

POLICY REGISTER

Title:	Accounting Policies		
Policy No.:	FIN1		
Date Adopted:		Date Last Reviewed:	11 th June 2009

Objective:	To define Council's accounting policies to ensure compliance with the Local Government Act and associated regulations and standards.
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The following Accounting Policies established in consultation with Council's Auditors are to be applied.

a) The Local Government Reporting Entity

All funds through which Council controls resources to carry on its functions are included in the financial statements. Funds for which Council performs only a custodial role will be held in a Trust Fund which is excluded from the consolidated financial report. A separate statement of such monies is disclosed by way of a note to the financial report.

b) Basis of Accounting

The financial report is drawn up in accordance with applicable Accounting Standards and disclosure requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations. They are prepared on the basis of historical cost accounting, and do not take into account changes in money values, or, except where stated, current valuations of non current assets.

c) Non Current Assets

Non current assets having a limited economic useful life and a cost of less than \$500 are fully expended in the year of acquisition. Community assets purchased at a cost of less than \$500 are fully expended in the year of acquisition. Non current assets are, unless otherwise stated, valued at historical cost and are depreciated to reflect current written down value.

Other non current assets are, measured on a cost basis. The carrying amount of non-current assets is reviewed annually by the management to ensure that they are not in excess of the recoverable amount.

d) Depreciation

Items of property, plant, equipment and community assets, but excluding freehold land, are depreciated over their estimated useful lives on a straight line basis as follows:

Buildings

Minor buildings (eg kiosks, toilet blocks, sheds, bus shelters)	30 years
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Mid range buildings (eg residential houses, small community halls etc)	40 years
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Major buildings (eg Recreation Centres, Civic Administration Centre, major community halls)	50 years
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Electronic Equipment

Computers, peripheral equipment and software	5 years
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<u>Furniture and Office Equipment</u>	10 years
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Plant and Equipment

Construction Plant (eg tractors, graders, loaders, rollers etc)	8 years
Construction Vehicles (eg trucks)	5 years
Bush Fire Tenders	10 years
Light commercial vehicles (vans, utilities, tray tops)	4 years
Passenger vehicles (sedans, station wagons)	2 years
Minor Plant and Equipment	5 years

Community Assets

Roads	50 years
Footpaths	50 years
Drainage Systems	80 years
Reserves	10-40 years

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

e) Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost or net realisable value.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

f) Provisions for Employee Entitlements

The provision for employee entitlements relates to amounts expected to be paid to employees for long service leave and annual leave and is based on legal and contractual entitlements and assessments, calculated as follows:

Long Service Leave

Employees entitlements are accrued on the basis of number of years employed (continuously) in Local Government as follows:

0 - 5 Years	25% of normal accrual
5 - 7 Years	70% of normal accrual
7 - 10 Years	100% of normal accrual

Annual Leave

Employee entitlements are accrued on the basis of total annual leave entitlement (including pro rata leave) plus leave loading when applicable. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

Sick Leave

Employee entitlements for sick leave have not been included as they are deemed to be immaterial.

g) Cash Backed Reserves

Due to the move to single fund accounting Council will maintain a separately identifiable investment deposit for each Reserve account. This will ensure that the amount shown as a Reserve is always represented by cash backing. This Policy specifically excludes an Asset Revaluation Reserve created for the express purpose of revaluing or devaluing fixed assets. Interest earned on Reserve deposit accounts will be retained in each account.

Legislation:	Australian Accounting Standards - AAS27; Local Government Act 1995; Local Government (Financial Management) Regulations 1996
Local Law:	
Notes:	Previously Policy Cs 4.7