

11.02.12 Quarterly Budget Review as at 30 September 2010

Executive Summary

The Quarterly Budget Review Statements for the first quarter to 30 September 2010 have been distributed as a separate document.

In accordance with the Local Government (General) Regulations 2005, a budget review statement must include or be accompanied by:

- “(a) a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and*
 - (b) If that position is unsatisfactory, recommendations for remedial action.”*
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For Council Decision

Recommendation:

That:

1. Provision made in this quarterly review for the sale of the residential property in Dart Street with the proceeds to be transferred to the Roads Reserve be endorsed;
 2. A detailed analysis to be undertaken by staff with a longer term projection of capital works funding for consideration at Council's December 2010 Ordinary Meeting.”
 3. The Quarter 1 Budget Review Statements for 2010/2011 be received and noted and the revised budgeted income and expenditure items be voted.
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Background

The Quarterly Budget Review Statements for the first quarter to 30 September 2010 have been distributed as a separate document.

All items in respect of which there are variations are noted on the detailed statements.

A summary of major variations, with relevant comments is also provided with the statements. This summary differs from that previously provided with quarterly budget reviews in that it is now divided into three categories:

1. Items relating to unspent capital works as at 30 June 2010 brought forward for inclusion in the 2010-2011 budget (all funded as outlined);
2. Adjustments to the current year's budget (all funded as outlined); and
3. Adjustments to the current year's budget which are not offset or funded.

In accordance with the Local Government (General) Regulations 2005, a budget review statement must include or be accompanied by:

- “(a) a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and*
- (b) If that position is unsatisfactory, recommendations for remedial action.”*

The Director of Corporate Services is Council's Responsible Accounting Officer and, in accordance with the regulation, reports that:

“While the quarterly budget review presents a slightly more positive view of the current year's results (anticipated cash surplus of \$21,019, compared with the originally budgeted cash deficit of \$6,300), Council is reminded of the comments by the Auditors and the Director of Corporate Services in their respective reports on the Annual Financial Reports for the year ended 30 June 2010, particularly in relation to the longer term funding of capital works.

The Director of Corporate Services report is re-iterated (in part) as follows:

‘The current situation regarding limited availability of cash resources for capital works (unless externally funded), while not considered to be at crisis point, does need to be carefully monitored and the previous practice of planning for the funding of acquisition of community assets in anticipation of receipt of funds (e.g. anticipated sales of land) should be discontinued.

While the situation is not expected to delay any of the current community capital projects planned, a detailed analysis will be undertaken with a longer term projection so that the potential affect on longer term capital works programs can be determined.’

In accordance with these concerns and information contained in previous reports by the Director of Corporate Services it is recommended that:

1. Provision made in this quarterly review for the sale of the residential property in Dart Street with the proceeds to be transferred to the Roads Reserve be endorsed;
2. A detailed analysis to be undertaken by staff with a longer term projection of capital works funding for consideration at Council's December 2010 Ordinary Meeting.”

Attachments

None – the quarterly budget review has been distributed as a separate document.

Statutory Environment

Local Government Act 1993

Local Government (General) Regulations 2005

The Local Government Code of Accounting Practice and Financial Reporting

Policy Implications

Not applicable

Financial Implications

The Director of Corporate Services is Council's Responsible Accounting Officer and, in accordance with the regulation, reports that:

“While the quarterly budget review presents a slightly more positive view of the current year's results (anticipated cash surplus of \$21,019, compared with the originally budgeted cash deficit of \$6,300), Council is reminded of the comments by the Auditors and the Director of Corporate Services in their respective reports on the Annual Financial Reports for the year ended 30 June 2010, particularly in relation to the longer term funding of capital works.”

Strategic Implications

While the current situation is not expected to delay any of the current community capital projects planned, a detailed analysis and long term projection of income sources and the potential effect on future capital works programs can be determined.

Officers Comment

Nil

Consulted With

Finance Manager
General Manager