



KEMPSEY
Shire Council

DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

3rd February 2009

DCCS4 FINANCIAL STATEMENT FOR THE PERIOD TO 31ST
DECEMBER 2008
FILE: 321 APC (NRN) {Folio No. *}

SUMMARY:

Reporting that the Budget Review for the quarter ending 31st December 2008 has been prepared for all funds

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DESCRIPTION:

The Budget Review Summary is attached at ([Appendix C – Page J3, Part 2 – Page J9, Part 3 – Page J15, Part 4 – Page J21](#))

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 quarter is as follows:

Fund	September Budget Review	Council Approved Variations December Qtr.	Approved Budget	December Budget Review
General	13,317 (S)	40,000(D)	26,683 (D)	33,254 (D)
Water	13,528 (S)	0	13,528 (S)	4,534 (D)
Sewer	0	0	0	0

General Fund

The Budget review shows a revised deficit as at the close of the quarter of \$33,254 an increase of \$6,571.

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

Surplus Variations

Increased Income:

Road & property lease fees	22,303
Aerodrome Fees	11,600
Rezoning Fees (offset by cost associated with studies)	22,493

Decreased Expenditure:

Salaries (Net – General Revenue Funded Only)	77,585
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Resealing	20,000
Contract Management System (developed in house)	20,000

Deficit Variations

Decreased Income

Development Application Fees	40,000
General Rate Income	66,363

Increased Expenditure:

Contributions Rural Fire Services & Board Fire Commissioners	12,085
Legal Expenses	30,000
Insurance Excess	15,000
Public Toilets – Cleaning & repairs	15,600
Rezoning Studies & Reports	22,493

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 \$650,000.

Council current working fund balance is \$.

Balance 1/7/2008	\$610,516
Plus: 2008 / 09 anticipated result	-\$33,254
Estimated Balance 30/6/2008	\$577,262

Employee Leave Entitlement Reserve

Council's annual budget in recent years has provided for the commencement of a medium term strategy to rebuild its employee leave entitlement reserve. Council's liability as at 30th June 2008 was in the order of \$6.7m. A minimum reserve in the order of 20% (\$1.35m) of the liability would be prudent, the reserve balance was \$811,000 as at 30 June 2008.

Council's 2008/09 Budget provides for the payment of employee entitlements on retirement of \$1,024,094 (funded by revenue \$150,000 and ELE Reserve \$874,094) whilst a transfer of \$550,000 to the ELE Reserve is provided.

It is estimated that the balance in this reserve will be in the order of \$487,000 as at 30.6.09.

Water Fund

The review reveals a deficit result of \$18,062 as at 31 December 2008.

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

Decreased Expenditure:

Pump Stations – Maintenance & operations	42,000
Mains maintenance & repairs	40,757

Service connections	35,000
Water disconnections	9,600
Increased Income:	
Interest charges	4,500
Increased Expenditure:	
Bellbrook Water Treatment/cartage	100,000
Treatment Plant operation & maintenance	20,000
Payroll tax.	14,600
Decreased Income:	
Water Connection Fees	20,000

Working Funds

The working funds balance as at 30 June 2009 is estimated to be \$253,057.

Sewerage Fund

The review also is a zero result for 2008 / 09 year.

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

Increased Expenditure:	
Administration	35,000
Treatment Plant - operation & maintenance	12,000
Pump Stations – operation & maintenance	18,860
Decreased Expenditure:	
Transfer to Augmentation Reserve	91,622

Estimated Working Fund balance as at 30th June 2009 - \$694,454

RECOMMENDATION IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

The financial implications of the following recommendation would be:

- a. An increase in the General Fund budgeted deficit in the amount of \$6,571.***
- b. A deficit of \$18,062 in the Water Fund budgeted result and***
- c. A zero variation in the Sewer Fund budgeted result.***

- ***Policy or Statutory***

Nil

- *General Manager's Review*

The reduction in the Reserve balance for employees leave entitlements was reported to Council in the 2008 / 09 budget papers. In the 10 year Long Term budget it was estimated that the balance as at 30th June 2009 could be as low as \$121, 521 so the current projection is an improved result.

RECOMMENDATION:

That the Budget Review for the period ending 31st December 2008 be adopted and the variations contained therein be approved and financed from the sources as indicated.

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K E OLIVER
ACTING DIRECTOR CORPORATE AND COMMUNITY SERVICES