

Restricted Assets Policy

Purpose

To establish what funds shall be placed into Council's reserves and the purposes for which those reserve funds shall be applied.

The objective of this policy is to detail what funds Council should be setting aside funding for and the desired level of funding to be set aside. The policy also details the rationale for the creation of each of Council's internally restricted assets.

Scope

This policy applies to all Council cash and investments.

Definitions

Restricted Asset	Restricted assets refer to funds that are kept restricted (ie can not be used for general purpose) as they are either subject to some form of external legislative or contractual obligation, or are kept for the purpose of covering Council commitments that are expected to arise in the future.
Internally Restricted Asset	Assets restricted by resolution of Council. Internal restrictions are developed by Council to cover commitments / obligations that are expected to arise in the future and where it is prudent for Council to hold cash in restrictions to cover those obligations.
Externally Restricted Asset	Restricted assets that relate to funds that are subject to external legislative or contractual obligations.

Legislative Framework

Local Government Code of Accounting Practice and Financial Reporting

Review Period

This document is to be reviewed every 4 years, and at any other time that Council may decide to review its internally restricted assets.

RESOLUTION NUMBER: 08/08/17
RESOLUTION DATE: 7/8/2017
CATEGORY: Finance
RELATED POLICIES: NA
RELATED PROCEDURES AND FORMS: NA

Policy Statement

Council, in the interest of good financial management will restrict funds from time-to-time to either meet external statutory obligations (such as restrictions relating to grant funding or developer contributions), or in order to set aside funding for future commitments.

Council will establish, utilise and maintain the following Restricted Assets.

1. Developer Contributions

This is an externally restricted reserve to hold the balance of contributions made by Developers to be used for the provision of infrastructure, services and amenities, in accordance with Council's Developer Contribution Plans.

2. Water Network Infrastructure

This is an externally restricted reserve to hold the balance of surplus funds from Council's Water Fund operations.

3. Sewer Network Infrastructure

This is an externally restricted reserve to hold the balance of surplus funds from Council's Sewer Fund operations.

4. Domestic Waste Management

This is an externally restricted reserve to hold the balance of surplus funds from Council's Waste Management operations.

5. Gundagai Town Improvement District

This is an externally restricted reserve established to hold the unspent balance of the annual Town Improvement District Special Rate. Funds are to be spent on services within the Gundagai town area. This includes contributions to the emergency services levy for services to the township by Fire and Rescue NSW, servicing costs of a TV translator providing coverage for black spot areas around the township, kerb and guttering, stormwater drainage, footpath reconstruction, playground equipment, street lighting, and a contribution to the main street upgrade.

6. Stormwater Infrastructure Renewal

This is an externally restricted reserve established to hold the unspent balance of the annual stormwater charge. Funds are to be spent on stormwater management activities.

7. Other Externally Restricted Assets

Other externally restricted reserves are created from time to time to hold funds that Council is contractually obligated to hold for a specific purpose, for example, the balance of unexpended grants and contributions.

8. Aerodrome Capital Works

The Aerodrome Capital Works Reserve is established to hold the balance of funds contributed upon

transfer of responsibility for the aerodrome to Council.

The reserve shall be used for the purpose of financing capital works at the Cootamundra aerodrome approved by the Civil Aviation Authority.

Interest earned by investing the balance of reserve funds shall be added to the reserve annually.

9. Bradman's Birthplace

Bradman's Birthplace Reserve is established to hold admission and donations income for the Bradman's Birthplace Museum. The reserve shall be used to finance improvements on the site.

10. Cemetery Improvements

The Cemetery Improvements Reserve is established to hold any surplus funds received by Council from the operation of the cemetery.

The reserve shall be used to finance improvements to the cemetery such as a new lawn section, roads, gardens and walking paths. It is also to fund any deficit that may occur from time to time from the operation of the cemetery.

11. Coolac Bypass

The Coolac Bypass Reserve is established to hold the balance of funds contributed by the RMS upon transfer of responsibility for the Coolac Bypass.

The reserve shall be used for the purpose of ongoing road maintenance and capital improvements at the Coolac Bypass.

12. Cootamundra Caravan Park

The Caravan Park Reserve was established to hold the balance of the proceeds received by Council from the sale of chattels upon leasing the Caravan Park.

50% of the pre-depreciation annual operating surplus on the Caravan Park shall be transferred to the Reserve.

The Reserve shall be used to fund capital works at the Cootamundra Caravan Park.

13. Council Election Reserve

The Council Election Reserve is built up in between election years, to assist with funding the cost of of the Council election every four years. Consideration shall be given in the annual budget to providing for a transfer to or from the reserve to spread the funding of estimated election costs evenly over each year within the four year period.

14. Depot Consolidation

The Depot Consolidation Reserve is established to hold all funds received as lease fees for the use of Council land adjacent to the Sewerage Treatment Works as a soil recycling hub.

The Depot Consolidation Reserve shall be used for either acquisition costs or loan repayments for a new workshop and Depot facility.

Interest earned by investing the balance of reserve funds shall be added to the reserve annually.

15. Development

The net proceeds and profits from the sale of land in Council subdivisions shall be transferred to Reserve as they arise.

The Reserve shall be used to assist with the acquisition or development of land and building assets for future economic development.

Interest earned by investing the balance of reserve funds shall be added to the reserve annually.

16. Employee Leave Entitlements

Council shall hold funds to cover its anticipated short to medium term liability to pay employee leave entitlements (ELE). The reserve amount will be recommended annually to maintain funding for an adequate proportion of the liability for accrued employee annual leave and long service leave which has been earned, but not yet paid, as at the last reporting date.

Reserve funding is to be based on current liabilities and age of employees, as follows.

Over 60 years	100% funding of ELE
55 to 60 years	60% funding of ELE
50 to 55 years	40% funding of ELE
45 to 50 years	20% funding of ELE
Under 45 years	10% funding of ELE

17. Financial Assistance Grant

The Financial Assistance Grant Reserve is established to hold the early payment of the Financial Assistance Grant.

The funds shall be used to fund general operations in the budget year for which the funding was intended.

18. Heritage Centre

The Heritage Centre Reserve is established to hold funds raised by the Cootamundra Heritage Centre Committee, which are not fully expended in the relevant period.

The funds shall be used for projects designed to benefit the Cootamundra Heritage Centre.

19. Incomplete Works

The Incomplete Works reserve is established to hold the balance of planned capital and project works that were unexpended at the reporting date. These funds will be restricted for use, ensuring that there is funding available to complete these works.

Unexpended budgets that are required for the completion of capital works and projects are transferred in to reserve at year end, on Council resolution.

The funds shall be used for the completion of the identified project and capital works in a subsequent financial year.

20. Plant Replacement

The Plant Replacement Reserve is established to hold the balance of Council's accumulated cash surplus relating to Council's general fund plant operation. Funds are to be used to fund Council's plant replacement in accordance with Council's plant replacement program.

Internal plant charge out rates are to be set to ensure that the full cost of plant operation is funded, and funds are set aside for all plant replacement.

Interest earned by investing the balance of reserve funds shall be added to the reserve annually.

21. Quarries and Pit Restoration

The Quarries and Pit Restoration Reserve is established to provide for future gravel pit restoration or future purchase of land.

A fixed rate per cubic metre of gravel won at the quarry is to be determined and charged to works and transferred to the Reserve annually.

22. Saleyards

The Saleyards Reserve is established to hold any surplus funds received by Council from the operation of the saleyards.

The reserve shall be used to finance improvements capital improvements at the saleyards.

The Cootamundra Saleyards and the Gundagai Saleyards form subsets of this reserve.

23. Special Projects

The Special Projects Reserve is used to hold the balance of proceeds received by Council upon the sale of the Cootamundra gasworks enterprise.

The Reserve is to be used for the purpose of financing capital works within the Shire as identified by Council. The Reserve funds are available for internal borrowings with repayment to the Special Projects Reserve of principal and interest.

Interest earned by investing the balance of reserve funds shall be added to the reserve annually.

24. Swimming Pool Pump and Equipment

This reserve is established to finance the acquisition of pool pumping and filtration system capital.

Council makes an annual reserve contribution of \$3,000, until a \$50,000 reserve limit is reached.