

	<p>LG504 Financial Reserve Accounts</p>
<p>Key Focus Area Leadership and Governance</p>	<p>Responsible Directorate Office of the Chief Executive</p> <p>Relevant Council Delegation Nil</p>

Purpose

This policy has been developed to ensure that the Town of Claremont (**Town**) establishes and utilises Reserve Accounts as a strategic approach to ensure that finance is available in a timely and responsible way to fund important initiatives, and to better manage the peaks and troughs which occur in meeting the funding of major expenditures. The focus of this policy is on responsible financial management.

Policy

The purpose of this policy is to ensure that:

- The maximisation of community benefit through exercising responsible financial management which includes the proper consideration of accessing the most appropriate funding sources (property rates, fees and user charges, grants / subsidies, borrowings, reserve funds, etc.).
- Reserve Accounts are established as sustainable financial management strategy to ensure funds are available to properly maintain, renew, enhance or provide community assets.
- The peaks and troughs which occur in funding requirements can be managed in a financially viable and sustainable way.
- Funds are correctly allocated and utilised in the Reserve Account established for that purpose.
- Funds are not retained at the expense of deteriorating infrastructure assets.

The *Local Government Act 1995* provides that the Town may set aside money for use for a purpose in a future financial year.

The *Local Government (Financial Management) Regulations 1996* requires that a Reserve Account has a title which identifies the purpose for which the funds have been reserved.

Subject to funding requirement and capacity, the following principles are to be applied when determining Reserve Account allocations for the purpose of providing funding to maintain, renew, enhance or provide community assets:

1. Funds are to be committed to the Town's Reserve accounts on an annual basis through the budgeting process to ensure finances are available for the sustainable financial management of the Town, to reduce the impact on future budgets, of peaks and troughs in funding requirements, and to minimise the necessity for future borrowing;
2. Funds are to be set aside in accounts which identify their purpose and are set aside to be used for the established purpose at the appropriate time;
3. The continued development of a Programmed Infrastructure Maintenance System is endorsed, to assist in determining resource commitments to asset funding as an ongoing improvement program;
4. Any surplus funds allocated for expenditure from the Reserve Accounts remaining at year end are to be carried over, or where appropriate, to be retained in the specified Reserve Account.

Document Control Box			
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Organisational:	Nil		
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