

RESERVE FUNDS

The Local Government Act 2002 (LGA) requires councils to provide a summary of the Reserve funds that it holds.

BACKGROUND

The LGA places more focus on the accounting for, and disclosure of, reserves. It defines reserve funds as 'money set aside by a local authority for a specific purpose'. Reserves are part of equity, which may or may not be physically backed by cash/investments. Reserves

are often used to separate a funding surplus of an activity. The LGA requires Council to specify the amount expected to be deposited in the fund, and the amount expected to be withdrawn from the fund over the 10 year period that the Tasman's 10-Year Plan 2021 – 2031 covers. Council does not transfer money from one reserve to fund another. Council now charges/pays 'internal' interest on any surplus or deficit balances that each individual reserve may have. Opening balance surpluses are usually due to approved committed projects not yet being undertaken or completed.

RESERVE REPORTING	ACTIVITY TO WHICH THE FUND RELATES	OPENING BALANCE 1 JULY 2021 \$'000	TRANSFER INTO FUND \$'000	TRANSFERS OUT OF FUND \$'000	CLOSING BALANCE 30 JUNE 2031 \$'000
Reserve Financial Contributions Reserve	Reserves & Facilities	13,834	33,871	(37,838)	9,867
Parks and Reserves Disaster Fund	Reserves & Facilities	413	773	–	1,186
Rivers Reserve	Rivers	(288)	54,436	(54,186)	(38)
Rivers Disaster Fund	Rivers	101	654	–	755
Water Reserve	Water Supply	(338)	175,548	(174,938)	272
Water Disaster Fund	Water Supply	166	380	–	546
Wastewater Reserve	Wastewater	1,373	163,262	(164,732)	(97)
Wastewater Disaster Fund	Wastewater	385	643	–	1,028
Stormwater Reserve	Stormwater	709	56,947	(57,597)	59
Stormwater Disaster Fund	Stormwater	674	877	–	1,551
Roading Disaster Fund	Transportation	1,375	6,200	–	7,575
Self-Insurance Fund	Overall Council	1,155	183	–	1,337
Waste Management and Minimisation Reserve	Waste Management and Minimisation	107	161,345	(161,552)	(100)
Dog Control Reserve	Public Health & Safety	50	5,117	(5,429)	(262)
Community Facilities Rate Reserve	Reserves & Facilities	118	44,869	(44,869)	118
Camping Ground Reserve	Council Enterprises & Property	(285)	10,795	(9,280)	1,230
Community Housing Reserve	Reserves & Facilities	738	11,394	(9,370)	2,762
Development Contribution Reserve	Transportation, Water Supply, Wastewater, Stormwater	6,238	75,630	(117,620)	(35,752)
General Disaster Fund	Governance	4,254	4,000	–	8,253
Total		30,779	806,924	(837,411)	291

RESERVE FUNDS

RESERVES

RESERVE FINANCIAL CONTRIBUTIONS RESERVE

Reserve Financial Contributions are paid as a percentage of the land value of new allotments, and are applied to the acquisition and development of land for reserves, and to the development and upgrading of community services. All Reserve Financial Contributions must be separately accountable and the Council keeps Reserve Financial Contributions received in four separate accounts (Golden Bay Ward, Motueka Ward, Moutere-Waimea/Lakes/Murchison Wards, Richmond Ward). Strict criteria apply to the use of these funds.

PARKS AND RESERVES DISASTER FUND

The Parks and Reserves Fund covers the excess for insured parks and reserves assets. No allowance has been made in the Tasman's 10-Year Plan 2021 – 2031 for any withdrawals on this disaster fund, as the timing of any disasters cannot be predicted.

RIVERS RESERVE

The Rivers Reserve is used to enable separate accounting for the funding and expenditure for the Rivers Activity. Each year, Council sets the proposed income, expenditure and funding budgets. Variations from these budgets, as a result of timing of projects or unplanned expenditure are recorded in the rivers fund to keep any surpluses/deficits separate from other activities.

RIVERS DISASTER FUND

The Rivers Disaster Fund (The Classified Rivers Protection Fund) covers the excess for river protection assets insured under the Local Authority Protection Programme (LAPP). No allowance has been made in Tasman's 10-Year Plan 2021 – 2031 for any withdrawals on this disaster fund as the timing of any disasters cannot be predicted.

WATER RESERVE

The Water Reserve is used to separate all funding and expenditure for the Water Supply Activity, excluding development contributions income and projects. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Variations from these budgets, as a result of timing of projects and/or unplanned expenditure are recorded in the water reserve to keep any surpluses/deficits separate from other activities.

WATER DISASTER FUND

The Water Disaster Fund covers the excess for water assets insured under the Local Authority Protection Programme (LAPP). No allowance has been made in Tasman's 10-Year Plan 2021 – 2031 for any withdrawals on this disaster fund as the timing of any disasters cannot be predicted.

WASTEWATER RESERVE

The Wastewater Reserve is used to separate all funding and expenditure for the Wastewater Activity, excluding development contributions income and projects. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Variations from these budgets, as a result of timing of projects and/or unplanned expenditure are recorded in the Wastewater Reserve to keep any surpluses/deficits separate from other activities.

WASTEWATER DISASTER FUND

The Wastewater Disaster Fund covers the excess for wastewater assets insured under the Local Authority Protection Programme (LAPP). No allowance has been made in Tasman's 10-Year Plan 2021 – 2031 for any withdrawals on this disaster fund as the timing of any disasters cannot be predicted.

STORMWATER RESERVE

The Stormwater Reserve is used to separate all funding and expenditure for the Stormwater Activity, excluding Development Contributions income and projects. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variation from these budgets for example as a result of timing of projects or unplanned expenditure are recorded in the Stormwater Reserve to keep any surpluses/deficits separate from other activities.

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STORMWATER DISASTER FUND

The Stormwater Disaster Fund covers the excess for stormwater assets insured under the Local Authority Protection Programme (LAPP). No allowance has been made in Tasman's 10-Year Plan 2021 – 2031 for any withdrawals on this disaster fund as the timing of any disasters cannot be predicted.

ROADING DISASTER FUND

The Roading Disaster Fund covers the cost of the remediation of roading assets due to a disaster that are not covered through the Waka Kotahi/New Zealand Transport Agency (Waka Kotahi). No allowance has been made in Tasman's 10-Year Plan 2021 – 2031 for any withdrawals on this disaster fund as the timing of any disasters cannot be predicted.

SELF INSURANCE FUND

The purpose of this fund is to provide cover for assets or liabilities that are medium to low risk, but are uneconomic to insure.

WASTE MANAGEMENT AND MINIMISATION RESERVE

The Waste Management and Minimisation Reserve is used to separate all funding and expenditure for the Waste Management and Minimisation Activity. Each year Council sets the proposed income, expenditure and funding budgets set for this activity. Any variation from these budgets for example timing of projects or unplanned expenditure are recorded in the Waste Management and Minimisation Reserve to keep any surpluses/deficits separate from other activities.

DOG CONTROL RESERVE

The Dog Control Reserve is used to separate all funding and expenditure for the Dog Control activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variation from these budgets, for example timing of projects or unplanned expenditure, are recorded in the Dog Control Reserve to keep any surpluses/deficits separate from other activities.

COMMUNITY FACILITIES RATE RESERVE

The Community Facilities Rate Reserve is used to separate all funding and expenditure for the Community Facilities activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variations from these budgets, for example timing of projects or unplanned expenditure, are recorded in the Community Facilities Rate Reserve so that any surpluses/deficits are kept separate from other activities. The surplus in this reserve increases over the life of Tasman's 10-Year Plan 2021 – 2031 due to interest costs decreasing as the loans are repaid. The surplus increase is mainly from year five onwards in this Plan.

CAMPING GROUND RESERVE

The Camping Ground Reserve is used to separate all funding and expenditure for the Camping Ground activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variations from these budgets, for example timing of projects, unplanned expenditure or changes in income, are recorded in the Camping Ground Reserve so that any surpluses/deficits are kept separate from other activities.

COMMUNITY HOUSING RESERVE

The Community Housing Reserve is used to separate all funding and expenditure for the Community Housing activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variations from these budgets, for example due to timing of projects or unplanned expenditure, is recorded in the Community Housing Reserve so that any surpluses/deficits can be kept separate from other activities.

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DEVELOPMENT CONTRIBUTION RESERVE

It is the Council's intention that developers should bear the cost of the increased demand that development places on the District's infrastructure. Population growth in the District places a strain on network and community infrastructure. That infrastructure will need to expand and be further developed in order to cope with the demands of population growth. This includes additional demand on services such as transportation, water supply, wastewater and stormwater management. All Development Contributions must be separately accountable and the Council keeps Development Contributions received in four separate accounts; transportation, wastewater, stormwater and water. Strict criteria apply to the use of these funds. Any budgeted surpluses/deficits for these funds in any given year are funded through borrowing or repaying Development Contribution loans. The significant movement in the Development Contribution Reserve from a surplus of \$6 million to a deficit of \$36 million is driven by larger up front growth costs that will be recovered over a 30 year period.

GENERAL DISASTER FUND

The General Disaster Fund is to cover uninsurable assets like roads and bridges. Council usually receives a subsidy from Waka Kotahi to cover part of the costs of any roads and bridges damaged in a disaster, but Council needs to fund any remaining costs. No allowance has been made in Tasman's 10-Year Plan 2021 – 2031 for any withdrawals on this disaster fund as disasters are impossible to predict.

