

SPECIAL BUDGET MEETING**25 JUNE 2018****8****RESERVES POLICY**

M Gray | 17/49/9-06 | #5737742

RECOMMENDATION:**That Council adopts the Reserves Policy.**

EXECUTIVE SUMMARY:

This report provides an update of the Reserves Policy for adoption with the annual budget. Only minor wording changes have been made to the policy.

BACKGROUND:

Council maintains reserves as a means of constraining funds that are received for a specific purpose and have enforceable restrictions placed on them. The Reserves Policy sets out the approved transfers into and expenditure out of Council's reserves. It was last updated as part of the budget process in 2017.

COMMENT:

No significant changes have been made to the Reserves Policy, only minor 2 wording updates. The Constrained Works Reserve – Developer Contributions section was updated to remove the requirement for funds to be utilised exclusively in the precinct in which they were collected which is consistent with current practice.

The Bluewater Special Charge Reserve section was updated to include details on the annual contribution to the reserve made by Council, which is again consistent with current practice.

OPTIONS:**Option 1:** (Recommended)

It is recommended that Council adopts the Reserves Policy.

Option 2:

It is recommended that Council does not adopt the Reserves Policy in order to make further amendments to the policy.

CONSIDERATIONS:**Risk Management:**

The Reserves Policy sets out Council's obligations for the constraining of restricted funds; therefore there are no financial implications or risk on decisions or options.

ATTACHMENTS:

- Reserves Policy



Jason Ritchie
Manger Finance



Lisa Whitton
Chief Financial Officer

General Policy

RESERVES POLICY

- Intent** To establish an accounting policy for reserves for Cairns Regional Council that is in line with Council's Budget and Operational Plan.
- Scope** This policy applies to the Cairns Regional Council budget and audited financial statements.

INTRODUCTION

Council maintains reserves as a means of constraining funds that are received for a specific purpose and have enforceable restrictions placed on them.

In each case the amount relates to an anticipated future requirement which is not currently a liability.

Transfers

In accordance with this policy, transfers to and from a reserve can only be made by Council resolution or by inclusion in Council's annual budget. Transfers to and from reserves must be made for the stated purpose of the reserve, as outlined in this policy.

If the purpose for which the reserve was created no longer exists, Council may close the reserve. In the event that this occurs, the funds held in the reserve must be credited to retained funds.

Approval of expenditure

The utilisation of reserve funds for capital funding purposes will be managed via the Capital Works Program. The utilisation of reserve funds for operational purposes will be managed through the Annual Budget process.

The following reserves have been established by Council:

- Constrained Works Reserve – Unspent Grants
- Constrained Works Reserve – Developer Contributions
- Bluewater Special Charge Reserve

Refer Appendix A for further details on each reserve.

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This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review:

Chief Financial Officer

ORIGINALLY ADOPTED: 15/09/2003
CURRENT ADOPTION: 2506/2018
DUE FOR REVISION: 25/06/2022
REVOKED/SUPERSEDED:

John Andrejic
Chief Executive Officer

APPENDIX A

Constrained Works Reserve - Grants

Purpose:

State/Federal grants are constrained for the purpose of ensuring that funds are available for capital works projects such as roadways, drainage and parks etc.

Source of Funds:

This capital reserve sources funds from state and federal grants and other sources which have been provided for the purpose of funding specific capital expenditure.

Use of Funds:

The funds held in this reserve will be utilised through infrastructure works exclusively in the precinct and for the identified purpose.

Constrained Works Reserve – Developer Contributions

Purpose:

Developer contributions are constrained for the purpose of funding infrastructure assets such as roads, bridges, drainage, water and sewerage assets etc.

Source of Funds:

This capital reserve sources funds from developer contributions collected through Council's Planning Scheme Policies.

Use of Funds:

The funds held in this reserve will be utilised through infrastructure works for the identified purpose.

Bluewater Special Charge Reserve

Purpose:

The Bluewater special charge has been levied to recognise that allowance needs to be made and a process put in place to manage the risk of major storms or other events that may impact on Bluewater Canal, Half Moon Creek and Offshore Channel. Council has approved a special charge on individual lots (as per the Bluewater Canal Map and Marina Berths associated with Bluewater Marina and Yorkeys Knob Marina) which are constrained into this reserve at year end.

Source of Funds:

As a result of the expected continual dredging of the canal, Council approved a Bluewater Special Charge to be levied on specific individual lots. This revenue will be constrained into the reserve as well as any interest raised on overdue Bluewater Special Charges and an annual contribution by Council made on behalf of users of the public boat ramps at Bluewater and Yorkeys Knob as determined during the annual budget process.

Use of Funds:

Funds in this reserve will be utilised for funding works for the dredging and maintenance of the Bluewater Canal, Half Moon Creek and Offshore Channel.