

Financial Reserves Policy

ISSUE	DATE	CHANGE	APPROVED	REVIEW
1.	03/12/2014	Initial issue	Council	21/07/2015
2.	17/08/2015	Review	Council	17/07/2017
3.	May 2018	Review	Council	May 2022

Contact us:

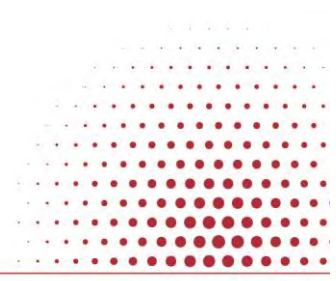
Phone: (03) 5734 6200

Fax: (03) 5734 6222

Email: mitchell@mitchellshire.vic.gov.au

Website: www.mitchellshire.vic.gov.au





PURPOSE

To ensure Council sets aside and maintains monies in specific general financial reserve funds to meet specific legal and non-legal liabilities.

The policy provides for responsible financial management of general revenue allocations for specific reserves, as well as tied contributions that have not been utilised in the year of receipt.

Financial Reserves will be established in categories including:

1. Council will maintain Asset Reserves for the purpose of minimising the impact on Council's operations in any one year from the expenditure of funds on asset purchases or to set aside funds to cover major expenditure of assets in future years. The three sub-category Reserves and their purpose:
 - 1.1 Waste Management Infrastructure Reserve
To provide for the rehabilitation, replacement and expansion of waste management infrastructure throughout the Municipality.
 - 1.2 Property Proceeds Reserve
Established to fund land acquisition, new/upgrade capital works or debt reduction from proceeds derived from property realisation. Proceeds of the sale of land are to be utilised in the town from which the sale proceeds were generated.
 - 1.3 Infrastructure Investment Reserve
To provide for the future infrastructure investment throughout the Municipality. This will be calculated based on savings in principal and interest paid on borrowings, realised due to a delay in drawing down on scheduled borrowings.
2. Council will maintain a Work in Progress Reserve on the basis that Council supported projects or programs that are incomplete at the year-end are to be carried forward to the following year to complete.
3. Council will maintain other appropriate Reserves as required by legislation, or in relation to third party agreements, such as grant funding.

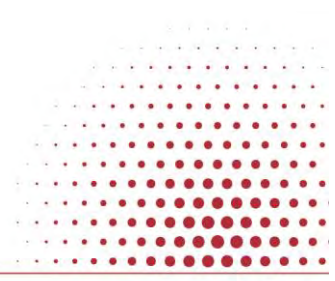
If a financial reserve is no longer appropriate or relevant to operations, a request to close the Reserve will be made to Council. The balance of the Reserve must then be transferred back to the accumulated surplus.

Scope

This policy applies directly to all financial reporting and budgeting processes at Council.

Policy

All Financial Reserves must be cash backed with the pooled funds included in Council's investment portfolio.



Definitions

For the purpose of this Policy the following definitions shall apply:

Council – shall mean Mitchell Shire Council

The Act – shall mean Local Government Act 1989

Responsibilities

Directors are responsible for:

- Ensuring the Policy is implemented

Finance Manager is responsible for:

- Ensuring the Financial Reserves are reconciled, and cash backed

This policy may be varied by Council at any time. It is to be reviewed in May 2022.

Related Documents

Legislation:

- Local Government Act 1989
- Contract law