

**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: RESOLUTION  
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**MOVED: COUNCILLOR CALLEJA  
SECONDED: COUNCILLOR BOWLES**

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

**CARRIED 11-0  
ABSOLUTE MAJORITY**

**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        |
|   |             | <hr/>         |
| <b>Proposed Budgeted Closing Funds As At 28 February 2013</b>       |             | <b>58,219</b> |

**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<br><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> |
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| <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><br>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><br>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).<br><br>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<br>ANNUAL<br>BUDGET | CURRENT<br>ANNUAL<br>BUDGET | REVISED<br>ANNUAL<br>BUDGET | YTD<br>ACTUAL | VARIANCE<br>(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**                      **AGENDA ITEM 4.6 REFERS**  
**Statement of Budget Review**  
**By Program**

**For The Period Ending 28 February 2013**

| 2012/2013  |                              |                             |                             |               |                       |          |
|--|------------------------------|-----------------------------|-----------------------------|---------------|-----------------------|----------|
|  | ORIGINAL<br>ANNUAL<br>BUDGET | CURRENT<br>ANNUAL<br>BUDGET | REVISED<br>ANNUAL<br>BUDGET | YTD<br>ACTUAL | VARIANCE<br>(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)             |          |
| <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)   | -                     |          |
|  | (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>                              | (6,006,183)                  | (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 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    | -                     |          |

# 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<br>BUDGET | REVISED<br>BUDGET | VARIANCE<br>(b) - (a) | VARIANCE<br>% | 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).

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.