

Central Hawke's Bay District Council – Report

TO: Council
FROM: Corporate Services Manager
DATE: 1 April 2010
FILE REF: Policy Manual
SUBJECT: **SPECIAL FUND ACCOUNTS POLICY**

1.0 SUMMARY

Council operates Special Fund Accounts in terms of the above Policy.

Included within these Special Funds is a Mayor's Fund – which provides for payments to worthy individuals or groups – at the sole discretion of the Mayor.

Currently income for the fund is from public donations – but as these are few and far between – there has been limited balance in the Fund for several years.

An amendment to the Policy is suggested whereby a portion of the annual interest on Special Funds is allocated to the Mayor's Fund – in order that a small pool of discretionary funds is available to the Mayor.

2.0 RECOMMENDATION

THAT

That the Special Fund Accounts Policy be adopted as amended.

REASON -

The Objective of the decision will contribute to the following Community Outcomes:

- *Supportive, Caring and Inclusive Communities.*

3.0 BACKGROUND

Council earns interest of approximately \$400,000 from investment of Special Funds.

At year end these are credited to each Special Fund (with the exception of funds such as the Mayor's Fund) – based on the balance in each respective Fund.

The last public donation to the Mayor's Fund was received in 2004 – and the balance in the Fund is currently \$460.

It is suggested that the Fund be maintained at \$5,000 – with an annual top up from Special Fund interest each year end. (The balance of interest earned would be allocated in the usual manner)

Should any public donations be received – this would either reduce the annual interest top up or not require it.

The wording of the Policy covering the Mayor's Fund would then be –

"To provide for payments to worthy individuals or groups at the sole discretion of the Mayor

Income for this fund will be from public donations and, if required, an allocation of interest from Special Fund investments.

The balance of the Fund will be maintained at a minimum of \$5,000 as at each 30th June."

4.0 OPTIONS

Option 1

That the Special Fund Accounts Policy be adopted as amended.

5.0 STATUTORY IMPLICATIONS

Local Government Act 2002

6.0 CONSULTATION

6.1 Internal

Staff

7.0 FINANCIAL

LTCCP 2009/19

8.0 POLICY/DELEGATION REFERENCE

Policy 7.20 – Special Fund Accounts Policy

Kevin Brown
Corporate Services Manager

Central Hawke's Bay District Council	POLICY MANUAL	
	Document #	7.20
SPECIAL FUND ACCOUNTS POLICY	Approved by:	Council
	Adoption Date:	1-4-10
	Last Amended:	18-12-08
	Review Date:	December 2010
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That Council operate Special Fund Accounts in terms of this Policy.

All Special Fund Accounts shall be pooled for the purpose of accounting and investment.

That investments made from the Special Fund Account Pool be made in accordance with Council's Investment Policy.

That at no time will any Special Fund Account be taken into a debit balance position.

That interest payments, capital gains or losses be credited/charged on a pro-rata basis to all Special Fund Accounts within the pool.

Unless otherwise stated, only the interest earned on each fund shall be available to be spent thereby preserving the individual fund amounts.

DESCRIPTION OF PURPOSES STATEMENT

Special Funds are those funds, or reserves, which Council has established by resolution, the terms of which restricts the use of the funds. Each fund has been set up as a separate account to maintain a degree of independence from Council's general funds. All funds are invested as part of a larger pool of funds and are not available for any other purpose.

ELECTION AND BY-ELECTION FUNDING RESERVE

To provide for the smoothing of election expenses by the annual transfer of funds to the account.

MAYOR'S FUND

To provide for payments to worthy individuals or groups at the sole discretion of the Mayor.

Income for this fund comes from public donations, and if required, an allocation of interest from Special Fund Investments.

The balance of the Fund will be maintained at a minimum of \$5,000 as at each 30th June

RURAL FIRES RESERVE

To provide funds for the non-recoverable costs incurred by Council in fighting rural fires.

The value of the fund should be preserved by transfers from the Fire Control Account so that a level of \$25,000 is maintained (1991 dollar value) and annually adjusted for inflation using the cost of construction index (at \$39,353 at June 2004).

ESPLANADE RESERVE FUND

To provide immediate finance to; purchase land, pay legal costs, pay survey costs or pay acquisition costs associated with the purchase or access to Esplanade Reserve land as and when it becomes available.

Withdrawals from this fund will only be made when the purchase or access to Esplanade Reserve land has been approved by Council.

RETIREMENT OF MATURING DEBT

To accumulate funds for the payment of maturing debt. The fund is not operated as a sinking fund, but will receive annual transfers from rates levied for the principal repayment of maturing infrastructure debt.

TE AUTE DRAIN CHANNEL CLEARING RESERVE

To provide funds for the programmed clearing of channels and major maintenance of the system. Funds may be provided annually from the Te Aute Drainage Rate for the maintenance of this account.

RETIREMENT HOUSING DEPRECIATION RESERVE ACCOUNT

To provide for extensions, major upgrading, major maintenance or capital purchases whenever such is necessary in the provision of Retirement Housing facilities within the district. Funds will be provided annually from the Retirement Housing rentals for the maintenance of this account.

ADVERSE EVENTS CONTINGENCY

To provide funds to assist with the repairs to or to replace damaged Council assets in the event of an unforeseen, major, short duration, natural event. Adverse events include those that would not normally be covered by operational expenditure and those not covered by insurance. Each adverse event will be assessed on a case by case basis. In the case of an adverse roading event the New Zealand Transport Agency definition of an emergency will be used.

The value of the fund should be preserved by transfers from the appropriate operational rate so that a level of \$200,000 is maintained (1991 dollar value) and annually adjusted for inflation using the cost of construction index.

CATASTROPHIC EVENTS FUND

To provide funds for the financial protection of the district in the event of an unforeseen catastrophic natural event.

This event would be such that substantial damage occurred to the vital infrastructure of the district.

Each catastrophic event will be assessed on a case by case basis.

There are three ways these funds may be used.

1. The capital sum used to repair damage to infrastructure assets.
2. The sum used to provide the "first cover" of an insurance policy for the district's infrastructural assets.
3. The sum used as part or all of Council's contribution to a proposed co-operative national emergency fund.

The value of this fund should be preserved by transfers from the appropriate operational rate so that a level of \$1.2 million is maintained (2006 dollar value) and annually adjusted for inflation using the cost of construction index.

ARAMOANA WARD DISBURSEMENT FUND

To provide funds for the provision or maintenance of recreational, cultural or infrastructural assets within the Aramoana Ward.

RUAHINE WARD HALLS MAINTENANCE RESERVE

To provide funds for the larger maintenance items of the Ward Halls in the Ruahine Ward to enable them to operate without large fluctuations in rate requirements due to major maintenance.

RUAHINE WARD DISBURSEMENT RESERVE ACCOUNT

To provide funds for the provision or maintenance of recreational, cultural or infrastructural assets within the Ruahine Ward.

RUATANIWHA WARD DISBURSEMENT RESERVE ACCOUNT

To provide funds for the provision or maintenance of recreational, cultural or infrastructural assets within the Ruataniwha Ward.

CAPITAL PROJECTS FUND

To provide funds for the purchase or construction of recreational, cultural or infrastructural assets anywhere in the district.

The funds will be used to provide substantial assistance for the provision of new facilities.

The net proceeds from the sale of Council owned Infrastructure, Land and Buildings, shall be credited to this Fund.

WAIPAWA BUILDING SOCIETY SCHOLARSHIP TRUST FUND

A fund held in trust for the trustees of the scholarship to enable them to allocate grants to assist with further education for selected residents of Central Hawke's Bay district who are intending to attend, or are attending, a course of tertiary education.

ERIC TATE SCHOLARSHIP TRUST FUND

A fund held in trust for the trustees of the scholarship to enable them to allocate grants to assist with further education for selected CHB College students who normally reside in the district served by the former Waipawa District High School.