

## RESERVE FUNDING ~~POLICY~~ NAME

### Purpose

The purpose of this 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.

### Definitions

The **Act** means the *Local Government Act 1995*.

**Council Member** means a person who is currently serving a term of office as an elected member of the Council in accordance with the Act.

**Reserve** – an amount of money that is kept purely for the purpose of having cash on hand for a reason that the pool of funds is set up for.

### Policy Statement

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 the Council's strategic 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.~~

### Policy Principles

#### 1. Criteria for Reserve establishment

Establish a Reserve only when all other alternative funding options have been considered. Only establish Reserves for the following purposes:

- (a) Funding projects ~~(community infrastructure)~~ identified in the ~~Strategic Community Council~~ Plan, ~~Corporate Business Plan~~ and Long-Term Financial Plan.
- (b) Specific projects earmarked to be funded by proceeds from the airport and waste management operations.
- (c) Specific projects that are receiving proceeds from differential rating.
- ~~(d)~~ Specific projects that are receiving proceeds from a service charge.
- (d) When required under the terms of a grant funding agreement with third parties ~~and~~
- (e) Any other purposes as determined by Council

#### 2. Reserve review

Review of the number and funding of all Reserves is completed on an annual basis through the planning and budget process. Reserves may be reviewed as required throughout the year.

#### 3. Interest Earned

Interest earned on Reserves is to be allocated to the individual reserve.

## Related Documents

Legislation & Local Laws	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i>
Relevant Delegations	<a href="#">1.6 Payments and Transfers – Local Government accounts</a>
Strategies & Plans	<a href="#">Strategic Community Plan 2020-2030 (4.c)</a> <a href="#">Corporate Business Plan 2020-2025 (4.c.2)</a> <a href="#">City of Karratha Long Term Financial Plan</a> <a href="#">City of Karratha Annual Budget</a>
Related Council Policies	<a href="#">CF03 Investment Policy</a> <a href="#">CF-02 Cash Handling Policy</a>
Procedures, Documents & Forms	<a href="#">Reserve Interest procedure</a> <a href="#">Prepare Monthly Financial Statements procedure</a>

## Policy Owner

Directorate	<i>Corporate &amp; Commercial</i>
Department	<i>Financial Services</i>

## Review Management

Next review due:	<i>January 2029</i>
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## Version Management

Version	Date	Council Resolution #	Description
1.0	Feb 2013	152396	Original Policy Adopted
2.0	Apr 2015	153108	<a href="#">4<sub>2</sub> yearly review</a>
3.0	Apr 2017	153768	<a href="#">2 yearly review</a>
4.0	Jul 2019	154386	Current
<a href="#">5.0</a>	<a href="#">Jan 2025</a>		