



RESERVE POLICY

Policy No:

PO 18

Responsible Manager:	Executive Manager Financial Services
Head of power:	<i>Local Government Act 2009 (Qld)</i> <i>Local Government Regulation 2012 (Qld)</i> <i>Australian Accounting Standards</i>
Authorised by:	Council
Authorised on:	21 February 2018
Implemented from:	21 February 2018
Last reviewed:	N/A
Review history:	N/A
To be reviewed on:	June 2019
Corporate Plan:	Governance

1. POLICY STATEMENT

To provide Council with:

- Guidelines on establishing accounting reserves as a means of constraining funds that are received for a specific purpose and have restrictions placed on them. In each case, the amount relates to an anticipated future requirement which is not currently a liability; and
- Outline the requirements around creation of reserves, transfer to reserves and subsequent expenditure of funds from these reserves.

2. SCOPE

This Policy applies to all accounting reserves of the Torres Strait Island Regional Council with the exception of the Asset Revaluation Reserve. The Asset Revaluation Reserve arises under the Australian Accounting Standards and relates to the change in asset values rather than the collection of funds.

3. CREATION OF RESERVE

The creation of reserve in Council's financial statements can only occur by Council resolution. Reserve funds will remain in Council's consolidated operating bank account and no separate bank account will be established.

4. TRANSFER TO RESERVE

Initial balance transfers to reserve can only be made by Council resolution and must be made for the stated purpose of the reserve.

Subsequent transfers to a reserve will be transferred (journalled) on a monthly basis upon receipt of funds from stated sources of revenue.

5. SUBSEQUENT EXPENDITURE OF FUNDS FROM RESERVE

All subsequent expenditure can only be made by Council resolution and by inclusion in Council's annual budget. Transfers from reserves must be made for the stated purpose of the reserve.

6. CLOSURE OF RESERVE

If the purpose for which the reserve was created no longer exists, Council may close the reserve. In the event that this occurs, the funds held in the reserve must be credited to retained earnings.

Appendix A

Deed of Grant in Trust (DOGIT) Trustee Reserve

Purpose: Revenue from DOGIT land is constrained into this reserve at month end for the purpose of ensuring that funds are available for the maintenance and enhancement of the DOGIT.

Source of funds: Revenue received in relation to DOGIT land will be transferred to the reserve i.e lease fees collected by Council as Trustee of the DOGIT.

Use of funds: Funds in this reserve will be utilised for the maintenance and enhancement of the DOGIT at the discretion of the Trustee. The utilisation of reserve funds must be supported by a resolution of Council in its capacity as the Trustee of the DOGIT and a subsequent Council resolution approving the transfer within the financial statements.

7. AUTHORISATION

This Policy was duly authorised by Council as the Torres Strait Island Regional Council Reserve Policy on 21 February 2018 and shall hereby supersede any previous policies of the same intent.



Bruce Ranga
Chief Executive Officer

Date 21 / 02 / 2018