

**POLICY PURPOSE**

To ensure Council sets aside monies in specific reserve funds to meet specific legal and non legal liabilities and to maintain assets at an acceptable level.

**POLICY STATEMENT**

1. That to comply with Section 168 of the Local Government Act, the Council will continue to maintain a staff Long Service Leave cash reserve and that such funds will be provided annually through its budgetary system.
2. That the Council will maintain an Asset Replacement cash reserve for the purpose of replacement of existing items of plant, equipment, office furniture, office machines and computer equipment, providing that subject to the availability of funds:
  - (a) provision will be made in the Council's annual budget of an amount which is equal to the estimated depreciation for the year for the purposes of the Asset Replacement Reserve.
  - (b) replacement of existing items of plant and equipment will be funded substantially from the Asset Replacement Reserve..
  - (c) the balance of funds held in the Asset Replacement Reserve will be maintained at a minimum level of funds to be determined annually by Council.
  - (d) new items of plant and equipment to be determined annually by Council may be funded from the Reserve.
3. That the Council will create an annual leave liability cash reserve for the specific purpose of setting aside at the end of each financial year, the budgeted amount of the untaken annual leave staff entitlements, provided that:
  - (a) all subsequent payments of such leave liability be made from the Reserve Funds.
  - (b) the amount of the Reserve Fund be reviewed at the end of each financial year so that the amount reserved will not exceed the Council's liability for annual leave accrued at that time.
4. The Council will maintain an Insurance Claim Reserve for the purposes of setting aside an amount as provided in the Annual Estimates to:
  - (a) offset the cost of Insurance Policy Deductibles on insurance claims;
  - (b) provide for the self-insurance of machinery breakdown risk.