

Name:	Annual Financial Statement		
Type:	Council Policy		
Owner:	Chief Executive Officer		
Responsible Officer:	Director Corporate Services		
Approval Date:	30/01/2018	Next Review Date:	1/01/2021
Records Number:	365958	Council Decision:	8/2994

### 1 PURPOSE

This policy provides the framework for the preparation and presentation of Council's general purpose financial statements.

### 2 PRINCIPLES

City of Palmerston is committed to open and transparent financial reporting to the Community, in line with generally accepted accounting principles, Australian Accounting Standards and any relevant legislation, regulations or ministerial guidelines.

### 3 DEFINITIONS

For the purposes of this Policy, the following definitions apply:

Term	Definition
Materiality	Defines the threshold or cut-off point after which financial information becomes relevant to the decision-making needs of the users.
Economic Life	The expected period of time during which an asset is useful to the average owner. The economic life of an asset could be different than the actual physical life of the asset.

### 4 POLICY STATEMENT

#### 4.1 Basis of Accounting

The annual financial statements are to be prepared using generally accepted accounting principles and are to comply with the Australian Accounting Standards and any interpretations or pronouncements issued from the Australian Accounting Standards Board. They must also comply with the *Local Government Act*, the *Local Government (Accounting) Regulations* and any ministerial guidelines issued. If there is a conflict between the Australian Accounting Standards and applicable legislation, the legislative requirements will take precedence.

#### 4.2 Significant Accounting Policies

Council's accounting policies are to be governed by the Australian Accounting Standards and relevant legislation. These policies are to be disclosed in Note 1 in the general purpose financial statement section of Council's annual report. The Risk Management and Audit Committee shall review and comment on Council's accounting policies when changes are made to either the Australian Accounting Standards or to Council's accounting policies.

#### 4.3 Asset Accounting

In line with the principle of materiality, Council will only recognise assets with an economic life of greater than one year that are above a certain value in its financial asset register for financial reporting purposes.

The thresholds for each class of assets are:

Land	No threshold. All items will be recognised.
Land Improvement	\$10,000
Stormwater Drainage	\$10,000
Roads & Pavement	\$10,000
Plant & Equipment	\$5,000
Furniture & Fittings (including IT)	\$5,000
Footpaths & Bicycle ways	\$5,000
Building & Other Structures	\$5,000
Kerb & Gutter	\$5,000
Motor Vehicles	\$5,000
Irrigation	\$5,000
Intangible assets	\$10,000

Council will maintain a register for attractive and portable assets. Attractive and portable assets are identified as assets that have limited economic life and individually do not meet the capitalisation threshold. However, collectively they account for a reasonable investment of Council's resources.

Council considers the following as attractive and portable assets:

- Laptop Computers
- iPads
- Mobile Phones

To ensure the security of these assets and compliance with Council policies, a stocktake will be undertaken annually on these assets.

Council officers will have the flexibility to gauge the exact useful life of assets using professional judgement and considering the intended use and the intensity of the use of the asset. As a guide, the useful life of asset classes will generally fall into the following ranges:

Land	Unlimited.
Land Improvement	20 to 50 years
Stormwater Drainage	50 to 100 years
Roads	
- Seal	10 to 20 years
- Pavement	30 to 60 years
- Formation/ Earthworks	100 to 200 years
Road furniture	20 to 40 years
Plant & Equipment	5 to 15 years
Furniture & Fittings (including IT)	2 to 10 years
Footpaths & Bicycle ways	30 to 50 years
Building & Other Structures	25 to 100 years
Kerb & Gutter	40 to 50 years
Motor Vehicles	3 to 8 years
Irrigation	20 to 30 years

### **5 ASSOCIATED DOCUMENTS**

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- 5.1 Council's Annual Report
- 5.2 FIN08 Internal Controls
- 5.3 FIN09 Risk Management and Audit Committee

### **6 REFERENCES AND RELATED LEGISLATION**

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- 6.1 Australian Accounting Standards Board
- 6.2 *Local Government Act*
- 6.3 Local Government (Accounting) Regulations