

**4.6: ADOPTION OF THE BUDGET REVIEW FOR THE PERIOD ENDING  
28 FEBRUARY 2013**

**Attachments** : Budget Review for the period ending 28/02/2013 (to be provided prior to OCM)  
**Responsible Officer** : Executive Director Corporate Services (G Adams)

**IN BRIEF**

- Adoption of the Budget Review for the period ending 28/02/2013.

**ITEM 4.6: RESPONSIBLE OFFICER RECOMMENDATION  
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**THAT Council ADOPT the Budget Review for the period ending 28/02/2013.**

**BACKGROUND**

1. Council adopted the 2012/2013 Budget on 19 June 2012 (total budget of \$75.7M comprising \$24.4M capital works, \$1.6M debt reduction and \$49.7M in operating expenditure).
2. Local governments are required to conduct a budget review between 1 January and 31 March each financial year which is a requirement covered by regulation 33A of the Local Government (Financial Management) Regulations 1996. The Department recommends a review of the budget early in the financial year to amend carry forward projects from forecast to actual.
3. A review was conducted for the period ending 31 August 2012 and the period ending 31 January 2013.
4. The Department of Local Government has determined that in order to ensure a consistent approach across all Local Authorities, grants received in advance should be included within the opening/closing position and not be treated as a transfer to/from restricted cash

**DISCUSSION**

5. This Budget Review identifies the transfer of \$666,073 to the "Road Works Reserve".
6. Funding of \$2,753,523 transferred from restricted cash to the Opening Funds and the reduction of \$859,730 in grant funds.
7. This budget review shows the 2012-13 budget in a surplus position of \$58,219.
8. A copy of the Budget Review for the period ending 28 February 2013 is attached.

**GOVERNMENT CONSULTATION**

9. City of Albany Executives, Managers and Officers with budget responsibility were consulted in the preparation of the Budget Review.

**PUBLIC CONSULTATION / ENGAGEMENT**

10. Nil

**STATUTORY IMPLICATIONS**

11. Under the *Local Government Act 1995*, Section 6.8, a local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure:
- is incurred in a financial year before the adoption of the annual budget by the local government
  - is authorised in advance by a resolution (absolute majority required) or
  - is authorised in advance by the mayor in an emergency.

**STRATEGIC IMPLICATIONS**

12. This item relates directly to the following elements of the City of Albany Strategic Plan (2011-2021 *Community Vision*):

**Key Focus Area**

*Organisational Performance*

**Community Priority**

*Financial Management*

**Proposed Strategies**

*Reduce debt through careful financial management, prioritisation of expenditure and investments in secure portfolios.*

**POLICY IMPLICATIONS**

13. Nil

**RISK IDENTIFICATION & MITIGATION**

<b>Risk</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Mitigation</b>
<i>Council does not approve the Budget Review</i>	<i>Unlikely</i>	<i>Moderate</i>	<i>Medium</i>	<i>The existing Annual Budget would apply and proposed amendments would not apply.</i>

**FINANCIAL IMPLICATIONS**

14. A summary of the proposed 2012-13 Budget Review for the period ending 28 February 2013 follows:

<b>BUDGET REVIEW FOR THE PERIOD ENDING 28 FEBRUARY 2013</b>		
<b>This Review Maintains Council's Budget in a Surplus Position</b>		
	\$	-
<b>GENERAL WORKS/VARIATIONS. (Additional Funds Required)</b>		
<b>FUNDED BY</b>		
- Budgeted Closing Funds As At Last Review	58,219	
- Adjustment to the audited end of financial year accounts	2,753,521	
- Reduction in Expenditure	-	
- Adjustment in Grant Funding	-	
- Adjustment in Revenue	(859,730)	
- Restricted Cash	(1,893,791)	58,219
<b>Proposed Budgeted Closing Funds As At 28 February 2013</b>		<u>58,219</u>

**LEGAL IMPLICATIONS**

15. Nil

**ALTERNATE OPTIONS**

16. Adopt the Budget Review for the period ending 28 February 2013 with amendments (as specified by Council).

**SUMMARY CONCLUSION**

17. Nil

<b>Consulted References</b>	Adopted Budget 2012-13 <i>Local Government Act 1995</i>
<b>File Number (Name of Ward)</b>	FM.BUG.2
<b>Previous Reference</b>	• Annual Budget – Special Council Meeting 19 <sup>th</sup> June 2012

# CITY OF ALBANY

## BUDGET REVIEW FOR THE PERIOD ENDING 28 FEBRUARY 2013

	<b>Page No.</b>
<b>Statement of Budget Review by Nature and Type</b>	1
<b>Statement of Budget Review by Program</b>	2
<b>Details</b>	
<b>- Budget Review General Works/Variations</b> Variations of Income and expenditures which are materially different to the adopted Budget require councils endorsement. These variations are detailed in this section of the review.	3 - 4
<b>- Opening Funds Reconciliation</b> The Department of Local Government have identified and drawn to our attention with many other Local Authorities the treatment of unspent grants within the City's Annual Report. This is represented by simply the transferring the balance of restricted cash (which consists of unspent grants) and adding to the Opening Funds Surplus/(Deficit).  Council have already addressed \$1.2mil of unspent grants in previous Budget Reviews, this review will acknowledge the balance being \$668k which the majority is councils prepayment portion of the General Purpose and Local Roads Grant.	5

**City of Albany**      **AGENDA ITEM 4.6 REFERS**  
**Statement of Budget Review**  
**By Nature and Type**

**For The Period Ending 28 February 2013**

	2012/2013					
	ORIGINAL ANNUAL BUDGET	CURRENT ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD ACTUAL	VARIANCE (b) - (a)	VARIANCE
	\$	(a) \$	(b) \$	\$	\$	%
<b>Operating Revenues</b>						
Rates	27,107,022	27,084,022	27,084,022	27,045,238	-	
Grants & Subsidies	2,732,950	2,732,527	1,872,797	1,369,740	(859,730)	-31.5
Interest Earnings	825,368	902,743	902,743	724,704	-	
Contributions, Donations & Reimbursements	373,610	774,713	774,713	707,161	-	
Fees & Charges	14,432,869	14,521,262	14,521,262	11,584,907	-	
Profit on Sale of Assets	-	-	-	1,694,683	-	
Other Revenue	115,000	107,500	107,500	45,069	-	
	45,586,819	46,122,767	45,263,037	43,171,502	(859,730)	
<b>Operating Expenditure</b>						
Employee Costs	(18,739,930)	(19,113,323)	(19,113,323)	(12,022,127)	-	
Materials & Contracts	(14,259,030)	(15,481,719)	(15,481,719)	(7,792,349)	-	
Utilities (gas, electricity, water, etc.)	(1,729,483)	(1,785,802)	(1,785,802)	(1,103,421)	-	
Insurance	(722,187)	(722,187)	(722,187)	(438,307)	-	
Interest Expenses	(909,431)	(909,431)	(909,431)	(407,172)	-	
Other Expenses	(1,721,311)	(1,399,182)	(1,399,182)	(744,393)	-	
Depreciation	(11,812,900)	(11,812,900)	(11,812,900)	(7,872,096)	-	
Loss on Sale of Assets	(269,049)	(269,049)	(269,049)	-	-	
Less Allocated to Infrastructure Assets	446,022	446,022	446,022	685,884	-	
	(49,717,299)	(51,047,571)	(51,047,571)	(29,693,981)	-	
<b>Contributions for the Development of Assets</b>						
Grants and Contributions	9,494,797	13,629,733	13,629,733	3,955,061	-	
<b>Net Operating Result Excluding Rates</b>	5,364,317	8,704,929	7,845,199	17,432,582	(859,730)	
<b>Adjustment Non Cash Items</b>						
Write Back Non Cash Items	12,081,949	12,081,949	12,081,949	6,177,396	-	
<b>Funds Demanded From Operations</b>	17,446,266	20,786,878	19,927,148	23,609,978	(859,730)	
<b>Acquisition of Fixed Assets</b>						
Land & Buildings	(3,487,640)	(1,863,952)	(1,863,952)	(360,484)	-	
Plant & Equipment	(4,522,518)	(4,864,206)	(4,864,206)	(1,907,341)	-	
Furniture & Equipment	(464,700)	(475,235)	(475,235)	(128,608)	-	
Infrastructure Assets	(15,934,083)	(20,310,489)	(20,310,489)	(3,951,437)	-	
Capital Acquisitions	-	-	-	-	-	
	(24,408,941)	(27,513,882)	(27,513,882)	(6,347,870)	-	
<b>Capital Revenue</b>						
Proceeds from Sale of Assets	2,543,100	2,110,373	2,110,373	591,909	-	
<b>Financing/Borrowing</b>						
Debt Redemption	(1,586,608)	(1,586,608)	(1,586,608)	(403,532)	-	
Proceeds from Sale of Investments	-	-	-	1,694,700	-	
Self Supporting Loans (Principal Repayments)	-	-	-	5,997	-	
<b>Demand for Resources</b>	(6,006,182)	(6,203,239)	(7,062,969)	19,151,182	(859,730)	
<b>Restricted Funding Movements</b>						
Opening Funds	2,589,920	2,982,442	5,735,963	5,735,963	2,753,521	106.3
Transfer to Restricted Cash Grants	-	-	-	-	-	
Transfer From Restricted Cash Grants	85,000	1,227,718	-	-	(1,227,718)	-1444.4
Transfer to Reserve Transactions	(2,765,935)	(2,665,935)	(3,332,008)	(120,370)	(666,073)	24.1
Transfer from Reserves Transactions	6,097,197	4,717,233	4,717,233	-	-	
<b>Closing Funds Surplus/(Deficit)</b>	-	58,219	58,219	24,766,775	-	

**City of Albany**  
**Statement of Budget Review**  
**By Program**

**AGENDA ITEM 4.6 REFERS**

For The Period Ending 28 February 2013

2012/2013						
	ORIGINAL ANNUAL BUDGET	CURRENT ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD ACTUAL	VARIANCE (b) - (a)	VARIANCE
	\$	(a) \$	(b) \$	\$	\$	%
<b>Operating Revenues</b>						
Governance	-	-	-	7,446	-	
General Purpose Funding	30,724,240	30,785,448	29,925,718	29,184,806	(859,730)	-2.8
Law Order and Public Safety	234,100	315,490	315,490	270,370	-	
Health	71,000	79,000	79,000	104,941	-	
Education and Welfare	941,340	926,249	926,249	586,936	-	
Community Amenities	6,978,222	6,822,524	6,822,524	6,036,319	-	
Recreation and Culture	2,950,768	2,812,494	2,812,494	1,862,906	-	
Transport	2,208,438	2,491,038	2,491,038	1,807,598	-	
Economic Services	727,000	888,813	888,813	2,346,363	-	
Other Property and Services	751,711	1,001,711	1,001,711	963,815	-	
	45,586,819	46,122,767	45,263,037	43,171,500	(859,730)	
<b>Operating Expenditure</b>						
Governance	(7,715,179)	(2,834,225)	(2,834,225)	(5,271,497)	-	
General Purpose Funding	(272,293)	(618,138)	(618,138)	(193,930)	-	
Law Order and Public Safety	(1,841,752)	(1,671,467)	(1,671,467)	(910,889)	-	
Health	(481,080)	(617,673)	(617,673)	(280,597)	-	
Education and Welfare	(1,114,915)	(1,366,845)	(1,366,845)	(739,220)	-	
Community Amenities	(7,386,922)	(8,596,967)	(8,596,967)	(4,244,524)	-	
Recreation and Culture	(13,490,698)	(13,486,769)	(13,486,769)	(6,556,791)	-	
Transport	(14,542,972)	(18,666,973)	(18,666,973)	(10,011,045)	-	
Economic Services	(1,219,336)	(2,427,212)	(2,427,212)	(1,131,911)	-	
Other Property and Services	(1,652,152)	(761,302)	(761,302)	(353,576)	-	
	(49,717,299)	(51,047,571)	(51,047,571)	(29,693,979)	-	
<b>Non-Operating Grants, Subsidies And Contributions</b>						
General Purpose Funding	-	12,312	12,312	7,696	-	
Law Order and Public Safety	-	3,335	3,335	3,335	-	
Education and Welfare	-	-	-	10,000	-	
Community Amenities	-	47,500	47,500	-	-	
Recreation and Culture	1,663,210	5,195,652	5,195,652	1,316,623	-	
Transport	7,831,587	7,901,454	7,901,454	2,617,407	-	
Other Property and Services	-	469,480	469,480	-	-	
	9,494,797	13,629,733	13,629,733	3,955,061	-	
<b>Adjustment Non Cash Items</b>						
Write Back Non Cash Items	12,081,949	12,081,949	12,081,949	6,177,396	-	
<b>Funds Demanded From Operations</b>	17,446,266	20,786,878	19,927,148	23,609,978	(859,730)	
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Land & Buildings	(3,487,640)	(1,863,952)	(1,863,952)	(360,484)	-	
Plant & Equipment	(4,522,518)	(4,864,206)	(4,864,206)	(1,907,341)	-	
Furniture & Equipment	(464,700)	(475,235)	(475,235)	(128,608)	-	
Infrastructure Assets	(15,934,083)	(20,310,489)	(20,310,489)	(3,951,437)	-	
	(24,408,941)	(27,513,882)	(27,513,882)	(6,347,870)	-	
<b>Capital Revenue</b>						
Proceeds from Sale of Assets	2,543,100	2,110,373	2,110,373	591,909	-	
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Self Supporting Loans (Principal Repayments)	-	-	-	5,997	-	
<b>Demand for Resources</b>	(6,006,183)	(6,203,239)	(7,062,969)	19,151,182	(859,730)	
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Transfer from Reserves Transactions	6,097,197	4,717,233	4,717,233	-	-	
<b>Closing Funds Surplus/(Deficit)</b>	-	58,219	58,219	24,766,775	-	

# BUDGET REVIEW FOR THE PERIOD ENDING 28 FEBRUARY 2013

This Review Maintains Council's Budget in a Surplus Position

<b>GENERAL WORKS/VARIATIONS. (Additional Funds Required)</b>		\$ -
<b>FUNDED BY</b>		
- Budgeted Closing Funds As At Last Review	58,219	
- Adjustment to the audited end of financial year accounts	2,753,521	
- Reduction in Expenditure	-	
- Adjustment in Grant Funding	-	
- Adjustment in Revenue	(859,730)	
- Restricted Cash	<u>(1,893,791)</u>	<u>58,219</u>
<b>Proposed Budgeted Closing Funds As At 28 February 2013</b>		<u><u>58,219</u></u>





**RECONCILIATION OF OPENING FUNDS AS AT 1 JULY 2012**

	CURRENT BUDGET	REVISED BUDGET	VARIANCE (b) - (a)	VARIANCE %	NOTE
	\$	\$	\$	%	
<b>Net Current Asset Position</b>	<u>13,162,251</u>	<u>13,162,251</u>	<u>-</u>		
<b>Adjustments</b>					
<b>Add back</b>					
Loan Borrowings	3,286,606	3,286,606	-		
<b>Less</b>					
Cash Backed Reserves	9,006,995	9,006,995	-		
Restricted Other - Unspent Grants	2,753,523	-	- 2,753,523		(a)
Restricted Other - Unspent Loans					
Self Supporting Loans (Principal)					
Land held for Resale	1,705,899	1,705,899	-		
<b>Opening Funds Surplus/(Deficit)</b>	<u>2,982,440</u>	<u>5,735,963</u>	<u>2,753,523</u>	106.3	(a)

- (a) The Department of Local Government have identified and drawn to our attention with many other Local Authorities the treatment of unspent grants within the City's Annual Report. This is represented by simply the transferring the balance of restricted cash (which consists of unspent grants) and adding to the Opening Funds Surplus/(Deficit).

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