

FINANCE / ACCOUNTING

F4.5 End of Year Surplus

<i>Responsible Department</i>	Corporate Services
<i>Resolution Number</i>	C.3638
<i>Resolution Date</i>	17/04/2019
<i>Next Scheduled Review</i>	2021
<i>Related Shire Documents</i>	Annual Budget & Annual Report
<i>Related Legislation</i>	

OBJECTIVE

This policy aims to establish parameters for the use of untied surplus funds at the end of each financial year as identified through the Annual Budget adoption process.

SCOPE

As part of the Annual Budget process the Shire of Northam must calculate its end of year financial position, or surplus/ deficit as a starting point for the following year's budget.

Included in this calculation are projects which have not been completed in the previous financial year and in most cases, these items are carried forward for expenditure in the following financial year. However, budget savings which have been achieved which cannot be readily identified at the end of the financial year are known as an "untied surplus".

POLICY

The Council recognises that the allocation of untied surpluses is an important aspect in discharging its financial management responsibilities. The Council recognises that untied surpluses will not be used to offset the future annual operating costs of the Council.

The use of any identified untied surplus at the end of a financial year will be limited to one (or more) of the following transactions, at the discretion of Council:

1. Transferred to a Reserve Account to be nominated by the Council;
2. Allocated to a "one-off" capital project nominated by the Council;
3. Retirement of debt (where possible).