

RESERVE FUNDING POLICY

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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; 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

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| 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.