



## Shire of West Arthur Council Policy – Significant Accounting

Policy Number	F4.3 Finance
Policy Title	Significant Accounting
Related Legislation	Local Government Act 1995 (WA) Local Government (Accounting) Regulations 1996
Strategic Outcome Supported	Outcome 5.2: Financial management and decision making will be transparent, accountable and in an accessible format for the public.
Adopted by Council	2009 Amended 16 June 2020 Amended 15 June 2021
Review	Annually June

### 1. Objective

To provide policy direction for the management of accounts and financial reporting for the Shire that is clear, transparent, consistent, and complies with statutory obligations and requisite Australian Accounting Standards.

### 2. Scope

This policy applies to the Shire's accounting practices.

### 3. Definitions

<u>Asset:</u>	A resource controlled by a local government as a result of past events and from which future economic benefits are expected to flow to the local government.
<u>Non Current Assets:</u>	Land, buildings, plant and equipment, and furniture and equipment purchased over the Capitalisation Threshold values.
<u>Infrastructure Assets:</u>	Roads, footpaths, drainage, crossovers, car parks, street lights, parks and ovals purchased over the Capitalisation Threshold.
<u>Capitalisation Threshold:</u>	The minimum threshold amount for the recognition of a Non Current Asset and Infrastructure Asset to be taken up onto the Asset Register.
<u>Asset Register:</u>	A record of asset information considered worthy of separate identification.

## 4. Policy Statement

### 4.1 Reporting of Material Variances for Monthly Financial Statements

Material variances of +/- 10% and +/- \$10,000 from the budget figure shall be reported by way of a supporting note to the 'Monthly Statement of Financial Activity'.

Initial Adopted	April 2009
Last Reviewed	16 June 2020
Legal (Parent)	
Legal (Subsidiary)	Financial Man. Reg. 34
Chief Executive Instruction	Nil

### 4.2 Fixed Assets

#### 4.2.1 Land Under Roads

Council does not 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.

Last Reviewed	June 2020
Legal (Parent)	AASB 1051; LGA
Legal (Subsidiary)	Financial Man. Reg. 16 and 4 (2)
Chief Executive Instruction	Nil

#### 4.2.2 Depreciation of Non-Current Assets

Depreciation is recognised on a straight-line basis, using the following rates:

Buildings	30 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	70 years
Seal	
bituminous seals	15-25 years
asphalt surfaces	15-25 years
Gravel roads	
formation	not depreciated
Pavement	50 years
Gravel sheeting	10-15 years
Formed Roads	
formation	<i>Not depreciated</i>
pavement	50 years
Foot paths – slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years
Bridges	60 to 90 years

#### 4.2.3 Capitalisation Threshold

Capitalisation of Thresholds for Non Current Assets are:

Land	\$5,000
Buildings	\$5,000
Plant and Equipment	\$5,000
Furniture and Equipment	\$5,000
Infrastructure (all classes)	\$5,000
Bridges	\$5,000