

FM4 – RESERVE ACCOUNTS

PROCEDURE: N/A

DELEGATION: N/A

POLICY

Cash Backing of Discretionary Reserves

All of Council's discretionary Reserves, which include all Reserves except any asset revaluation reserves, shall be cash backed.

Leave Reserve

- Objective:
1. To ensure that sufficient money has been set aside so as to meet any unforeseen circumstances, where payments to staff significantly exceed that provided for in the Annual Budget;
 2. To be used in conjunction with Annual Budget allocations, so as to avoid any one particular year being charged with a large payment burden;
 3. To establish a method as to how to provide for payments of Council's Leave Liabilities over the years;
 4. To provide direction to staff, and future Councils, as to how the movements to and from the Reserve are to operate.

Note: (a) At each budget, the projected liabilities shall be calculated and adequate provision made in the next budget for the anticipated costs over the next year. If there are any anticipated retirements, these are to be taken into account in the next years payments, with an appropriate transfer from the Reserve where calculated as being needed.

(b) This Reserve shall have sufficient money held in it to provide for any large payments that may occur, over and above that previously allowed for. Transfers to and from the Reserve will need to be adjusted at the close of each financial year, following the identification and calculation of the 'actual' figures for the year just past. The most appropriate time for these adjustments to be considered and adopted by Council is at its Budget meeting for the next year.

(c) It is recommended that the Reserve be re-named as the "Employees' Leave Benefits Reserve", as this would easily allow the Account to be used for the payment of any other significant Employee costs, which are not covered by budget provisions. Such a payment could be that of accumulated annual leave and sick leave upon death (IE where on-the-job accidents occur), retrenchments, unforeseen retirements, etc. This proposal to rename the Reserve account is to be included with the budget proposals.

Council will ensure that it has money on hand to meet:



- (i) For the Current Liability of Annual Leave and Long Service Leave, 100% of the next year's anticipated costs or accruals should be included within the budget proposals;
- (ii) For the Non-Current Liability of Annual Leave and Long Service Leave [IE: That beyond one year] at least 25% of such costs to be held in the Reserve.
- (iii) That Council commence to build up its ELE Reserve over a 4 year period, commencing in the 2001/2002 year, so as to meet the target stated in sub-item (ii); and
- (iv) That transfers to and from this Reserve shall be as per that calculated in accordance with the requirements of AAS30 and adopted in each year's budget, or via any end of year adjustments adopted in the subsequent year's budget.

Rubbish Services Reserve

- Objective:
- 1. To operate the finances of the Rubbish collection and disposal services, and the related charges, on a 'cost/revenue neutral' basis;
 - 2. To set aside those funds which are in excess of the operating costs each year;
 - 3. To attempt to identify and effect multiple-year plans for these services, and to structure the related charges accordingly, in an endeavour to avoid large fluctuations in such annual charges;
 - 4. To provide direction to staff, and future Councils, as to how the movements to and from the Reserve are to operate.

Council will ensure that the surplus or deficit from all the operations of the Rubbish collection and disposal service are transferred to or from the Rubbish Service Reserve as per the provisions included in Council's budget, including those end of year adjustments for the prior year following the actual results for that year;

The Rubbish/Sanitation charges are to be structured so as to allow for future year issues, in an endeavour to avoid large fluctuations in any one year.

Staff Housing Reserve

A Reserve Account is to operate for Staff Housing matters. All the income from the sale of Council Houses is to be transferred into the Staff Housing Reserve Account. This account is to then be used to assist in the funding of future staff housing.

Derby Wharf Export Facilities Reserve

This Reserve has been established to help even out the impact of the method and timing of the payments by Western Metals Ltd [and its other two companies] in relation to the Loans taken up by Council for expenditures on the Derby Wharf facility.

Transfers shall be made into the Reserve of the excess of income received each year above the level of the loan repayments, which will occur up until the 2002/2003 year, unless re-negotiated otherwise.

Transfers shall be made from the Reserve of the deficiency of income received each year below the level of the loan repayments, which will commence in the 2002/2003 year, unless re-negotiated otherwise.



Airport Reserve

This Reserve has been established to help fund the reconstruction of the main runway of the Derby Airport as well as other Capital works at all of Council's airports.

Council has obtained a commitment from the State Department of Transport of a contribution towards this work of \$500,000.

Historical Reserve

This Reserve has been established to help fund the publication of a history of the Shire.

Plant Reserve

This Reserve was established for the purchase of major plant. In future, it is expected to only have limited use, principally for the helping in shortfall of various purchases or for funding emergency major repairs costs.

Relevant Legislation:	
Related Documents:	
Related Local Law:	
Related Policies:	
Last Reviewed:	28.08.2003
Next Review Date:	08.2016
Adopted:	31.05.2001

