

1. RATIONALE

Council will maintain Accounting Reserves where there is a legislative requirement, it assists Financial Reporting or where Council approves to separate monies for a particular purpose

2. POLICY STATEMENT

Council's Reserve Funds Policy aims to provide a means for recognising and allocating funding for future purposes.

3. OBJECTIVES

Council has established a number of Accounting Reserves for different purposes. Some of these are required by Accounting Standards or law, and others are discretionary Reserves that Council has chosen to establish. Establishment of Discretionary Reserves are only recommended if the funding purpose is unable to be accommodated via the inclusion within Long Term Financial Plan adoption.

4. POLICY SCOPE AND IMPLEMENTATION

Council currently has the following reserves:

Asset Revaluation Reserve

Purpose - this is a statutory reserve fund required under Australian Accounting Standard AASB 1041. The balance of this reserve represents net increments associated with the revaluation of non-current assets.

Open Space Reserve

Purpose - this reserve has been established to account for the following;

- I. set aside open space contributions provided by developers in accordance with the *Planning, Development and Infrastructure Act 2016* (conditions may apply)
- II. net proceeds associated with holding and disposal of minor land holdings
- III. funds received from "Urban Trees Fund"

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy. Interest revenues earned on contributions provided by developers are transferred to the reserve.

Carry Forward Projects Reserve

Purpose - this reserve was created to account for:

- Carryovers which typically represent unspent capital and service improvement budgets carried forward to the following financial year.

Use of Fund - monies are utilised in accordance with the purpose of the initial transfer of funds.

General Purpose Reserve

Purpose – this Reserve is to capture Council Approved quarantining of funds for a specific purpose. It currently accounts for the following;

- I. Annual Allocation for Renewable Energy Infrastructure.
- II. Telecommunications Annual Rental at Morphettville Park Sports & Community Club

Use of Funds –

- I. Renewable Energy initiatives as approved by Council.
- II. Funds applied for Capital Work requirements at the Morphettville Park Sports & Community Club, as approved through Chief Executive Officer delegation.

Asset Sustainability Reserve

Purpose:

- Assist Council fund its Long Term Asset Management objectives
- Provide a means by which Council can strategically retain planned cash surpluses to maintain its asset base within the Long Term financial Plan (LTFP)

The Asset Sustainability Reserve will be funded from savings identified as part of the budgeting process (refer to Council's Budget Policy). Identified savings are allocated by Council providing a balance between funding new prioritised service improvements identified in the Strategic Plan and addressing Council's financial position.

If identified savings can reduce or defer current or future borrowings, then this should be given consideration. Council should utilise surplus cash in the first instance and then draw down on borrowings as the need arises, and only to the extent that it has already reduced or deferred previously.

The Asset Sustainability Reserve will also be funded from planned cash surpluses identified in the Long Term Financial Plan. Funds will only be set aside for this where Council maintains a breakeven funding (cash) position or better as per its Budget Policy.

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

5. DEFINITIONS

Term	Definition
Reserve	any part of the accumulated surplus of Council or controlling authority set aside for a particular purpose.

6. ROLES AND RESPONSIBILITIES

<i>Role</i>	<i>Responsibility</i>
Senior Leadership Team	Review and recommend unspent funds for incomplete projects to be carried over to future years as required
Executive Leadership Team	Assess and approve recommended carryovers
Chief Financial Officer	ensure reserve transfers required by legislation or Accounting Standards are undertaken

7. REFERENCES

- *Planning, Development and Infrastructure Act 2016*
- *Australian Accounting Standards Board [AASB] 1041: Revaluation of Non-Current Assets*
- Open Space Policy
- Budget Policy
- Treasury Management Policy

8. REVIEW AND EVALUATION

This policy will be reviewed annually as part of the Annual Business Planning process.