



KEMPSEY  
Shire Council

## DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

14<sup>th</sup> November 2006

**DCCS5 FINANCIAL STATEMENT FOR THE PERIOD TO 30TH SEPTEMBER 2006**  
**FILE: 321 JCC {Folio No. \*}**

### SUMMARY:

Reporting that the Budget Review for the quarter ending 30th September 2006 has been prepared for all funds.



### DESCRIPTION:

The Budget Review Summary is attached at [Appendix C, part 1, part 2, part 3, part 4, part 5, part 6.](#)

The Budget review summary incorporates a note's section outlining major variations for the quarter.

A comparison of the estimated financial result of each fund for the September quarter is as follows:

<b>Fund</b>	<b>Adopted Budget 2006/07</b>	<b>Following Revotes / Approved Variations</b>	<b>September Budget Review</b>
General	69,979 (S)	59,979 (S)	57,146 (S)
Water	10,890 (S)	10,980 (S)	36,151 (S)
Sewer	5,832 (S)	5,832 (S)	66,508 (D)

### General Fund

The Budget review shows a revised surplus as at the close of the quarter of \$57,146, a reduction of \$2,833 from the updated result for 2006 / 07.

The significant variations in revenue funded items that contributed to the result in the quarter are set out below:

### Deficit Variations

<b>Decreased Income:</b>	<b>\$</b>
Financial Assistance Grant	13,265
Subdivision Fees	10,000
Building Inspection Fees	50,000
Complying Development Fees	20,000
Parking Fines	10,000
Vehicles on Beaches Permit Fees	17,000

<b>Increased Expenditure</b>	
Contribution to Board of Fire Commissioners	11,042
Public Swimming Pools - Rates / Water & Sewerage Charges	17,670
Leave Payments (offset by reductions)	26,000
Staff Training (offset by increased on costs)	40,000
Civic Centre Electricity	9,000
Computer Software Maintenance	33,300
Engineering Works Salaries	30,000

### Surplus Variations

<b>Increased Income</b>	
Trade Waste Charges	30,500
Rubbish Tips - Sale of Recycled Materials	40,000
Rents - Rental Properties	21,925

<b>Decreased Expenditure</b>	
Workers Compensation Insurance	100,000
Engineering Strategy Salaries On costs	37,150
Purchasing Salaries	40,000
Salaries - Fleet / Depot	14,000
	11,000

### **Working Funds**

Working Funds comprise those uncommitted funds held by council from surpluses generated in previous years. By nature Working funds are readily convertible to cash in the short term. The Working funds provide council with a buffer against the impact of significant unbudgeted financial imposts. It is considered prudent to maintain the level of Working Funds at approximately \$650,000.

Council budgeted for a minor surplus in 2006 / 07, however as noted above that minor surplus is now estimated to be \$57,146.

Balance 1/7/2006	\$376,803
Plus: 2006 / 07 anticipated result	\$57,146
Estimated Balance 30/6/2007	\$433,949
ie. In the order of \$220,000 less than the desired level	

### **Employee Leave Entitlement Reserve**

Council in its 2006 / 07 annual budget has provided for the commencement of a medium term strategy to rebuild its employee leave entitlement reserve. As previously reported, council's liability as at 30th June 2006 was in the order of \$6.25m. A minimum reserve in the order of 20% of the liability would be prudent. Dependant on retirements etc. during 2006 / 07 it is estimated the balance in this reserve will only be \$400,000 as at 30.6.07.

## Water Fund

The review reveals an estimated surplus for 2006 / 07 of \$36,151 as at 30th September 2006.

The significant variations in revenue funded items that contributed to the result in the quarter are set out below:

<b>Increased Income</b>	<b>\$</b>
Reservoir Site Rentals	9,261
<b>Decreased Expenditure</b>	
Performance Pay System	15,000

The estimated Working Fund balance as at 30 June 2007 is \$272,406.

In addition to the above \$217,000 is available in the Tariff Equalisation Reserve and \$1,107,970 in the Augmentation Reserve.

## Sewerage Fund

The review shows an estimated deficit for 2006 / 07 of \$66,508 as at 30th September 2006.

The significant variations in revenue funded items in the quarter are set out below:

<b>Increased Expenditure</b>	<b>\$</b>
EPA License Fees	35,000
Sludge Lagoons - Crescent Head STW	66,508
Council Rates	18,000
<b>Decreased Expenditure</b>	
Performance Pay System	15,000
Transfer to Augmentation Reserve	35,000

The estimated Working Fund balance as at 30th June 2007 is \$436,958.

Significant reserve funds in the order of \$1.9m as at 30th June 2006 were also held. The funds are proposed to be expended on future augmentation works thereby limiting required future borrowings.

## **Water Services Fleet**

As at 30th September 2006 no capital transactions had taken place. Both operating income and operating expenses were below budget on a pro-rata basis.

Both these items will be monitored as any capital program is dependent on the operating result.

### **REPORT IMPLICATIONS:**

- *Environmental*

*Nil*

- *Social*

*Nil*

- *Economic (Financial)*

*The financial implications of the following recommendation would be:*

- a. a reduction in the General Fund budgeted surplus of \$17,146*
- b. an increase of \$36,151 in the Water Fund budgeted surplus and*
- c. a reduction in the Sewer Fund budgeted surplus of \$66,508*

- *Policy or Statutory*

*Nil*

- *Director's Review*

*Nil*

### **RECOMMENDATION:**

**That the Budget Review for the period ending 30th September 2006 be adopted and the variations contained therein be approved and financed from the sources as indicated.**

.....  
**G B Snape**  
**DIRECTOR CORPORATE & COMMUNITY SERVICES**