

Financial Reserve Policy

Policy type	Council
Function	Corporate and Community Services
Policy Owner	Finance
Effective date	25 June 2025

1. Purpose

This policy establishes a framework for the creation, management, and use of reserve funds to ensure the long-term financial sustainability of Cassowary Coast Regional Council. Reserve funds account for specific revenue or surplus funds set aside for defined future purposes.

2. Scope

This policy applies to all Capital and Operating Reserves held by the Cassowary Coast Regional Council and excludes Asset Revaluation Reserves established under Australian Accounting Standards.

The Reserve Policy is reviewed annually and adopted with the Budget for the next financial year in line with the *Local Government Regulation 2012* Section 192.

3. Definitions

Externally Restricted Reserves – Funds subject to legislative, legal, or external requirements governing their use.

Internally Restricted Reserves – Funds established by Council for specific internal purposes.

4. Policy Objectives

1. Ensure reserves are maintained to meet specific operational and capital requirements;
2. Enable prudent financial management by allocating surplus funds to reserves through the annual budget process or Council resolution;
3. Identify and segregate reserve funds for transparency, accountability, and sound fiscal management;
4. Ensure all reserves are cash-backed in accordance with Council's Investment Policy.

5. Classification of Reserves

5.1 Externally Restricted Reserves

5.1.1 Developer Contributions Reserve

Holds infrastructure charges or developer contributions to fund infrastructure (e.g., Water, Sewerage, Parks, Transport, and Stormwater) as defined by relevant planning schemes.

5.2 Internally Restricted Reserves

5.2.1 General Capital Reserves

Established to fund the future renewal, upgrade, or expansion of Council-owned assets, such as:

- Roads and Drainage Infrastructure
- Water and Sewerage Infrastructure
- Buildings, Plant, and Fleet Assets

5.2.2 Carryover Projects Reserve

Holds unspent funds from approved capital projects carried forward into the next financial year.

5.2.3 Infrastructure Reserve – Land and Property

Holds unspent funds from the sale of surplus lands and properties. This reserve amount will be allocated through future budget reviews and annual budgets to enable expenditure on related land and property acquisition activities such as:

- Make safe and fit for purpose works as required.
- Service loan repayments for the acquisition of strategic land and property.
- Fund ancillary actions to dispose of land and property.

5.2.4 General Operating Reserves

These reserves are set up to finance future spending on designated projects, ensuring that funds are available when needed. General operating reserves are allocated for specific internal purposes, but if those purposes do not arise or if Council priorities shift, the funds can be redirected to other uses by Council resolution.

6. Management of Reserves

6.1 Transfers to Reserves:

Surplus funds identified through the budget process, annual financial results, or specific Council resolutions will be transferred to reserves.

6.1.1 Usage of Reserve Funds:

- Funds may only be used for their designated purpose.
- Expenditure must be approved through the budget, revised budget, or Council resolution.


7. Review and Reporting

Reserve balances will be reviewed quarterly in line with Budget Reviews to ensure alignment with Council priorities.

Council will report on the status of reserves as part of the annual financial statements.

8. Interest Earnings

Unless specified otherwise, interest earned on reserve funds will be treated as general revenue.



Related forms, policies and procedures	Long Term Financial Plan
Relevant legislation	<i>Local Government Regulation 2012</i> <i>Statutory Bodies Financial Arrangements Act 1982</i> <i>Statutory Bodies Financial Arrangements Regulation 2019</i>
Reference and resources	Queensland Treasury Corporation

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