



# ORDINARY MEETING OF COUNCIL SUPPLEMENTARY ITEMS

To be held at 5pm on

**Tuesday 16 August 2022**

Council Chambers

11 Manning Street, KIAMA NSW 2533

## **Members**

Mayor

Councillor N Reilly

Deputy Mayor

Councillor I Draisma

Councillor M Brown

Councillor M Croxford

Councillor J Keast

Councillor S Larkins

Councillor K Renkema-Lang

Councillor K Rice

Councillor W Steel

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## 16 ADDENDUM TO REPORTS

### 16.1 Agenda item 11.5 attachment: Finance Report - June 2022

Responsible Director: Office of the Chief Executive Officer

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At the time of publishing the business papers for the 16 August 2022 meeting the June 2022 finance report had not been finalised. The June 2022 finance report is attached here. The recommendation to receive and adopt the information relating to the June finance report will be dealt with at item 11.5 of the original agenda.

#### Attachments

- 1 Monthly finance report - June 2022 [↓](#)

Financial Performance – Monthly Finance Report June 2022



Item 16.1

Attachment 1

Kiama Municipal Council  
Monthly Finance Report  
June 2022

July 2022

Financial Performance – Monthly Finance Report May 2022

**Financial Performance**

**Monthly Finance Report June 2022**

The purpose of the monthly Finance Report is to provide the Executive Leadership Team, Councillors, Audit & Risk Committee, Blue Haven Board and the Finance and Advisory Committee with consolidated financial information for the Kiama Municipal Council to enable effective financial stewardship through the provision of information relevant to operations, capital expenditure funding and reserve position.

Financial Performance – Monthly Finance Report June 2022

**KIAMA MUNICIPAL COUNCIL**  
 Summary Consolidated Operating Results  
 For the Period Ending 31 June 2022



	Current Month				Year to Date				Full Year	
	Actual	Adopted Budget	Variance		Actual	Adopted Budget	Variance		Last Year FY Actual	Adopted Budget
	2022	2022	2022	%	2022	2022	2022	%	2021	2022
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000		\$'000	\$'000
<b>Income from continuing operations</b>										
Rates and annual charges	1,560	1,636	(76)	-5%	19,295	26,424	(7,129)	-27%	25,411	26,424
User charges and fees	2,601	2,397	204	8%	28,894	22,742	6,152	27%	22,857	22,742
Other revenue	850	426	424	99%	6,178	5,150	1,029	20%	4,865	5,150
Grants and contributions provided for operating purposes	1,391	1,126	265	24%	18,221	16,768	1,458	9%	15,460	16,763
Grants and contributions provided for capital purposes	132	624	(492)	-79%	1,674	3,923	(3,923)	-70%	3,681	5,597
Interest and investment income	162	18	144	815%	293	213	80	38%	247	213
Other income	-	-	-	0%	-	378	(378)	-100%	10,803	378
Internal Revenue	1,427	687	740	108%	7,502	6,758	744	11%	5,917	6,758
<b>Total income from continuing operations</b>	<b>8,123</b>	<b>6,913</b>	<b>1,210</b>	<b>17%</b>	<b>82,056</b>	<b>84,023</b>	<b>(1,967)</b>	<b>-2%</b>	<b>89,240</b>	<b>84,023</b>
<b>Expenses from continuing operations</b>										
Employee benefits and on-costs	1,716	2,879	(1,163)	-40%	34,202	35,774	(1,572)	-4%	35,526	35,774
Materials and services	3,679	2,160	1,519	70%	29,967	24,607	5,360	22%	25,998	24,607
Borrowing costs	28	238	(210)	-88%	1,528	2,812	(1,284)	-46%	1,248	2,812
Depreciation, amortisation and impairment for non financial assets	954	907	47	5%	11,466	10,899	567	5%	11,314	10,899
Other expenses	284	67	217	325%	1,110	824	286	35%	924	824
Net loss from the disposal of assets	(89)	-	(89)	0%	(925)	(925)	(925)	0%	1,164	1,164
Internal Expenditure	1,427	689	738	107%	7,819	8,111	(291)	-4%	5,917	8,111
<b>Total Expenses from continuing operations</b>	<b>7,999</b>	<b>6,939</b>	<b>1,059</b>	<b>15%</b>	<b>85,167</b>	<b>83,026</b>	<b>2,141</b>	<b>3%</b>	<b>82,092</b>	<b>83,026</b>
<b>Operating result from continuing operations</b>	<b>124</b>	<b>(26)</b>	<b>150</b>	<b>576%</b>	<b>(3,111)</b>	<b>998</b>	<b>(4,108)</b>	<b>412%</b>	<b>7,148</b>	<b>998</b>
<b>Net operating results for the year</b>	<b>124</b>	<b>(26)</b>	<b>150</b>	<b>576%</b>	<b>(3,111)</b>	<b>998</b>	<b>(4,108)</b>	<b>412%</b>	<b>7,148</b>	<b>998</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(8)</b>	<b>(650)</b>	<b>642</b>	<b>99%</b>	<b>(4,785)</b>	<b>(4,599)</b>	<b>(186)</b>	<b>-4%</b>	<b>3,467</b>	<b>(4,599)</b>

Financial Performance – Monthly Finance Report June 2022

**Summary Consolidated Operating Results Commentary**


- Rate and annual charge income YTD 30 June 2022 is below budget by \$7m (\$540k below budget for May 22). This is due to rates and annual charges being recognised in both rates and annual charges and user charges and fees actuals.
- User charges and fee income YTD 30 June 2022 is \$6m above budget (\$2,200k below budget for May 22). This is due to rates and annual charges being recognised in both rates and annual charges and user charges and fees actuals.
- Other revenue YTD 30 June 2022 is \$1,029k above budget (\$777k above budget for May 22).
- Grants provided for operating purposes YTD 30 June 2022 is \$1,458k above budget (\$2,592k above budget for May 22). This is predominantly due to the recognition of grant income on the completion of the Keith Irvine amenities and Toolijoola Road improvement projects and timing difference with the phasing of the budget.
- Grants and contributions provided for capital purposes YTD 30 June 2022 is \$3,923k below budget (\$4,861k below budget for May 22). This is due to the LCRI engineering grant. Deloitte has not yet signed off on the grant acquittal due to the status of audits. Delays in meeting project milestones has also reduced grant income received.
- Material and service costs YTD 30 June 2022 is \$5,360k over budget (\$535k below budget for May 22). June 2022 is greater than budgeted due to additional contractors and agency staff.

Financial Performance – Monthly Finance Report June 2022

Description	PROFIT & LOSS STATEMENT					
	Blue Haven Consolidated Summary					
	For The Month of June 2022					
	Month to Date			Year To Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Income</b>						
Rates & Annual Charges	-	-	-	-	-	-
User Charges and Fees	453,287	502,848	(49,561)	5,522,651	6,010,730	(488,079)
Other Revenue	757,661	336,236	421,425	4,812,724	3,867,789	944,936
Grants and Contributions provided for operating purposes	1,122,277	1,024,708	97,569	12,428,517	12,184,354	244,164
Grants and Contributions provided for capital purposes	-	-	-	-	-	-
Interest and Investment Income	3,849	1,872	1,977	9,519	22,549	(13,030)
Other Income	317	141,991	(141,674)	1,019,895	1,783,780	(763,885)
<b>Total Revenue</b>	<b>2,337,391</b>	<b>2,007,655</b>	<b>329,735</b>	<b>23,793,307</b>	<b>23,869,202</b>	<b>(75,895)</b>
<b>Expenses</b>						
Employee benefits and on-costs	1,152,536	1,030,114	(122,422)	12,635,272	12,246,550	(388,721)
Materials & Services	948,090	568,326	(379,764)	9,335,134	7,008,408	(2,326,726)
Borrowing Costs	1,165	100,686	99,521	1,260,703	1,225,000	(35,703)
Depreciation	115,904	116,211	308	1,408,855	1,411,008	2,153
Other Expenses	821,731	-	(821,731)	858,806	-	(858,806)
Management Fee Expense	-	-	-	-	-	-
<b>Total Expenses</b>	<b>3,039,426</b>	<b>1,815,338</b>	<b>(1,224,088)</b>	<b>25,498,769</b>	<b>21,890,966</b>	<b>(3,607,803)</b>
<b>Surplus/(Deficit)</b>	<b>(702,035)</b>	<b>192,318</b>	<b>(894,353)</b>	<b>(1,705,462)</b>	<b>1,978,236</b>	<b>(3,683,698)</b>



Financial Performance – Monthly Finance Report May 2022



**PROFIT & LOSS STATEMENT**  
Blue Haven Consolidated Summary  
For The Month of June 2022

	Residential Aged Care Home YTD		Community YTD		Retirement Villages YTD		Barroil House YTD		Management and Support YTD		Total YTD	
	Actual	Variance	Actual	Variance	Actual	Variance	Actual	Variance	Actual	Variance	Actual	Variance
<b>Income</b>												
Rates & Annual Charges	-	-	-	-	-	-	-	-	-	-	-	-
User Charges and Fees	4,051,129	(64,793)	159,937	206,738	1,311,585	(6,486)	-	-	-	-	5,372,651	(488,079)
Other Revenue	10,682	(318)	10,008	-	4,740,257	883,468	51,778	51,778	-	-	4,832,724	944,936
Grants and Contributions provided for operating purposes	7,884,084	(105,375)	4,544,433	4,194,894	-	-	-	-	-	-	12,428,517	244,154
Grants and Contributions provided for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	-	(15,000)	-	-	9,519	1,970	-	-	-	-	9,519	(13,030)
Other Income	-	-	551,471	(297,941)	-	-	-	-	468,424	(465,943)	1,019,895	(763,885)
<b>Total Revenue</b>	<b>11,945,895</b>	<b>(12,501,381)</b>	<b>5,265,849</b>	<b>5,251,044</b>	<b>6,061,361</b>	<b>878,952</b>	<b>51,778</b>	<b>(51,778)</b>	<b>468,424</b>	<b>(465,943)</b>	<b>23,793,307</b>	<b>(23,869,202)</b>
<b>Expenses</b>												
Employee benefits and on-costs	8,893,996	7,883,164	3,204,656	3,331,029	66,297	131,372	60,777	(60,777)	409,543	734,688	12,655,272	(386,721)
Materials & services	5,864,761	3,831,167	1,523,442	1,851,292	1,733,132	(535,283)	50,721	(50,721)	163,077	118,100	9,335,134	(2,326,726)
Borrowing Costs	883,280	859,514	-	-	377,423	(14,937)	-	-	-	-	1,260,703	(35,703)
Depreciation	1,202,614	1,202,614	-	-	-	-	-	-	206,242	208,394	1,408,855	2,153
Other Expenses	353,943	-	283,228	-	188,804	(188,804)	17,164	(17,164)	10,567	-	838,806	(858,806)
Management Fee Expense	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>17,208,595</b>	<b>(3,377,137)</b>	<b>5,011,326</b>	<b>5,183,321</b>	<b>2,465,657</b>	<b>(594,651)</b>	<b>128,663</b>	<b>(128,663)</b>	<b>789,529</b>	<b>1,051,182</b>	<b>25,488,769</b>	<b>(3,607,809)</b>
<b>Surplus (Deficit)</b>	<b>(5,262,700)</b>	<b>(1,375,077)</b>	<b>254,524</b>	<b>66,724</b>	<b>3,695,704</b>	<b>284,301</b>	<b>(76,885)</b>	<b>(76,885)</b>	<b>(321,105)</b>	<b>(126,814)</b>	<b>(1,705,462)</b>	<b>1,978,236</b>

Financial Performance – Monthly Finance Report June 2022

**Summary Blue Haven Operating Results Commentary**

The Consolidated Reports shows total income year to date of \$23.8m compared to a budget of \$23.9m, resulting in an unfavourable variance of \$76k mainly due to the Residential Aged Care Facility income for the year. This is slightly offset by higher than expected Community Grants and ILU loan licence management fee.

The operating expenditure of \$25.5M compared to the budget of \$21.9M resulted in an unfavourable variance of \$3.6M. This was mainly due to materials and services expenditure along with employee costs in the Residential Aged Care Facility, materials and contracts in the Independent Living Units with a slight offset in Community Programs.

The Consolidated Deficit year to date of \$1.7K, compares unfavourably to the budget of surplus of \$2M by \$3.68M, mainly due to the Residential Aged Care Facility, which is offset by Community Programs and Independent Living Units

**Residential Aged Care Facility**

The Residential Aged Care Facility (RACF) has a total income year to date of \$11.95M, resulting in an unfavourable variance of \$555K mainly due to Fees and Charges being lower than expected.

The operating expenditure of \$17.2M is over budget by \$3.3M, mostly due to increased employees and agency resourcing costs, along with other materials and services.

The net deficit of \$5.26M has an unfavourable variance to budget of \$3.9M.

**Independent Living Units**

The Independent Living Units (ILU's) has a total income year to date of \$6.06M, resulting in a favourable variance of \$879K.

The income of \$6.06M comprises \$4.74M of deferred management fees. These "fees" are not cash but represent the reduction of the resident entry payment / loan liability. The cash aspect of this occurs at some future point upon resident departure and replaced by a new incoming resident.

The operating expenditure of \$2.37M is in excess of budget by \$595K, comprising higher than expected maintenance costs for both sites.

The net surplus of \$3.69M has a favourable variance to budget of \$284K.

**Community Programs**

The Community Programs has a total income year to date of \$5.27M, resulting in a minor favourable variance of \$15K.

The operating expenditure actual of \$5M is over budget by \$171K, mostly due to reduced spending on materials and services.

The net surplus of \$254K has a favourable variance to budget of \$186K.

Financial Performance – Monthly Finance Report May 2022

**KIAMA MUNICIPAL COUNCIL**  
Statement of Financial Position  
For the Year Ended 30 June 2022



	Notes	Actual As at 30 June 2022 \$'000	Actual As at 30 June 2021 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1 1CA01	1,572	25,612
Investments	C1-2 1CA02	46,213	7,801
Receivables	C1-4 1CA03	2,112	3,233
Inventories	C1-5 1CA04	295	246
Contract assets and contract cost assets	C1-6 1CA08	1,301	1,218
Current assets classified as 'held for sale'	C1-7 1CA06	3,752	3,752
Other	1CA05	-	-
<b>Total current assets</b>		<b>55,245</b>	<b>41,862</b>
<b>Non current assets</b>			
Investments	C1-2 1NCA01	6,000	13,244
Receivables	C1-4 1NCA02	191	233
Infrastructure, property, plant and equipment	C1-8 1NCA03	506,217	508,009
Investment property	C1-9 1NCA05	139,078	139,078
Intangible assets	C1-10 1NCA06	-	-
Right of use assets	C2-1 1NCA09	40	168
Investments accounted for using equity method	D1-2 1NCA04	-	-
Other	1NCA07	-	-
<b>Total non current assets</b>		<b>651,526</b>	<b>660,733</b>
<b>Total assets</b>		<b>706,771</b>	<b>702,595</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1 2CL01	130,628	128,455
Contract liabilities	C3-2 2CL05	3,705	3,931
Lease liabilities	C2-1 2CL04	99	99
Borrowings	C3-3 2CL02	-	1,219
Employee benefit provisions	C3-4 2CL03	7,433	7,404
Unclassified liabilities	TBC	-	-
Unclassified suspense	NA	-	-
<b>Total current liabilities</b>		<b>141,865</b>	<b>141,108</b>
<b>Non current liabilities</b>			
Payables	C3-1 2NCL01	6,555	27
Lease liabilities	C2-1 2NCL04	78	78
Borrowings	C3-3 2NCL02	52,520	52,520
Employee benefit provisions	C3-4 2NCL03	768	768
<b>Total non current liabilities</b>		<b>59,921</b>	<b>53,393</b>
<b>Total Liabilities</b>		<b>201,786</b>	<b>194,501</b>
<b>Net Assets</b>		<b>504,984</b>	<b>508,094</b>
<b>EQUITY</b>			
Retained earnings	3EQ01	205,927	199,915
Revaluation reserves	3EQ02	302,167	302,166
Other reserves	3EQ05	-	-
Current Year Net Earnings		-3,111	6,013
<b>Total equity</b>		<b>504,984</b>	<b>508,094</b>

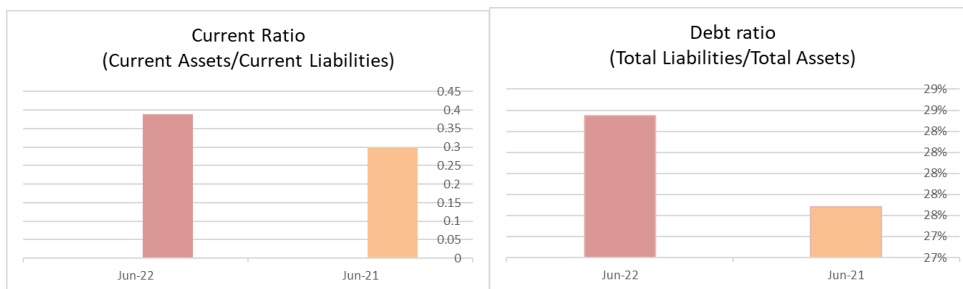
Financial Performance – Monthly Finance Report May 2022

**Statement of Financial Position Results Commentary**

- YTD increase in cash and cash equivalents of \$7,128k. This is primarily attributable to net proceeds from the sale of the Bonaira Independent Living Units (ILUs), partially off-set by purchases of Infrastructure, Property, Plant and Equipment (IPPE). Three new investments entered/rolled over during June 2022 of \$7.9m.
- Decrease in debtors of \$2,533k in June 2022 due to high percentage of payments, by customers, made before end of Financial Year. The debtor balance has decreased by approx. \$1,163k from June 2021.
- Increase in payables of \$8,701k.

**Consolidated Liquidity and Financing Ratios**

Ratio	30 June 2022	30 June 2021	Comments
<b>Current ratio</b> <i>(Current Assets/Current Liabilities)</i>	0.39 : 1	0.47 : 1	Decrease in the current ratio from 30 June 2021 to 30 June 2022. The current ratio remains <1 which indicates potential difficulty paying short term obligations as and when they fall due.
<b>Debt ratio</b> <i>(Total Liabilities/Total Assets)</i>	29%	27%	Increase in the debt ratio from 30 June 2021 to 30 April 2022 indicating that debt relative to assets has increased.



Financial Performance – Monthly Finance Report May 2022

**KIAMA MUNICIPAL COUNCIL**  
Statement of Cash Flows  
For the Year Ended 30 June 2022



**Cash Flow**

	Actual Year to 30 June 2022 (12 months) \$'000	Actual Year ended 30 June 2021 (12 months) \$'000
<b>Cash flows from operating activities</b>		
<i>Receipts</i>		
Rates and annual charges	19,694	25,199
User charges and fees	28,953	21,843
Investment and interest revenue received	293	510
Grants and contributions	20,162	19,894
Bonds, deposits and retention amounts received	-	27
Other	1,877	3,086
<i>Payments</i>		
Employee benefits and on-costs	(34,732)	(35,966)
Materials and services	(32,314)	(25,900)
Borrowing costs	(1,528)	(1,665)
Other	1,326	5,523
<b>Net cash flows from operating activities</b>	<b>3,730</b>	<b>12,551</b>
<b>Cash flows from investing activities</b>		
<i>Receipts</i>		
Sale of investment securities	-	-
Sale of real estate assets	-	-
Sale of infrastructure, property, plant and equipment	925	588
<i>Payments</i>		
Acquisition of investments	(20,985)	(19,219)
Purchase of investment property	-	(8)
Purchase of infrastructure, property, plant and equipment	(9,546)	(13,051)
Purchase of intangible assets	-	(1)
Contributions paid to joint venture associates	-	59
<b>Net cash flows from investing activities</b>	<b>(29,606)</b>	<b>(31,632)</b>
<b>Cash flows from financing activities</b>		
<i>Receipts</i>		
Proceeds from borrowings	-	-
Net proceeds from Retirement Village (loan licence agreement)	13,238	22,086
<i>Payments</i>		
Repayment of borrowings	(1,219)	(1,395)
Principal component of lease payments	-	(127)
<b>Net cash flows from financing activities</b>	<b>12,019</b>	<b>20,564</b>
<b>Net change in cash and cash equivalents</b>	<b>(13,857)</b>	<b>1,483</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15,429</b>	<b>13,946</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,572</b>	<b>15,429</b>
Plus investments on hand at end of year	52,213	31,228
<b>Cash and cash equivalents at end of period</b>	<b>53,785</b>	<b>46,657</b>

Financial Performance – Monthly Finance Report May 2022

**Cash and Investments**

- The cash and cash equivalents balance as at 30 June 2022 is \$53,785k. An increase of \$7,128k from 30 June 2021.
- The investments balance as at 30 June 2022 is \$52,213K. An increase of \$20,985k from 30 June 2021. Three new investments were entered/rolled over into during June 2022 of \$7.9m.
- Per the cash flow above there are movements in the cash balance for the year ended 30 June 2022 relate to the following:
  - Net cash inflow from operations of \$7,978k. Operating cash inflows predominantly relate to the receipt of rate income, user fees and charges and grant funding.
  - Net cash outflow from operations of \$67,248k. Operating cash outflows predominantly relate to payments for employee costs and materials and services.
  - Net cash outflow from investing activities of \$29,606k predominantly due to the transfer of cash into investment products (term deposits) and the acquisition of property, plant and equipment.
  - Net cash inflows from financing activities of \$12,019k. This is predominantly attributable to the net proceeds received from the sale of the ILUs.

## 19 CONFIDENTIAL SUMMARY

### CONFIDENTIAL COMMITTEE OF THE WHOLE

Submitted to the Ordinary Meeting of Council held on 16 August 2022

#### PROCEDURE

- Recommendation to go into Closed Committee.
- Mayoral call for Public Representations.
- Consideration of Representations and issues to be removed from Closed Committee.
- Recommendation to exclude Press and Public if required.
- Closed Committee discussions if required.

#### 19.1 Exclusion Of Press And Public:

##### **RECOMMENDATION**

That in accordance with Sections 10 and 10A of the Local Government Act, 1993 as amended, Council close the meeting of the Confidential Committee of the Whole to the Press and Public on the grounds detailed under the report headings as detailed below.

#### 20.9 BLUE HAVEN GOVERNANCE OPTIONS

**Reason for Confidentiality:** This matter deals with information that would, if disclosed, confer a commercial advantage on a competitor of the council as per Section 10A(2)(dii) of the Local Government Act.

## 20 CONFIDENTIAL REPORTS

### 20.9 Blue Haven governance options

CSP Objective: Outcome 13: Governance is transparent and builds trust

CSP Strategy: 13.4 Create systems of governance and oversight that are current and compliant, and offer transparency and accountable

Delivery Program: 13.4.1 Our Elected Officials are supported through good systems and records

#### **REASON FOR CONFIDENTIALITY**

*This item is classified CONFIDENTIAL under the provisions of Section 10A(2) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to information that would, if disclosed, confer a commercial advantage on a competitor of the council.*