

Council

RESERVE ACCOUNTS – 2024 / 2025 ANNUAL
REVIEW

Draft Council Policy – Financial Principles and
Governance

Meeting Date: 26 November 2024

Number of Pages: 3

DRAFT COUNCIL POLICY - FINANCIAL PRINCIPLES AND GOVERNANCE

Reserve Accounts:

When preparing the annual budget each year, consideration will be given to the adequacy of reserve accounts for funding major projects as contained within the Community Strategic Plan, Corporate Business Plan and Long Term Financial Plan.

The Executive Manager - Corporate and Community Services will conduct an annual review of all reserve accounts for the Council addressing the appropriateness of each reserve account's purpose, suitability of current balances, and deficiencies for the funding of future projects as identified in the adopted forward plans.

Operational Parameters

Specifically, the following criteria and guidelines are set for individual reserve account balances:

(a) Employee Entitlements

As a minimum, the level of this reserve should meet both:

- Annual leave liability of each staff member in excess of one year's accrual; and
- long service leave liability for staff with seven (7) years or more continual service in local government.

This funding goal is to be implemented over several financial years to manage the financial impact.

(b) Plant Replacement

The average annual net (after trade-in) expenditure on plant replacement over the life of the plant replacement program is transferred into this account each year. (e.g. \$6m net expenditure over 10 years = \$600,000 per annum)

The annual net (after trade-in) expenditure on plant replacement is transferred out of this account each year.

(c) Waste Management

80% of the Annual Waste Levy raised is allocated to this reserve.

(d) Waste Management – Post Closure

20% of the Annual Waste Levy raised is allocated to this reserve.

(e) Mount Barker Regional Saleyards capital improvement

The annual operating profit (less depreciation) of the Saleyards to be transferred to this account each year.

This reserve account funds all saleyards capital expenditure and saleyards loan principal repayments each year.

(f) Mount Barker Regional Saleyards operating loss

Ideally, the balance of this reserve will remain at approximately \$300,000 to fund any possible losses incurred at the saleyards. This equates to approx. 40% of annual Saleyards Fees and Charges (account 3130420).

(g) Hockey ground carpet replacement

\$20,000 is transferred into this reserve account each year.