



FINANCIAL RESERVES POLICY

Knaresborough Town Council maintains reserves to protect against financial risk, ensuring that contingencies are in place to support continued operation of the council and investment in future projects which are beneficial to the town.

Knaresborough Town Council maintains two types of reserves:

Earmarked Reserves:

The Council will keep such sums in earmarked reserves as is considered necessary to support future expenditure on specific projects, or as funds built up towards significant future revenue expenditure or to meet anticipated liabilities.

General Reserves:

The Council will maintain a prudent level of general reserves, within the range 35 – 45% of net budgeted annual running costs, excluding growth items and items on which expenditure will be met by use of earmarked reserves.

The amount of funds held in both Earmarked and General Reserves is identified regularly and in finer detail prior to the annual setting of the council budget for the following year using the format as shown below:

| | |
|--|--------------------|
| <u>Reserves 20xx/20xx</u> | |
| | |
| Bank Balance at DD/MM/YYYY | £xx,xxx.xx |
| | |
| minus King George V Field | £x,xxx.xx |
| minus Links Charity | £x,xxx.xx |
| minus Mayoral Fund | £xxx.xx |
| minus Other Earmarked Reserves | £xx,xxx.xx |
| | |
| Balance | £xxx,xxx.xx |
| | |
| minus X months potential spend based on the 20xx/xx budget of £xxx,xxx | £xx,xxx.xx |
| Balance | £xxx,xxx.xx |
| | |
| 5 months operating capital (recommendation 3-6 months) | £xx,xxx.xx |
| General Reserve | £xx,xxx.xx |