



Reserve Accounting Policy

Responsible Officer	Adoption Date	June 2021
Manager Finance	Approved By	Council
Authorising Officer	Review Date	June 2025
Chief Executive Officer	Policy Type	Council Policy

Statement and Purpose

This policy sets out Council's commitment to maintain Reserve funds. Reserve funds represent income that has been received from specific sources for a specific future purpose.

Scope

This policy applies to:

- contributions received from developers to provide for open space within the municipality pursuant to Section 18A of the Subdivision Act 1988 and contributions received from developers under Clause 81 of the Wangaratta Planning Scheme ("Statutory reserve"); and
- funds received for a specific future purpose ("Discretionary reserve").

This policy excludes the Asset Revaluation Reserve that arises from the application of Australian Accounting Standards to the preparation and presentation of Council's financial statements.

Policy

Council maintains both Statutory and Discretionary Reserves that acknowledge the receipt of funds from particular sources to be applied on programs that are consistent with the purpose of that Reserve fund.

Reserves represent a record of future obligations. To efficiently manage the application of these funds, requests for expenditure should form part of the Budget as approved by Council.

Discretionary reserves may be varied from time to time at the discretion of the Manager Finance or by Council resolution. The creation of new Reserves should be a last resort after due consideration of the effectiveness of long term financial planning and management for the future obligations.

Breaches

This policy can be reviewed or revoked by resolution of Council at any time.

Council Officers found to be in breach of this policy will be subject to relevant disciplinary action in accordance with Council's Enterprise Agreement.

Monitoring and evaluation

On 30 June each year the recorded cash balances will, at a minimum, be equivalent to the total of the Statutory and Discretionary Reserve balances **and** Restricted funds identified in Council's financial statements. Any deviation from this position must be presented to Council at the time of endorsement of the financial statements.

It is acknowledged that there may be appropriate instances where Council chooses not to maintain cash balances equivalent to the Reserve and Restricted funds. For example, Council may preference repaying existing debt from strong working capital balances where the Reserve funds are not required for a long period.

Definitions

Discretionary reserve	<p>Those developed by Council to record Council's future expenditure commitments and include:</p> <ul style="list-style-type: none"> • Cemetery – perpetual maintenance fund for the Class B Cemetery Trust • Plant replacement – funds the upgrade or replacement of major plant used in Council's service delivery • Redevelopment of assets – funds the acquisition, development and disposal of commercial and industrial land • Waste – funds the future operation, maintenance, rehabilitation and capital works requirements of Council's waste management services <p>Council's financial statements include a description of the purpose of each reserve.</p>
Reserve	Funds that have been set aside for future expenditure commitments and obligations.
Restricted funds	External restrictions on Council's cash and cash equivalents that are available for discretionary use. Restricted funds are disclosed in Council's financial statements.

Statutory reserve

Those required by legislation to record Council's future expenditure obligations under the Planning and Environment Act 1987 or Subdivisions Act 1988.

References

Legislation

- Local Government Act 2020
- Australian Accounting Standards
- Planning and Environment Act 1987
- Subdivisions Act 1988

Review

Any change or update which materially impacts and/or alters this policy must be approved by Council. The policy will be reviewed by the Manager Finance every four years.