

APPENDIX A

Kempsey Shire Council

Quarterly Budget Review Statement

for the period 01/01/18 to 31/03/18

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for the period 01/01/18 to 31/03/18

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

31 March 2018

It is my opinion that the Quarterly Budget Review Statement for Kempsey Shire Council for the quarter ended 31/03/18 indicates that Council's projected financial position at 30/6/18 will be unsatisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

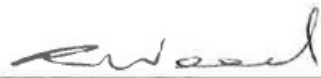
My opinion above, that Council's projected financial position as at 30/6/18 will be unsatisfactory has been based on the following factors:

1. Current general ledger is not adequate for high level financial reporting or management.
2. Capital Expenditure results are not satisfactory and appear to be set at a level that is not achievable.
3. Level of carry over/revote projects from 2016-17 has had significant impact on projected capital expenditure results.
4. Water fund operating result is not satisfactory.

Recommended remedial action to deal with this unsatisfactory position includes:

- a. Implement new general ledger and ITVision as soon as practicable (Project manager has been appointed and the contract is being finalised).
- b. Minimise carry over/revote works in future years from 2017-18 onwards.
- c. Undertake in depth analysis of Water fund and financial forecasting to bring to operating surplus.
- d. Implement processes to ensure budgets (Operating and Capital) are set at realistically achievable levels.
- e. Investigate short term financial and management reporting solutions to improve financial management until ITVision has been implemented
- f. Implement increased financial accountability expectations for all newly appointed managers.

Signed:



Ron Wood
Responsible Accounting Officer

date:

8/5/2018

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Kempsey Shire Council

Quarterly Budget Review Statement
for the period 01/01/18 to 31/03/18

Income & Expenses Budget Review Statement

Budget review for the quarter ended 31 March 2018

Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2017/18	Approved Changes					Revised Budget 2017/18	Variations for this Mar Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs					
Income											
Rates and Annual Charges	37,469,808	-	-	174,706	(16,229)		37,628,285	(38,532)		37,589,753	37,473,610
User Charges and Fees	15,878,283	-	-	(358,583)	(764,431)		14,755,269	435,917		15,191,186	9,792,683
Interest and Investment Revenues	1,050,500	-	-	-	-		1,050,500	(11,500)		1,039,000	767,530
Other Revenues	919,527	613	36,600	1,855	127,876		1,086,471	108,838		1,195,309	999,587
Grants & Contributions - Operating	10,807,239	2,508,732	606,588	1,981,258	322,007		16,225,824	534,989		16,760,813	12,568,713
Grants & Contributions - Capital	2,765,266	3,827,717	315,762	(306,647)	-		6,602,098	827,651		7,429,749	2,497,354
Net gain from disposal of assets	-	-	-	-	-		-	-		-	-
Share of Interests in Joint Ventures	-	-	-	-	-		-	-		-	-
Total Income from Continuing Operations	68,890,623	6,337,062	958,950	1,492,589	(330,777)	-	77,348,447	1,857,363		79,205,810	64,099,477
Expenses											
Employee Costs	20,454,989	187,188	83,348	312,169	495,665		21,533,359	(499,267)		21,034,092	16,254,022
Borrowing Costs	2,757,682	-	-	-	-		2,757,682	-		2,757,682	1,637,691
Materials & Contracts	15,408,688	3,222,866	1,183,573	155,044	(63,198)		19,906,973	(1,414,382)		18,492,591	14,243,140
Depreciation	22,246,403	-	-	-	-		22,246,403	-		22,246,403	-
Legal Costs	70,000	-	10,000	(10,000)	4,419		74,419	32,881		107,300	73,973
Consultants	522,937	184,892	-	538,703	26,740		1,273,272	(170,340)		1,102,932	860,110
Other Expenses	5,630,284	80,689	(200)	(108,626)	(6,153)		5,595,994	(219,360)		5,376,634	3,997,307
Interest & Investment Losses	-	-	-	-	-		-	-		-	-
Net Loss from disposal of assets	-	-	-	-	-		-	-		-	-
Share of interests in Joint Ventures	-	-	-	-	-		-	-		-	-
Total Expenses from Continuing Operations	67,090,983	3,675,635	1,276,721	887,290	457,473	-	73,388,102	(2,270,468)		71,117,634	37,066,243
Net Operating Result from Continuing Operations	1,799,640	2,661,427	(317,771)	605,299	(788,250)	-	3,960,345	4,127,831		8,088,176	27,033,234
Discontinued Operations - Surplus/(Deficit)	-	-	-	-	-		-	-		-	-
Net Operating Result from All Operations	1,799,640	2,661,427	(317,771)	605,299	(788,250)	-	3,960,345	4,127,831		8,088,176	27,033,234
Net Operating Result before Capital Items	(965,626)	(1,166,290)	(633,533)	911,946	(788,250)	-	(2,641,753)	3,300,180		658,427	24,535,880

