

Accounting Policy

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AUTHORITY	Corporate Services
CONTACT OFFICER	General Manager

1 PURPOSE

- 1.1 To provide a framework for the financial management of the Shire of Forbes which is clear, transparent and meeting statutory obligations.

2 DEFINITIONS

- 3.1 For the purposes of this policy, the following definitions apply:

Term	Definition
Act	<i>Local Government Act 1993 (NSW)</i>

3 POLICY STATEMENT

Pursuant to Section 412(i) of the Local Government Act 1993 a Council must keep such accounting records as are necessary to correctly record and explain its financial transactions and its financial position.

3.1 Financial Reporting:

- 3.1.1 Financial reporting is carried out in accordance with part 3 – Financial Management of the Local Government Act 1993 and Part 9 – Management and Accountability of the Local Government (General) Regulation 2005.

3.2 Quarterly Reporting:

Clause 203(i) of the Local Government (General) Regulation 2005 the General Manager must report to the Council within six weeks after the end of each quarter as to the extent to which the performance targets set by Council's current Management Plan have been achieved during that quarter. To facilitate this the following reports to Council will include:

- i. Information identifying any significant variations in income and expenditure and any potential impacts on goals, objectives and strategies contained in the delivery plan and operational plan;
- ii. Statement from responsible officer indicating how Council is tracking against its original budget.
- iii. Update on capital works expenditure and progress.

The periods reported on will be to 30 September, 31 December, and 31 March. The final 30 June quarter will be incorporated in the annual financial statements.

3.3 Annual Reporting (Section 428, Local Government Act 1993)

A general overview of the prior years audited financial report and general purpose statements will be provided to Council no later than 5 months after year end. This overview will normally be presented by Audit Office NSW or their representative.

3.4 Capital Expenditure and Depreciation

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following:

Land

Council Land	100% Capitalised	
Open Space	100% Capitalised	
Land Under Roads	100% Capitalised	for acquisitions post 01/07/2008

Plant & Equipment

Office Furniture	>\$2,000
Office Equipment	>\$2,000
Other Plant & Equipment	>\$2,000

Buildings & Land Improvements

Park Furniture & Equipment	>\$2,000
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Building

- Construction/Extentions 100% Capitalised
- Renovations >\$10,000

Other Structures	>\$5,000
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Water & Sewer Assets

Reticulation extensions	>\$5,000
Other	>\$5,000

Transport Assets

Road construction & reconstruction	>\$10,000
Reseal/Re-Sheet & major repairs	>\$10,000

Bridge construction & reconstruction	>\$10,000
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Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of their residual values) over its estimated useful life.

Land is not depreciated.

The range of estimated useful lives for Council's assets include:

Plant & Equipment

Office Equipment	- 5 to 10 years
Office Furniture	- 10 to 20 years
Computer Equipment	- 5 years
Vehicles	- 5 to 8 years
Heavy Plan/Road making equipment	- 5 to 8 years
Other plant and equipment	- 5 to 10 years

Other Equipment

Playground equipment	- 5 to 15 years
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Buildings

Buildings – Masonry	- 50 to 100 years
Other	- 20 to 40 years

Stormwater Drainage

Drains	- 80 to 100 years
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Transportation Assets

Sealed Roads: Surface	- 20 years
Sealed Roads: Structure	- 50 years
Unsealed Roads	- 20 years
Bridge: Concrete	- 100 years
Bridge: Other	- 50 years
Kerb, Gutter & Paths	- 40 years

Water & Sewer Assets

Dams and Reservoirs	- 80 to 100 years
Bores	- 20 to 40 years
Reticulation pipes: PVC	- 70 to 80 years
Reticulation pipes: Other	- 25 to 75 years
Pumps and telemetry	- 15 to 25 years
Sewer mains	- 70 to 80 years
Sewer Treatment Plant	- 50 to 60 years

All asset conditions and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date, or as instructed under the OLD Code of Accounting Practice.

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.

3.5 Provision for Leave

Council's liability for annual leave and long service leave entitlements is expensed annually to provision accounts, in accordance with AAS8119 requirements.

3.6 Write Offs

When a debt, other than a rates debt, appears to be irrecoverable, this is to be written off in accordance with the provisions of the Local Government Act 1993. The cost is to be expensed against the appropriate Business Unit. If a rates debt appears to be irrecoverable, this is to be reported to Council and written off in accordance with the Local Government Act 1993.

3.7 National Competition Policy

National Competition Policy principles are to be implemented by Council, where appropriate.

4 VARIATION

5.1 Council reserves the right to vary the terms and conditions of this policy subject to a report Council.

Revision History

Version	Adoption Date	Authorised by	Approved by	Revision Date
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Change History

Version	Change Details
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Related Documents

Title
