

Reserves Policy

Policy Details

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Policy Owner	Director Corporate Services
Contact Officer	Julianne Meier
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Supporting documentation

Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 2009</i> • <i>Local Government Regulation 2012</i>
Policies	<ul style="list-style-type: none"> • Budget Guideline
Delegations	<ul style="list-style-type: none"> • Nil
Forms	<ul style="list-style-type: none"> • Nil
Supporting Documents	<ul style="list-style-type: none"> • Reserves workpapers

Version History:

Version	Adopted	Comment	eDRMS #
1	17/05/2023	Council Resolution 0523/020	

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Intent

The purpose of this policy is to establish an accounting policy for reserves for Carpentaria Shire Council that is in line with Council's Budget and Operational Plan.

Scope

This policy applies to the Carpentaria Shire Council cash reserves, budget, and financial statements.

Policy Statement

Council maintains reserves as a means of constraining funds and imposing internally enforceable restrictions on them.

In each case the reserve balance relates to anticipated future expenditure which is not currently recognised as a liability.

Transfers

Transfers to and from a reserve can only be made by Council resolution or by inclusion in Council's annual budget. Transfers to and from reserves must be made for the stated purpose of the reserve as outlined in this policy.

If the purpose for which the reserve was created no longer exists, Council may close the reserve. If this occurs, the funds held in the reserve must be credited to retained funds.

Approval of expenditure

The utilisation of reserve funds for capital funding purposes will generally be managed through the Capital Budget process, otherwise by Council resolution.

The following reserves have been established by Council:

- • Land Development Reserve
- • Sewerage Reserve
- • Water Reserve
- • Plant Replacement Reserve
- • Airports Reserve
- • Future Capital Grants Reserve
- • Road Reseals Reserve

Refer Appendix for further details on each reserve.

Each reserve approved by Council must have the following identified:

- The name of the reserve;
- The purpose of the reserve;
- The source of funds of the new reserve;

- The use of funds in the reserve.

Once the new reserve has been approved, appropriate funds must be debited against retained funds and credited against the new reserve.

All reserves are to be cash backed. Cash representing the reserves will be held in a separately identified QTC Cash Fund.

Responsibility

The finance department shall maintain reserve balances and prepare a reconciliation at least annually to accompany the budget.

Adopted by Council on the 17th May 2023 by Resolution 0523/020

Mark Crawley
Chief Executive Officer

Appendix A – Restrictions on Reserves

The following reserves have been established by Council:

Land Development Reserve

Purpose:

To ensure proceeds from the sale of Council owned land go towards capital expenditure associated with redevelopment of existing Council land (subdivision) or purchase of additional parcels of land, or capital improvements on Council owned land.

Source of Funds:

This reserve sources funds from sale of Council land.

Use of Funds:

The funds held in this reserve will be used:

- redevelopment of existing Council land (subdivision);
- purchase of additional parcels of land; or
- capital improvements on Council owned land.

Sewer Reserve

Purpose:

To ensure any operational profits are set aside to fund capital projects associated with Council's sewer operations, where a cash surplus is available, and that existing cash reserves are spent in accordance with this Policy.

Source of Funds:

This capital reserve sources funds from existing cash reserve balances, and cash surpluses from operations at Council's discretion, if available.

Use of Funds:

The funds held in this reserve will be utilised for capital renewal of Council's sewer infrastructure.

Water Reserve

Purpose:

To ensure any operational profits are set aside to fund capital projects associated with Council's water operations, where a cash surplus is available, and that existing cash reserves are spent in accordance with this Policy.

Source of Funds:

This capital reserve sources funds from existing cash reserve balances, and cash surpluses from operations at Council's discretion, if available.

Use of Funds:

The funds held in this reserve will be utilised through capital renewal of Council's water infrastructure.

Plant Replacement Reserve

Purpose:

To ensure the proceeds from plant and other assets sold at auction (mostly plant) or otherwise are allocated to reserves for the purpose of ensuring that funds are available for capital replacement of items disposed, and that existing cash reserves are spent in accordance with this Policy.

Source of Funds:

This capital reserve sources funds from existing cash reserve balances, and sales of plant and equipment, and cash surpluses from operations at Council's discretion, if available.

Use of Funds:

The funds held in this reserve will be utilised through capital renewal of Council's fleet and plant.

Airport Reserve

Purpose:

To ensure any operational profits are set aside to fund capital projects associated with Council's airport operations, where a cash surplus is available, and that existing cash reserves are spent in accordance with this Policy.

Source of Funds:

This capital reserve sources funds from existing cash reserve balances, and cash surpluses from operations at Council's discretion, if available.

Use of Funds:

The funds held in this reserve will be utilised through capital renewal of Council's airport infrastructure.

Future Capital Grants Reserve

Purpose:

To ensure a portion of operational profits are set aside to fund co-contributions required in future grant applications.

Source of Funds:

This capital reserve sources funds from existing cash reserve balances, and cash surpluses from operations at Council's discretion, if available.

Use of Funds:

The funds held in this reserve will be utilised to fund co-contributions required for grant applications.

Road Reseals Reserve

Purpose:

This reserve sources funds from a portion of the unspent Financial Assistance Grants – Identified Roads Component.

Source of Funds:

This capital reserve sources funds from Financial Assistance Grants – Identified Roads

Component to the extent that grant is not spent on roads. Contributions are at Council's discretion where a cash surplus is available.

Use of Funds:

The funds held in this reserve will be utilised through capital renewal of Council's Road Reseals.

Appendix B – Reserve Balances

The reserve balances below are current as at 10th May 2023.

GL No	Reserve Name	Reserve Balance at 10/5/23
980301	Reserve - Land Development	- 12,453.00
980302	Reserve - Sewerage Reserve	- 477,745.00
980303	Reserve - Plant Replacement	- 3,650,507.62
980304	Reserve - Future Capital Grants	- 1,389,164.00
980305	Reserve - Water Supply	- 716,313.00
980306	Reserve - Airports	- 132,275.00
980310	Reserve - Road Reseals	- 1,150,000.00
		- 7,528,457.62