



(F13) RESERVE ACCOUNTS

POLICY STATEMENT

1. Cash Backing of Discretionary Reserves

All of Council's discretionary Reserves, which include all Reserves except any asset revaluation reserves, shall be cash backed. The goal, subject to annual budget capacity, is to have the following reserves in place, so as to best position the Shire and its ongoing sustainability.

The following reserve Accounts shall be provided for (noting that these can be adjusted as part of the Shire's annual budget adoption process):

1.1 (Employee) Leave Reserve (To fund annual and long service leave requirements)

Objective:

1. To ensure that sufficient funds have been set aside to meet any unforeseen circumstances (e.g. where payment requirements significantly exceed that provided for in the budget);
2. To be used in conjunction with Annual Budget allocations, to "even out" payments (i.e. 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 Employee 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.

Notes:

- (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 year's 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.

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** [i.e.: That beyond one year]: at least 25% of such costs to be held in the Reserve.
- (iii) 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.



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1.2 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 the 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.

1.3 Staff Housing Reserve (to fund the construction of staff housing)

This Reserve Account is to operate for Staff Housing matters. All the income from the sale of Shire 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.

1.4 Derby Wharf Export Facilities Reserve (to carry out wharf maintenance)

This Reserve has been established to carry out short and long term wharf maintenance.

1.5 Airport Reserve (to fund airport capital works, primarily bitumen resealing)

This Reserve has been established to help fund the reconstruction of the main runway of the Derby Airport, plus other Capital works at all other Shire airports.

1.6 Plant Reserve

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

1.7 Office Building Reserve

To fund the new Derby Administration Building.

1.8 Economic Development Reserve

To promote economic development within the Shire.

1.9 Fitzroy Resource Centre

To quarantine funds received from the lease of the Fitzroy Resource Recreation Hall to be utilised for any upgrade works.



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1.10 Energy Development Reserve

To administer the funds provided by Energy Developments Limited to create lasting value throughout the West Kimberley by contributing to not-for-profit projects or activities that benefit the Shire of Derby/West Kimberley.

1.11 Capital Works Reserve

To help with the construction/maintenance of major capital works.

Policy Details			
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