

3. Financial Statement (Budget Review) for 31 March 2009

The Financial Statement (Budget Review) for 31 March 2009 has been completed.

Finance Manager

BACKGROUND

Budget review statements are presented to Council quarterly in accordance with the requirements of Clause 203 of the Local Government (General) Regulation 2005.

In accordance with these requirements the budget review statement for 31 March 2009 has been completed and distributed to Councillors.

LEGAL

Clause 203 of the Local Government (General) Regulation 2005 sets out the following requirements concerning budget review statements and revision of estimates:-

- (1) Not later than 2 months after the end of each quarter, the responsible accounting officer must prepare and submit to Council a budget review statement that shows, by reference to the estimate of expenditure and income set out in the management plan, a revised estimate of income and expenditure for the year.
- (2) A budget review statement must include or be accompanied by:-
 - (a) a report as to whether or not the responsible officer believes the statement indicates that the financial position of Council is satisfactory, having regard to the original estimate of income and expenditure, and
 - (b) if that position is unsatisfactory, recommendations for remedial action.
- (3) A budget review statement must also include any information required by the Code to be included in such a statement.

FINANCIAL

The financial position of Council is satisfactory, having regard to the original estimate of income and expenditure for the period.

Explanations provided in support of significant variations (>\$100,000) in the budget review, excluding those that have corresponding offsets, are attached for the Committee's consideration.

The following table compares the revised working capital balances projected for 30 June 2009 with balances estimated at the time the 2008/09 Budget was adopted.

Fund	Original Estimated Working Capital Balances at 30.6.09	Revised Estimated Working Capital Balances at 30.6.09	Variation
General	1,136,427	1,156,478	20,051
Water	699,486	709,223	9,737
Sewerage	721,942	706,233	15,709

The General Fund incorporates the Waste Fund balances. All revised estimated working capital balances at 30 June 2009 exceed the minimum levels set at the time the 2008/09 Budget was adopted – for General Fund \$1,136,000 and for Water and Sewer Funds \$686,000.

This review also incorporates and fully funds the following items referred to the budget review process by recent resolutions of Council:

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- IRIS Community Survey, State of the Shire Report, Staff Attitudinal Survey - \$116,000 (funded from Opex and Training Reserves)
 - Civica Information Technology System Upgrade - \$58,240
 - Contribution to Victorian Bushfire Appeal - \$10,000
 - Market Value of Leased VIC Buildings - \$76,000 (book entry)
 - Eden Pre School - \$93,227
 - Mobile Pre School - \$77,520.

CONCLUSION

Adoption of the recommendation will ensure Council complies with budget review statements and revision of estimates reporting requirements of the Local Government Act 1993.

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RECOMMENDATION

That the budget review for 31 March 2009 as submitted on 5 May 2009 be adopted and the votes adjusted by those amounts in the variation column.

Comments on Variances in Excess of \$100,000

Budget Review	Description	Amount
GENERAL FUND		
#0114 50 5250	Oncost on Wages Additional income from this source is required to meet higher than estimated long service leave (\$40,000) and annual leave (\$80,000) payments to field staff. Largely a result of endeavours to ensure outstanding employee leave entitlements are maintained at acceptable levels.	(\$120,000)
#0120 70 7000	Transfer to Operational Examination Contingency Reserve This additional transfer sets aside savings in the Chief Operating Officer's area of the budget. Salaries (\$112,000), vehicle running expenses (\$8,000) and office expenses (\$4,000).	\$124,000
#0220 60 6110	Emergency Bushfire Expenditure This expenditure is a result of bushfires in the Jingera Rock area earlier this year. To be fully offset by funding to be received from Rural Fire Services.	\$500,000
WATER FUND		
#0610 10 2249	User Charges Reduced income from this source is a result of lower usage than anticipated. Fully offset by reduced transfer to the New Works Reserve (\$200,000) and pumping station energy costs (\$175,000).	\$325,000
#0630 50 2306	Water Operations Additional expenditure is largely a result of work undertaken to compensate for the lack of flow in Tantawangalo Creek and the investigation and remedial work associated with the quality of the Bega water. Fully offset by reduced Water Treatment Plant capital costs (\$65,000), part of reduced pumping station energy costs (\$175,000) and other minor budget adjustments.	\$120,000

5 May 2009

Budget Review	Description	Amount
SEWER FUND		
#0730 10 3755	New Pressure Sewer Connections Reduced income from this source is a result of fewer pressure connections than anticipated. Fully offset by reduced new pressure sewer connections costs (\$80,000) and other minor budget adjustments.	\$100,000