



KEMPSEY
Shire Council

DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

8th May 2007

DCCS4	FINANCIAL STATEMENT FOR THE PERIOD TO 31ST MARCH 2007
FILE: 321 JCC	{ Folio No. * }

SUMMARY:

Reporting that the Budget Review for the quarter ending 31st March 2007 has been prepared for all funds.

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DESCRIPTION:

The Budget Review Summary is attached at [Appendix C, part 1, part 2, part 3 – Page J3 to J30](#).

The Budget review summary incorporates a notes section outlining major variations for the quarter.

A comparison of the estimated financial result of each fund for the Adopted Budget 2006/07, the December Budget Review, and the March quarter is as follows:

Fund	Adopted Budget 2006/07	December Budget Review	March Budget Review
General	69,979 (S)	41,765 (S)	39,306 (S)
Water	10,890 (S)	37,565 (S)	37,565 (S)
Sewer	5,832 (S)	58,427 (D)	58,427 (D)

General Fund

The Budget review shows a revised surplus as at the close of the quarter of \$39,306, a reduction of \$2,459 from the anticipated result as at 31st December, 2006.

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

Deficit Variations

Decreased Income:	\$
Tipping Fees	66,500
Recycling Sales	23,900

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Laboratory Fees	31,495
Environmental Control Grant	15,000
Building Fees	65,500
Vehicles on Beaches Permits	20,000
Sale of Old Materials	14,000
Saleyards	12,132
Rental Property Income	8,344

Increased Expenditure

Roadside Mowing	11,850
Public Privies and Civic Maintenance	78,162
Domestic Waste (incl. Recycling)	29,350
Streets and Gutter Cleaning	21,000
Community Service Programs	23,480
Library Capital Programs	24,000
Water Management Costs	52,250
Development Control Legal Costs	53,384
Sick Leave	95,000
Audit Fees	7,500
Rate Recovery Legal Costs	89,000
Airport Pavement Strength Test	10,000
Net Increase in Salary Costs (net taking into account increased employment overhead costs less staff vacancies and payments by self financing activities {water, sewerage & fleet})	43,909

Surplus Variations

Increased Income

Transfer from 4 Shore Reserve	13,863
Domestic Waste Charges	11,000
Community Services Grants & Contributions	37,966
Library Grant Funding	24,000
Contributions by Water & Sewerage Funds towards	52,250
Increased Management Costs	
General Rates	10,500
Interest Charges	89,000

Decreased Expenditure

Local Roads	70,000
Flood Mitigation Maintenance	10,000
Domestic Waste (Mobile Bins)	15,000
Rubbish Tips Operating Expenses	67,210
Rubbish Tips Capital Expenses	22,000
Parks Operating Expenses	16,253
Parks Capital Expenses	11,608
Laboratory Expenses	18,408
Workers Compensation	70,000
Superannuation	95,000
Fringe Benefits Tax	10,000
General Advertising	10,000
Legal Costs	20,000
Insurances	30,000
Rental Property Expenses	15,818
Human Resources Programs	56,000

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 of \$69,979 in 2006/07, however as noted above that minor surplus is now estimated to be \$39,306.

Balance 1/7/2006	\$319,446
Plus: 2006 / 07 anticipated result	39,306
Estimated Balance 30/6/2007	\$358,752
i.e. In the order of \$290,000 less than the desired level	

Water Fund

The review reveals an estimated surplus for 2006 / 07 of \$37,565 as at 31st March 2007. This is the same result as reported as at 31st December 2006, however some internal variations have been made.

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

Increased Income	\$
Meter Reading Fees and Late Payment Charges	6,000
Decreased Expenditure	
Operating Expenses	20,125
Increased Expenditure	
Management Charges	26,125

The estimated Working Fund balance as at 30 June 2007 is \$273,820.

In addition to the above \$275,000 will be available in the Tariff Equalisation Reserve and \$1.515m in the Augmentation Reserve.

Sewerage Fund

The review shows an estimated deficit for 2006 / 07 of \$58,427 as at 31st March 2007. As for Water Fund this is the same estimated result as reported to 31st December 2006.

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

Increased Income	\$
Sewerage Charges	75,000
Decreased Expenditure	
Operating Expenses	26,125
Decreased Income	
Sewer Plans	25,000
Liquid Trade Waste Usage Charges	50,000

Increased Expenditure

Management Charges 26,125

The estimated Working Fund balance as at 30th June 2007 is \$439,207.

Significant reserve funds in the order of \$2.3m as at 30th June 2006 were also held. Further transfer to this reserve during 2006 / 07 of a net amount of \$.415m is also anticipated. The funds are proposed to be expended on future augmentation works thereby limiting required future borrowings.

Water Services Fleet

As at 31st March 2007 minimal 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 \$2,459*
- b. nil variation in the Water Fund budgeted surplus and*
- c. nil variation in the Sewer Fund budgeted deficit*

- *Policy or Statutory*

Nil

- *Director's Review*

The overall Budget variation in the last quarter have been relatively insignificant.

RECOMMENDATION:

That the Budget Review for the period ending 31st March 2007 be adopted and the variations contained therein be approved and financed from the sources as indicated.

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G B Snape

DIRECTOR CORPORATE & COMMUNITY SERVICES