

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

Term	Meaning
Restricted Asset	Restricted assets refer to funds that are kept restricted (ie, cannot 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/obligation 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

Responsibilities and Review

The Chief Financial Officer is responsible for the implementation of, and adherence to, this policy.

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

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 to set aside funding for future commitments.

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

1. Externally Restricted Assets

1.1 Unexpended Grants

The Unexpended Grants reserve was 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.

1.2 Water Supplies

This reserve is to hold the balance of surplus funds from Council's Water Fund operations. Funds can only be spent on Water Services.

1.3 Sewerage Services

This reserve is to hold the balance of surplus funds from Council's Sewer Fund operations. Funds can only be spent on Sewer Services.

1.4 Waste Management

This reserve is to hold the balance of surplus funds from Council's Waste Management operations. Funds can only be spent on Waste Services.

1.5 Stormwater

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

1.6 S64 Water Reserve

This reserve is to hold the balance of developer contributions paid as a result of new development. These funds are then utilised to provide for that increased demand.

1.7 S64 Sewer Reserve

This reserve is to hold the balance of developer contributions paid as a result of new development. These funds are then utilised to provide for that increased demand.

1.8 Developer Contributions Reserve

This reserve is 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 Contributions Plan.

2. Internally Restricted Reserves

2.1 Plant and Vehicle Replacement

This reserve was 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.

2.2 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

2.3 Binalong Pool

This reserve was established to finance the acquisition of pool equipment specifically for the pool at Binalong.

2.4 Comur Street Rehabilitation

This reserve was established to finance works to be undertaken along Comur Street, Yass.

2.5 Land & Assets

This reserve was established to finance work to be undertaken on the renewal of Transport assets and provide for the co/funding of grant opportunities. Funds will be allocated in each budget to build up this reserve.

2.6 Local Government Elections

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

2.7 Murrumbateman S355

This reserve was established upon the winding up of the Murrumbateman s355 committee. These funds are to be used to cover projects in the Murrumbateman area.

2.8 Quarry Rehabilitation

This reserve was established to provide for future quarry restoration/rehabilitation.

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

2.9 Roads

This reserve was established to assist with the funding of works on State roads, due to timing of cash flows and to cover expenditure incurred that may not be claimable.

2.10 Victoria Park

This reserve was established to ensure income earned on this Crown land is to fund works to be carried out on this Crown reserve.

2.11 Electricity Savings Reserve

This reserve was established to ensure savings from electricity cost saving measures are used to fund environmentally friendly projects. Any rebates received will be added to this reserve.

2.12 General Revenue Carry Forward

This reserve was established to hold the balance of planned project works initially funded from General revenue, 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 projects are transferred to reserve at year end, with a Council resolution.

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

3. References

This policy is to be read in conjunction with the following:

Legislation	• <i>Local Government Act 1993,</i>
	• <i>Local Government (General) Regulation 2005, clause 16</i>
	• <i>Local Government Code of Accounting Practice and Financial Reporting</i>
Policies and procedures	

4. Document Control

Stage	Date	Comment	MagiQ Reference
Initial	July 2021	In accordance with LG Regulation 2005, clause 16	453634
	28 July 2021	Adopted by Council	Min 156

5. Ownership and Approval

Responsibility	Role
Author	Chief Financial Officer
Owner	Director Corporate & Community Services
Endorser	EMT
Approver	Council