised from general rate		713	97,538,691	1,389,019	1,806	0	1,390,825	1,389,019	0	0	1,389,019
Ex-gratia rates							(35,751)				(32,500)
Totals							1,355,074				1,356,519
							11,391				11,391
							1,366,465				1,367,910

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24 RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Shire during the year ended 2018.

(c) Service Charges

No service charges were imposed by the Shire during the year ended 2018.

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Rates	3.00%	N/A	35,751	32,500	A discount of 3% if the current rates levied (excluding service charges) will be offered to rate payers who made payment of the full amount owing, including arrears and service charges on or before 18th Sep 17 or 35 days after the date of service appearing on the rates notice, whichever is the later.
			35,751	32,500	

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24 RATING INFORMATION (Continued)

Waivers or Concessions

Rate or Fee and
Charge to which
the Waiver or
Concession is Granted

Type	Discount %	Discount \$	Actual \$	Budget \$
Rubbish Charge	50.00%	N/A	13,992	14,472
Senior	25.00%	N/A		
Recycling Charge	50.00%	N/A	5,395	5,589
Senior	25.00%	N/A		
			19,387	20,061

Rate or Fee and
Charge to which
the Waiver or
Concession is Granted

Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available

Objects of the Waiver
or Concession

Reasons for the Waiver
or Concession

Rubbish Charge

Rate payer must be registered as a pensioner,
concession card holder or senior under the
Rates & Charges (Rebates & Deferments) Act
1992.

Discount up to 50%

Reduction in service charge as registered as a pensioner, concession card
holder or senior.

Recycling Charge

Rate payer must be registered as a pensioner,
concession card holder or senior under the
Rates & Charges (Rebates & Deferments) Act
1992.

Discount up to 50%

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24 RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	18-Sep-17	0	N/A	11.00%
Option Two				
First instalment	18-Sep-17	0	N/A	11.00%
Second instalment	20-Nov-17	10	5.50%	11.00%
Option Three				
First instalment	18-Sep-17	0	N/A	11.00%
Second instalment	20-Nov-17	10	5.50%	11.00%
Third instalment	29-Jan-18	10	5.50%	11.00%
Fourth instalment	03-Apr-18	10	5.50%	11.00%
		2018		
		2018	Budget	
		\$	\$	
Interest on unpaid rates		12,582	13,000	
Interest on instalment plan		817	650	
Charges on instalment plan		1,290	1,000	
		14,689	14,650	

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

25 NET CURRENT ASSETS

Composition of net current assets for
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	1,925,687	2,461,793	2,461,796
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	2,176,931	2,794,244	2,513,438
Restricted	1,329,380	1,294,428	1,575,234
Receivables			
Rates outstanding	126,445	104,449	104,449
Sundry debtors	135,746	906,319	906,319
Accrued Income	10,759	7,973	7,976
Inventories			
Fuel, Oil & Materials	41,624	39,599	39,599
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(246,818)	(1,089,671)	(1,089,671)
Accrued interest on long term borrowings	(663)	(985)	(985)
Accrued salaries and wages	(61,306)	(28,591)	(28,591)
Current portion of long term borrowings	(69,045)	(67,410)	(67,410)
Provisions			
Provision for annual leave	(172,361)	(148,344)	(148,344)
Provision for long service leave	(215,744)	(231,100)	(231,100)
Unadjusted net current assets	3,054,948	3,580,911	3,580,914
Adjustments			
Less: Reserves - restricted cash	(1,309,120)	(1,294,429)	(1,294,429)
Add: Current portion of long term borrowings	69,045	67,410	67,410
Add: Cash Back Reserve	110,813	107,901	107,901
Adjusted net current assets - surplus/(deficit)	1,925,687	2,461,793	2,461,796

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26 FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Note	Carrying Value		Fair Value	
		2018	2017	2018	2017
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	3.	3,506,311	4,088,672	3,506,311	4,088,672
Receivables	6.	283,571	1,027,204	283,571	1,027,204
		<u>3,789,882</u>	<u>5,115,876</u>	<u>3,789,882</u>	<u>5,115,876</u>
Financial liabilities					
Payables	12	308,787	1,119,247	308,787	1,119,247
Borrowings	13.	139,764	207,173	139,764	207,173
		<u>448,551</u>	<u>1,326,420</u>	<u>448,551</u>	<u>1,326,420</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

26 FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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 is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	35,063	40,887
- Statement of Comprehensive Income	35,063	40,887

Notes:

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

26 FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	66%	99%
- Overdue	34%	1%

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26 FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2018</u>	\$	\$	\$	\$	\$
Payables	308,787	0	0	308,787	308,787
Borrowings	69,044	70,720	0	139,764	139,764
	377,831	70,720	0	448,551	448,551
<u>2017</u>					
Payables	1,119,247	0	0	1,119,247	1,119,247
Borrowings	67,410	139,764	0	207,174	207,173
	1,186,657	139,764	0	1,326,421	1,326,420

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

27 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:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Factory Unit & Housing Bonds	15,041	3,264	(3,012)	15,293
Nomination Deposits	0	400	(400)	0
Fundraisers	836	0	(836)	0
Kwolyin Progress Assoc	501	0	0	501
Sale of Land Deposits	1,000	0	0	1,000
Bruce Rock Museum Funds	34	0	0	34
Overpayment of Rates	120	0	0	120
Community Rec Centre	25	0	0	25
Tidy Towns	1,512	0	0	1,512
Vietnam Veterans	27,441	100	(20,000)	7,541
Wind Up Committee	125	0	0	125
Wheatbelt Women	8,339	0	(500)	7,839
LG Professionals CW Branch	0	504	0	504
	<u>54,974</u>			<u>34,494</u>

28 OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

**SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

29 NEW ACCOUNTING STANDARDS

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

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

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

(1) 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 2018

29 NEW ACCOUNTING STANDARDS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

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

Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- | | | |
|--|-----------------------|--|
| <p>(i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</p> | <p>1 January 2017</p> | |
| <p>(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</p> | <p>1 January 2017</p> | |

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

30 ACTIVITIES/PROGRAMS

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

PROGRAM NAME	ACTIVITIES
GOVERNANCE	Administration and operation of facilities and services to its members of Council and other costs that relate to the costs of the tasks of elected members and ratepayers on matters which do not concern specific areas of Council.
GENERAL PURPOSE FUNDING	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	Assistance to the Shire's Bush Fire Services, fire prevention, animal control, crime prevention and community safety and the supervision of various by-laws.
HEALTH	Food quality and pest control, operation of medical centre and the provision of accommodation office and other services to the doctor, dentist, counsellor, infant health nurse and other visiting practitioners.
EDUCATION AND WELFARE	Provision of facilities for local playgroup, senior citizen association, day-care and men's shed.
HOUSING	Maintenance of the shire aged, single and community, and other houses.
COMMUNITY AMENITIES	Rubbish collection services, operation of refuse site, recycling centre, bulk litter drives and Drummuster and maintenance of cemetery.
RECREATION AND CULTURE	Maintenance and operation of amphitheatre, halls and the recreation centre, the swimming pool, various courts, cricket pitches and oval. Maintenance of Council's parks and gardens and various reserves. Operation and control of Library and Museum and heritage inventory.
TRANSPORT	Construction and maintenance of streets, roads, drainage works, lighting of streets, depot maintenance and airstrip maintenance. Vehicle inspections are conducted on behalf of Department of Transport.
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 Landcare projects. standpipes. Operation of Bruce Rock Natural Resource Management and various Landcare projects.
OTHER PROPERTY AND SERVICES	Private works operations, public works overheads, plant repairs and operation costs.

SHIRE OF BRUCE ROCK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

31 FINANCIAL RATIOS

	2018	2017	2016
Current ratio	3.80	2.45	2.46
Asset consumption ratio	0.98	0.95	0.95
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	0.24	0.32	0.23
Debt service cover ratio	15.51	35.97	18.67
Operating surplus ratio	(1.87)	(0.70)	(0.86)
Own source revenue coverage ratio	0.22	0.30	0.43

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$