

Section 5 – Local Government Accounting

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Local Government Accounting

5.1 Local Government Accounting

□ 5.1.1 Background

Each local government is a reporting entity and is therefore required to prepare general purpose financial reports in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

Local governments are required to prepare monthly Statements of Financial Activity and Annual Financial Statements. These financial statements must comply with legislation and Australian Accounting Standards set by the Australian Accounting Standards Board (AASB).

□ 5.1.2 Local Government Accounting

Each local government comprises all entities controlled by the governing body of the local government. As such the general purpose financial report of a local government is to encompass all business and non-business operations which the governing body controls, either directly or through the operations of the controlling entity.

The underlying principles used in the preparation of local government financial statements include:

- fair presentation and compliance with Australian Accounting Standards and legislation;
- the use of full accrual accounting;
- preparation of the financial statements using a consolidated approach of all municipal operations of a local governments control;
- going concern;
- consistency of presentation;
- materiality and aggregation;
- comparative information; and
- offsetting

These principals are also discussed in "*Section 6 - Financial Reporting*".

5.2 Basic Accounting Concepts

□ 5.2.1 Fund Accounting

The fund basis of accounting and reporting by local governments provides a separation of the various operating activities and financial segments for a local government's financial operations normally by program of activity or by divisions of its municipal fund operations.

Local governments may act as trustees whereby the local government has legal custody of the resources without controlling them. That is, the local government is unable to deploy those resources to meet the objectives of its governing body.

Trust funds are required to be held in a separate bank account as these funds do not belong to the local government and are held in trust on behalf of other parties.

□ 5.2.2 Consolidation

All municipal operations and activities of a local government shall be consolidated in preparation of the financial statements for each reporting period.

Consolidation is the process by which the financial results of an organisation's various entities and sub-entities are consolidated into one overall financial report. The aim of consolidating the financial results is to reflect the 'real' impact of an organisation's overall activities and control over its various entities.

Consolidated financial statements shall be prepared by local government as required by and in accordance with Australian Accounting Standard *AASB 127 Consolidated and Separate Financial Statements*.

Consolidated financial reporting enables users of financial information to understand the overall result of the operating activities and resources of a group of entities under the control of a parent entity.

□ 5.2.3 Accrual Accounting

A local government shall prepare its financial report, except for the cash flow statement, using the accrual basis of accounting.

Accrual accounting is the principle whereby revenue and expenditure is brought to account as it is earned or incurred and included in the accounts for the financial period to which they relate.

□ **5.2.4 Assets**

See *Section 9 – Asset Accounting*.

□ **5.2.5 Depreciations**

See *Section 9 – Asset Accounting*.

□ **5.2.6 Profit or Loss on Disposal of Assets**

See *Section 9 – Asset Accounting*.

□ **5.2.7 Contribution to the Acquisition of Non-Current Assets**

The treatment of contributions to local governments is covered by Australian Accounting Standard AASB 1004 "Contributions".

Income arising from the contribution of an asset to a local government shall be recognised only when certain conditions have been satisfied.

This includes:

- a local government gaining control of the contribution or the rights to receive the contribution;
- it is probable that the economic benefits comprising the contribution will flow to the local government; and
- the amount of the contribution can be measured reliably.

The income received from the contribution shall be measured at the fair value of the contribution when it receives an asset including the right to receive cash or other forms of assets without directly giving an approximately equal value to the other party or parties to the transfer. This is generally referred to as a non-reciprocal transfer and for example includes donated assets.

□ 5.2.8 Accounting for Taxation

Local governments are non taxable entities for income tax purposes. They are however, required to pay Goods and Services Tax (GST) and Fringe Benefits Tax (FBT).

Division 81 of the GST legislation provides that as a general rule, the GST applies to all taxes, fees and charges levied by government agencies including local government, unless specifically excluded from the GST via a determination by the Federal Treasurer. This determination is available from Federal Treasury on their website at www.comlaw.gov.au

Local governments are subject to FBT on benefits provided to their staff under the income tax provisions.

5.3 Managing the Accounting Process

Definitions and Abbreviations

The abbreviations used in this chapter refer to the following:

| | |
|--------------|---|
| AASB | Australian Accounting Standards followed by the number of the applicable standard |
| ATO | Australian Taxation Office |
| BAS | Business Activity Statement |
| COA | Chart of Accounts |
| DLG | Department of Local Government |
| ESL | Emergency Services Levy |
| FBT | Fringe Benefits Tax |
| FBTAA | Fringe Benefits Tax Assessment Act |
| FESA | Fire and Emergency Services Authority |
| FMR | Local Government (Financial Management) Regulations 1996 |
| GRV | Gross Rental Value |
| GST | Goods and Services Tax |
| LGA | Local Government Act 1995 |
| UV | Unimproved Value |
| WALGA | Western Australia Local Government Association |

□ 5.3.1 Defining Accounting Practice

Accounting practices are typically defined by the development and documentation of policies and procedures that form a framework within which accounting information and records are maintained.

As part of overall control of the accounting information system each local government should develop an accounting policy and procedures manual relevant to the size and scope of their operations. Standard operating procedures should be documented to clearly articulate and support the management's expectations.

There are a number of accounting policies which are considered fundamental to the definition of a local government accounting system as outlined below:

- Accounting policies for external disclosure as Note 1 of the annual financial report to meet compliance with the Australian Accounting Standards. An example of the significant accounting policies relating to annual financial reporting can be found at item 6.4 of this Manual;
- Investment Policy (please refer to the Department's Guideline no 19); and
- Procurement policies and procedures including authorisation thresholds and the certification of supplier payment under pre-determined authorisation levels.

In addition, the following policy topics should be considered for development relevant to the individual local government's circumstances:

- Financial Governance – The establishment of an overarching Council policy establishing the general financial management and governance principles to be applied to financial decision making;
- Borrowing – A Council policy defining the circumstances under which a local government will consider borrowings to fund projects and the application and repayment of these loans;
- Asset Management – A Council policy on the decision making process relating to fixed assets over their lifecycle;
- Community Engagement – A Council policy detailing the process surrounding public consultation in relation to strategic planning and long term financial planning;
- Long Term Strategic Planning - A strategic policy to guide long term financial planning and describe the process of connecting it to the annual budgeting;
- Rates Concessions and Waivers – A Council policy outlining the circumstances under which the Council will apply its discretionary powers to allow concessions or waivers. For example eligibility, exclusions and determination procedures.

- Setting of Fees and Charges – A strategic policy outlining the principles to be applied to setting fees and charges which includes the circumstances where discretionary fees and charges are discounted below cost recovery;
- Commercial Activities – A policy to guide the separation of decision making in circumstances of actual or potential conflict between a local governments regulatory role and its commercial activities;
- Development Contributions – A strategic policy defining the basis for charging developer contributions and the application of the funds; and
- Strategic Assets – A strategic policy for financing assets considered to be of significant strategic importance to maintaining service delivery with a requirement for these assets to be the subject of higher level financial and service planning and monitoring.

Various accounting procedures and controls should be developed to guide staff in maintaining the day to day accounting system. Please refer to chapter 7 for more information on internal controls.

Policy and Procedure Development

Developing policy and procedures should be undertaken in consultation with relevant stakeholders within the local government. The process for developing these policies and procedures would be relevant to the size and complexity of the local governments but would generally follow the steps set out below:

- Identify and document the issue and determine if a solution is achievable by the creation of, or amendment to, a policy or procedure. Determine if the solution is best achieved by the creation of a council policy, a management policy or a management procedure.
- Plan and allocate the development task and resources. Plan the process timing and format of the policy/procedure. Determine the policy objectives and principles.
- Conduct basic research such as:
 - Gather information on similar policies/procedures at other local governments.
 - Check the legislative requirements to ensure there is no potential conflict.
 - Talk to other staff with experience in the area or experienced staff at other local governments.
 - Seek professional advice if required.

- Prepare a draft policy which includes notes on the policy/procedure objectives and any limiting issues found in the research phase. Determine the likely commencement date of the policy/procedure.
- Undertake consultation within the Organisation. Set the level of confidentiality relevant to the topic and circulate a draft policy/procedure to internal stakeholders. Ensure the draft status of the document is understood by the recipients and seek feedback on any potential unintended consequences of the policy/procedure. Seek opinion on the likelihood of the policy/procedure achieving its stated objectives.
- Prepare the final document from the revised draft policy/procedure based on the consultation and prepare an item for consideration by the Council or Management.
- Seek formal adoption of the policy/procedure and review any feedback from this process.
- After adoption, the policy/procedure should be communicated and distributed to the organisation with an effective implementation date.
- Set a date for review of the policy/procedure to ensure it maintains currency with any changes in legislation or circumstance.

□ 5.3.2 Local Government Accounting Terminology

Local Government accounting uses some unique terminology with specific meanings. A selection of these terms is outlined below for guidance purposes only. It is important to note the following descriptions should not be substitute for the formal definition contained within the relevant legislation such as the *Local Government Act 1995* (LGA) and associated Regulations.

Absolute Majority Decision

In relation to a council, means a majority comprising enough of the members for the time being of the council for their number to be more than 50% of the number of offices (whether vacant or not) of member of the council. (LGA Section 1.4(a))

Budget Deficiency

In relation to the preparation of the annual budget the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income. This deficiency is usually made up by general rate revenue. (LGA Sections 6.2(2)(c) and 6.32(1)(a))

Capital Expenditure

Expenditure of a capital nature is defined as expenditure where the benefit is spread over several accounting periods, as compared with expenditure where the benefit is confined to only one accounting period

Debenture

A debenture is a loan without security against any specific asset but against all the assets of a local government. Typically it will be issued with a bi-annual or quarterly repayment schedule. The interest charge and term of a debenture is fixed however the terms may be periodically renegotiated.

Debenture loans are common in local government as the LGA does not permit a local government to enter into an agreement with security over an individual asset (such as a mortgage). (LGA Section 6.21 (2))

Differential General Rate

A general rate imposed according to any, or a combination, of the following characteristics (LGA Section 6.33):

- The purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and Development Act 2005;
- A purpose for which the land is held or used as determined by the local government;
- Whether or not the land is vacant land; or
- Any other characteristic or combination of characteristics prescribed. (FMR regulation 52A)

Fees and Charges

A fee or charges is the recovery of the cost for goods or services provided by a local government. A list of items for which a local government may impose a fee or charge is set out in Section 6.16 of the LGA. The level of a fee or charge must be restricted to its cost in specific circumstances (mainly access to information) and be set in accordance with Section 6.17 of the LGA. A fee and charge must be imposed by a defined process and can't be set by, say, an auction or tender. In addition, under Section 6.16 of the Act, a fee or charge cannot be imposed and recovered from a person for a service under the provision unless the service has been requested.

General Funds

Revenue or income from general rates plus government specific purpose grants any other prescribed purpose. (LGA Section 6.21(4))

General Rate

A rate on rateable land within its district imposed when adopting the annual budget in order to make up the budget deficiency. A general rate may be applied either uniformly or differentially. (LGA Section 6.32(1)(a))

Gross Rental Value

The gross annual rental that the land might reasonably be expected to realise if let on a tenancy from year to year upon condition that the landlord were liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land. (Valuation of Land Act 1978, Section 4)

Land Transaction

A land transaction is an agreement concerning land or multiple agreements for a common purpose, under which a local government is to acquire or dispose of an interest in land or develop land. (LGA Section 3.59(1))

Major Land Transaction

A land transaction other than an exempt land transaction if the total value of the consideration under the transaction and anything done by the local government for achieving the purpose of the transaction is above the prescribed level. (LGA Section 3.59(1))

Major Trading Undertaking

A trading undertaking that in the last completed financial year, involved, or in the current financial year or the financial year after the current financial year, is likely to involve expenditure by the local government of more than the amount prescribed for the purposes. (LGA Section 3.59(1))

Minimum Payment

Section 6.35 of the LGA allows a local government to set a minimum payment for rateable land and properties in its district, which is greater than the general rate that would otherwise be payable. This is subject to a number of restrictions under Section 6.35 and does not apply to specified Area Rate.

Municipal Fund

All money received or receivable by a local government is to be held and brought to account in this fund unless required by the Act or any other written law to be held in the trust fund. This fund is established to allow the local government to carry out its functions and operations under the Act. (LGA Section 6.7)

Nature or Type

Mandatory reporting descriptions used to classify the essential quality or characteristic of income and expenditure. Please refer to Section 5.4.2 of this manual and FMR Schedule 1 Part 2 for more information.

Plan for the Future

A Plan for the Future is sometimes referred to as a Strategic Plan. Its purpose is to document the future activities of a local government. (LGA Section 5.56) New regulations (amendment as Gazetted 26 August 2011) introduced under Regulation 19C of the *Local Government (Administration) Regulation 1996*, to incorporate into the Plan for the Future, a Strategic Plan and a Corporate Business Plan.

The Strategic Plan needs to cover at least 10 years of community vision and review conducted at least every 4 years. The Corporate Business Plan should develop and integrate matter relating to resources including asset management plan, long term financial plan and workforce planning.

Plant Depreciation

Plant depreciation is the depreciation relating to specific plant or equipment allocated as a non-cash cost to works projects. It is usually allocated on an hourly basis using the same method as plant operation costs. Some local governments include plant depreciation as a component of plant operation costs. This term is not defined by legislation.

Plant Operation Costs

Plant operation costs are indirect expenditure relating to specific plant and equipment which cannot be directly posted to a program or sub-program. The expenditure is pooled in a 'holding area' within the local government's chart of accounts and reallocated to various works projects or jobs at a later time. The reallocation is usually based on the plant utilisation hours. This term is not defined by legislation.

Program and Sub-Program

Sometimes referred to as schedules, the term is used to describe the classification of revenue and expenditure according to its function or output. Please refer to Section 5.4.3 of this manual and FMR Schedule 1 for more information.

Public Works Overheads

Public works overheads are the indirect labour overhead costs of field staff which cannot be directly allocated to a specific program or sub-program. This expenditure is aggregated in a 'holding area' within the local government's chart of accounts and reallocated to specific works projects or jobs at a later time. The reallocation is usually based on labour hours. This term is not defined by legislation.

Rates Setting Statement

Rate revenue is generated to cover the deficiency in funds within a budget. A rate setting statement evidences the process of determining the deficiency and provides information on compliance with the permitted +/-

10% limit on raising rates under section 6.34 of the LGA. Regulation 22(d) of the FMR describes the content of a rate setting statement.

Reserve Account

An account established for the purpose of setting aside money for a specific purpose to be used in a future period. Note, sometimes referred to as a Reserve Fund, however it is not a separate fund and, if accounted that way, must be consolidated with the municipal fund, when reporting, to show the financial position of a local government. (LGA Section 6.11)

Schedules

Terminology used under the now superseded 1985 Local Government Accounting Directions. The term is still commonly used to refer to various reporting program titles as per FMR Schedule 1 Part 1.

Self Supporting Loan

Money borrowed for a work or undertaking in respect to which persons or organisations are required to repay all or part of the principal or interest. (FMR regulation 50)

Specified Area Rate

A rate imposed on a specified area of rateable land within a portion of the district for the purpose of meeting the cost of the provision by the local government of a specific work, service or facility if the local government considers that the ratepayers or residents within that area (LGA Section 6.37):

- have benefited or will benefit from;
- have access to or will have access to; or
- have contributed or will contribute to the need for that work, service or facility.

It is important to note:

- A specified area rate cannot be used to fund underground electricity as that work is not provided by the local government but by Western Power. The costs of underground power are covered through service charges.
- The portion of the district is not defined by a contiguous area but by the application of the three principles above
- A minimum payment cannot be imposed in conjunction with a specified area rate.

Trust Fund

A fund established under section 6.9 of *the Local Government Act 1995* for the purpose of holding money over which the local government does not exercise control. It is mandatory to have a trust fund and it must be kept separate and distinct from the municipal fund.

Service Charges

Service charges are imposed by a local government to recover costs expended for a prescribed purpose. The prescribed purposes are defined by FMR Regulation 54 which limits the purpose to four activities:

- television and radio rebroadcasting;
- underground electricity;
- property surveillance & security; and
- water.

Untied Grants

Grants received without specific restriction on their use. A local government has the discretion to apply the grants to whatever purpose considered necessary. An example of untied grants is the annual financial assistance grants (FAG's).

For further definitions of general accounting terms please refer to Section 12.2 of this Manual.

□ 5.3.3 Account Structures

When establishing and maintaining a chart of accounts a local government should consider the most appropriate account structure to permit the efficient production of general purpose financial and management reports.

At its highest level a typical account structure will contain of two separate funds, the trust fund and the municipal fund.

Trust Fund

Section 6.6 (2) of the LGA requires the municipal fund to kept separate and distinct from the trust fund.

The trust fund structure usually comprises four groups of accounts as follows:

| Account Group | Purpose |
|---------------|---|
| Revenue | Accounts for recording revenue transactions relating to the trust fund. |
| Expenditure | Accounts for recording expenditure transactions relating to the trust fund. |
| Assets | Accounts for recording the balance of the trust fund cash at bank or the value of other assets held in trust. |
| Liabilities | Accounts for recording the balance of the trust fund owing to external parties. |

The value of all trust fund assets, liabilities, revenues and expenses accounts should sum to zero in the general ledger. As the trust fund holds the value of assets outside of the control of the local government all the related transactions should be identified in the chart of accounts to enable them to be excluded from general purpose financial reports.

The trust fund is accounted for on a cash basis (recognition of receipts when received and payments when made) with a separate note included in general purpose financial reports to disclose the opening balance, receipts, payments and closing balance for the relevant reporting period. Please see Section 6 note 18 of this manual for an example format.

Municipal Fund

The structure of the municipal fund accounts is generally comprised of five account groups of as follows:

| Account Group | Purpose |
|---------------|--|
| Revenue | Accounts for recording operating revenue transactions relating to the municipal fund. |
| | Accounts for recording capital revenue transactions relating to the municipal fund. |
| Expenditure | Accounts for recording operating expenditure transactions relating to the municipal fund. |
| | Accounts for recording capital expenditure transactions relating to the municipal fund. |
| Assets | Accounts for recording the balance of all municipal fund assets. |
| Liabilities | Accounts for recording the balance of all municipal fund liabilities and provisions. |
| Equity | Accounts for recording retained earnings from past accounting periods, cash reserves and revaluation reserves. |

Operating Revenue and Expenditure

The account structure of operating revenue and expenditure accounts is heavily influenced by the accounting application software in use. There is typically a master or natural account general ledger number with the account linked to a reporting code to permit sorting and extraction in accordance with the mandatory reporting programs and nature or type classifications. Please see chapter 5.4 for full detail of the mandatory reporting requirements.

Although not mandatory, to assist with the management of financial resources it is desirable for operating accounts to be nominated with a responsible officer code according to the organisations corporate hierarchy.

This enables reports to be tailored to the needs of each officer and assists with budgetary control and error recognition.

The balance of all operating revenue and expenditure accounts are cleared to nil at the end of the financial year with the sum transferred to a retained earnings account in the equity account group. Due to the volume of account codes in a typical local government chart of accounts this task is usually automated at year end as part of the roll over process.

Project/Job Costing

To track expenditure on projects in greater detail it is common practice to establish a separate works costing sub-ledger below the general ledger. This involves the application of various codes at the time of data input to permit greater analysis of costs on these projects or jobs. This analysis may involve the use of expenditure and/or revenue codes to track various components or identify locations of expense. As a minimum it is expected such as system would identify the following cost types:

- Wages
- Labour Overheads
- Plant Operation Costs
- Plant Depreciation
- Materials and Stores
- Contractors
- Other Costs

It is also desirable for the account structure to permit the tracking of costs according to the source of funding such as the grant provider and individual grants.

Capital Revenue and Expenditure

Although there are variations according to the accounting application software used it is common practice for a local government chart of accounts to be structured with nominated capital revenue and expenditure accounts in addition to operating revenue and expenditure.

These capital accounts are essentially temporary accounts and hold transactions of a capital nature prior to transfer to balance sheet accounts. The principal purpose of establishing this type of account structure is to permit detailed budget to actual reporting of capital transactions throughout the budget period.

At the end of a financial year these temporary capital accounts are closed to the relevant balance sheet accounts (in a similar way to closing operating accounts). The task of transferring these balances is usually automated as part of an end of year roll-over process.

Cash Reserves

Cash reserves are created under section 6.11 of the LGA the purpose of setting aside money for use in a future period in accordance with a

specified purpose. Reserve accounts sit within the municipal fund account structure but are identified separately as reserve cash and equity. Cash reserves are required to be held in separate bank account.

No Ward Accounting

Regulation 7 of the *Local Government (Financial Management) Regulations 1996* does not permit a local government to structure its accounts for the purpose of separately tracking revenue and expenditure according to wards, if any.

A local government is to consider the needs of the district in its entirety and cannot determine how much to spend in each ward based on the revenue generated by a ward. This restriction should be considered when developing an

account structure, a chart of accounts and when preparing accounting reports.

□ 5.3.4 Establishing Charts of Accounts

A chart of accounts (COA) is a listing of a string of numerical and/or alphabetic account codes used by a local government to aggregate and provide structure and consistency to the recording and reporting of transactions or events held in an accounting information system.

Each account string in a chart of accounts is assigned a unique identifier to allow for retrieval and reporting of data.

Establishing the logic and structure of a COA is extremely important to the overall performance of an accounting system. Once established it is essential to maintain the structural integrity of the chart when accounts are added, deleted or modified. Making changes without an understanding of the underlying logic can undermine the systems reliability and result in inconsistent reporting.

In recognition of the importance of maintaining a high level of consistency in the structure of the COA it is recommended that operating policies and procedures are developed to limit access to edit the COA and senior staff conversant with the importance of the chart of accounts structure should monitor and approve any changes.

Many computerised accounting systems place constraints on the structure of the chart of accounts as part of their configuration to ensure consistent reporting. When establishing a chart of accounts it is important to consider the requirements of your accounting software by reference to a manual or by contacting the supplier or support and ensure the structure is consistent with the logic imbedded in the software.

Local governments are required to report accounting transactions in accordance with Part 1 and 2 of Schedule 1 of the *Local Government*

(Financial Management) Regulations 1996. Please refer to section 5.4 in the Manual for a detailed description of the mandatory reporting programs, sub-programs and nature or type classifications. When establishing and maintaining an effective local government COA it is vital to ensure transactions are coded to accounts that support the extraction of information in these two mandatory formats.

Some computerised accounting systems permit ledger accounts in the COA to be linked to a corporate hierarchy. This permits reporting in accordance with staff responsibility or business unit management. Regulation 34 (3) of the *Local Government (Financial Management) Regulations 1996* permits the monthly statement of financial activity to be reported according to Nature or Type, Program or by Business Unit. Linking accounts to a corporate hierarchy also permits budget to actual comparative reporting for individual officers which supports greater budgetary control.

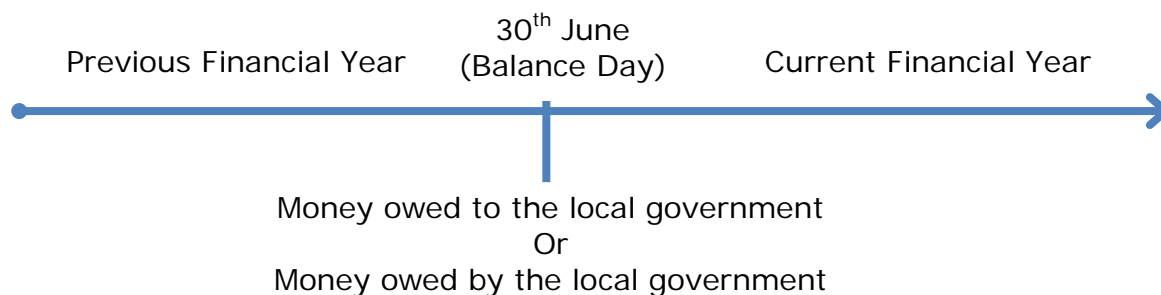
□ 5.3.5 Balance Day Adjustments

Accounting periods are commonly separated into months and financial years. A balance day adjustment is a term used to describe the process of identifying the most appropriate accounting period to recognise revenue and expenditure within the accounting system.

Ensuring the value of transactions are reflected in the appropriate accounting period is essential for ensuring accounting reports contain information relevant to the user.

The majority of balance day adjustments occur at the end of a financial year to support the preparation of general purpose financial reports. It is however appropriate to undertake selected balance day adjustments at the end of each month. The extent and frequency of undertaking various balance day adjustments is dependent on the potential for the adjustment to have a material impact on decision making.

When calculating balance day adjustments it is sometimes helpful to establish a time line similar to that set out below to determine the proportion of the adjustment required before and after the balance day.



Some of the more common balance day adjustments are explained in detail below:

Interest Receivable

Interest on investments earned by the local government but not yet received recorded as a receivable. If the investment is due to mature after the balance day it is necessary to accrue the amount of interest attributable to the period up to balance day. It is important to make a note to reverse this accrual after balance day.

In the following example the reversal of the balance day adjustment is undated as the timing of the reversal may by 1st July or coincide with receipt of the interest (or investment rolled over), depending on the materiality level. A 1st July reversal may result in a large negative amount showing in the interest revenue account for a number of months.

Example: Investment with a term over the end of the financial year

A local government has invested \$500,000 on 1 April for six months (183 days). The interest rate is 6%. Total interest for the six months will be \$15,041.10 $((\$500,000 \times .06) / 365 \text{ days}) \times 183 \text{ days}$.

To accrue the interest which is attributable to April, May and June prior to the balance date the calculation would be $((\$15,041.10 \times 91) / 183 \text{ days}) = \$7,479.45$ the journal would be as follows:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| On 30 th June | | |
| Dr Interest Receivable (current asset - Statement of Financial Position) | 7,479.45 | |
| Cr Interest Received (Statement of Comprehensive Income) | | 7,479.45 |
| Reverse journal as follows: | | |
| Dr Interest Received | 7,479.45 | |
| Cr Interest Receivable | | 7,479.45 |
| When interest is received on 1 September | | |
| Dr Cash Balance (Statement of Financial Position) | 15,041.10 | |
| Cr Interest Received (Statement of Comprehensive Income) | | 15,041.10 |

30th June

| 91 Days | | 92 Days | |
|---|-------------------|---|-------------------|
| Revenue (via balance day adjustment Journal) 30 Jun | \$7,479.45 | Reversal of Balance Day adjustment Journal | (\$7,479.45) |
| | | Cash Receipt (on maturity of Investment) 1 Sept | \$15,041.10 |
| Revenue Recognised before balance day. | \$7,479.45 | Revenue Recognised after balance day (net). | \$7,561.65 |

Prepaid Expenses

Prepaid expenses occur in the current period and are wholly or partly attributable to the following accounting period. Insurance payments and leases are an example of expenses which may be paid in advance.

Example: Prepaid expenses on lease fees

A local government pays a land lease on the 31st May for 12 months. The total cost is \$40,000.

The period of the lease applying before balance day is one month (June) and the remainder of the payment applies to the subsequent period.

The entry for the cheque drawn to pay the lease would be as follows:

| | DR | CR |
|---|-----------|-------------|
| | \$ | \$ |
| Dr Operating Expense (Statement of Comprehensive Income) | 40,000.00 | |
| Cr Cash at Bank/Creditors (Statement of Financial Position) | | \$40,000.00 |

The amount of the prepayment is calculated as \$40,000 x 335 days (11 months of subsequent year) divided by 365 (total days in the year) = \$36,712.33.

The adjusting journal to account for the prepayment would be:

| | DR | CR |
|---|-----------|-----------|
| | \$ | \$ |
| Dr Prepayment Account (current asset - Statement of Financial Position) | 36,712.33 | |
| Cr Operating Expense (Statement of Comprehensive Income) | | 36,712.33 |

This journal may be reversed on July 1 in the subsequent accounting period. Alternatively a progressively reversal relevant to the particular month may be undertaken to match the expense across the periods.

As previously indicated, the decision as to which reversing method to apply would be influenced by the materiality of the amount and its capacity to influence decision making. If the monthly reversal option is chosen, remember to undertake the journal each month with a standing journal.

Salaries and Wages Payable

The end of the salaries and wages period does not always finish exactly on balance day thus necessitating an adjustment between accounting periods to ensure the portion of the expense relevant to the future period is recognised as Salaries and Wages Payable.

The amount of salaries and wages payable will not include any internal cost allocations such as Public Works Labour Overhead or Plant Operation Costs as they are not due to an external party. These internal costs may be the subject of a journal based on the relevant timesheet information but are not liabilities.

To undertake this balance day adjustment, calculate the salaries and wages payable to each relevant employee from the end of the last pay period to the balance day. A journal is required to recognise this value as per the following example:

Assumptions for this example; salaries and wages from 25th June to 30th June amount to \$36,000 and the total payroll expense on 9th July \$80,000.

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| 30 th June | | |
| Dr Various Salaries and Wages Expense accounts | 36,000 | |

(Statement of Comprehensive Income)

| | |
|---|--------|
| Cr Salaries and Wages Payable (Statement of Financial Position) | 36,000 |
|---|--------|

On 1 July reverse journal as follows:

| | | |
|--|--------|--------|
| Dr Salaries and Wages Payable (Statement of Financial Position) | 36,000 | |
| Cr Various Salaries and Wages Expense accounts (Statement of Comprehensive Income) | | 36,000 |

Payroll processing 9th July

| | | |
|--|--------|--------|
| Dr Various Salaries and Wages Expense accounts (Statement of Comprehensive Income) | 80,000 | |
| Cr Cash at Bank Municipal Fund | | 80,000 |

Annual Leave

Recognition of annual leave payable at balance day requires the construction of a schedule of annual leave due to current employees as at the beginning and end of the reporting period. It may also be necessary adjust any cash posting made during the period to reflect the liability as at the end of the reporting period.

The Australian Accounting Standards (AASB 119) require all annual leave liability to be classified as a current liability as the employer has an unconditional obligation to pay unused leave on termination. The rate of pay used in the calculation is the relevant hourly rate as at balance day.

On costs are added to the amount recognised to approximate the liability for associated costs such as workers compensation and superannuation.

Long Service Leave

Long service leave benefits provided to local government employees must be in accordance with the *Local Government (Long Service Leave) Regulations*. Among other requirements the regulations mandate contributions from previous local government employers (under specific circumstances) and set the period of entitlement and eligibility.

The Australian Accounting Standards (AASB 119) requires benefits such as long service leave liability to be calculated based on the present value of the probable future cash outflows relevant to each employee.

A present value calculation only applies to employee benefits that are expected to be settled more than twelve months from balance date. All

long service expected to be paid within the next 12 months is calculated at nominal amounts (ie: as if paid today).

The factors used in the present value calculation are as follows.

Pro-rata liability - This is the current benefit for each employee. For example - an employee with 2 years service will have a benefit of $2/10 \times 13$ weeks \times weekly wage.

Probability - This is the probability that the employee will remain in employment with the local government long enough to be eligible for leave.

Inflation Rate - The inflation rate is the rate applied to the value of the leave as at the balance date to approximate the value of the liability when the leave is due in subsequent years. For example, an employee with between 4 and 5 years service has at least 5 years before eligibility. Therefore assuming inflation of 4%, the inflation factor would be $1.04 \times 1.04 \times 1.04 \times 1.04 = 1.2167$

Discount rate - The applicable Australian Accounting Standard (AASB 119) requires a discount factor based on government bond rates with terms to maturity that match the term of the long service leave. For example, if the applicable bond rate is 7% the discount rate for employees with 4 to 5 years service would be a maximum discount period of 6 years $1/(1.07 \times 1.07 \times 1.07 \times 1.07 \times 1.07) = 0.6664$

On Costs - As the case with annual leave, on-costs are added to the amount recognised to approximate the liability resulting from paying costs, such as workers compensation and superannuation, which are applicable when long service leave is paid.

Generally at balance date it is necessary to obtain or construct a schedule of long service leave as at the beginning and end of the reporting period. Calculate the variation in leave benefits and adjust any cash posting to reflect the liability as at the end of the reporting period. Then classify the amount payable into current/non-current, the current portion being that amount which the local government has an unconditional obligation to pay (i.e. normally terms of seven years and above).

Long Service Leave Calculation Example

The factors used in the following example are for illustrative purposes only and each local government should ensure the factors used in their own calculation are appropriate to them. For illustration purposes these have been assumed as an oncost of 13% an average discount factor of 7% and an average Inflation of 4%.

| Name | Years of Industry Service | Hours of LSL Owed | Daily Wages | Hourly Rate | Pro-rata Liability |
|--------------------------|---------------------------|-------------------|-------------|-------------|--------------------|
| Jones (Initial 10 Years) | 10 | 494 | \$300 | \$39.47 | \$19,498 |
| Jones (Second 10 Years) | 2 | 101 | \$300 | \$39.47 | \$3,986 |
| Smith | 8 | 400 | \$220 | \$28.95 | \$11,580 |
| Roberts | 5 | 255 | \$160 | \$21.05 | \$5,368 |
| Brown | 3 | 150 | \$120 | \$15.79 | \$2,369 |
| Green | 1 | 60 | \$100 | \$13.16 | \$790 |
| Black | 1 | 50 | \$100 | \$13.16 | \$658 |

Jones is entitled to a contribution of \$3,500 towards his LSL from a previous employer the Town of Falcon Bay.

| Years of Service | Initial Term Probability | Subsequent term Probability | Assume 4% Inflation | Assume 7% Discount |
|------------------|--------------------------|-----------------------------|---------------------|--------------------|
| 0 - 1 | 0.1 | 1.0 | 1.423 | 0.5439 |
| 1 - 2 | 0.15 | 1.0 | 1.369 | 0.5820 |
| 2 - 3 | 0.25 | 1.0 | 1.316 | 0.6227 |
| 3 - 4 | 0.4 | 1.0 | 1.265 | 0.6663 |
| 4 - 5 | 0.6 | 1.0 | 1.217 | 0.7130 |
| 5 - 6 | 0.8 | 1.0 | 1.170 | 0.7629 |
| 6 - 7 | 0.9 | 1.0 | 1.125 | 0.8163 |
| 7 - 8 | 1.0 | 1.0 | 1.082 | 0.8734 |
| 8 - 9 | 1.0 | 1.0 | 1.040 | 0.9346 |
| 9 - 10 | 1.0 | 1.0 | 1.000 | 1.0000 |

Calculation

| Year of Service | Pro-rata Liability | Probability | Inflation 4% | Discount 7% | Total Liability |
|--------------------------|--------------------|-------------|--------------|-------------|-----------------|
| 0-1 | \$0 | 0.10 | 1.423 | 0.5083 | \$0 |
| 1-2 | \$1,448 | 0.25 | 1.369 | 0.5439 | \$269 |
| 2-3 | \$0 | 0.25 | 1.316 | 0.5820 | \$0 |
| 3-4 | \$2,369 | 0.40 | 1.265 | 0.6227 | \$747 |
| 4-5 | \$0 | 0.60 | 1.217 | 0.6663 | \$0 |
| 5-6 | \$5,368 | 0.80 | 1.170 | 0.7130 | \$3,582 |
| 6-7 | \$0 | 0.90 | 1.125 | 0.7629 | \$0 |
| 7-8 | \$0 | 1.00 | 1.082 | 0.8163 | \$0 |
| 8-9 | \$11,580 | 1.00 | 1.040 | 0.9346 | \$11,255 |
| 9-10 | \$19,498 | 1.00 | 1.000 | 1.0000 | \$19,498 |
| | | | | | \$35,351 |
| Subsequent Period | | | | | |
| 1-2 | \$3,986 | 1.00 | 1.369 | 0.5439 | \$2,968 |
| | | | | | \$2,968 |

| | |
|---|-------------------------------|
| Total liability before on costs | <u>\$38,319</u> |
| On Costs (assume 13%) | <u>\$4,981</u> |
| Total due to/from other Local Governments | <u>(\$3,500)</u> |
| Total Liability for LSL | <u><u>\$39,800</u></u> |

Loans Receivable

Loan receivables are either money which the local government has loaned to other entities such as sporting groups, and/or money due to repay self supporting loans which the local government has raised on behalf of others.

At balance day obtain or construct a schedule of all loan repayments due to the local government, split into current and non-current portions.

The following are examples of the common transactions relating to loans receivable:

Interest Free Loans Example

The Eagle Bay Bowling Club has purchased a new mower for \$15,000. They funded the purchase by borrowing interest free from the local government. They propose to pay back \$5,000 each year for three years. Therefore, \$5,000 will represent the current portion of the loan receivable (a current asset) and \$10,000 will be the non-current portion (non-current asset).

The journal to bring this receivable to account at the time the money is paid to the Bowling Club is as follows:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| Dr Loans Receivable (Current Asset) | 5,000 | |
| Dr Loans Receivable (Non-Current Asset) | 10,000 | |
| Cr Cash at Bank Municipal Fund (Current Asset) | | 15,000 |

When the Bowling Club pays the first \$5,000, the transaction will be:

| | DR | CR |
|-------------------------------------|-----------|-----------|
| | \$ | \$ |
| Dr Cash at Bank Municipal Fund | 5,000 | |
| Cr Loans Receivable (Current Asset) | | 5,000 |

On balance day the current/non-current portions are adjusted to reflect the circumstance for the next 12 months as follows:

| | DR | CR |
|---|-----------|-----------|
| | \$ | \$ |
| Dr Loans Receivable (Current Asset) | 5,000 | |
| Cr Loans Receivable (Non Current Asset) | | 5,000 |

Self Supporting Loans

The Eagle Bay Bowling Club seeks to purchase a mower and the local government is funding the purchase by raising a loan for the \$15,000 (which the Bowling Club has agreed to repay under the same terms as the interest free loan example above) with repayment at the same frequency as the local government makes the loan repayments. This arrangement is referred to as a self supporting loan.

When the loan funds are received, a liability is recorded:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| Dr Cash at Bank Municipal Fund (Current Asset) | 15,000 | |
| Cr Loan Liability (Current Liabilities) | | 5,000 |
| Cr Loan Liability (Non-Current Liabilities) | | 10,000 |

As the local government repays the loan, the transaction will be:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| Dr Loan Liability (Current Liabilities) | 5,000 | |
| Cr Cash at Bank Municipal Fund (Current Asset) | | 5,000 |

On the same basis as the previous example, on balance day the current/non-current portions are adjusted to reflect the circumstance for the next 12 months as follows:

| | DR | CR |
|---|-----------|-----------|
| | \$ | \$ |
| Dr Loan Liability (Non-Current Liabilities) | 5,000 | |
| Cr Loan Liability (Current Liabilities) | | 5,000 |

Loans Payable

At balance date obtain or construct a reconciliation of loan principal and interest. Reconcile the change in the outstanding principal to any subsidiary registers and or suspense accounts. Resolve any discrepancies.

Obtain details of the outstanding principal at the end of the next reporting period to construct a current and non-current split of the liability.

□ 5.3.6 Timely Data Processing

The timely presentation of accounting information to the user is one of the principal qualitative characteristics of an effective information system. The others being relevancy, reliability, materiality, comparability and understandability.

An excessive delay in the timeliness of production of accounting information and financial reports reduces its relevance and therefore the value to decision making.

Legislative Timelines

There are a number of legislative requirements surrounding the timely preparation of accounting information for presentation to the Council. The major deadlines are set out below:

| REF | ACTION | TIMELINE | DETAILS |
|-----------------|--|--|--|
| LG A s.6.2(1) | Local government to adopt Annual Budget | Between 1 June & 31 Aug | Or such extended time as the Minister allows (delegated to Director General) |
| FM R r.33 | Local government to submit copy of Annual Budget to Departmental CEO | 30 days | Following adoption of Annual Budget |
| | Last day to submit Annual Budget to Departmental CEO | 30 Sept | Unless Minister has extended time to adopt |
| LG A s.6.4(3) | Local government to submit to its Auditor the Accounts and Annual Financial Report for the preceding financial year | 30 Sep | Or such extended time as the Minister allows (delegated to Director General) |
| LG A s.7.9(1) | Auditor to examine accounts and Annual Financial Report and prepare Audit Report | By 31 Dec | Or such later date as may be prescribed – no date prescribed |
| Audit R r.10(1) | Auditor to forward copy of Audit Report to Minister (and Mayor/President and CEO) | Within 30 days | Following completion of audit |
| FM R r.51 | Local government is to submit a copy of the Annual Financial Report to the Departmental CEO | Within 30 days | Following receipt of Auditor's Report |
| LG A s.5.54(1) | Local government to accept Annual Report | By 31 Dec Or Within | Which is to include the Annual Financial Report and Auditor's Report |

| REF | ACTION | TIMELINE | DETAILS |
|------------------------------|--|--|--|
| LG A s.5.54(2) | | 2 months | After Auditor's Report becomes available if not available in time for it to be accepted by 31 December |
| FM R r.33A(1) and (2A) | Local government (officers) to carry out a Review of its Annual Budget | Between 1 Jan & 31 Mar | Covering period 1 July and ending no earlier than 31 December |
| FM R r.33A(2) & (3) | Budget Review to be submitted to Council | Within 30 days (30 April at latest) | After Review completed by officers the Council to consider whether to adopt all, part or not adopt |
| FM R r.33A(4) | A copy of the Review is to be provided to the Department | Within 30 days (30 May at latest) | After Council has made a determination on the Review |

To assist accounting staff prepare information and reports to management and Council in time way policies and procedures should be created to establish expectations and processing deadlines and the frequency of undertaking processes and controls. Depending on the accounting application software this documentation should also consider the rollover of the various accounting modules in the required sequence.

Processing timelines – Local Government

The following table contains a number of common data processing tasks (not exhaustive) that most local governments will undertake as part of maintaining an accounting system. Each task has been allocated a recommend minimum frequency of process as denoted (●) under the relevant time column.

This recommended timing should be considered as a guide only and greater frequency of processes may be required to ensure tasks are undertaken on a timely basis relevant to the size and complexity of the organisation and the materiality of the event.

| Accounting Process | Daily | Weekly | Monthly | Quarterly | Yearly |
|---|-------|--------|---------|-----------|--------|
| Assets - Cash | | | | | |
| Receipting of cash and cheques | • | | | | |
| Banking of cheques and cash | • | | | | |
| Bank reconciliation – all bank accounts | | | • | | |
| Reconciliation of petty cash on hand to petty cash float | | | | • | |
| Assets - Fixed | | | | | |
| Depreciation processing | | | • | | |
| Accrued interest on borrowings | | | | | • |
| Interest receivable on investments | | | | | • |
| Profit or loss on disposal of fixed asset | | | • | | |
| Assessment of applicable asset impairment. | | | | | • |
| Assessment of remaining useful life and depreciation rates | | | | | • |
| Asset Revaluation | | | | | • |
| Assets - Other | | | | | |
| Accounts receivable reconciliation to general ledger control account. | | | • | | |
| Stock reconciliation to Physical stock. | | | • | | |
| Recognition of prepayments. | | | | | • |
| Interim rate processing. | | | • | | |
| Production of debtor statements and follow-up action. | | | • | | |
| Liabilities and Provisions | | | | | |
| Employee entitlements reconciliation and recognition - Annual leave, long service leave and other entitlements owing. | | | | • | |
| Accounts payable reconciliation to general ledger control account. | | | • | | |
| Reconciliation of supplier statement to outstanding invoices | | | • | | |

Timing of basic Internal Controls

In support of timely data processing, basic controls should be undertaken on a regular basis to ensure the accuracy of the accounting information.

The following table contains a number of basic controls that should be undertaken by most local governments as part of a general system of internal controls. Again, each task is applied a recommended minimum frequency denoted with a (●) under the relevant timing.

As previously outlined, this recommended timing should be considered a guide only and greater frequency of the application of these controls may be required to ensure tasks are undertaken relevant to the size and complexity of the organisation and the materiality of the event. For more information on internal controls please refer to Section 7 of the Manual.

| Basic Controls | Daily | Weekly | Monthly | Quarterly |
|---|-------|--------|---------|-----------|
| Review of bank deposits to relevant cash receipts. | ● | | | |
| Review trail balance and account balances for incorrect postings. | | | ● | |
| Review of budget to actual balances. | | ● | | |
| Review the level of under or over allocations to works and services. Public Works overheads, Plant operation costs. | | | ● | |
| Review the level of under or over allocations to output service programs for Administration and Staff Housing. | | | ● | |
| Review unspent grants and contributions. | | | | ● |
| Review recoups from reserve accounts. | | | | ● |
| Review reconciliation of the valuation register. | | | | ● |
| Review payroll liability accounts | | | ● | |
| Review pay rates | | | ● | |
| Cancellation of paid invoices | | | ● | |

□ 5.3.7 Fringe Benefits Tax (FBT)

FBT is a tax imposed on an employer as a result of providing benefits to their employees (or their associates) (section 136 (1) of the FBTAA). The term “associate” is broadly defined as:

- The employee’s spouse;
- A relative (e.g. a child, parent, grandparent, sibling, an uncle/aunt etc) of the employee, (including the relative’s spouse); or
- A partnership in which the employee is a partner (including the other partners), a trust in which the employee is a beneficiary (or potential beneficiary), and a company controlled by the employee.

Benefits provided to future, current and former employees are all captured by the FBT legislation.

For a subscription, the WA Local Government Association (WALGA) offers members access to the WALGA Tax Service provided through a preferred supplier. This service offers indirect tax advice (including FBT and GST) and specialised training courses.

The Australian Taxation Office (ATO) also provides information via their website www.ato.gov.au and local governments may download an FBT guide by searching the ATO legal database for the title ‘Fringe benefits tax - a guide for employers’

(a) FBT year

The FBT year runs from 1 April to 31 March.

FBT is self-assessed and an FBT return must be lodged with the ATO by 21 May each year. Where the local government is on a tax agent’s lodgement program, the lodgement date is 28 May.

If FBT has not previously been paid or was less than \$3,000 in the previous year, any FBT due for the current year is payable at the time of lodging the annual FBT return.

(b) Penalty for late Lodgement

A local government may incur an administrative penalty if it fails to lodge an FBT return by the specified time. This penalty will be in addition to any general interest charge that may apply if the tax is not paid by the due date. The ATO may grant an extension of time for lodgement upon application.

Errors in a Return

If a local government identifies an error or incorrect treatment of FBT in a previous return it is required to make a written request to the ATO for an amended assessment.

(c) Rate of FBT

FBT is currently applied at a flat rate of 46.5% which is payable on the 'grossed up' taxable value of fringe benefits provided. Grossed up taxable value is the value of the benefit increased to a level that achieves a pre-tax equivalent.

The taxable value of a benefit may be reduced if the benefit is:

- Exempt;
- Concessional;
- Offset by an employee contributions; or
- The benefit would have been otherwise deductible to the employee.

(d) FBT quarterly instalments may be payable

A local government is required to pay its FBT liability in instalments if the previous year's FBT liability was more than \$3,000. The instalments are included on each quarter's Business Activity Statement with a final amount payable, if necessary, with the lodgement of the annual FBT return.

(e) Accounting for FBT

FBT is recognised as an expense at the time of payment of the annual or quarterly FBT instalment. In practice the quarterly FBT instalment amounts are usually expensed by posting a journal which allocates the three quarterly payments across the relevant general ledger accounts in proportion to the annual FBT budget.

On finalisation of the FBT return the annual FBT expense may be determined with certainty. This allows an adjusting journal to be generated that will increase or decrease the effect of the three previous journals and result in the correct annual expense in each FBT expense account.

(f) Data collection systems

Local governments should develop effective data collection systems to identify and record employee benefits that may be subject to FBT. There are a number of possible employee benefits but the common benefits which should be the focus of a data collection system are:

- Entertainment and meal benefits;
- Private use of motor vehicles and commercial vehicles;
- Work related items such as notebook computers;
- Mobile Phones;
- Housing and related benefits; and
- Parking

(g) Salary Sacrifice Arrangements

The FBTA contains several benefits that are exempt from FBT or treated at a concessional rate resulting in a reduced or nil tax liability to the employer. As a consequence the provision of these benefits is attractive to salary sacrifice. Salary sacrifice is an arrangement between the employee and employer where the employee forgoes pre-tax salary in exchange for the employer providing a benefit.

It is important to recognise FBT is a tax on the employer in relation to benefits provided to employees (or associates). The ATO will hold the employer responsible for any tax liability in any dispute over eligibility regarding an exemption or concession regardless of any salary sacrifice arrangements with the employee. For this reason it is essential a local government is fully satisfied the exemption or concession is valid and enters into an agreement with the employee that adequately documents the salary sacrifice arrangements and protects the local government from any unexpected future tax liability.

(h) General Record Keeping

There is a requirement for records to be maintained in English and kept for five years from the date they were prepared and to be in a form an ATO inspector can access and understand.

The following is a modified extract from the ATO online FBT guide titled 'Fringe benefits tax - a guide for employers' which summarises the record keeping requirements:

It is a requirement to keep records that show the following:

- 1. The taxable value of each fringe benefit provided to each employee (the value before it is grossed up). Some examples of records may need to keep are invoices, receipts, travel diaries, log books, odometer records and employee declarations;*
- 2. The method of allocating the taxable value of a fringe benefit provided to two or more employees. This may include any reasonable agreement between an employer and an employee regarding the apportionment of fringe benefits;*
- 3. That 100% of the taxable value of the benefits has been allocated to employees. The taxable value of excluded benefits (such as remote area housing assistance) doesn't need to be allocated to individual employees.*

Examples of these records are:

- All documents required to obtain from employees, such as declarations, invoices and/or receipts, bills of sale, lease documents, travel diaries, copies of log books, and odometer records;*

- *Where the benefit is a car fringe benefit valued under the operating cost method, fleet management records, log book records and odometer records;*
- *For some concessions and exemptions, obtain 'documentary evidence' of expenditure by an employee. Broadly, it is a requirement to obtain the original invoice and/or receipt from the employee. This must show the date of the receipt or invoice, the date of the expense, the name of the supplier, what was bought and the amount paid; and*
- *Elections and declarations must be obtained from employee no later than the day on which your FBT return is due to be lodged with the ATO.*

□ 5.3.8 Goods and Services Tax (GST)

Local governments are required to comply with the provisions of *A New Tax System (Goods and Services Tax) Act 1999 (GST Act)* which generally applies GST to eligible income and expenses at a rate of 10%.

GST collected or paid on business transactions is offset at regular intervals and the balance is remitted to, or claimed from, the ATO via the submission of a Business Activity Statement (BAS).

GST is not charged on all transactions and many local government fees and charges do not attract GST. Up to 1st July 2011, the exemptions applicable to Local Government were applied by the operation of Division 81 of the GST Act and the issue of a Treasurers determination.

As from 1st July 2011, the Treasurers determination was replaced by principle based legislation for determining exemptions. The new legislation is subject to a phase-in over 12 months with full effect from 1st July 2012.

A local government can lodge their BAS online using the ATO's Business Portal, alternatively, it can be lodged by mail. If lodging the BAS by mail it is important to retain a photocopy of the original.

Generally if a mistake is discovered on an earlier BAS, a correction can be made on a subsequent BAS subject to the following limits:

- A correction on the subsequent BAS can only be made if its net effect (that is the total GST effect of all the errors) is less than \$5,000; and
- An amended BAS can only be lodged for up to 18 months previous (18 monthly activity statements, 6 quarterly activity statements or 1 annual GST return).

(a) Accounting for GST

The GST imbedded in any GST inclusive amount can be determined by the application of a calculation dividing the inclusive amount by 11, as shown in the following example:

Example: Calculation of GST Component

| GST Inclusive Amount | Formula | GST Component |
|-----------------------------|----------------|----------------------|
| \$110.00 | $\$110.00/11$ | \$10.00 |

There are two ways to account for GST;

- Accrual and
- Cash

Accrual principles apply when transactions are included in the BAS whether paid or not.

Cash principles apply when transactions are included in the BAS when received or paid. The local government must have physically transacted in cash for the transaction to be included.

It is important to remember GST does not form part of a local governments available funds as it is not considered local government money. The local government is holding it for ATO until lodgement of the BAS therefore it is not recognised as revenue or expenditure.

Most local governments use the accruals basis to account for GST. As outlined above under the accrual basis GST should be recorded in the account system and posted to the general ledger when supplier and customer invoices or cash receipts and payments are made. Generally when a supplier's invoice or cash payment is entered into the accounting system, the total amount is allocated between the expenditure account (GST exclusive amount) and the balance sheet (GST component).

If the local government is not entitled to claim GST credits, the transaction is GST free or input taxed the gross amount will be allocated to an expenditure account. The principle of separating the GST component to an account in the balance sheet is the same for generating customer invoices and cash receipts.

Most accounting systems enable a set-up of tax codes for BAS reporting. Local governments must ensure the appropriate tax code is applied when recording the transaction taking into consideration the following situations:

- GST on taxable supplies
- GST free supplies
- GST on capital purchases
- GST on non-capital purchases
- GST free purchases
- Input taxed supplies
- GST out of scope (transactions not in the GST Act)

Example GST Revenue transaction

A local government sells a soft drink from the Leisure Centre kiosk for \$2.50 plus GST of 10% (\$0.25). When recording this transaction \$2.50 is credited to the counter sales account in the recreation and culture reporting program and \$0.25 is credited to the GST liability account in the balance sheet with the offset of \$2.75 debited to the bank account as follows:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| Dr Cash at Bank (Statement of Financial Position) | \$2.75 | |
| Cr Counter Sales (Recreation and Culture) | | \$2.50 |
| Cr GST Liability Account (Statement of Financial Position) | | \$0.25 |

The \$0.25 credited to the GST liability account will be remitted to the ATO (if not offset by GST credits).

Example GST on Expenses

A local government buys truck tyres for \$10,000 plus GST of 10% (\$1,000). When recording this transaction \$10,000 is debited to the Tyres expense account as a plant operating costs, \$1,000 is debited to the GST liability account and \$11,000 is credited to the bank account (or accounts payable account if the invoice is to be paid later) as follows:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| Dr Tyres Account (Other Property and Services) | \$10,000 | |
| Dr GST Liability Account (Statement of Financial Position) | \$1,000 | |
| Cr Cash at Bank (Statement of Financial Position) | | \$11,000 |

The local government would be entitled to claim a credit for the \$1,000 paid in GST (provided it holds a valid tax invoice).

Generic GST reconciliation process

To reconcile the GST liability account, undertake the following process:

Print a GST reconciliation report for the month end showing the total GST collected and GST paid to form a GST net position.

The net GST position should match the GST liability account. If it does not, the imbalance may be due one of the following circumstances:

- GST refundable or payable for a prior BAS period;
- Changes were made to the prior periods transactions subsequent to the preparation and lodgement of the BAS; or
- A transaction has been processed against the GST liability account which is not reflected in the GST reconciliation report.

Before preparing the BAS, print a GST report which details the transactions, GST codes and amounts and review the transactions to ensure that they have been correctly coded.

5.3.9 Emergency Services Levy (ESL)

Local governments are required to collect and administer the Emergency Services Levy (ESL) on behalf of the Fire and Emergency Services Authority of Western Australia (FESA).

Local governments collect the ESL by including an amount on the local government's rates notices. A separate line on the rate notice is required to be clearly marked "Emergency Services Levy".

FESA identify the purpose of ESL as funding responses to building and bush fires, road crash rescue, hazardous and toxic material spills, storms, cyclones, floods, earthquakes and tsunamis, searches for missing persons, and cliff and cave rescues. Specifically, the levy funds the following activities:

- Career Fire and Rescue Service;
- Volunteer Fire and Rescue Service;
- Local government bush fire brigades;
- Volunteer State Emergency Service (SES) units;
- Volunteer Emergency Service Units (combined units that undertake both a fire fighting and SES role);
- Volunteer Fire Service Brigades (performing both a Fire and Rescue Service and a Bush Fire Brigade role);
- Operating costs covered by the levy include running and maintenance of vehicles and facilities, personal protective equipment, operational equipment and consumables. The levy also funds training of volunteers, fire investigations, building inspections, community safety programs, emergency management planning and FESA's administration costs; and
- Capital equipment purchases include fire fighting appliances, vehicles, road rescue trailers, flood boats and buildings.

Collection and administration of the ESL is carried out in accordance with the requirements of Part 6A of the *Fire and Emergency Services Authority of Western Australia Act 1998 and Regulations*. Copies of this legislation are available from State Law Publishing.

FESA also provide a *manual of operating procedures* which can be download from their website.

Charging the ESL

Prior to producing the annual rate notices a local governments should ensure:

- ESL rating charges are current and correct for each property;
- Non-rateable properties do not incur an ESL charge; and
- ESL charges are not raised on properties owned by the local government.

Local Government property is subject to the ESL however billing is achieved through a different mechanism than inclusion on a rate notice. FESA separately invoice a local government annually based on the number of properties recorded as under ownership. It is the responsibility of the local government to ensure FESA is made aware of the location and correct number of these properties.

Local governments must ensure ESL charges are raised in accordance with the category schedules released by FESA each financial year. In addition, seniors and pensioners are eligible for a capping on the ESL which is released annually. As these amounts may change local governments are

reminded to ensure their records and charge rates are current prior to undertaking any budget modelling and producing the rate notices.

Penalty interest (currently 11%) is chargeable on outstanding ESL amounts and may also be subject to annual adjustment. The ESL penalty rate may be different to the penalty interest charged on local government rates which, if applied, is set annually by a Council resolution when adopting the budget, with in prescribed limits.

ESL charges may be paid by the property owner by instalments on a similar basis to local government rates.

Payment

A property owner may pay the ESL at the same time as local government rates by utilising any method of payment accepted by the local government. Any rates instalment plans offered to the property owner are applicable to ESL at no additional charge.

If a property owner fails to pay the required full or part payment of ESL by the date specified on the rates notice, then late payment interest of 11% per annum will be charged.

ESL category boundaries

There are five ESL rate categories that apply, depending on the type and level of fire and emergency services available to a property. The ESL category boundaries in broad terms are as follows:

| ESL category | Emergency services available | Location |
|----------------------------------|--|--|
| ESL category 1 GRV X ESL rate | A network of metropolitan career Fire and Rescue Service stations and the SES. | Perth metropolitan area. |
| ESL category 2 GRV x ESL rate | A career station plus volunteer Fire and Rescue Service brigade and the SES. | City centres of Albany, Bunbury, Greater Geraldton, Kalgoorlie-Boulder and Mandurah. |
| ESL category 3 GRV x ESL Rate | Volunteer Fire and Rescue Service brigade with the availability of a network of career fire stations <u>OR</u> bush fire brigade with the availability of a network of career fire stations <u>AND</u> the state-wide SES network. | The periphery of the metropolitan area. |

| ESL category | Emergency services available | Location |
|----------------------------------|--|-------------------------------|
| ESL category 4 GRV x ESL rate | Volunteer Fire and Rescue Service brigade <u>OR</u> a Volunteer Emergency Service unit with breathing apparatus <u>OR</u> a bush fire brigade with breathing apparatus <u>AND</u> the state-wide SES network. | 90 regional town sites. |
| ESL category 5 Fixed Charge | The state-wide SES network and generally a bush fire brigade. | All other areas of the State. |

Source: FESA website:

www.fesa.wa.gov.au/emergencyserviceslevy/pages/categoriesratesboundaries.aspx

Special conditions apply setting a maximum charge for multiple residential dwellings on a single rates notice. Additional information can be obtained from the FESA manual of operating procedures. Minimum and maximum charges are set for each ESL category based on property usage.

Pensioners who are eligible to defer their local government rates may also defer the ESL charge. Pensioners and seniors who receive a rebate on their local government rates will receive the same level of rebate on the ESL charge. The two rebates are combined and printed on the rates notice as one amount.

ESL and Mining Tenements

The ESL does not apply to mining exploration and prospecting licences. FESA has established a policy that the ESL will only be charged on tenements that are involved in mining operations and/or which may involve future operational land use.

Specifically the ESL will be applied to:

- Mining and Mineral Leases (including coal and gold mining)
- General Purposes Leases
- Tailings Leases
- Petroleum Production Licences.

However, it is excluded from all other tenements defined as licences or permits including:

- Exploration Licences
- Prospecting Licences
- Miscellaneous Licences
- Petroleum Exploration Permits
- Retention Licences.

Objections

A property owner may object to the category classification applied to their property. There is currently no prescribed lodgement fee for an objection but it must:

- Be in writing (there is no required form);
- Clearly identify the subject land;
- Set out fully and in detail the grounds of the objection, including, in the opinion of the Person making the objection, what the land is used for; and
- Be served on the Minister within 60 days after the date the assessment notice was served (although the Minister may on request extend the time limit).

Objections can be mailed to:

Minister for Emergency Services

“ESL Property Use Objection”

20th Floor, 197 St George’s Terrace

PERTH WA 6000

The Minister will provide a written notice of the determination and the reason for that decision. While an objection or appeal is being determined, the property owner is still liable to pay the original levy charge. Late payment interest penalties will apply. If the objection is successful, any overpayment should be refunded.

A property owner who is dissatisfied with the Minister’s objection determination may lodge an appeal. A secondary objection must be lodged within 60 days of the date of the notice of the Minister’s determination.

An appeal must be lodged with the Minister, who will then refer it to the Land Valuation Tribunal (under the Land Valuations Tribunals Act 1978) and an Appeal Hearing will be scheduled. There is no lodgement fee for an Appeal.

ESL Remittance Options

All funds collected as ESL funds are required to be forwarded directly to FESA in accordance with the two remittance options, Option A or B.

Under **Option A** the local government reports to FESA monthly on a cash basis the amount of ESL and interest received. This amount is paid accompanied by a completed Form B.

A Form B (ESL Remittance Advice Report) must be submitted with the monthly payment even if the amount received for the period is nil. Please refer to the FESA Manual of Operating Procedures for more details concerning the completion of a Form B.

Under **Option B** a local government may elect to pay FESA 100% of the ESL billed on the rate notice and assume responsibility for the collection of any unpaid ESL. The local government will retain any penalty interest and pensioner or seniors concession received from the Office of State Revenue.

If a local government has not made arrangements with FESA to operate under Option B they automatically operate under Option A. Regardless of the Option a local government advises FESA of the total of ESL raised annually by lodging a Form A (Declaration of ESL Billing Report) within 14 days of the annual issue of rates notice.

Accounting for the ESL

GST and stamp duty are not charged on the ESL.

The accounting treatment in respect of the ESL follows the principle of the local government acting as an agent for the collection of the funds on behalf of FESA.

When the annual rates are issues, the amount of charges raised (equal to Form A) are accounted for as follows:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| Dr ESL Debtors (Statement of Financial Position) | \$XXX | |
| Cr ESL Liability Account (Statement of Financial Position) | | \$XXX |

Payments to FESA clear the ESL liability account as they occur as follows:

| | DR | CR |
|--|-----------|-----------|
| | \$ | \$ |
| Dr ESL Liability Account (Statement of Financial Position) | \$XXX | |
| Cr Cash/Creditors (Statement of Financial Position) | | \$XXX |

The general agency principle is relevant to both Option A and B. FESA advise the ESL collections may be deposited into the Municipal account.

Under **Option A** any ESL penalty interest received is due to FESA on an 'as collected' basis and would be held in as a liability.

For **Option B** the penalty interest generated would be considered operating revenue with any write off of ESL owing being an operating expense.

Under **Option A** the ESL interest penalty charges are posted each month using a similar journal to the one raising the charges and the amount collected from the ESL and any penalty interest is remitted to FESA along with a completed Form B. The ESL liability account balance should be the amount of ESL debtors less any outstanding Form B remittances. It is important to undertake a reconciliation regularly to ensure correct postings have occurred and all remittances have been made.

For local governments using **Option B** each quarter, a percentage of the annual charges are remitted to FESA in accordance with the relevant agreement, generally 30%, 30%, 30% and 10% plus any adjustments which occurs during the year.

The balance of the ESL liability is not reconciled to the outstanding ESL debtors, but should equal the annual charges less the quarterly payments made in the current year, or alternatively, the balance should equal the remaining quarterly payments.

The following is a summary of the various forms applicable to reporting the ESL to FESA:

Form A

Declaration of ESL Billing - To be completed within 14 days of rates issue.

Form B

ESL Remittance Advice Report - Option A local governments to complete monthly by the 21st day of the following month to support ESL remittances.

Form C

ESL end of year reconciliation report - Option A local governments to complete by 31st July annually.

Annexure A

End of Year ESL Adjustment Declaration Report - All local governments to complete by 31st July annually.

ESL Write Off Application Form

Local governments to complete for all proposed write offs.

□ 5.3.10 Reconciliations

Reconciling accounting records is a very important internal control mechanism and essential for ensuring information presented in financial reports is reliable and is representative of the underlying transactions. It provides evidence that balances are both reliable and complete.

For further information on the associated internal controls please refer to section 7 of this manual.

The principal reconciliations processes and their associated controls are outlined below

Cash at Bank

Conducting a regular reconciliation of the transactions recorded in the local government's general ledger cash accounts to the transaction recorded at the bank ensures the general ledger is complete and reflects all relevant transactions.

The number of direct bank transactions (EFTPOS, Internet Banking, Bpay, Credit Cards etc) gives greater significance to this fundamental reconciliation task. It is important a reconciliation is undertaken for all bank accounts held by the local government at least monthly with increased frequency, such as daily, becoming more popular to ensure all transactions are captured in a timely manner. All cash balances, be they Municipal, Reserve, Trust or Investment should be reconciled at least monthly, even if there are no transactions. This helps to ensure that when there are transactions, the accounts are properly reconciled.

The objective of bank reconciliation is to represent in the general ledger (as close as possible) any transactions that occurred at the local government's bank at a particular date. This requires an analysis of the transactions listed on the bank statement and an elimination of any differences by adding transactions not yet recorded in the general ledger.

Once access to the bank statements is achieved the reconciliation process involves a comparison with the funds to the general ledger balances. If the amounts do not equal, it will mean either the bank statement contains entries the general ledger does not or vice versa. Once the missing entries have been identified, the appropriate adjustments can be processed.

There are a number of generic steps for completing bank reconciliations as follows:

General steps for completing a bank reconciliation

| Process | Comments |
|--|---|
| <p>1. Cross check outstanding items from previous month's bank reconciliation statement with current bank statements.</p> <p>The goal is to determine if there are any items recorded as outstanding in the previous month that have been presented in the current bank statements.</p> | <p>Bank Reconciliation - Previous month</p> <p>Check and mark previous month outstanding deposits or EFT with the current bank statements.</p> <p>Check and mark previous month outstanding cheques or EFT with the current bank statements.</p> |
| <p>2. Cross check the current cash transaction with current bank statements.</p> <p>The goal is to identify any current month transactions not occurring on the current bank statements.</p> | <p>Cash Transactions – Current month</p> <p>Check and mark current month deposits or EFT against the current bank statement.</p> <p>Check and mark current month cheques or EFT against the current bank statement.</p> |
| <p>3. Identify and mark the outstanding transactions and enter construct the current bank reconciliation.</p> | <p>Bank Reconciliation</p> <p>Transfer the closing balance from the bank statement to the current reconciliation.</p> <p>Identify the deposits present in the ledger but not in the current bank statement (O/S deposits).</p> <p>Identify the payments recorded in the ledger but not present in the current bank statement (O/S cheques/EFT's)</p> |
| <p>4. Ascertain if the reconciliation is complete.</p> | <p>Ensure that the closing bank reconciliation statement total equals to the closing cash book balance. If totals do not equal then repeat steps 1, or 3 as required.</p> |

Another important housekeeping matter is the review and correction of stale cheques.

Generally, once cheques are older than 15 months they will not be honoured by the bank on presentation.

The circumstances surrounding a stale cheque should be investigated with the likely outcome being a decision to either:

- Reverse the initial transaction and re-issue the cheque; or
- Cancel the cheque and reverse the transaction.

If the cheque requires cancellation the initiating transaction should be reversed in the general ledger (and any subsidiary ledgers as required).

If a new cheque is to be issued as a replacement the new cheque number replaced the old cheque number in the reconciliation list and the old cheque number is recorded as cancelled.

Accounts Receivable

Accounts Receivable incorporates rates debtors, general sundry debtors and all other monies due to the local government.

Reconciling accounts receivable balances generally involves evidencing the balance of the general ledger asset control account(s) are supported by details of external parties and their individual amounts owed to the local government.

Practically, the process involves obtaining a printout from the debtor's subsidiary ledger or rate book and matching the total of the listing owing to the general ledger control account as shown in the trial balance. If there is a discrepancy it will be necessary to investigate and identify or rectify the difference.

The most common balancing error is caused by a direct general journal to the control account without processing the entry through the sundry debtors register or rate ledger. As a control, once the reconciliation is complete it should be reviewed by a senior officer who applies a date and signature as evidence of their review and this should be retained as a record.

It is important to reconcile the subsidiary ledgers to the general ledger control account on a regular basis (at least monthly) so errors can be identified in a timely manner. Another common error is the receipt of money as a cash receipt when it is actually to be applied as payment of a previously raised debtors invoice. This results in a double recognition of revenue however the error is easily identified by forwarding debtors statements and following up on outstanding debtors.

The following is a list of generic processes to consider at the end of a balance period.

Generic Periodic Balancing Checklist – Accounts Receivable

| Ref | Suggested Process | ✓ |
|-----|---|-----------------------|
| 1 | Raise invoices for money owed to the local government and not yet billed; | <input type="radio"/> |
| 2 | Run end of period transactions, such as interest on rates or interest on overdue amounts and post these to the general ledger; | <input type="radio"/> |
| 3 | Balance the general ledger control, account(s) to the subsidiary list of individual debtors and ensure this reconciliation is verified by a supervisor. | <input type="radio"/> |
| 4 | Review the aged debtor list and look for any debtors which have been owed for a long time. This could mean that when the money came in, it was receipted as a cash sale and not as a debtor payment; | <input type="radio"/> |
| 5 | If a long standing debtor remains unpaid, determine whether follow up action is required. This could include contacting the debtor directly or passing on to the local government's debt collection agency; | <input type="radio"/> |
| 6 | Investigate and remedy any negative items in the subsidiary register and match any unallocated amounts; and | <input type="radio"/> |
| 7 | Undertaken any end of period rollover procedure as required. | <input type="radio"/> |

Accounts Payable

The term accounts payable is interchangeable with the term sundry creditors and incorporates all other monies owed to the local government.

Similarly to accounts receivable the process of reconciling accounts payable requires documenting evidence that the balance of the general ledger asset control account(s) is supported by details of the value of money owing to external parties.

Reconciliation involves obtaining a printout from the creditor's subsidiary ledger and matching the total owing to the general ledger control accounts (as per the trial balance). If there is a discrepancy investigate and rectify the difference. Any difference is likely to be the result of a journal posted in the control account and not reflected in the subsidiary records.

It is important to reconcile the subsidiary ledgers to the general ledger control account on a regular basis (at least monthly) to ensure errors can be identified on a timely basis. As an internal control this reconciliation should be reviewed by a senior officer to verify the reconciliation and generate a record to be maintained on file.

A common error is a double input and payment of a suppliers invoice.

The following is a list of generic processes to consider at the end of a balance period.

Generic Periodic Checklist – Accounts Payable

| Ref | Suggested Process | ✓ |
|-----|--|-----------------------|
| 1 | Reconcile supplier statement to invoices for the end of the reporting period; | <input type="radio"/> |
| 2 | Ensure all suppliers' invoices with a date applicable to the accounting reporting period are entered into the system by the cut-off time; | <input type="radio"/> |
| 3 | Balance the general ledger control, account(s) to the subsidiary list of individual creditors and ensure this reconciliation is verified by a supervisor; | <input type="radio"/> |
| 4 | Review the aged creditors list and look for any creditors which have been owed money for a long time. This could mean that the goods have not been supplied in accordance with the purchase order; | <input type="radio"/> |
| 5 | Investigate any copies of purchase orders that have not been matched with invoices for a significant period. These purchase order may require cancellation; | <input type="radio"/> |
| 6 | Investigate and remedy any negative items in the subsidiary register; and | <input type="radio"/> |
| 7 | Undertake any end of period rollover procedure as required. | <input type="radio"/> |

Inventory

Inventory, also referred to as stock of materials, should be reconciled at least monthly to ensure the timely allocation of costs from the stock account to the expense and job accounts. It is also important to regularly check the physical quantity of inventory to ensure the accounting records accurately reflect the quantity on hand and any losses are identified. As a minimum a stock take should record:

- A description of the nature of the stock;
- The quantity (in units) of the stock on hand; and
- The location of the Stock

The frequency of a physical stock take should be reflective of the quantity of stock held, its location and the potential for loss or pilferage.

Once a stock take has been completed a dollar value must be assigned to the quantity of stock on hand. AASB 102 paragraph Aus9.1 requires not-for-profit entities such as local government to measure inventories held for distribution at cost adjusted when applicable for any loss of service potential.

After a physical check of the stock has been undertaken and a dollar value applied the responsible officer should certify the listing and have it countersigned by their supervisor. This certification should at least include the following:

- The date the stock take was carried out;
- That the stock take is complete; and
- The stock take quantities are accurate.

A summary end of period tasks for stock is presented below:

Generic Periodic Balancing Checklist – Stock of Materials

| Ref | Suggested Process | ✓ |
|-----|--|-----------------------|
| 1 | Obtain evidence of a certified physical stock take of stored items; | <input type="radio"/> |
| 2 | Attribute a value to the stored items. The value should reflect the requirements of the Australian Accounting Standards; | <input type="radio"/> |
| 3 | Reconcile this to the value of asset control account(s) in the general ledger and investigate any discrepancies; and | <input type="radio"/> |
| 4 | Make adjusting journal where necessary to ensure the asset control account(s) reflect the value of the stored items. This may involve postings corrective journals to increase or decrease expenditure accounts. | <input type="radio"/> |

5.4 Classification of Financial Transactions

□ 5.4.1 Operating or Capital in Nature

See *Section 9 – Asset Accounting*.

□ 5.4.2 Nature or Type Classifications

In establishing the nature or type classifications which a local government will use to best describe the information in its budgets and financial statements the requirements of both the legislation and the accounting standards need to be addressed.

AASB 101.99 requires a reporting entity to:

“Present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.”

According to AASB 101.105:

“The choice of classification between nature and function will depend on historical and industry factors and the nature of the entity. The entity should choose the classification that provides the most relevant and reliable information about its financial performance. ”

Classification of revenues and expenses according to their nature or type may be made to enable users to identify such matters as:

- a) the major financial characteristics of the local government's operations for the reporting period, for example the costs of services provided by employees, the interest expense, and the repairs and maintenance expense, for the reporting period;
- b) the variability of revenues and expenses; and
- c) the dependence of the local government on particular types of revenues, such as grants and rates, to enable it to provide goods and services to constituents.

Part 2 of Schedule 1 of the *Local Government (Financial Management) Regulations 1996* list a number of classifications required to be disclosed in budgets and financial statements when presenting financial reports by local governments in Western Australia. These are the minimum disclosures and

local governments may find it may be more informative if greater detail is provided.

For example, the revenue raised for rubbish collection fees may be substantial and worthy of further disclosure. If 'Other' becomes the most substantial classification there is likely to be a benefit to the user of knowing more detail.

FMR Schedule 1 Part 2 – Nature or Type Classifications

| Revenue / Income | Expenditure |
|---|--|
| <ul style="list-style-type: none"> • Rates • Operating Grants, Subsidies and Contributions • Non- Operating Grants, Subsidies and Contributions • Profit on Asset Disposals • Fees and Charges • Service Charges • Interest Earnings • Other Revenue / Income | <ul style="list-style-type: none"> • Employee Costs • Materials and Contracts • Utility Charges (Electricity, Gas, Water, etc.) • Depreciation on Non-Current Assets • Loss on Asset Disposal • Interest Expenses • Insurance Expenses • Other Expenditure |

Description of Nature or Type Classifications

Revenue / Income

Rates

All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered.

Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

Operating Grants, Subsidies and Contributions

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

Non-Operating Grants, Subsidies and Contributions

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

Profit on Asset Disposals

Profit on the disposal of assets including gains on the disposal of long term investments.

Losses are disclosed under the expenditure classifications.

Fees and Charges

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

Service Charges

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Exclude rubbish removal charges.

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Other Revenue / Income

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

Description of Nature or Type Classifications (continued)

Expenditure

Employee Costs

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

Materials and Contracts

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

Utility Charges (Electricity, Gas, Water, etc.)

Expenditures made to the respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the reinstatement of roadworks on behalf of those agencies.

Depreciation on non-current assets

Depreciation expenses raised on all classes of assets.

Loss on asset disposal

Loss on the disposal of fixed assets.

Interest expenses

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

Insurance expenses

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

Other expenditure

Statutory fees, taxes, provision for bad debts, member's fees or levies including FESA levy and State taxes. Donations and subsidies made to community groups.

□ 5.4.3 Program Classifications (Function / Activity)

Regulation 14 of the FMR requires local governments in Western Australia to disclose operating revenue and expenses by program in the Income Statement and present nature or type classifications in the notes to the financial statements.

Schedule 1, Part 1 of the FMR provides a list of program titles used in classification of financial transactions, this schedule is reproduced under the heading '*Overview – Program Classifications*' below.

The following narrative provides guidance on allocation of financial transactions into the appropriate program titles. In classifying expenditures the first process is to identify the program which causes the outlays to be incurred. A number of outlays represent a program in their own right, for example, parking is a sub-program under Transport.

However, most parking outlays are in support of a sub-program or facility such as a recreation ground or a child minding centre. In these cases the outlays on parking are to be allocated to the program the facility supports.

Other expenditures of an administrative nature need to be allocated to the program using those services. It is important that allocations are made to identify the true cost of services and facilities and not as an accounting convenience.

Any clearing accounts such as those under 'Other Property and Services' must be allocated to programs to ensure true costs are recorded.

□ 5.4.4 Program Classifications (Overview)

| Overview – Program Classifications | |
|---|---|
| GOVERNANCE | Members of council Other governance |
| GENERAL PURPOSE FUNDING | Rates Other general purpose funding |
| LAW, ORDER, PUBLIC SAFETY | Fire prevention Animal control Other law, order & public safety |
| HEALTH | Maternal and infant health Preventive Services - immunisation Preventive Services - meat inspection Preventive Services - inspection/admin Preventive Services - pest control |

Overview – Program Classifications

| | |
|------------------------------------|---|
| | Preventive Services - other Other health |
| EDUCATION & WELFARE | Pre-schools Other education Care of families and children Aged and disabled - senior citizens centres Aged and disabled - meals on wheels Aged and disabled - other Other welfare |
| HOUSING | Staff housing Other housing |
| COMMUNITY AMENITIES | Sanitation - general Sanitation – other Sewerage Urban stormwater drainage Protection of environment Town Planning / Regional Development Other community amenities |
| RECREATION AND CULTURE | Public halls, civic centres Swimming areas and beaches Other recreation and sport Television and radio re-broadcasting Libraries Heritage Other culture |
| TRANSPORT | Streets, roads, bridges, depots Road plant purchases (not capitalised) Parking facilities Traffic control (Vehicle Licensing) Aerodromes Water transport facilities |
| ECONOMIC SERVICES | Rural services Tourism and area promotion Building control Saleyards and markets Plant nursery Economic development Public Utility Services Other economic services |
| OTHER PROPERTY AND SERVICES | Private works General administration overheads Public works overheads Plant operation Salaries and wages Business unit operations Unclassified Town planning schemes |

□ 5.4.5 Description of Program Classifications

Governance

Members of Council

Administration and operation of facilities and services to members of council. Includes fees, expenses and allowances paid to elected and committee members, election costs, insurance, subscriptions, conference expenses, council chamber expenses, members' entertainment, support staff (orderly, secretarial, receptionists etc.), printing, telephones, faxes, delivery expenses.

Also includes the allocation of administration expenses for the Chief Executive Officer and staff in preparation, administration and attendance at meetings and assisting elected members and other committees of Council.

Other Governance

Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services. Including civic receptions, refreshments (receptions), naturalisation (citizenship) ceremonies, polls, referendums, public relations (newsletters, sister city relationships etc.), Freedom of Information requests and preparation for State visits.

Research, development and preparation of policy documents, development of local laws, strategic planning, principal activity plans, annual budgets, annual financial reports, audit fees and the annual report.

The allocation of expenses made to this program, such as meetings, public relations or staff should not include those identified with specific programs or business units.

General Purpose Funding

Rates

Rates levied under Division 6 of Part 6 of the *Local Government Act 1995*. Revenue from a general rate, differential rates, minimum rates, interest and fees on instalment arrangements, interest on arrears, government subsidy for rates deferred by entitled pensioners, less discounts and/or concessions relating to rates levied.

Expenditures incurred in administration and maintaining rate records, rating valuations, servicing notices, postage, stationery, advertising, doubtful debt expense, debt collection, printing, indirect administration costs etc.

Specified area rates, service charges, sewerage rates and water rates are to be allocated to the service program for which the charge is being levied.

Other General Purpose Funding

Amounts receivable from the Western Australian Grants Commission and any other Government Grant of a general purpose nature and generally referred to as untied grants. The funds allocated by the Grants Commission and referred to as general purpose funding and local roads funding are considered untied grants. Grants for special projects from the Commission are considered tied grants and should be disclosed under the appropriate program i.e. Transport.

Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses on the Municipal Fund. Where overdraft arrangements are made for specific purposes the cost incurred with that purpose is to be allocated to the appropriate program.

Interest expenses on borrowing are to be allocated to the program for which purposes the loans were raised. Repayments of interest by community groups or self-supporting loans are to be treated as revenue in the corresponding program.

Law, Order, Public Safety

Fire Prevention

Administration and operations on fire prevention services, including volunteer fire brigades, FESA levy, outlays on roadside clearing operations (slashing, clearing, mowing verges, standpipes, insurance) and other protective burning. Revenues include the sale of local laws, maps, materials relating to fire prevention, fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks.

Animal Control

Administration, enforcement and operations relating to the control of animals. Include costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying dogs, cats, cattle and other livestock and impounding and destruction fees.

Other Law, Order and Public Safety

Administration, promotion, support and operation of services relating to public order and safety that cannot be assigned to one of the two preceding sub-programs.

Includes outlays on beach inspectors, life saving (including clubhouses) and beach patrols, contributions to State and Voluntary emergency services (civil defence, civil emergency, cyclone preparation, emergency services), the control of off-road vehicles, traffic control by rangers, enforcement of council local laws and impounding vehicles.

Where the cost of enforcement of Council local laws can not be assigned to a specific program those costs should be included under this program.

The removal of derelict/abandoned vehicles and dead animals are assigned to the Protection of the Environment.

Health

Maternal and Infant Health

Administration and operation of centres concerned with the provision of pre-natal and post-natal care and counselling to mothers and their children, including mother craft nursing services, pre-school dental clinics and infant health centres.

Preventive Services - Immunisation

Administration, implementation and operation of immunisation and inoculation programs. Includes contract services, donations, subsidies to programs and accommodation costs.

Preventive Services - Meat Inspection

Carrying out meat inspection services under the *Health Act 1911*.

Preventive Services - Health Administration and Inspection

Administration, inspection and operations of programs concerned with the general health of the community.

Includes the costs and revenues derived from the inspection of eating houses, alfresco dining, lodging and boarding houses, itinerant food vendors, stall holders, offensive trade etc.

Also includes providing the services of a Medical Officer of Health, group and regional health schemes and any other outlays concerned with the general health inspection and administration services provided by the council.

Preventive Services - Pest Control

Administration and operations for programs concerned with the eradication of noxious insects and vermin such as mosquitoes, flies, rodent etc.

Preventive Services - Other

Operation of preventive services that cannot be assigned to one of the four preceding sub-programs.

Includes outlays for the supply of fluoride tablets, analytical fees, school health programs (dental, head lice, etc.).

Other Health

Administration and operation of medical and dental clinics including contributions, subsidies, donations etc. provision of medical services such as doctors, dentists nursing services, Royal Flying Doctors Service, ambulance services, and hospitals.

Subsidies and donations to the Silver Chain, Red Cross, various research appeals such as Huntington's Disease, Heart, Cancer and Arthritis Foundations, etc.

Education and Welfare

Pre-school

Providing and maintaining pre-school centres having a qualified teacher which are primarily educational institutions (eg. pre-schools, 4 year old program, kindergartens).

Excludes outlays on play centres, crèches etc. which do not have as a main function the role to prepare children for subsequent schooling (see Care of Families and Children).

Other Education

Outlays on other than pre-primary school institutions and services. Including improvements to school grounds, school bus services, student hostels, awards, prizes, scholarships, adult education programs, migrant education services, junior council training, tele-centres, education support programs and associations linked to education such as parents and citizens associations.

Care of Families and Children

Administration, inspection, support and operation of programs concerned with providing facilities to serve dependent parents and young children, parent and baby centres, child care centres, crèches and play centres at which little or no schooling is provided.

Also emergency housekeeping services, out of school child care centres and associations, the operation of home help services for families and children and donations, subsidies, contributions etc. made to centres and associations of welfare services for families and children.

Aged and Disabled - Senior Citizens' Centres

Administration, support and operation of welfare services for the elderly and senior citizens' centres. Includes the provision and maintenance of senior citizen centres and the related services such as the provision of meals, hairdressing, podiatry, entertainment and social activities.

Aged and Disabled - Meals on Wheels

Administration, preparation, support and operation of meals on wheels service. Revenues include fees, donations, grants and contributions from other local governments and organisations.

Aged and Disabled - Other

Administration and operations of welfare services that cannot be assigned to one of the preceding two subgroups. Includes home help services provided for senior citizens and disabled persons, subsidies, contributions, donations etc.

Housing for the frail aged is to be included in 'Other Housing'.

Other Welfare

Administration, support and operation of other welfare services concerned with family support schemes, refuge centres, drop-in centres for the unemployed or youth, services for migrants, social workers and contributions, subsidies, donations to welfare groups.

Housing

Staff Housing

Administration and operation of residential housing for council staff.

The net costs of these facilities should be assigned to the program for which the employee is engaged e.g. environmental health officer's residence to Health.

Other Housing

Administration, provision and operation of housing programs other than those for the benefit of council staff.

These include housing for aged persons, unemployed youth, aboriginal housing schemes, Homeswest schemes, government and semi government employees.

Community Amenities

Sanitation – Household

Administration and operation of general refuse collection and disposal services.

These include the collection of general, recyclable and green waste, the delivery to a disposal site or transfer station, provision and maintenance of rubbish disposal sites, regional schemes, recycling depots and transfer stations.

Sanitation - Other

Operation of sanitary services other than for general refuse collection and disposal services. Includes trade and industrial waste disposal, offal and pig swill disposal, industrial waste disposal sites, cleaning of street gutters, verges and public litter bins, special rubbish clean ups, litter enforcement and control.

Contributions, subsidies, donations etc. (eg. to Keep Australia Beautiful Council, Tidy Towns competition).

Sewerage

The operation of services and facilities for the collection, treatment and disposal of sewerage. Includes the maintenance of deep mains, reticulation, pumps etc., effluent and sullage drainage disposal systems, water treatment systems, septic tank cleaning and inspection and night soil disposal (pan removal).

Revenues include sewerage rates, inspection fees, septic tank installation and cleaning fees.

Urban Stormwater Drainage

Administration, inspection and operation of urban stormwater drainage systems including the lining or barrelling of creeks and the provision of open or deep drainage systems and other assistance for the development, expansion or operation of such systems.

Excludes the construction of drains associated with roadworks (Transport) and flood mitigation works (Protection of the Environment or Rural Services).

Protection of Environment

Administration, inspection and operation of flood mitigation works, beach and river bank restoration, foreshore protection, removal of dead animals, derelict and abandoned vehicles.

Includes the development, monitoring and operation of pollution and noise control, soil erosion, contributions etc., to the Swan River Conservation Board and other waterway management authorities.

Exclude the cost of destroying animals and the cost of impounding vehicles (Law, Order and Public Safety).

Cleaning and maintenance of beaches and foreshore areas is to be shown under 'Recreation and Culture'.

Community Amenities continued.

Town Planning and Regional Development

Administration, inspection and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning.

Includes costs associated with the purchase and resumption of land for public open space, community facilities etc. for the expansion or development of this program.

Excludes outlays on town planning development schemes wherein the owners of land within the particular schemes are responsible on a contributory basis for the land development costs incurred by Council in the scheme area.

Other Community Amenities

The provision, supervision and operation of community amenities that cannot be assigned to one of the preceding groups.

Includes outlays on public conveniences, statues, pedestrian shopping malls, drinking fountains, cemeteries, crematoriums, rest centres, bus shelters, street seats and other street furniture.

Where these facilities are provided in association with another program, eg. public toilets on recreation grounds, they should be classified under 'Recreation and Culture'.

Recreation and Culture

Public Halls, Civic Centres

Administration, provision and operation of multipurpose venues such as public halls, town halls, function rooms, civic and community centres, including scout halls, Masonic lodges, CWA halls etc.

Exclude municipal offices, indoor sporting complexes, art galleries, nurseries, pre-school centres, senior citizen centres.

Swimming Areas and Beaches

Administration and operation of public swimming pools and other recreational swimming areas, including beaches, lakes and foreshore areas.

Exclude life saving, beach patrols and beach inspectors, which are classified under 'Law, Order and Public Safety'.

Other Recreation and Sport

Administration, provision and maintenance of other recreational facilities and services.

Including indoor and outdoor sporting complexes and facilities such as football and cricket grounds, tennis courts, basketball and netball courts, bowling greens, golf links, squash courts and other recreational areas such as parks and gardens, ovals, playgrounds, barbecue areas, cycleways, dual use paths, showgrounds, race courses, stables etc.

Include boat ramps, jetties, wharves, ferries, marinas predominantly used for recreational purposes.

Also include recreation programs, recreation officers, donations, subsidies, contributions etc. to swimming clubs, Scout and Girl Guides Associations, Youth Organisations whose activities are predominantly of a sport and recreational nature.

Television and Radio Re-broadcasting

Administration, support, provision and operation of facilities to receive and re-broadcast radio and television signals in a district or a defined portion of a district.

Libraries

Administration, provision and operation of regional and local libraries, lending and reference libraries open to the public and the operation of mobile libraries.

Includes books, tapes, records, audio-visual aids, internet and other facilities and services in delivering library services.

Heritage

Administration and operations relating to heritage issues such as developing and maintaining a heritage inventory, museums, preservation of the national estates, historical projects, local history books and the operation of heritage buildings not associated with other programs.

Other Culture

The administration, provision and operation of cultural activities including facilities and services for the creative and performing arts like theatres, auditoriums, the staging of concerts, stage productions and orchestral recitals.

Other Culture also includes art and craft centres, art galleries, zoological and botanical gardens, presentation of festivals, anniversary, centenary and Christmas celebrations, exhibition pavilions, etc.

Transport

Streets, Roads, Bridges, Depots

Administration, regulation and operation relating to the provision of streets, roads and bridges under the control of the local government and the Commissioner of Main Roads.

Includes roads and bridges as well as corresponding drainage works, kerbing, road verges, roundabouts, median strips, footpaths, private streets, crossovers and approaches, overpasses, underpasses, road signs and names, street crossings, line marking, street lighting, street trees and street cleaning.

Road Plant Purchases

Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges, etc.

Parking Facilities

Administration, regulation, control and operation of both on and off street parking areas, multi purpose and fee paying car parks including those adjacent to sport and recreation facilities such as beach parking, football ground parking, etc.

Where parking is provided in conjunction with specific facilities such as libraries or recreation centres those costs should be allocated to the 'Recreation and Culture' program.

Traffic Control (Vehicle Licensing)

Operations relating to the licensing or regulating of traffic under the control of the local government. Includes vehicle registration (plates, discs, stickers), vehicle examination expenses and examination facilities.

Commissions received for the issue of licences should be assigned to Private Works under 'Other Property and Services'.

Aerodromes

Administration, provision and operation of airports, runways, terminals and other facilities associated with the provision of aerodromes.

Water Transport Facilities

Administration and operation of water transport facilities such as wharves, ferries, jetties, marinas and boat ramps predominantly used for commercial activities.

Economic Services

Rural Services

Agricultural drainage schemes, flood mitigation and the eradication of fruit fly, noxious weeds, (pest plants) and vermin control in rural areas.

Include veterinary schemes, clinics and subsidies in providing these services.

Tourism and Area Promotion

The development, promotion, support, research, operation, etc. of tourism and area promotion to attract tourists, promotion to attract tourist development such as brochures, contributions to tourist promotion schemes.

Include tourist bureaus, information offices, information bays, roadside bays, scenic lookouts, caravan parks, chalets and camping areas.

Building Control

Administration, inspection and operations concerned with application of the building standards.

Includes examination, processing and inspection services, swimming pool inspections, etc.

Saleyards and Markets

Administration, regulation, inspection and operation of saleyards and markets where sales of rural produce, livestock and other goods are conducted.

Plant Nursery

The provision and operation of a plant nursery used to raise plants for sale or use in the community and the local government's operations.

All stock issues should reflect the cost of propagation and be allocated to the program in which they have been used.

Economic Development

The development, promotion, support and research of economic development issues within the community.

Include contributions to business centres and incentives provided for local economic development.

Public Utility Services

Revenues, charges and outlays associated with the development of electricity, gas and water supply including electricity extension, water supply (standpipes, reticulated schemes, etc.), reticulation systems and undergrounding power.

Other Economic Services

The provision, supervision and operation of economic services that cannot be assigned to one of the preceding sub-programs.

Includes public weighbridges, quarries and gravel pits, Hot-mix plants and community bus services.

Other Property and Services

Private Works

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the local government. These include road works on private property, commissions for agencies and fees or service.

Where revenues are received from the provision of professional services incidental to the program responsibilities of the local government, then those revenues should be matched with expenses of that program and not private works.

Administration Overheads

All administration overheads are to be assigned to the programs. The amount allocated to other programs should be shown in the sub-program as a reduction of the expenditure on general administration.

For the purpose of grouping, allocating and classifying assets this sub-program should be used for administration assets that can not be readily assigned to another program.

Public Works Overheads

Overhead expenditure necessarily incurred as the result of the use of direct labour shall be apportioned to the cost of the appropriate works and services.

As far as practicable the calculated proportion of 'overhead' or 'on-cost' expenditure should be such as to absorb the total expenditure.

The amount allocated to works and services should be shown in the sub-program as a reduction of the expenditure on 'Public Works Overheads'.

Plant Operation

Expenditure necessarily incurred in the maintenance and operation of plant includes fuel, oil, tyres, insurance and registration, repairs, replacement parts and tools, direct labour of mechanics and plant operators.

The hire rates fixed by council should, as far as practicable, absorb the total expenditure of plant running costs and usage.

Salaries and Wages

The total of salaries and wages incurred during the year is recorded under this sub-Program and allocated over the various works and services to which it relates.

Business Unit Operations

The administration and operation of business units established by the local government.

Recovery of costs to the local government is to be disclosed as a reduction of expenditures in the sub-program.

Revenue received from other activities outside the local government is to be shown as revenue rather than offset expenditure.

Other Property and Services continued.

Unclassified

Outlays that cannot be assigned to one of the preceding programs and sub-programs.

These will include sale of miscellaneous land, assistance to victims of droughts, floods and bushfires and programs such as unemployment schemes, apprenticeship and training which can not be assigned to another program.

Town Planning Schemes

Administration, planning, support, operation etc., relating to the betterment of land within a defined scheme area, whereby the sum total of scheme costs is payable by the owners of the existing lots within the scheme area on a contributory basis.

Betterment of land shall include the creation of new lots, roads, pedestrian access ways, public open space, drainage, lighting, water, sewerage and other costs associated with work in the scheme area.

□ 5.4.6 Transactions – Alphabetical Index

| ITEM | PROGRAM | SUB-PROGRAM |
|-----------------------------------|----------------------------|---|
| Abandoned vehicle | COMMUNITY AMENITIES | Protection of environment |
| Abattoirs | ECONOMIC SERVICES | Other economic services |
| Aboriginal community development | EDUCATION AND WELFARE | Other welfare |
| Aboriginal housing schemes | HOUSING | Other housing |
| Accounting services | Classified by purpose | costing technique used to assign costs |
| Administration - overheads | OTHER PROPERTY & SERVICES | Administration overheads |
| Administration - recovery | Classified by purpose | allocated direct to cost centres |
| Administration - staff | Classified by purpose | costing technique used to assign costs |
| Administration staff - meetings | GOVERNANCE | Members of council |
| Adult education | EDUCATION AND WELFARE | Other education |
| Advertising - public notice | GOVERNANCE | Other governance |
| Advertising, printing, stationery | Classified by purpose | allocated direct to cost centres |
| Aerodromes | TRANSPORT | Aerodromes |
| After school care | EDUCATION AND WELFARE | Care of families and children |
| Aged care study | EDUCATION AND WELFARE | Aged & disabled - Other |
| Aged persons centres | EDUCATION AND WELFARE | Aged & disabled - Senior citizens centres |
| Aged persons homes | HOUSING | Other housing |
| Agricultural protection boards | ECONOMIC SERVICES | Rural services |
| Airport landing fees | TRANSPORT | Aerodromes |
| Airport terminal | TRANSPORT | Aerodromes |
| Allowances - elected members | GOVERNANCE | Members of council |
| Ambulance services | HEALTH | Other health |
| Analytical expenses | HEALTH | Preventive services - Other |
| Animals - dead removal | COMMUNITY AMENITIES | Protection of environment |
| Animals - destruction & disposal | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Anniversary celebrations | RECREATION & CULTURE | Other culture |
| Annual report | GOVERNANCE | Other governance |
| Apprenticeship schemes | Classified by purpose | allocated direct to cost centres |
| Aquatic centre | RECREATION & CULTURE | Swimming areas and beaches |
| Art & Craft centres | RECREATION & CULTURE | Other culture |
| Art Galleries | RECREATION & CULTURE | Other culture |
| Audio visual aids | Classified by purpose | allocated direct to cost centres |
| Audit fees | GOVERNANCE | Other governance |
| Audit fees - specific activities | Classified by purpose | allocated direct to cost centres |

| ITEM | PROGRAM | SUB-PROGRAM |
|--|----------------------------|---|
| Auditorium | RECREATION & CULTURE | Other culture |
| Australian Country Information Service | EDUCATION AND WELFARE | Other welfare |
| Autumn centres | EDUCATION AND WELFARE | Aged & disabled - Senior citizens centres |
| Bank charges | Classified by purpose | costing technique used to assign costs |
| Basket ball courts | RECREATION & CULTURE | Other recreation and sport |
| BCITF commission | ECONOMIC SERVICES | Building control |
| Beach cleaning | RECREATION & CULTURE | Swimming areas and beaches |
| Beach patrol/Inspection | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Beach restoration | COMMUNITY AMENITIES | Protection of environment |
| Beaches | RECREATION & CULTURE | Swimming areas and beaches |
| Betterment Levies/penalties | COMMUNITY AMENITIES | Town planning & regional development |
| Bicycle paths, racks | RECREATION & CULTURE | Other recreation and sport |
| Bins - household waste | COMMUNITY AMENITIES | Sanitation - Household |
| Bins - public litter | COMMUNITY AMENITIES | Sanitation - Other |
| Boarding house registration | HEALTH | Preventive services - Admin/inspection |
| Boat ramp/mooring fees | TRANSPORT | Water transport facilities |
| Books - libraries | RECREATION & CULTURE | Libraries |
| Bores - water supply recreation | RECREATION & CULTURE | Other recreation and sport |
| Botanical gardens | RECREATION & CULTURE | Other culture |
| Boundary adjustment | GOVERNANCE | Other governance |
| Bowling clubs | RECREATION & CULTURE | Other recreation and sport |
| Branding fees | HEALTH | Preventive services - Meat inspection |
| Bridges & culverts | TRANSPORT | Streets, roads, bridges, depots |
| Builder rubbish removal | COMMUNITY AMENITIES | Sanitation - Other |
| Building permits | ECONOMIC SERVICES | Building control |
| Building supervision | ECONOMIC SERVICES | Building control |
| Bulk bins | COMMUNITY AMENITIES | Sanitation - Other |
| Burial fees | COMMUNITY AMENITIES | Other community amenities |
| Bus shelters | COMMUNITY AMENITIES | Other community amenities |
| Bush fire control | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Bush fire insurance | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Bush fire radios | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Business centre | ECONOMIC SERVICES | Economic Development |
| Business plans | Classified by purpose | allocated direct to cost centres |
| Business Unit loss/profit | OTHER PROPERTY & SERVICES | Business operations |
| Business Unit overheads | OTHER PROPERTY & SERVICES | Business operations |
| By-law(see local laws) | Classified by purpose | allocated direct to cost centres |

| ITEM | PROGRAM | SUB-PROGRAM |
|----------------------------------|----------------------------|--|
| Camping areas | ECONOMIC SERVICES | Tourism and area promotion |
| Car park on recreation reserve | RECREATION & CULTURE | Other recreation and sport |
| Caravan parks | ECONOMIC SERVICES | Tourism and area promotion |
| Cash in lieu of POS | COMMUNITY AMENITIES | Town planning & regional development |
| Cattle pounds | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Cattle slaughtering fees | HEALTH | Preventive services - Meat inspection |
| Cemeteries | COMMUNITY AMENITIES | Other community amenities |
| Centenary celebrations | RECREATION & CULTURE | Other culture |
| Chalets | ECONOMIC SERVICES | Tourism and area promotion |
| Change rooms | RECREATION & CULTURE | Other recreation and sport |
| Child care centres | EDUCATION AND WELFARE | Care of families and children |
| Child minding centres | EDUCATION AND WELFARE | Care of families and children |
| Children playgrounds | RECREATION & CULTURE | Other recreation and sport |
| Christmas decorations | RECREATION & CULTURE | Other culture |
| Citizenship ceremonies | GOVERNANCE | Other governance |
| Civic centres | RECREATION & CULTURE | Public halls, Civic Centre |
| Civic receptions | GOVERNANCE | Other governance |
| Civil defence | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Civil emergency | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Clinics - Health/Dental | HEALTH | Other health |
| Commons | RECREATION & CULTURE | Other recreation and sport |
| Community centres | RECREATION & CULTURE | Public halls, Civic Centre |
| Community health services | HEALTH | Preventive services - Immunisation |
| Community needs study | GOVERNANCE | Other governance |
| Community policing program | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Community training & development | EDUCATION AND WELFARE | Other education |
| Community youth support scheme | EDUCATION AND WELFARE | Other welfare |
| Computer software - acquisition | NON CURRENT ASSETS | According to asset class |
| Computer software - maintenance | Classified by purpose | costing technique used to assign costs |
| Computers - operating | Classified by purpose | costing technique used to assign costs |
| Concert halls | RECREATION & CULTURE | Other culture |
| Conference expenses | Classified by purpose | allocated direct to cost centres |
| Consultancy fees | Classified by purpose | allocated direct to cost centres |
| Consultative committees | GOVERNANCE | Members of council |
| Contribution in lieu of parking | TRANSPORT | Parking facilities |

| ITEM | PROGRAM | SUB-PROGRAM |
|-------------------------------------|----------------------------|--|
| Contributory Bitumen Scheme | TRANSPORT | Streets, roads, bridges, depots |
| Corporate plan | GOVERNANCE | Other governance |
| Council chamber expenses | GOVERNANCE | Members of council |
| Council house expenses | Classified by purpose | costing technique used to assign costs |
| Council offices | Classified by purpose | costing technique used to assign costs |
| Country Club | RECREATION & CULTURE | Other recreation and sport |
| Country Shire Councils' Association | GOVERNANCE | Members of council |
| Crèche | EDUCATION AND WELFARE | Care of families and children |
| Crèche - supporting activities | Classified by purpose | allocated direct to cost centres |
| Crematoriums | COMMUNITY AMENITIES | Other community amenities |
| Crossovers | TRANSPORT | Streets, roads, bridges, depots |
| Cul-de-sacs | TRANSPORT | Streets, roads, bridges, depots |
| Cycleway | RECREATION & CULTURE | Other recreation and sport |
| Cyclone preparation | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Data processing | Classified by purpose | costing technique used to assign costs |
| Day care centre | EDUCATION AND WELFARE | Care of families and children |
| Debt collection - rates | GENERAL PURPOSE FUNDING | Rates |
| Deferred rates - interest grant | GENERAL PURPOSE FUNDING | Rates |
| Demolition fees | ECONOMIC SERVICES | Building control |
| Dental program at schools | HEALTH | Preventive services - Other |
| Dentist surgery | HEALTH | Other health |
| Depot - other | OTHER PROPERTY & SERVICES | Unclassified |
| Depot - roads | TRANSPORT | Streets, roads, bridges, depots |
| Depot - sanitation | COMMUNITY AMENITIES | Sanitation - Household |
| Depreciation expense | Classified by purpose | allocated direct to cost centres |
| Derelict vehicles | COMMUNITY AMENITIES | Protection of environment |
| Destruction - animals | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Destruction - noxious weeds | ECONOMIC SERVICES | Rural services |
| Destruction - vermin | ECONOMIC SERVICES | Rural services |
| Dishonoured cheque | Classified by purpose | allocated direct to cost centres |
| District history | RECREATION & CULTURE | Other culture |
| District Nurse | HEALTH | Other health |
| Doctor - housing | HEALTH | Other health |
| Doctor - surgery | HEALTH | Other health |
| Dog Catcher | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Dog containment and control | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Dog registrations | LAW, ORDER & PUBLIC SAFETY | Animal control |

| ITEM | PROGRAM | SUB-PROGRAM |
|----------------------------------|----------------------------|--|
| Domestic recycling program | COMMUNITY AMENITIES | Sanitation - Household |
| Doubtful debt expense | Classified by purpose | allocated direct to cost centres |
| Doubtful debt expense - rates | GENERAL PURPOSE FUNDING | Rates |
| Drainage - roadways | TRANSPORT | Streets, roads, bridges, depots |
| Drainage - stormwater | COMMUNITY AMENITIES | Urban stormwater drainage |
| Drinking fountains | COMMUNITY AMENITIES | Other community amenities |
| Drive-in theatres | RECREATION & CULTURE | Other recreation and sport |
| Drop-in centre for unemployed | EDUCATION AND WELFARE | Other welfare |
| Drought relief | OTHER PROPERTY & SERVICES | Unclassified |
| Drug & Alcohol program | HEALTH | Other health |
| Dual use paths | RECREATION & CULTURE | Other recreation and sport |
| Dust abatement | COMMUNITY AMENITIES | Protection of environment |
| Eating house registration | HEALTH | Preventive services - Admin/inspection |
| Economic development program | ECONOMIC SERVICES | Economic Development |
| Effluent drainage/disposal | COMMUNITY AMENITIES | Sewerage |
| Election expenses | GOVERNANCE | Members of council |
| Electoral officers | GOVERNANCE | Members of council |
| Electoral rolls - sale of | GOVERNANCE | Members of council |
| Emergency housekeeping service | EDUCATION AND WELFARE | Care of families and children |
| Emergency services | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Emergency Services Levy | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Employee housing | Classified by purpose | allocated direct to cost centres |
| Employment grants | Classified by purpose | allocated direct to cost centres |
| Engineering - salaries | OTHER PROPERTY & SERVICES | Public works overheads |
| Engineering - supervision | OTHER PROPERTY & SERVICES | Public works overheads |
| Environmental health officer | HEALTH | Preventive services - Admin/inspection |
| Environmental protection | COMMUNITY AMENITIES | Protection of environment |
| Equipment | NON CURRENT ASSETS | According to asset class |
| Estuary foreshore protection | COMMUNITY AMENITIES | Protection of environment |
| Ex gratia rates | GENERAL PURPOSE FUNDING | Rates |
| Exhibition pavilions | RECREATION & CULTURE | Other culture |
| Extractive industry licences | ECONOMIC SERVICES | Other economic services |
| Family support scheme | EDUCATION AND WELFARE | Care of families and children |
| Federal/State employment schemes | Classified by purpose | allocated direct to cost centres |
| Fees - child minding | EDUCATION AND WELFARE | Care of families and children |
| Fees - clearing fire breaks | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Fees - elected members | GOVERNANCE | Members of council |

| ITEM | PROGRAM | SUB-PROGRAM |
|---------------------------------|----------------------------|--|
| Fees - meals on wheels | EDUCATION AND WELFARE | Aged & disabled - Meals on wheels |
| Fees - meat inspection | HEALTH | Preventive services - Meat inspection |
| Ferries | TRANSPORT | Water transport facilities |
| Ferries | RECREATION & CULTURE | Other recreation and sport |
| Festivals | RECREATION & CULTURE | Other culture |
| Financial counselling | EDUCATION AND WELFARE | Other welfare |
| Fines - fire hazards | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Fire control & protection | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Fitness centre | RECREATION & CULTURE | Other recreation and sport |
| Flood - relief to victims | OTHER PROPERTY & SERVICES | Unclassified |
| Flood prevention - rural | ECONOMIC SERVICES | Rural services |
| Flood prevention - urban | COMMUNITY AMENITIES | Protection of environment |
| Fluoride tablets | HEALTH | Preventive services - Other |
| Fly & mosquito control | HEALTH | Preventive services - Pest control |
| Flying doctor services | HEALTH | Other health |
| Food sampling | HEALTH | Preventive services - Admin/inspection |
| Food vendors licences | HEALTH | Preventive services - Admin/inspection |
| Footpaths | TRANSPORT | Streets, roads, bridges, depots |
| Foreshore amenities | RECREATION & CULTURE | Swimming areas and beaches |
| Foreshore restoration | COMMUNITY AMENITIES | Protection of environment |
| Frail aged assistance | EDUCATION AND WELFARE | Aged & disabled - Other |
| Frail aged housing | HOUSING | Other housing |
| Fringe benefit tax | Classified by purpose | allocated direct to cost centres |
| Fruit fly eradication - rural | ECONOMIC SERVICES | Rural services |
| Fruit fly eradication - urban | HEALTH | Preventive services - Pest control |
| Fuel & oils | OTHER PROPERTY & SERVICES | Plant operations |
| Furniture & equipment | NON CURRENT ASSETS | According to asset class |
| Garbage services | COMMUNITY AMENITIES | Sanitation - Household |
| Gardens - public | RECREATION & CULTURE | Other recreation and sport |
| General purpose funding grant | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Geographic information systems | Classified by purpose | allocated direct to cost centres |
| Golf course/clubs | RECREATION & CULTURE | Other recreation and sport |
| Government guaranteed loans | Classified by purpose | allocated direct to cost centres |
| Grant - general purpose funding | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Grant - local road funding | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Grant - special projects | Classified by purpose | allocated direct to cost centres |
| Gratuities | Classified by purpose | allocated direct to cost centres |

| ITEM | PROGRAM | SUB-PROGRAM |
|---------------------------------|----------------------------|--|
| Gravel pits | ECONOMIC SERVICES | Other economic services |
| Group health schemes | HEALTH | Preventive services - Admin/inspection |
| Group meat inspection scheme | HEALTH | Preventive services - Meat inspection |
| Group traffic scheme | TRANSPORT | Traffic control |
| HACC - meals on wheels grant | EDUCATION AND WELFARE | Aged & disabled - Meals on wheels |
| HACC program grants | Classified by purpose | allocated direct to cost centres |
| Halls | RECREATION & CULTURE | Public halls, Civic Centre |
| Handicapped persons | EDUCATION AND WELFARE | Other welfare |
| Hawkers & licences | HEALTH | Preventive services - Admin/inspection |
| Headstone fees - cemetery | COMMUNITY AMENITIES | Other community amenities |
| Health inspection | HEALTH | Preventive services - Admin/inspection |
| Heritage Act expenses | RECREATION & CULTURE | Heritage |
| Heritage inventory | RECREATION & CULTURE | Heritage |
| Hire bulk bins | COMMUNITY AMENITIES | Sanitation - Other |
| Hire of plant | Classified by purpose | allocated direct to cost centres |
| Historical sites | RECREATION & CULTURE | Heritage |
| History - shire | RECREATION & CULTURE | Heritage |
| Holiday pay | Classified by purpose | allocated direct to cost centres |
| Holiday pay - wages | OTHER PROPERTY & SERVICES | Public works overheads |
| Home and community care program | Classified by purpose | allocated direct to cost centres |
| Home help - aged & disabled | EDUCATION AND WELFARE | Aged & disabled - Other |
| Home help services | EDUCATION AND WELFARE | Care of families and children |
| Home nursing | HEALTH | Other health |
| Homeless youth housing | HOUSING | Other housing |
| Hospitals | HEALTH | Other health |
| Hostels - school | EDUCATION AND WELFARE | Other education |
| House numbering | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| House rentals | Classified by purpose | allocated direct to cost centres |
| Household rubbish removal | COMMUNITY AMENITIES | Sanitation - Household |
| Immunisation | HEALTH | Preventive services - Immunisation |
| Impounded vehicles | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Impounding fees - animals | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Impounding livestock | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Improvement to school grounds | EDUCATION AND WELFARE | Other education |
| Industrial/commercial waste | COMMUNITY AMENITIES | Sanitation - Other |
| Infant health | HEALTH | Maternal and infant health |
| Information bays | ECONOMIC SERVICES | Tourism and area promotion |

| ITEM | PROGRAM | SUB-PROGRAM |
|--------------------------------------|----------------------------|--|
| Inoculation programs | HEALTH | Preventive services - Immunisation |
| Insecticides | HEALTH | Preventive services - Pest control |
| Instalment fee - rates | GENERAL PURPOSE FUNDING | Rates |
| Insurance | Classified by purpose | allocated direct to cost centres |
| Insurance - works overheads | OTHER PROPERTY & SERVICES | Public works overheads |
| Interest - earnings | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Interest - earnings reserve accounts | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Interest - expense | Classified by purpose | allocated direct to cost centres |
| Interest - on rate arrears | GENERAL PURPOSE FUNDING | Rates |
| Interest - on rate instalments | GENERAL PURPOSE FUNDING | Rates |
| Interest - payments | CURRENT LIABILITIES | Accrued Interest payable |
| Interest - rates | GENERAL PURPOSE FUNDING | Rates |
| Internal audit | Classified by purpose | allocated direct to cost centres |
| Internment fees | COMMUNITY AMENITIES | Other community amenities |
| Itinerant food vendors | HEALTH | Preventive services - Admin/inspection |
| Jetties | TRANSPORT | Water transport facilities |
| Jetties | RECREATION & CULTURE | Other recreation and sport |
| Kennel licences | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Kennels | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Kindergartens | EDUCATION AND WELFARE | Pre-school |
| Kiosk (swimming pool) | RECREATION & CULTURE | Swimming areas and beaches |
| Land - sale of miscellaneous | Classified by purpose | according to the program asset is held |
| Land - sale of miscellaneous | OTHER PROPERTY & SERVICES | Unclassified |
| Land Care program | COMMUNITY AMENITIES | Protection of environment |
| Land development | OTHER PROPERTY & SERVICES | Town planning schemes |
| Lawn mowers | RECREATION & CULTURE | Other recreation and sport |
| Legal aid | EDUCATION AND WELFARE | Other welfare |
| Legal expenses | Classified by purpose | allocated direct to cost centres |
| Libraries | RECREATION & CULTURE | Libraries |
| Library books & expenses | RECREATION & CULTURE | Libraries |
| Licences - building | ECONOMIC SERVICES | Building control |
| Licences - dog | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Licences - extractive industry | ECONOMIC SERVICES | Other economic services |
| Life saving | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Lighting of streets | TRANSPORT | Streets, roads, bridges, depots |
| Litter control | COMMUNITY AMENITIES | Sanitation - Other |
| Loan repayments | CURRENT LIABILITIES | Loan borrowing |
| Local enterprise centre | ECONOMIC SERVICES | Economic Development |

| ITEM | PROGRAM | SUB-PROGRAM |
|------------------------------|---------------------------|---|
| Local history | RECREATION & CULTURE | Heritage |
| Local laws | Classified by purpose | allocated direct to cost centres |
| Local laws - sale of | Classified by purpose | allocated direct to cost centres |
| Local public notice | GOVERNANCE | Other governance |
| Local road funding grant | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Lodging house registration | HEALTH | Preventive services - Admin/inspection |
| Long service leave | Classified by purpose | allocated direct to cost centres |
| Long service leave expense | Classified by purpose | allocated direct to cost centres |
| Long service leave overheads | OTHER PROPERTY & SERVICES | Public works overheads |
| Long service leave payment | CURRENT LIABILITIES | Provision for employee entitlements |
| Loose tools purchase | Classified by purpose | allocated direct to cost centres |
| Loose tools purchase | OTHER PROPERTY & SERVICES | Public works overheads |
| Malls | COMMUNITY AMENITIES | Other community amenities |
| Markets | ECONOMIC SERVICES | Saleyards and markets |
| Masonic lodge | RECREATION & CULTURE | Public halls, Civic Centre |
| Material purchase - stock | CURRENT ASSETS | Stock on hand |
| Materials | Classified by purpose | allocated direct to cost centres |
| Mayor or president allowance | GOVERNANCE | Members of council |
| Meals on wheels | EDUCATION AND WELFARE | Aged & disabled - Meals on wheels |
| Meat inspection | HEALTH | Preventive services - Meat inspection |
| Median strips | TRANSPORT | Streets, roads, bridges, depots |
| Medical centres | HEALTH | Other health |
| Medical officer of health | HEALTH | Preventive services - Admin/inspection |
| Members fees/expenses | GOVERNANCE | Members of council |
| Migrant education services | EDUCATION AND WELFARE | Other education |
| Migrant services | EDUCATION AND WELFARE | Other welfare |
| Minimum rates | GENERAL PURPOSE FUNDING | Rates |
| Mosquito & fly control | HEALTH | Preventive services - Pest control |
| Mothercraft nursing services | HEALTH | Maternal and infant health |
| Motor vehicle purchase | NON CURRENT ASSETS | According to asset class |
| Motor vehicles abandoned | COMMUNITY AMENITIES | Protection of environment |
| Motor vehicles insurance | OTHER PROPERTY & SERVICES | Plant operations |
| MRD lighting grant | TRANSPORT | Streets, roads, bridges, depots |
| MRD recoup & special grants | TRANSPORT | Streets, roads, bridges, depots |
| Museums | RECREATION & CULTURE | Heritage |
| National employment training | Classified by purpose | allocated direct to cost centres |
| National estate | RECREATION & CULTURE | Heritage |

| ITEM | PROGRAM | SUB-PROGRAM |
|------------------------------------|----------------------------|---|
| National Transmission Agency | RECREATION & CULTURE | Television and radio re-broadcasting |
| Needle disposal services | HEALTH | Other health |
| Neighbourhood surveillance service | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Neighbourhood Watch | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Netball courts | RECREATION & CULTURE | Other recreation and sport |
| Nightsoil removal | COMMUNITY AMENITIES | Sewerage |
| Noise control | COMMUNITY AMENITIES | Protection of environment |
| Nomination deposits forfeited | GOVERNANCE | Members of council |
| Noxious weeds | ECONOMIC SERVICES | Rural services |
| Number plates & discs | TRANSPORT | Traffic control |
| Nurseries - plants | ECONOMIC SERVICES | Plant nursery |
| Nursing services | HEALTH | Other health |
| Nutrition program | HEALTH | Other health |
| Off road vehicle licences | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Off street/on street parking | TRANSPORT | Parking facilities |
| Offal disposal | COMMUNITY AMENITIES | Sanitation - Other |
| Offensive trade registration | HEALTH | Preventive services - Admin/inspection |
| Office accommodation | Classified by purpose | allocated direct to cost centres |
| Office expenses | Classified by purpose | allocated direct to cost centres |
| Old peoples centres | EDUCATION AND WELFARE | Aged & disabled - Senior citizens centres |
| Open space purchase of | COMMUNITY AMENITIES | Town planning & regional development |
| Operation costs plant | OTHER PROPERTY & SERVICES | Plant operations |
| Orchestras | RECREATION & CULTURE | Other culture |
| Out of school child care | EDUCATION AND WELFARE | Care of families and children |
| Ovals | RECREATION & CULTURE | Other recreation and sport |
| Ovals and grounds | RECREATION & CULTURE | Other recreation and sport |
| Overdraft interest | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Pans | COMMUNITY AMENITIES | Sewerage |
| Parents & citizens association | EDUCATION AND WELFARE | Other education |
| Parking | Classified by purpose | Allocated to program using the facility |
| Parks, gardens, reserves | RECREATION & CULTURE | Other recreation and sport |
| Pavilions | RECREATION & CULTURE | Other recreation and sport |
| Pedestal charges | COMMUNITY AMENITIES | Sewerage |
| Pensioners rates subsidy | GENERAL PURPOSE FUNDING | Rates |
| Pest control | HEALTH | Preventive services - Pest control |
| Pest plants | ECONOMIC SERVICES | Rural services |

| ITEM | PROGRAM | SUB-PROGRAM |
|-------------------------------|----------------------------|--|
| Pesticides | HEALTH | Preventive services - Pest control |
| Petrol pump licences | ECONOMIC SERVICES | Building control |
| Petty cash advance | CURRENT ASSETS | Cash on hand/advances |
| Photocopying | Classified by purpose | allocated direct to cost centres |
| Photocopying Library | RECREATION & CULTURE | Libraries |
| Pig swill | COMMUNITY AMENITIES | Sanitation - Other |
| Planning scheme expenses | COMMUNITY AMENITIES | Town planning & regional development |
| Plant & equipment | NON CURRENT ASSETS | According to asset class |
| Plant hire | Classified by purpose | allocated direct to cost centres |
| Plant operation costs | OTHER PROPERTY & SERVICES | Plant operations |
| Plant repairs - wages | OTHER PROPERTY & SERVICES | Plant operations |
| Plant/equipment - sale of | Classified by purpose | according to the program asset is held |
| Plates (traffic) | TRANSPORT | Traffic control |
| Play groups | EDUCATION AND WELFARE | Care of families and children |
| Playgrounds | RECREATION & CULTURE | Other recreation and sport |
| Podiatry services | EDUCATION AND WELFARE | Aged & disabled - Other |
| Poisons - sale & purchase of | HEALTH | Preventive services - Pest control |
| Post-natal care | HEALTH | Maternal and infant health |
| Post office | ECONOMIC SERVICES | Other economic services |
| Pounds | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Pre-natal care | HEALTH | Maternal and infant health |
| Pre-school dental clinic | HEALTH | Maternal and infant health |
| Pre school centres | EDUCATION AND WELFARE | Pre-school |
| President or mayor allowance | GOVERNANCE | Members of council |
| Prevention fires | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Principal activity plan | GOVERNANCE | Other governance |
| Principal repayments | CURRENT LIABILITIES | Loan borrowing |
| Printing & stationery | Classified by purpose | allocated direct to cost centres |
| Private works | OTHER PROPERTY & SERVICES | Private works |
| Promotion of area for tourism | ECONOMIC SERVICES | Tourism and area promotion |
| Property valuation - rating | GENERAL PURPOSE FUNDING | Rates |
| Protective burning | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Protective clothing | Classified by purpose | allocated direct to cost centres |
| Public car park | TRANSPORT | Parking facilities |
| Public conveniences | COMMUNITY AMENITIES | Other community amenities |
| Public litter bins | COMMUNITY AMENITIES | Sanitation - Other |
| Public open space purchase | COMMUNITY AMENITIES | Town planning & regional development |
| Public utility reinstatement | TRANSPORT | Streets, roads, bridges, depots |

| ITEM | PROGRAM | SUB-PROGRAM |
|-------------------------------------|----------------------------|--|
| Public weighbridges | ECONOMIC SERVICES | Other economic services |
| Public works overheads | OTHER PROPERTY & SERVICES | Public works overheads |
| Purchase materials | CURRENT ASSETS | Stock on hand |
| Quarries | ECONOMIC SERVICES | Other economic services |
| Racecourses | RECREATION & CULTURE | Other recreation and sport |
| Radio re-broadcasting | RECREATION & CULTURE | Television and radio re-broadcasting |
| Ranger - council local laws | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Ranger - dog control | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Rates - arrears | GENERAL PURPOSE FUNDING | Rates |
| Rates - differential | GENERAL PURPOSE FUNDING | Rates |
| Rates - Ex Gratia | GENERAL PURPOSE FUNDING | Rates |
| Rates - general | GENERAL PURPOSE FUNDING | Rates |
| Rates - instalment fee | GENERAL PURPOSE FUNDING | Rates |
| Rates - instalment interest | GENERAL PURPOSE FUNDING | Rates |
| Rates - levied | GENERAL PURPOSE FUNDING | Rates |
| Rates - notices | GENERAL PURPOSE FUNDING | Rates |
| Rates - Officer/Clerk | GENERAL PURPOSE FUNDING | Rates |
| Rates - receipts | CURRENT ASSETS | Accounts receivable |
| Rebate insurance | Classified by purpose | allocated direct to cost centres |
| Records management | Classified by purpose | costing technique used to assign costs |
| Recreation grounds | RECREATION & CULTURE | Other recreation and sport |
| Recreation officer | RECREATION & CULTURE | Other recreation and sport |
| Recycling depot | COMMUNITY AMENITIES | Sanitation - Household |
| Referendum expenses | GOVERNANCE | Other governance |
| Refreshments & receptions | GOVERNANCE | Other governance |
| Refuge centres | EDUCATION AND WELFARE | Other welfare |
| Refuse disposal | COMMUNITY AMENITIES | Sanitation - Household |
| Refuse site operations | COMMUNITY AMENITIES | Sanitation - Household |
| Regional Council - meeting expenses | GOVERNANCE | Members of council |
| Regional Council contributions | NON CURRENT ASSETS | Investment in regional council |
| Regional Council operating costs | Classified by purpose | allocated direct to cost centres |
| Regional development officer | ECONOMIC SERVICES | Economic Development |
| Regional health scheme | HEALTH | Other health |
| Regional sanitation scheme | COMMUNITY AMENITIES | Sanitation - Household |
| Regional traffic scheme | TRANSPORT | Traffic control |
| Registration plates etc | TRANSPORT | Traffic control |
| Reinstatement works | TRANSPORT | Streets, roads, bridges, depots |
| Removal expenses | Classified by purpose | allocated direct to cost centres |

| ITEM | PROGRAM | SUB-PROGRAM |
|-------------------------------------|----------------------------|--|
| Removal expenses overheads | OTHER PROPERTY & SERVICES | Public works overheads |
| Rent subsidies | Classified by purpose | allocated direct to cost centres |
| Rentals - property | Classified by purpose | according to the program asset is held |
| Reserve account interest | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Reserve account transfer | EQUITY | Transfer to reserves |
| Reserves | RECREATION & CULTURE | Other recreation and sport |
| Respite centres | EDUCATION AND WELFARE | Other welfare |
| Rest centres | COMMUNITY AMENITIES | Other community amenities |
| Resumption land road works | TRANSPORT | Streets, roads, bridges, depots |
| Reticulation | RECREATION & CULTURE | Other recreation and sport |
| Returning officer | GOVERNANCE | Members of council |
| Rezoning fees | COMMUNITY AMENITIES | Town planning & regional development |
| River bank restoration | COMMUNITY AMENITIES | Protection of environment |
| Road depot | TRANSPORT | Streets, roads, bridges, depots |
| Road grant | TRANSPORT | Streets, roads, bridges, depots |
| Road maintenance | TRANSPORT | Streets, roads, bridges, depots |
| Roadside clearing - fire prevention | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Rodent eradication program | HEALTH | Preventive services - Pest control |
| Roundabouts | TRANSPORT | Streets, roads, bridges, depots |
| Royal flying doctor | HEALTH | Other health |
| RPT services - air | TRANSPORT | Aerodromes |
| Rubbish depots | COMMUNITY AMENITIES | Sanitation - Household |
| Rubbish removal | COMMUNITY AMENITIES | Sanitation - Household |
| Rural air services | ECONOMIC SERVICES | Other economic services |
| Rural bus service | ECONOMIC SERVICES | Other economic services |
| Rural counselling service | ECONOMIC SERVICES | Rural services |
| Rural watch program | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Safety house program | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Safety management | Classified by purpose | allocated direct to cost centres |
| Salaries | Classified by purpose | allocated direct to cost centres |
| Sale - abandon vehicles | COMMUNITY AMENITIES | Protection of environment |
| Sale - electoral rolls | GOVERNANCE | Members of council |
| Sale - fluoride tablets | HEALTH | Preventive services - Other |
| Sale - grader blades, scrap | OTHER PROPERTY & SERVICES | Plant operations |
| Sale - history books | RECREATION & CULTURE | Heritage |
| Sale - impounded cattle | LAW, ORDER & PUBLIC SAFETY | Animal control |
| Sale - miscellaneous land | OTHER PROPERTY & SERVICES | Unclassified |
| Sale - miscellaneous land | Classified by purpose | according to the program asset is held |

| ITEM | PROGRAM | SUB-PROGRAM |
|--|----------------------------|---|
| Sale - plant/equipment | Classified by purpose | according to the program asset is held |
| Sale - poisons | HEALTH | Preventive services - Pest control |
| Sale - recycled materials | COMMUNITY AMENITIES | Sanitation - Household |
| Saleyards | ECONOMIC SERVICES | Saleyards and markets |
| Sanitation | COMMUNITY AMENITIES | Sanitation - Household |
| Scenic lookouts | ECONOMIC SERVICES | Tourism and area promotion |
| School bus service | EDUCATION AND WELFARE | Other education |
| School health programs | HEALTH | Preventive services - Other |
| School prizes, scholarships | EDUCATION AND WELFARE | Other education |
| Schools | EDUCATION AND WELFARE | Other education |
| Scout halls | RECREATION & CULTURE | Public halls, Civic Centre |
| Search fees | GENERAL PURPOSE FUNDING | Rates |
| Self supporting loans | CURRENT ASSETS | loan borrowing - community groups |
| Senior citizen - entertainment | EDUCATION AND WELFARE | Aged & disabled - Senior citizens centres |
| Senior citizens centres | EDUCATION AND WELFARE | Aged & disabled - Senior citizens centres |
| Septic tank cleaning & fees | COMMUNITY AMENITIES | Sewerage |
| Service charge - neighbourhood surveillance | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Service charge - rebroadcasting | RECREATION & CULTURE | Television and radio re-broadcasting |
| Service charge - underground electricity | ECONOMIC SERVICES | Public utility services |
| Service charge - volunteer bush fire brigade | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| Sewerage | COMMUNITY AMENITIES | Sewerage |
| Sewerage rates | COMMUNITY AMENITIES | Sewerage |
| Sewerage scheme subsidy | COMMUNITY AMENITIES | Sewerage |
| Shire halls | RECREATION & CULTURE | Public halls, Civic Centre |
| Shire history | RECREATION & CULTURE | Heritage |
| Shire office | Classified by purpose | costing technique used to assign costs |
| Shopping malls | COMMUNITY AMENITIES | Other community amenities |
| Show grounds | RECREATION & CULTURE | Other recreation and sport |
| Sick & holiday pay | Classified by purpose | allocated direct to cost centres |
| Sick & holiday pay - overheads | OTHER PROPERTY & SERVICES | Public works overheads |
| Signs - traffic streets | TRANSPORT | Streets, roads, bridges, depots |
| Signs, hoardings | ECONOMIC SERVICES | Building control |
| Silver chain nursing | HEALTH | Other health |
| Sister city program | GOVERNANCE | Other governance |
| Social welfare worker | EDUCATION AND WELFARE | Other welfare |

| ITEM | PROGRAM | SUB-PROGRAM |
|--------------------------------|----------------------------|--|
| Soil erosion | COMMUNITY AMENITIES | Protection of environment |
| Special housing assistance | HOUSING | Other housing |
| Special projects - grants | Classified by purpose | allocated direct to cost centres |
| Sporting clubs | RECREATION & CULTURE | Other recreation and sport |
| Sporting clubs loan repayments | RECREATION & CULTURE | Other recreation and sport |
| Sporting complexes | RECREATION & CULTURE | Other recreation and sport |
| Stables | RECREATION & CULTURE | Other recreation and sport |
| Staff housing | Classified by purpose | allocated direct to cost centres |
| Stand pipes - water supply | ECONOMIC SERVICES | Public utility services |
| State Emergency Service | LAW, ORDER & PUBLIC SAFETY | Other law, order, public safety |
| Statewide public notice | GOVERNANCE | Other governance |
| Statuses | COMMUNITY AMENITIES | Other community amenities |
| Stock issues | CURRENT ASSETS | Stock on hand |
| Stock purchases | CURRENT ASSETS | Stock on hand |
| Storeman - wages | OTHER PROPERTY & SERVICES | Public works overheads |
| Stormwater drainage | COMMUNITY AMENITIES | Urban stormwater drainage |
| Strata title - fees | COMMUNITY AMENITIES | Town planning & regional development |
| Strategic plan | GOVERNANCE | Other governance |
| Street - bins | COMMUNITY AMENITIES | Sanitation - Other |
| Street - cleaning | TRANSPORT | Streets, roads, bridges, depots |
| Street - construction | TRANSPORT | Streets, roads, bridges, depots |
| Street - furniture | COMMUNITY AMENITIES | Other community amenities |
| Street - lighting | TRANSPORT | Streets, roads, bridges, depots |
| Street - lighting equipment | TRANSPORT | Streets, roads, bridges, depots |
| Street - maintenance | TRANSPORT | Streets, roads, bridges, depots |
| Street - seats | COMMUNITY AMENITIES | Other community amenities |
| Street - stalls | HEALTH | Preventive services - Admin/inspection |
| Street - trees | TRANSPORT | Streets, roads, bridges, depots |
| Street - watering | TRANSPORT | Streets, roads, bridges, depots |
| Student hostels | EDUCATION AND WELFARE | Other education |
| Subdivisions | OTHER PROPERTY & SERVICES | Town planning schemes |
| Subdivisions - fees | COMMUNITY AMENITIES | Town planning & regional development |
| Subdivisions - general | COMMUNITY AMENITIES | Town planning & regional development |
| Subscriptions | Classified by purpose | allocated direct to cost centres |
| Subsidies - dentist | HEALTH | Other health |
| Subsidies - doctor | HEALTH | Other health |
| Subsidies - other | OTHER PROPERTY & SERVICES | Unclassified |
| Subsidies - veterinary | ECONOMIC SERVICES | Rural services |

| ITEM | PROGRAM | SUB-PROGRAM |
|-------------------------------|---------------------------|--|
| Sullage scheme | COMMUNITY AMENITIES | Sewerage |
| Sundry creditors | CURRENT LIABILITIES | Trade creditors |
| Sundry debtors | CURRENT ASSETS | Accounts receivable |
| Superannuation | Classified by purpose | allocated direct to cost centres |
| Superannuation - overheads | OTHER PROPERTY & SERVICES | Public works overheads |
| Surgery | HEALTH | Other health |
| Swan river conservation board | COMMUNITY AMENITIES | Protection of environment |
| Swill removal | COMMUNITY AMENITIES | Sanitation - Other |
| Swimming pool - reg. fees | ECONOMIC SERVICES | Building control |
| Swimming pool - public | RECREATION & CULTURE | Swimming areas and beaches |
| Swimming pool - inspections | ECONOMIC SERVICES | Building control |
| Telecentre | EDUCATION AND WELFARE | Other education |
| Telephone | Classified by purpose | allocated direct to cost centres |
| Television re-broadcasting | RECREATION & CULTURE | Television and radio re-broadcasting |
| Tennis clubs & courts | RECREATION & CULTURE | Other recreation and sport |
| Terminal - airport | TRANSPORT | Aerodromes |
| Theatres | RECREATION & CULTURE | Other culture |
| Tidy town competition | COMMUNITY AMENITIES | Sanitation - Other |
| Tips - rubbish | COMMUNITY AMENITIES | Sanitation - Household |
| Toilets | COMMUNITY AMENITIES | Other community amenities |
| Toilets on reserves | RECREATION & CULTURE | Other recreation and sport |
| Tool purchases | Classified by purpose | allocated direct to cost centres |
| Tool purchases | OTHER PROPERTY & SERVICES | Public works overheads |
| Tourism generally | ECONOMIC SERVICES | Tourism and area promotion |
| Tourist associations | ECONOMIC SERVICES | Tourism and area promotion |
| Tourist bureau | ECONOMIC SERVICES | Tourism and area promotion |
| Town planning | COMMUNITY AMENITIES | Town planning & regional development |
| Trade-in - plant/equipment | Classified by purpose | according to the program asset is held |
| Traffic | TRANSPORT | Traffic control |
| Traffic study | TRANSPORT | Traffic control |
| Traffic surveys | TRANSPORT | Traffic control |
| Training costs | Classified by purpose | allocated direct to cost centres |
| Transfer station | COMMUNITY AMENITIES | Sanitation - Household |
| Travelling expenses | Classified by purpose | allocated direct to cost centres |
| Travelling expenses | OTHER PROPERTY & SERVICES | Public works overheads |
| Trees - on reserves | RECREATION & CULTURE | Other recreation and sport |
| Trees - street | TRANSPORT | Streets, roads, bridges, depots |
| Two-way radios - fire | NON CURRENT ASSETS | According to asset class |
| Two-way radios - other | NON CURRENT ASSETS | According to asset class |

| ITEM | PROGRAM | SUB-PROGRAM |
|-----------------------------|----------------------------|--|
| Tyres | OTHER PROPERTY & SERVICES | Plant operations |
| Underground power | ECONOMIC SERVICES | Public utility services |
| Unemployment centre | EDUCATION AND WELFARE | Other welfare |
| Unemployment relief | OTHER PROPERTY & SERVICES | Unclassified |
| Untied grants | GENERAL PURPOSE FUNDING | Other general purpose funding |
| Urban farmland rates | GENERAL PURPOSE FUNDING | Rates |
| Urban stormwater drains | COMMUNITY AMENITIES | Urban stormwater drainage |
| Valuation expenses - rates | GENERAL PURPOSE FUNDING | Rates |
| Vehicle examination | TRANSPORT | Traffic control |
| Vehicles crossovers | TRANSPORT | Streets, roads, bridges, depots |
| Vermin control | HEALTH | Preventive services - Pest control |
| Vermin control - rural | ECONOMIC SERVICES | Rural services |
| Veterinary clinic | ECONOMIC SERVICES | Rural services |
| Veterinary residence | ECONOMIC SERVICES | Rural services |
| Veterinary scheme | ECONOMIC SERVICES | Rural services |
| Veterinary subsidy | ECONOMIC SERVICES | Rural services |
| Voluntary fire brigades | LAW, ORDER & PUBLIC SAFETY | Fire prevention |
| WA Municipal Association | GOVERNANCE | Members of council |
| Wages | OTHER PROPERTY & SERVICES | Public works overheads |
| Wages | Classified by purpose | allocated direct to cost centres |
| Waste water treatment plant | COMMUNITY AMENITIES | Sewerage |
| Water supply (stand Pipe) | ECONOMIC SERVICES | Public utility services |
| Water treatment plant | ECONOMIC SERVICES | Public utility services |
| Weed control | ECONOMIC SERVICES | Rural services |
| Weighbridge | ECONOMIC SERVICES | Other economic services |
| Welfare centre | EDUCATION AND WELFARE | Other welfare |
| Wharves & jetties | TRANSPORT | Water transport facilities |
| Wharves & jetties | RECREATION & CULTURE | Other recreation and sport |
| Wildlife reserve | RECREATION & CULTURE | Other culture |
| Women's rest centre | COMMUNITY AMENITIES | Other community amenities |
| Workers compensation | Classified by purpose | allocated direct to cost centres |
| Workers compensation | OTHER PROPERTY & SERVICES | Public works overheads |
| Workshops & depots | Classified by purpose | according to the program asset is held |
| Write off rates | CURRENT ASSETS | Provision for Doubtful Debts |
| Youth centres | EDUCATION AND WELFARE | Other welfare |
| Zoo & Botanical gardens | RECREATION & CULTURE | Other culture |

5.5 Allocation of Costs to Functions

Not covered in the currently released chapters of the Accounting Manual.