

# RESERVE FUNDING POLICY

*Document Control Statement – This Policy is maintained by Financial Services. Any printed copy may not be up to date and you are advised to check the electronic copy on the City website to ensure that you have the current version. Alternatively, you may contact Customer Service on (08) 9186 8555.*

## 1. OBJECTIVE

The objective of the policy is to ensure that cash funds set aside at the discretion of Council for a specific purpose are applied to that purpose and managed accordingly.

## 2. PRINCIPLES

Reserves are part of the City's overall equity position. Reserves are funds which have been set aside for purposes and projects to be undertaken in future years.

Reserves are established by Council to achieve Strategic Community Plan and Corporate Business Plan objectives and are to be extinguished once the Reserve purpose has been achieved. The retention of obsolete Reserves restricts cash that could be utilised for funding other initiatives and can impact on cash ratios.

In order to ensure efficient Reserve management, the City will:

- Establish a Reserve only when all other alternative funding options have been considered.
- Only establish Reserves for the following purposes:
  - Funding projects (community infrastructure) identified in the Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan;
  - Specific Projects earmarked to be funded by proceeds from the airport and waste management operations;
  - Specific Projects that are receiving proceeds from differential rating;
  - Specific Projects that are receiving proceeds from a Service Charge;
  - When required under the terms of a grant funding agreement with third parties; and
  - Statutory requirements;
- Review the number of, and funding of, all Reserves on an annual basis through the planning and budget process;
- Interest earned on Reserves is to be allocated to the individual reserve.

## 3. CONSEQUENCES

This policy represents the formal policy and expected standards of the City of Karratha. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and Employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the City.

## 4. ROLES AND RESPONSIBILITIES

CUSTODIAN	OFFICER RESPONSIBLE FOR IMPLEMENTATION
Manager Financial Services/CFO	Management Accountant
	Director Corporate Services
	Director Community Services
	Director Strategic Projects and Infrastructure

## 5. REFERENCES TO RELATED DOCUMENTS

Include any informing Executive Guidelines, Procedural documents and forms.

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- City of Karratha - Annual Budget
- City of Karratha - Annual Report

Policy Number:	CF-14
Previous Policy Number:	N/A
Resolution Numbers:	152396-Feb 2013; 153108-Apr 2015
Last Review:	April 2015
Next Review:	April 2017
Responsible Officer:	Manager Financial Services/CFO

*This Policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.*