

**TO: COUNCIL**

**FROM: DAVE FOSTER – INTERMIN GROUP MANAGER OF FINANCE**

**MEETING DATE: 24 SEPTEMBER 2019**

**INVERCARGILL CITY COUNCIL FINANCIAL RESERVE REVIEW**

**SUMMARY**

This report recommends an approach to better manage the special purpose financial reserves that Council holds and that certain special purpose reserves should be closed.

**RECOMMENDATIONS**

**That the report be received.**

**That all financial reserves established for legal purposes remain and be separately invested.**

**That financial reserves established by Council will be retained as reserves where they have an identified special purpose.**

**That financial reserves established by Council listed in *Appendix 3* are consolidated into “net debt” within the activity for which the funds were collected.**

**That financial reserves listed in *Appendix 4* are consolidated into activity “net debt”.**

**That the CEO is authorised to process the transactions for net debt to ensure that the debt portfolio and the investments portfolio have a structure that as much as possible results in activities not being both investors and borrowers.**

**That reporting on reserve balances and debt balances for each activity are included in future quarterly financial reports to Council.**

**That Revenue and Financing Policy at the next review will be clear on the funding into, and utilisation of, Financial Reserve investments.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No

5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required? Yes and No respectively</i>
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Not Applicable

## **BACKGROUND**

Council established a process to understand more about the reserves it holds and the purposes they were established. To support this review a working party was developed. The chair of the working party is Cr Lesley Soper. To paraphrase the focus of the work on reserves was:

1. To understand what reserves are in place and the extent to which these are backed by investment.
2. To understand what the reserves can be used for and what restrictions may exist.
3. To clarify the extent to which reserves may be “slush funds”.
4. To establish a policy and process for use of reserves.
5. To ensure adequate accountability is in place for reserves in the future.

### **What are Reserves?**

From a technical accounting perspective reserves are a part of the equity of an entity. The equity is the share of the entity or the worth of the entity after valuing all the assets and deducting all of the money owed to other parties. So, a reserve in that technical sense does not represent funds being available. Those funds are already included in the assets. Many Councils that have reserves do not have those reserves backed by investments. Invercargill City Council does have its reserves matched closely to investments held at a total Reserve to investments level. Some financial reserves are in deficit, which effectively means there is an internal borrowing mechanism.

## **ANALYSIS**

In order to understand reserves, it is essential to consider what they are and where they “fit” in the Local Government legislative framework for financial management which is contained in *Part 6 of the Local Government Act*.

### **Public Accountability Structure**

Since the *1996 Amendment to the Local Government Act 1974* the primary focus for accountability has been for the Activity. This has become more reinforced through each review of the legislation.

Council must identify the groups of Activity that it delivers. For each activity Council must:

- Show the Key Performance indicators for the Activity.
- Show the sources of funding for the activity.
- Show the uses of the funds for the activity.

Council must also produce a revenue and financing policy and identify separately for operations and capital spend what is policy is for funding, following a consideration of each activity.

Reserves and Investments are identified as separate lines which are required to be included for a financial view of each activity in Long-term Plans, and Annual Reports.

More detail on the accountability framework is outlined in *Appendix 1*. What the legislation establishes is a clear focus on the accountability of funds received and spent to be related to activities.

### Council Funding Methods

Analysis of the Long-term Plan 2015 shows that Council moved to a mechanism for funding most activities from targeted rates. In 2018/19 there are targeted rates for:

Targeted Rate	GST (inclusive)	% of total
General Rate	5,933,175	9.4%
Resource Management	4,011,092	6.3%
Roading	6,150,490	9.7%
Parks and Reserves	7,294,767	11.5%
Cemeteries	346,435	0.5%
Libraries	4,998,646	7.9%
Pools	2,925,563	4.6%
Regional Heritage	1,062,968	1.7%
Footpaths	1,863,640	2.9%
Street Lighting	484,882	0.8%
Transport	620,038	1.0%
Sewerage	7,057,654	11.2%
Drainage	4,850,292	7.7%
Drainage - Makarewa	14,077	0.0%
Drainage - Myross Bush	10,622	0.0%
Drainage - Redmayne Road	2,775	0.0%
Refuse Collection	4,261,841	6.7%
General Waste Management	887,641	1.4%
Water	9,179,048	14.5%
Economic Development	240,012	0.4%
Business Development	740,365	1.2%
City Centre Co-ordinator	148,800	0.2%
Community Centres		0.0%
· Awarua	3,658	0.0%
· Myross Bush	16,822	0.0%
· Otatara	20,585	0.0%
Bluff Town Hall	22,153	0.0%
Bluff Community Board	88,644	0.1%
Net Rates	63,236,683	100.0%

The general rate accounts for 9.4% of total rates charged. The structure of rates indicates a significant focus on revenue trying to match perceived benefit. It also indicates that transparency to the ratepayer, for what they are paying rates for is important to Council. The benefit principle, and transparency of rates, has been a fundamental for local government funding consideration over the past two decades. It is generally agreed by most practitioners that where a targeted rate is set for an activity, the rate must be used for that purpose. This

is no longer true, legally, but the accountability framework does focus on what is collected linking to “what it is used for”.

The Revenue and Financing Policy should state why targeted rates are used and also what targeted rates can be used for. It should also include what general rates can be used for and what happens if there is a deficit or surplus of funding from a targeted rate. Council has activities with both targeted rate and general rate and the distinction as to why it is not clear. A weakness in the current Revenue and Financing Policy is that it does not contain any definitive policy on the use of debt or reserves for capital work.

It also does not contain any definitive policy that rates and general revenues will be set to fund cash into reserves. Council has been in the habit of rating for cash to transfer into reserves and if this is to continue it needs to reflect in the policy and be transparent. This is not a critical deficiency and the development of a new policy for the 2021/2031 Long-term plan will address this issue.

### **Accounting for Reserves**

Robust Financial management requires clear alignment between what an activity is for all purposes of funding and accountability. A lack of a clear and transparent alignment is a weakness that makes it difficult for the organisation to determine what money it should or does have, and what debt it can afford for each activity. It means there is a higher probability that the costs for some activities are higher than they should be, and some are lower than they should be. At the high level for Council it may make little difference but when targeted rates are the main funding mechanism it can have the effect of moving rates requirement from one group to another.

The reserves of Council are not reflected into the activity base on which all external accountability is undertaken. This situation has been corrected from 1 July 2018, however the reserves and investments held currently still reflect the organisational structure. Adoption of the recommendations will move the reserves to be aligned better with the activity and within an activity to be aligned to specific funding sources if those funding sources have a restriction on the use of funds.

A review of the Funding Impact Statements and Revenue and Financing Policy for the 2018-2028 Long-term Plan indicates that the movements into and out of reserves is primarily through an activity which is regarded as “not significant”. This activity is not included in the adopted Long-term Plan. This will be resolved with the activity funding focus being implemented. This is not good practice and does not provide transparency.

### **Net Debt**

We have introduced the concept of net debt.

$$\text{Net debt} = \text{total debt} - \text{Investments}$$

With the activity being a primary focus of funding sources, it should also be the primary focus of “net debt” calculations.

Council is in a relatively rare position in that it does not pay more to borrow money than it earns on an investment. Indeed, in certain phases of the economic cycle Council can earn more interest on investment than it pays on debt. Local Government is currently in this position. What this means is that Council is funding “neutral” and should also be decision neutral in a decision to fund capital, either from borrowing or from use of an investment. The effect on the ratepayer is the same.

The effect of working on a net debt basis, is that it should be rare for an activity to have debt and also to have an investment. There will be some circumstances where it would occur where there is a requirement to keep revenue for a sub-activity separate in an activity.

This separation is only relevant in that fewer individual items makes the management process simpler and in doing so enhances transparency.

**Council Reserves**

Council has around 90 different reserves.

**Reserves Required to be Legally Kept Separate**

The review has considered all reserves; recognising legally required reserves need to be retained. Those reserves are:

- Endowment Land Reserves \$4,357,400
- H & C Feldwick Memorial Fund \$128,598
- Wastenet \$609,816

## Council Activity Reserves

These have been established by Council and relate to the activities Council undertakes. The reserves have in some cases been established where an asset has been sold and Council has determined that the use of the sale proceeds will go to a specific purpose. The following reserves should remain as separate itemised reserves rather than activity reserves. These reserves may be amalgamated into fewer reserves where the purpose of the reserve is the same.

Activity	Fund	Balance 30 June 2019	Purpose	Type	Recommendation Proposed
General - Democratic Services	BLUFF COM. BD RATING RESERVE	85,673.41	Operational surplus(deficit) from the Bluff Community Board business unit.	Activity	Retain as separate Net Debt Account
General - Democratic Services	BLUFF DEVELOPMENT RESERVE	37,061.66	For development within the Bluff area.	Activity	Retain as separate Net Debt Account
General - Support Services	OTATARA STREET TREE RESERVE	10,707.47	For work required on natural native vegetation growing on roadsides and	Activity	Retain as separate Net Debt Account
Social & Cultural - Cemeteries	PREPAID BURIALS-PARKS	267,651.21	Prepaid burials at current cost held in fund and paid back to cemetery account at new	Activity	Retain as separate Net Debt Account
Solid Waste	INDUSTRIAL RECLAMATION RESERVE	7,658,724.49	Contingent Liability Fund for the possible future remediation of	Activity	Retain as separate Net Debt Account
Solid Waste	INDUSTRIAL RECLAMATION PROVISION	1,042,957.07	Same as number 43 above.	Activity	Retain as separate Net Debt Account

Council activity reserves will remain fully funded at the activity level. The table at *appendix 2* shows 16 separate reserves. The proposal is to eliminate the segregation of separate reserves within the same activity. Examples are the four reserves for Cemeteries and two different reserves for Housing Care. It is recommended that the funds in these Reserves will remain as funds for the activity, but the individual reserves are eliminated, and a single reserve for the activity established. If the activity has borrowing, the reserve created may be used to reduce the debt in the activity.

## **Departmental Reserves**

These have been created to provide funding for future costs and projects. These reserves comprise the majority of the reserves having 70 of the 93 separate reserves. The reserves are also very specific with Parks as a single activity having nine separate reserves. Some of the reserves in this category are recommended for retention, as they represent money which has a restriction on its use e.g. Surrey Park roading which is for funds collected from user groups and held for re-sealing carparks. Where funds are collected, and those funds are restricted to a specific use of a reserve fund is an appropriate mechanism to ensure that the funds are used for that purpose.

Where funds have been put aside by officers for a specific purpose it is recommended that those reserves should be eliminated. However, we are not recommending that the funds become "general funds". In keeping with the activity as a focus for funding, the reserves which are to be eliminated will be eliminated as separate lines, and the funds will be maintained as part of the activity. They will be transferred to "net debt" within that activity. What that means is that the funds will be swept into a single "fund" for the activity.

A number of reserves have negative balances which, is effectively an internal loan. These reserves will be combined with the positive balance reserves for an activity. If an activity has a negative investment (debt) after being combined that value will be converted to a loan. For transparency and in keeping with a "net debt" principle we do not want to have a lot of activities which are both borrowers and investors. An activity should either be a borrower or an investor. As much as possible the borrowing and debt portfolios will be aligned to the activity. It is clearer for Council and for the public if Council does not have a position where it borrows and puts money into an investment. There will be exceptions to this.

Departmental reserved recommended to remain separate are (following page):

Activity	Fund	Balance 30 June 2019	Purpose	Type	Recommendation Proposed
General - Community Development	COMMUNITY DEVELOPMENT	145,285.83	Grant from Community Development project held here and used when	Department	Retain \$94,125 as separate Net Debt Account; \$51,161 to
Roading	AWARUA BAY GRAVEL RESERVE	94,539.00	Royalties from Sale of Gravel from Awarua Pit. To be used for future	Department	Retain as separate Net Debt Account
Social & Cultural - Museum	MUSEUM REDEVELOPMENT	178,324.57	Funds rated via the Southland Regional Heritage rates, but held for the Southland	Department	Retain as separate Net Debt Account
Social & Cultural - Parks	PARKS RESERVE LAND SALES FUNDS	129,947.48	For Parks capital works - it was originally derived from Reserve Contribution and	Department	Retain as separate Net Debt Account
Social & Cultural - Parks	SURREY PARK ROADING FUND	114,946.47	Collected from users groups at Surrey Park and held for re sealing of car parks.	Department	Retain as separate Net Debt Account
Social & Cultural - Parks	BLUFF & SANDY POINT FORESTRY - PARKS	1,477,797.94	Surplus from log sales to be used to establishment of logged areas, silviculture work	Department	Retain as separate Net Debt Account
Social & Cultural - Pools	ILT SCHOOL SWIM LESSONS	188,856.57	Holds the Grants from ILT as received and uplifted as required.	Department	Retain as separate Net Debt Account
Social & Cultural - Pools	WIN MOYLAN SWIM SCHOLARSHIP	4,678.86	Granted funding used by the Pool Department for the Learn to Swim Programme.	Department	Retain as separate Net Debt Account
Solid Waste	SOLID WASTE BIN REPLACEMENT	893,771.06	For future replacement of rubbish bins for Waste Collection.	Department	Retain as separate Net Debt Account
Water	WATER TOWER EARTHQUAKE STRENGTH RESERVE	1,523,991.75	Rated in 2013/14 for earthquake work for the Water Tower. Held until required once	Department	Retain as separate Net Debt Account



The separate reserves listed in *Appendix 4* are recommended to be eliminated as separate reserves to be incorporated into the “net debt” of the activity. This means that the funding reserve will not be lost to the activity which has created the funds.

**CONCLUSION**

The reserves of Council should be more transparent, and should not be seen as “slush funds” to fund projects that have not been included in plans. The main funding source of Council is rates, and with rates being collected for “targeted” purposes it is reasonable that rates collected for a purpose should be spent for the purposes they were raised.

Council has introduced a quarterly forecasting process based on the groups of activity, and this forecasting process should be the mechanism for Council to consider items that were not included in plans. In considering those items Council will consider the funding of the activity and whether an increase in “net debt” will be required for unbudgeted expenditure to be approved. Council is neutral between borrowing and using investments, and therefore it should be a matter for treasury management to identify the most appropriate funding mechanism having regard to the Liability and Investment Policy.

The quarterly reports currently include a treasury report, and future iterations of that report will include reporting on borrowing and investments for activity.

**\*\*\*\*\***

## Appendix 1

Summary of the Local Government Act 2002 Funding Framework.

The Local Government Act 2002 (LGA) requires Council to prepare Long-term Plans, Annual Plans and Annual Reports around the activities it undertakes.

Section 93 which covers the Long-term Plan states the purpose of a Long-term Plan is to:

- a) Describe **the activities** of the local authority.
- b) Describe the community outcomes of the local authority.
- c) Provide integrated decision-making and co-ordination of the resources of the local authority.
- d) Provide a long term focus for the decisions and activities of the local authority and
- e) Provide a basis for accountability of the local authority to its community.

The tenth schedule of the LGA established the requirements of the Long-term Plan, Annual Report and Annual Plans. Those documents must:

- 1) For each group of **activities**:
  - a. Identify the **activities** in the group.
  - b. Identify the rationale for delivery of the group of **activities** (including the community outcomes to which the group primarily contribute)
  - c. Outline significant negative effect that **any activity** within the **group of activities** may have on the local community. And
  - d. Included information on:
    - i. Performance measures and changes in levels of service.
    - ii. Funding impact statements in prescribe form and must identify:
      1. The sources of funding used by the local authority.
      2. The amount of funds expected to be produced from each source and
      3. How the funds are to be applied.

Section 101 of the LGA requires among other things that:

The funding needs of the local authority must be met from the sources that the local authority determines to be appropriate following consideration of:

- a) **in relation to each activity** to be funded:
  - i. The community outcomes to which the **activity** primarily contributes.
  - ii. The distribution of benefits between the community as a whole, any identifiable part of the community and individuals...

## Appendix 2

### Council determined Reserves

ID.	Activity	Fund	Balance 30 June 2019	Purpose	Type	Recommendation Proposed
20	General Democratic Services -	BLUFF COM. BD RATING RESERVE	85,673.41	Operational surplus(deficit) from the Bluff Community Board business unit.	Activity	Retain as separate Net Debt Account
21	General Democratic Services -	BLUFF DEVELOPMENT RESERVE	37,061.66	For development within the Bluff area.	Activity	Retain as separate Net Debt Account
82	General Support Services -	OTATARA STREET TREE RESERVE	10,707.47	For work required on natural native vegetation growing on roadsides and close to overhead wires.	Activity	Retain as separate Net Debt Account
137	Roading	ENVIRONMENT SOUTHLAND WALKWAY RESERVE	310,251.95	To the development of a walkway from Invercargill to Bluff. Budgeted within Grants at \$50,000 per year.	Activity	Eliminate and transfer funds to Roding Net Debt account
87	Social Cultural Cemeteries & -	CREMATORIUM -LOSP RESERVE-PARKS	(20,133.47)	Cremation plant replacement.	Activity	Eliminate and transfer funds to Cemetery Net Debt account

88	Social & Cultural Cemeteries	CREMATORIUM MAINTENANCE FUND-PARKS	228,437.77	Interest to be used for maintenance of Crematorium burial grounds.	Activity	Eliminate and transfer funds to Cemetery (ground maintenance) Net Debt account
90	Social & Cultural Cemeteries	CEMETERY MAINTENANCE FUND-PARKS	2,232,714.88	Interest to be used for maintenance of Cemetery burial grounds.	Activity	Eliminate and transfer funds to Cemetery (ground maintenance) Net Debt account
91	Social & Cultural Cemeteries	PREPAID BURIALS-PARKS	267,651.21	Prepaid burials at current cost held in fund and paid back to cemetery account at new cost once customer is deceased.	Activity	Retain as separate Net Debt Account
14	Social & Cultural Housing Care	HOUSING CARE OPERATIONAL LOSP RESERVE	466,992.65	Operational Surplus/Deficit from Housing Care business unit.	Activity	Eliminate and transfer funds to Housing Care Net Debt account
56	Social & Cultural Housing Care	HOUSING CARE BLDG LOSP RESERVE	487,546.49	For Operational surplus (deficit) from the Property Business Unit - 555000.	Activity	Eliminate and transfer funds to Housing Care Net Debt account
53	Social & Cultural Libraries	LIBRARY BUILDING LOSP RESERVE	188,228.25	For Operational surplus(deficit) from the Property Business Unit - 553000.	Activity	Eliminate and transfer funds to Library Net Debt account
3	Social & Cultural Pools	AQUATIC FACILITIES LOSP RESERVE	(1,004,210.35)	For Operational surplus (deficit) from the Property Business Unit - 557000.	Activity	Eliminate and transfer funds to Pools Net Debt account

43	Solid Waste	INDUSTRIAL RECLAMATION RESERVE	7,658,724.49	Contingent Liability Fund for the possible future remediation of Bond Street Estuary area.	Activity	Retain as separate Net Debt Account
44	Solid Waste	INDUSTRIAL RECLAMATION PROVISION	1,042,957.07	Same as number 43 above.	Activity	Retain as separate Net Debt Account
49	Stormwater	Stormwater (MYROSS BUSH)	(2,273.39)	To fund operations within these areas. Possibly not required now.	Activity	Eliminate and transfer funds to Stormwater (Land drainage) Net Debt accounts
50	Stormwater	Stormwater (MAKAREWA)	2,916.70	To fund operations within these areas. Possibly not required now.	Activity	Eliminate and transfer funds to Stormwater (Land drainage) Net Debt accounts

## Appendix 3

### Council reserves to be consolidated into Activity Based Net Debt Reserves

Activity	Fund	Balance 30 June 2019	Purpose	Type	Recommendation Proposed
Roading	ENVIRONMENT SOUTHLAND WALKWAY RESERVE	310,251.95	To the development of a walkway from Invercargill to Bluff. Budgeted within Grants at \$50,000 per year.	Activity	Eliminate and transfer funds to Rooding Net Debt account
Social & Cultural - Cemeteries	CREMATORIUM -LOSP RESERVE-PARKS	(20,133.47)	Cremation plant replacement.	Activity	Eliminate and transfer funds to Cemetery Net Debt account
Social & Cultural - Cemeteries	CREMATORIUM MAINTENANCE FUND-PARKS	228,437.77	Interest to be used for maintenance of Crematorium burial grounds.	Activity	Eliminate and transfer funds to Cemetery (ground maintenance) Net Debt account
Social & Cultural - Cemeteries	CEMETERY MAINTENANCE FUND-PARKS	2,232,714.88	Interest to be used for maintenance of Cemetery burial grounds.	Activity	Eliminate and transfer funds to Cemetery (ground maintenance) Net Debt account
Social & Cultural - Housing Care	HOUSING CARE OPERATIONAL LOSP RESERVE	466,992.65	Operational Surplus/Deficit from Housing Care business unit.	Activity	Eliminate and transfer funds to Housing Care Net Debt account
Social & Cultural - Housing Care	HOUSING CARE BLDG LOSP RESERVE	487,546.49	For Operational surplus (deficit) from the Property Business Unit - 555000.	Activity	Eliminate and transfer funds to Housing Care Net Debt account

Social & Cultural - Libraries	LIBRARY BUILDING LOSP RESERVE	188,228.25	For Operational surplus (deficit) from the Property Business Unit - 553000.	Activity	Eliminate and transfer funds to Library Net Debt account
Social & Cultural - Pools	AQUATIC FACILITIES LOSP RESERVE	(1,004,210.35)	For Operational surplus (deficit) from the Property Business Unit - 557000.	Activity	Eliminate and transfer funds to Pools Net Debt account
Stormwater	Stormwater (MYROSS BUSH)	(2,273.39)	To fund operations within these areas. Possibly not required now.	Activity	Eliminate and transfer funds to Stormwater (Land drainage) Net Debt accounts
Stormwater	Stormwater (MAKAREWA)	2,916.70	To fund operations within these areas. Possibly not required now.	Activity	Eliminate and transfer funds to Stormwater (Land drainage) Net Debt accounts

## Appendix 4

### Departmental reserves recommended to be eliminated

Activity	Fund	Closing balance 30 June 2019	Purpose	Recommendation Proposed
General - City Centre Revitalisation	CITY CENTRE UPGRADE RESERVE	1,965,014.52	For City Centre Upgrade requirements.	Eliminate and transfer to City Centre Revitalisation net debt account
General - City Centre Revitalisation	INNER CITY FEATURES LOSP RESERVE	176,659.03	For operational surplus (deficit) from the CBD special project. To be used for future capital maintenance of inner city features	Eliminate and transfer to City Centre Revitalisation net debt account
General - Democratic Services	ELECTION RESERVE	(79,180.98)	For 3 yearly elections, contributions made from in between years.	Eliminate and transfer to General net debt account
General - Halls & Theatre	HALLS & CIVIC THEATRE BUILDINGS LOSP RESERVE	(2,424,095.85)	For Operational surplus (deficit) from the Property Business Unit - 552000.	Eliminate and transfer to General net debt account
General - Halls & Theatre	SCOTTISH HALL MAINTENANCE RESERVE	502,486.94	For the Maintenance of the Scottish Hall.	Eliminate and transfer to General net debt account
General - Investment Property	HISTORIC HOMESTEAD ROOF REPLACEMENT	16,796.66	For future roof replacement of Historic Homestead House at the Awarua Industrial Estate. Operational surplus (deficit) from Historic Precinct business unit.	Eliminate and transfer to a Awarua development net debt account



General - Investment Property	PROPERTY LOANS RESERVE	958,803.21	To be used for the development property. To be used for Don Street Development.	Eliminate and transfer to a Don Street net debt account
General - Investment Property	AWARUA INDUSTRIAL DEVELOPMENT RESERVE	(9,245,679.26)	Holding costs of the Awarua Estate. Offset from Operational Surplus (deficit) from Colyer Road Farm.	Eliminate and transfer to a Awarua development net debt account
General - Public Toilets	TOILETS (LOSP) RESERVE	404,032.14	For Operational surplus (deficit) from the Property Business Unit - 516000.	Eliminate and transfer to General net debt account
General - Specialised Community Services	EVENTS - CREATION/PROMOTION	189,761.20	To bring Events to the City. Surplus (deficit) from annual budget.	Eliminate and transfer to Events net debt account
General - Specialised Community Services	EVENTS - ICONIC	(114,000.00)	To support Iconic events within the City. Surplus (deficit) from annual budget.	Eliminate and transfer to Events net debt account
General - Support Services	FINANCE LOSP RESERVE & PLANT REPLACEMENT	2,703,537.54	Funded Depreciation from Finance and Corporate business units.	Eliminate and transfer to General net debt account
General - Support Services	ACC & STAFF RELATED FUNDS	148,467.55	Balance off ACC budget each year (capped at \$100,000). Remaining balance for staff Health and Safety usage.	Eliminate and transfer to General net debt account
General - Support Services	GENERAL RESERVE	697,458.38	Council General Rating Reserve.	Eliminate and transfer to General net debt account
General - Support Services	FESTIVAL LIGHTS LOSP RESERVE	296,470.17	For the replacement of Festival Lights.	Eliminate and transfer to General net debt account

General Support Services	-	AERIAL MAPS & PLANS RESERVE	330,439.29	For Aerial Mapping done every 6 years. Budgeted contribution each year.	Eliminate and transfer to General net debt account
General Support Services	-	PLANT REPLACEMENT FUND WORKS	3,540,211.53	For plant replacement for the Infrastructure Directorate.	Eliminate and transfer to General net debt account
General Support Services	-	W & S LOSP RESERVE	1,738,053.63	For other Infrastructure plant.	Eliminate and transfer to General net debt account
General Support Services	-	W & S MAPS & PLANS RESERVE	159,876.03	For Aerial Mapping done every 6 years. Budgeted contribution each year.	Eliminate and transfer to General net debt account
General Support Services	-	BUSINESS UNIT RESERVE FUND-WORKS	2,057,035.26	Operational Surplus (deficit) from Infrastructure business unit. To fund organisational/corporate business improvements. I.e. GIS, Hansen, Infor upgrade/projects.	Eliminate and transfer to General net debt account
General Support Services	-	ADMIN. BUILDING LOSP RESERVE	842,530.64	For Operational surplus (deficit) from the Property Business Unit - 554000.	Eliminate and transfer to General net debt account
General Support Services	-	GENERAL BUILDING LOSP RESERVE	(547,903.13)	For Operational surplus(deficit) from Property Business Units - General	Eliminate and transfer to General net debt account
General Support Services	-	BLUFF SERVICE CENTRE BUILDING (LOSP) REVERSE	156,003.46	For Operational surplus (deficit) from the Property Business Unit - 552500.	Eliminate and transfer to General net debt account

General Support Services	- TELEPHONE REPLACEMENT RESERVE	1,397.22	For the Replacement of Councils telephone system.	Eliminate and transfer to General net debt account
General Support Services	- INSURANCE	1,519,103.78	Surplus (deficit) from Insurance premiums against budget (Cap \$1,000,000).	Eliminate and transfer to General net debt account
General Support Services	- LTP & AUDIT FEES	104,883.14	For LTP years and other audit related costs. Contributions made in off years.	Eliminate and transfer to General net debt account
General Support Services	- FACILITIES MAINTENANCE FUND	6,066.79	For the operational funding and capital upkeep for Invercargill's major sports facilities (Rugby Park).	Eliminate and transfer to General net debt account
General Support Services	- BLUFF CITIZEN CENTRE (LOSP) RESERVE	(7,889.41)	For Operational surplus (deficit) from the Property Business Unit - 552100.	Eliminate and transfer to General net debt account
Regulatory	E & P PLANT REPLACEMENT (LOSP) RESERVE	726,243.02	Depreciation Reserve for E & P business units.	Eliminate and transfer to General net debt account
Regulatory	ENVIRONMENTAL LEGAL PROCEEDINGS RESERVE	222,044.34	For all Regulatory planning and legal expenses in relation to non-normal situations.	Eliminate and transfer to General net debt account
Regulatory	CIVIL DEFENCE FUND	46,039.66	For future Civil Defence requirements.	Eliminate and transfer to General net debt account
Regulatory	LIQUOR LICENCING	(81,327.95)	Operational Surplus (deficit) from the Alcohol Licencing Department. Aiming to balance out over a 3 year period.	Eliminate and transfer to General net debt account

Regulatory	DOG CONTROL RESERVE	178,638.96	Operational Surplus (deficit) from the Animal Services Department. * At year end may look to use some for loan repayments*.	Eliminate and transfer to Regulatory (Dogs) net debt account
Regulatory	VALUATION RESERVE (ROLLING RESERVE)	137,000.00	Funded from the Valuation Business Unit - 414000 now 485200.	Eliminate and transfer to General net debt account
Regulatory	URBAN RENEWAL	74,723.00	For Urban Rejuvenation projects, from surplus (deficits) for business unit.	Eliminate and transfer to Regulatory net debt account
Regulatory	DIGITISATION PROJECT RESERVE	106,054.81	For the Property File Scanning Project.	Eliminate and transfer to Regulatory net debt account
Regulatory	DOG POUND BUILDING RESERVE LOSP	119,608.42	For the Maintenance of the City Animal Care Facility (surplus from Property business unit).	Eliminate and transfer to Regulatory (Dogs) net debt account
Regulatory	EARTHQUAKE BUILDINGS	210,707.12	For the Earthquake buildings Project.	Eliminate and transfer to Regulatory (Earthquake Heritage Buildings) net debt account
Roading	PROVISION FOR PARKING	387,437.91	For future Parking Developments.	Eliminate and transfer funds to Rooding Net Debt account
Roading	LAND PURCHASE RESERVE	505,076.85	For Land purchases for Rooding, Service Lanes, Road Realignment and similar.	Eliminate and transfer funds to Rooding Net Debt account

Roading	PARKING BUILDING LOSP RESERVE	169,798.50	For Operational surplus (deficit) from the Property Business Unit - 556000.	Eliminate and transfer funds to Roding Net Debt account
Roading	ROADING RESERVE	358,910.04	For Future Roding Developments.	Eliminate and transfer funds to Roding Net Debt account
Roading	VEHICLE CROSSING RESERVE	133,160.65	Provides for vehicle crossing and other roading unsubsidised roading improvements.	Eliminate and transfer funds to Roding Net Debt account
Roading	TIWAI BRIDGE - RESERVE	148,991.66	To allow for future maintenance work on the Tiwai Bridge.	Eliminate and transfer funds to Roding Net Debt account
Roading	FOOTPATHS - LOSP RESERVE	1,357,806.90	Funding of Depreciation for footpaths, to offset future requirements from under funding footpaths renewals.	Eliminate and transfer funds to Roding Net Debt account
Sewerage	S TREATMENT TRADE WASTE RESERVE	(85,689.59)	Balance Pre dates 2007.	Eliminate and transfer funds to Sewerage Net Debt account
Social & Cultural - Libraries	LIBRARY BOOK FUND	60,604.52	For periodical purchases of Books/Media for the Library.	Eliminate and transfer funds to Library Net Debt account
Social & Cultural - Museum	MUSEUM RESERVE	213,637.54	Operational surplus (deficit) from the Museum Operation Business Unit - 150000.	Eliminate and transfer funds to museum Net Debt account
Social & Cultural - Museum	MUSEUM MAINTENANCE (LOSP) RESERVE	(11,718.75)	For Operational surplus (deficit) from the Property Business Unit - 558000.	Eliminate and transfer funds to museum Net Debt account

Social & Cultural Parks	BUSINESS UNIT RESERVE-PARKS	351,714.49	Covers all Parks Business units, Operations, Nursery, Asset Administration - used to balance these accounts in the event of a loss.	Eliminate and transfer funds to Parks Net Debt account
Social & Cultural Parks	ANDERSON PARK ART GALLERY	110,420.15	To be investigated. Started prior to 2007 with 21k, 11k uplift in 2008 and no movement since.	Eliminate and transfer funds to Parks Net Debt account
Social & Cultural Parks	PLANT REPLACEMENT FUND-PARKS	2,251,589.83	For all Parks plant - both Operations and Assets (Including playground equipment 360 items)	Eliminate and transfer funds to Parks Net Debt account
Social & Cultural Parks	BUILDING REPLACEMENT PARKS	1,049,353.93	For all existing Parks Buildings under Buildings and Property account.	Eliminate and transfer funds to Parks Net Debt account
Social & Cultural Parks	DONOVAN PARK RESERVE-PARKS	(16,306.66)	Operational surplus (deficit) from Farming operations at Donovan Park.	Eliminate and transfer funds to Parks Net Debt account
Social & Cultural Parks	SKATEBOARD PARK - LOSP	39,730.71	Left over funds from Skate Park Development. Could be used for future maintenance.	Eliminate and transfer funds to Parks Net Debt account
Social & Cultural Passenger Transport	TOTAL MOBILITY RESERVE	27,463.84	Operational surplus (deficit) from Total Mobility business unit.	Eliminate and transfer funds to Passenger Transport Net Debt account
Social & Cultural Passenger Transport	PASSENGER TRANSPORT RESERVE	76,356.59	For Future Passenger Transport initiatives	Eliminate and transfer funds to Passenger Transport Net Debt account

Solid Waste	LANDFILL OPERATIONAL RESERVE	3,344.15	To be used for the Transfer Station.	Eliminate and transfer funds to Solid Waste Net Debt account
Water	CAPITAL WKS RESERVE-WATER	30,977.70	Balance of \$5,977 pre dates 2007, 25k contributed from the Water Budget in 2009.	Eliminate and transfer funds to Water Net Debt accounts
Water	ACTIVATED CARBON RESERVE	260,597.54	Used for periodic purchases of water chemicals, rated to be replenished each year.	Eliminate and transfer funds to Water Net Debt accounts

Departmental Reserves to be eliminated.