

Long Term **Financial Plan** 2021/22 - 2030/31



Acknowledgement of Country

We acknowledge the Noongar people who are the traditional custodians of this land and pay our respects to Elders, both past and present. We acknowledge and respect their continuing culture and the contribution they make to this region.





Contents

4	Shire President's Message
6	Executive Summary
8	Denmark in Profile
9	Every Dollar Counts
11	Long Term Financial Plan Objective
12	Capital Projects Timeline
13	Basis for Preparation of the Long Term Financial Plan
14	External Influences and Key Risks
15	Economic Assumptions
17	Key Elements of the Financial Statements
21	Key Financial Indicators
26	Key Financial Statements
27	Statement of Comprehensive Income by Nature or Type
28	Rate Setting Statement
29	Statement of Financial Position
30	Statement of Changes in Equity
31	Statement of Operational Funding
32	Statement of Capital Funding

Appendix

33	Reserves Table
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Shire President's Message

Council presents the 2021/22 - 2030/31 Long Term Financial Plan to ensure, through these challenging times, that the Shire can continue to support services to the community and advance the capital works program.

The vision and aspirations of the community as set out in *Denmark 2027* continue to drive the operations of the Shire, including guiding the building of the Long Term Financial Plan.

It is nearly four years since we held extensive community consultations to build the Strategic Community Plan, *Denmark 2027*. Council will undertake a review of the plan next year with a focus on understanding emerging issues and concerns, while confirming the community vision and aspirations of the community for the next 10 years.

Through our long term planning, Council is committed to supporting Denmark's local economy.

We value the key contribution local contractors, businesses and community groups make by partnering with us to deliver critical services and infrastructure developments. With that in mind, Council has established, as one of the guiding principles of the plan, that Council will be responsive to prevailing economic conditions and adjust capital project timeframes in order to support the local economy.

In summary, this Long Term Financial Plan outlines a responsible, balanced and progressive approach to the longer term financial management of our Shire, ensuring future generations inherit a strong and healthy financial footprint.

Cr Ceinwen Gearon
Shire President

Electronic copies of the Long Term Financial Plan are available for download at www.denmark.wa.gov.au. Copies of this document are also available in alternative formats upon request.



The vision and aspirations
of the community as set
out in *Denmark 2027*
continue to drive the
operations of the Shire.

Executive Summary

The Long Term Financial Plan (LTFP) is a key strategic document that demonstrates the alignment between the Shire's organisational capacity and the community's vision and aspirations as outlined in *Denmark 2027*.

The Local Government Act 1995 requires all local governments to plan for the future. The 10 year rolling LTFP is a key element of the planning framework that informs directional documents such as the Corporate Business Plan and Annual Budget, to deliver on the priorities set in the Strategic Community Plan *Denmark 2027*.

As part of the annual review of the adopted 2019 LTFP, management recommended the plan be rebuilt.

The following factors were recognised in this LTFP rebuild:

- The direct impact the Covid-19 pandemic has had on the Shire's operations, revenues and financial projections
- Managements need to have better control over the informing data to improve the accuracy of the modelling of the LTFP
- Council's desire to better understand the mechanisms of the LTFP
- The recommendations from a review of the principles and assumptions used in the adopted 2019 LTFP
- The Shire's evolving understanding of the asset renewal requirements across all asset classes to meet acceptable levels of service and the financial implications of implementing the necessary maintenance, renewal and upgrade programs





The LTFP recognises that to maintain the functionality and effectiveness of the Shire's range of assets, increased funding needs to be allocated to capital renewal. As such, Council has adopted, as one of the guiding principles of the LTFP, that revenue and expenditure are structured with the goal of achieving the future renewal of assets within their planned useful life. This principle will ensure that funding commitments better align to asset depreciation. Strict monitoring and management of operations is essential to maintain this level of expenditure within a tight financial environment.

The 2021/22 - 2030/31 LTFP achieves the following outcomes:

- Rates increase of 4% annually
- Total new borrowings forecast at \$5.159M
- Capital works program of \$54.2M. A program that includes delivering updated Ocean Beach and Prawn Rock Channel community facilities, redevelopment of Berridge Park public amenities and youth precinct, Civic Centre and Library upgrades, and sharing the upgrading of oval facilities at the Denmark Senior High School

The LTFP sets a positive path for the future, including substantial investment of funding for the renewal of infrastructure. In addition, the Shire would benefit from developing strategies for alternative revenue streams and reviewing existing service levels throughout the life of the plan to improve the Shire's resilience with consideration for future financial challenges.

This plan provides a sound financial foundation, but is also one that can, and should, be enhanced through effective financial management and timely leadership interventions. This will strengthen the Shire's financial position in future iterations of the plan to ensure sustainable and reliable ongoing delivery of services to the community.

David Schober
Chief Executive Officer

Denmark in Profile

186,007
land area (hectares)

4,097
ratable properties

6,370
population

33% Share of population
over 60 (Regional WA
20.6%)

10.1% Tertiary study and
young workforce
18-34 (Regional WA
20.6%)

2,393 Local jobs

29.8% Community
members
volunteer

716 Emergency service
volunteers



Environment and Land

35% Recycling
compliance

15.3% Land in
agriculture

35% Curbside collection
diverted from landfill

70% Land in remnant
vegetation



Economy

\$260M Gross Regional
Product

742 Local businesses

Education
and Training Largest industry

\$15.8M Value of
development
applications

750,000 Visitor nights
in region

32.5% Value of Shire
procurement to
local business

Every Dollar Counts

The Shire of Denmark raises funds from a range of sources each year to deliver projects and services throughout the Shire. Here's a breakdown of where every \$100 dollars spent in our Shire in the 2020/2021 Financial Year came from.





The objective of the Long Term Financial Plan (LTFP) is to meet the aspirations of the Community Strategic Plan, *Denmark 2027*, through fiscal responsibility.

Long Term Financial Plan Objective

The objective of the Long Term Financial Plan (LTFP) is to meet the aspirations of the Community Strategic Plan, Denmark 2027, through fiscal responsibility.

It guides our approach to building and maintaining infrastructure and delivering services to the community, while demonstrating our commitment to managing our operations in a fiscally responsible and sustainable manner. The plan achieves this objective by projecting the Shire's financial position over a 10 year period using a series of realistic financial assumptions.

The LTFP is built using data from the 2021/22 adopted budget to establish the current base financial position of the Shire. From this position, the 10 year plan is built with the general principles that full staffing levels are achieved and service standards are maintained throughout the term of the LTFP. Modelling then builds on this with future information relating to:

- Strategic Community Plan priorities and initiatives
- Corporate Business Plan actions and initiatives
- Asset Management Plan for land and buildings, transport and recreation infrastructure
- Workforce planning
- Capital project plans and proposals
- Plant replacement programs
- Information communication and technology renewal and upgrade program
- Projections for consistency in or changes to the proposed range of services
- Discretionary capital revenue projections
- Anticipated government grants and subsidies

Financial modelling provides the Shire with appropriate information to identify potential challenges and to ensure that there are adequate resources to maintain operations, in addition to funding capital replacement programs and proposed new capital projects. This is particularly important to ensure that the community is not adversely impacted in future years by service delivery constraints or a significant deterioration in the condition of community infrastructure.

The major elements to be considered in the long-term financial planning exercise are:

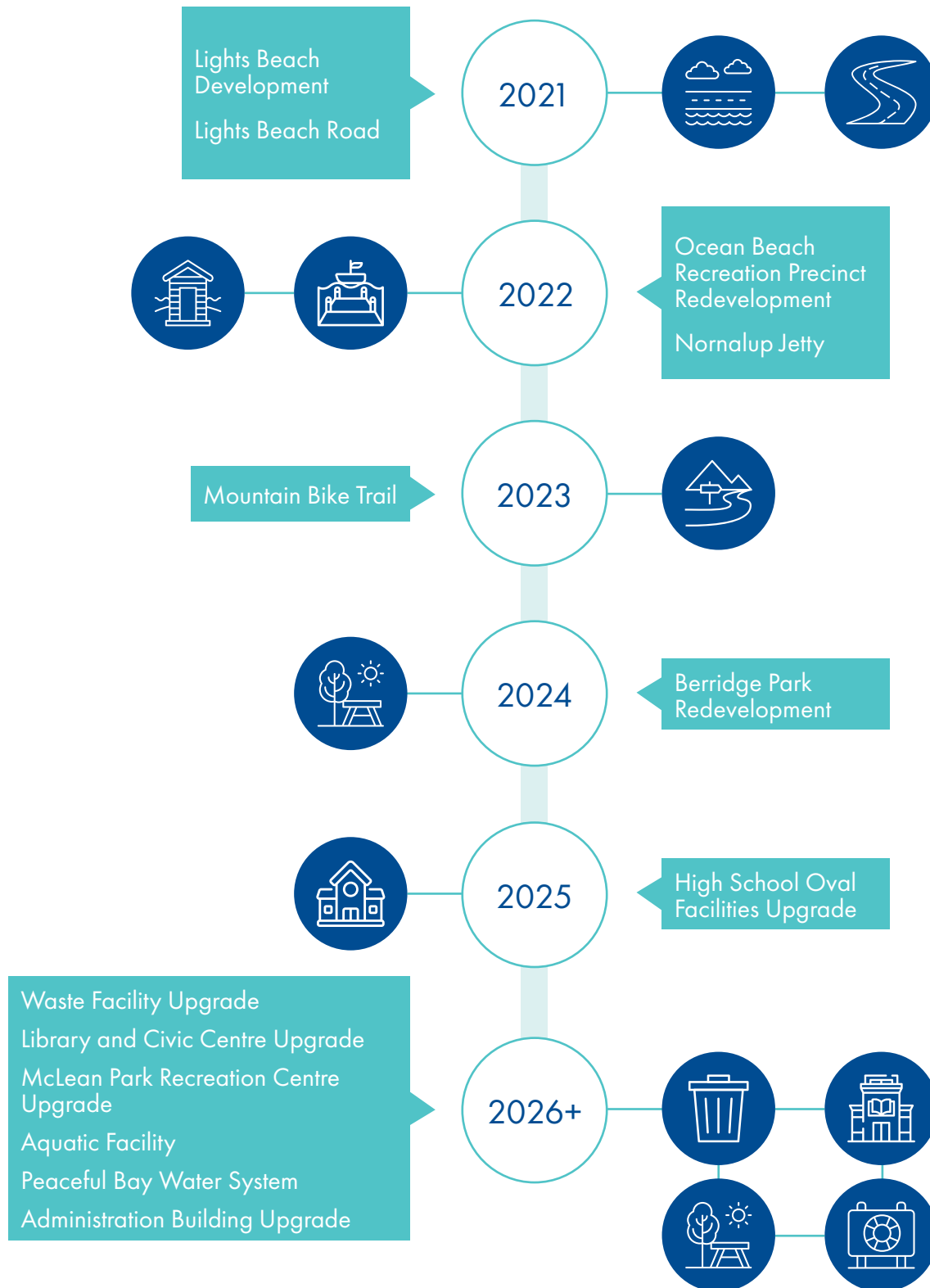
- Operational service delivery
- Asset renewal, upgrade and replacement
- Discretionary capital projects

In the LTFP context, **operational service delivery** refers to developing the funding model that ensures that planned services to our community can be consistently and reliably delivered to an agreed standard across the 10 years of the plan.

Asset renewal planning ensures that an appropriate level of funding is provided to maintain infrastructure assets to an agreed standard through timely intervention and maintenance across the life of the plan. When modelling the LTFP, upgrade of assets usually refers to major enhancements to community buildings and facilities.

Discretionary capital projects refers to major new projects that may emerge through master planning exercises such as new buildings, new infrastructure and facility redevelopment. The capital works timeline below outlines the projects that are factored into the LTFP.

Capital Projects Timeline



Basis for Preparation of the Long Term Financial Plan

The Long Term Financial Plan (LTFP) is underpinned by the following guiding principles. Guiding principles are a set of values set out by Council to establish the framework for the LTFP.

1. The LTFP is a key informing strategic document that aims to deliver the aspirations of *Denmark 2027*
2. The LTFP and the Corporate Business Plan are the guiding strategies to build the Annual Budget
3. Financial sustainability and accountability are delivered through an annual balanced budget
4. Reserve funds are maintained to achieve their purpose and intent
5. Revenue and expenditure are structured with the goal of achieving the future renewal of assets within a planned useful life
6. Debt funding may be used for capital works or the purchase of assets, but is not to be used to finance operating activities or recurrent expenditure
7. The LTFP will manage our asset base to meet community needs as identified in the Strategic Community Plan
8. Within the LTFP annual review, Council will be responsive to prevailing economic conditions and adjust capital project timeframes to support the local economy
9. Rating revenue levels are set in order to produce a balanced budget



External Influences and Key Risks

Over the past 18 months few organisations have avoided the global impacts of Covid-19 and the corresponding economic responses from State and Federal Governments.

It is one of the key reasons why we are undertaking a significant review of the LTFP so soon after the first plan was adopted in 2019. Whilst rates, fees and charges were frozen in 2020/21 in response to the State Government directive, there was also additional project funding made available from Federal Government as a result of the drought and Covid-19 response respectively.

The past 12 months resulted in significant economic and social impacts as first the community was shut down during the initial stages and then reopened only to experience an unprecedented high demand on the tourism and hospitality sector. Contractors and builders are now experiencing additional pressure on their businesses as more State and Federal funding is released for civil and construction related works.

Risk analysis was undertaken as part of the financial modelling to develop this LTFP. The heavy reliance on project funding from State and Federal funding sources carries a risk that this funding may not eventuate or deliver less than anticipated, requiring a major rework of the capital works program.

There is also a risk that the proceeds from industrial land sales associated with Denmark East Light Industrial Area may not occur in the timeframes modelled in this plan.

Operational funding risks include the risk to movements in interest rates beyond those modelled in the plan. This would create a reduction in interest revenue from investments but conversely could result in more advantageous borrowing conditions. Other operational risks include the reduction or loss of grant funding supporting existing community services, changes in government policy or cost-shifting from State to Local Government. These risks will need to be managed on a case by case basis as they arise.

There are non-financial risks that may affect the delivery of planned major projects or maintenance activities such as limited contractor availability at the time of the scheduled works, the discovery of unknown hazardous materials during a project or delays with securing the required approvals from external agencies.

To responsibly manage its commitments arising from the LTFP the Shire should regularly review the Shire's financial position and project funding strategies and monitor of the economic environment to allow timely and appropriate interventions.



Economic Assumptions

Projects and Services

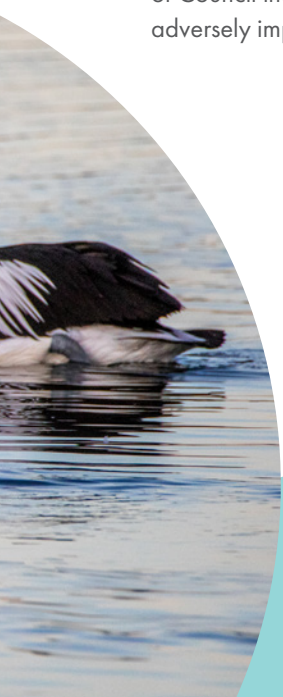
The plan is based on a number of financial assumptions relating to the anticipated movements in both revenue and expenditure, the anticipated timeframes for cash flows into and out of the organisation and expectations of any changes to existing grant funding assistance by both Federal and State Governments. Indicative funding or cost estimates included in this plan relate to broad proposals that have been:

- Approved by Council and are in progress, or
- Considered by Council but have yet to be given final approval to proceed, or
- Considered by Council at a strategic or conceptual level, or
- Operational in nature and based on the continued delivery of existing services, or
- Operational in nature and relate to the maintenance of Shire assets in accordance with management or maintenance plans

Any assumptions in relation to the financial modelling parameters, projects or service proposals may subsequently be shown to be imprecise in respect to likely funding requirements, timing or financial estimates or they may not eventuate at all. The LTFP is prepared with the best available information and is subject to ongoing annual review and revision. Adoption of the LTFP by Council does not constitute a commitment to any particular project or service, nor to its timing. Similarly, it does not preclude the possible subsequent inclusion of further initiatives in future years if the financial modelling and strategic direction of Council indicate that it could be supported without adversely impacting on the Shire's financial sustainability.

Indexing

There were a number of financial parameters used to model this LTFP. Figures used in the financial model are based on current conditions or known factors and the forward projections allow for known or reasonably anticipated circumstances. Included in the financial assumptions are anticipated movements in relevant price indices, wages growth and interest rates as they relate to both investment returns and borrowing costs. Unanticipated changes in any of these parameters or in government policy directions have the potential to impact on the financial modelling. In addition, forecasting the recovery from Covid-19 adds a further level of uncertainty to the projections.



Economic Assumptions (Cont.)

Consumer Price Index

The Consumer Price Index (CPI) measures changes in the prices paid by consumers for a basket of goods and services. Whilst that may be a useful indicator of price changes for the average household, it is not a consistent and accurate measure of the cost increases impacting on a Local Government due to the broad range of services provided. As a result, it is only one of a number of index measures used in the forecasting. The CPI (Perth, Q1 2021) came in (year on year) at 1.0% with the longer term expectation that inflation will be within the RBA's target band (2-3%) in the later quarters of 2021/22.

Local Government Cost Index

The Local Government Cost Index (LGCI), developed by the Western Australian Local Government Association (WALGA), takes into account economic components such as WA Wage Price Index, road and bridge construction, non-residential building, CPI, machinery and equipment, electricity and street lighting, insurance and other utility costs. The LGCI provides a more accurate indicator of cost movements affecting Local Government as it makes better distinction between operating and capital costs and uses price indices that align more closely to the nature of goods and services used. WALGA updates latest forecast (June 2021) indicating a rate of 3.2% for 2021/22 and 2.8% in 2022/23.

Population Growth

The Department of Planning, Lands and Heritage undertakes population forecasting every five years. WA Tomorrow Population Report No.11 contains the latest population forecasts by age and sex, for Western Australia and its regions. They represent the official WA State Government forecasts to 2031. The current estimate is that the Shire is on track to have 7090 residents by 2031, representing an annual increase of 1.3% over the next 10 years. The 2020 Estimated Residential Population data released by ABS showed a slight increase on these numbers as a result of migration to Denmark post pandemic. It is unclear how this trend will play out over coming years, but it may result in revised population growth forecasts in coming years.



Key Elements of the Financial Statements

The plan achieves a balanced budget for each financial year.

Operating income and expenditures are projected to have steady growth over the next 10 years. Any operating surplus generated at the end of the year will be carried forward and/or placed into reserves to provide funds for expenditure on asset renewal, replacement and provision of new assets to enhance the long-term financial sustainability of the Shire.

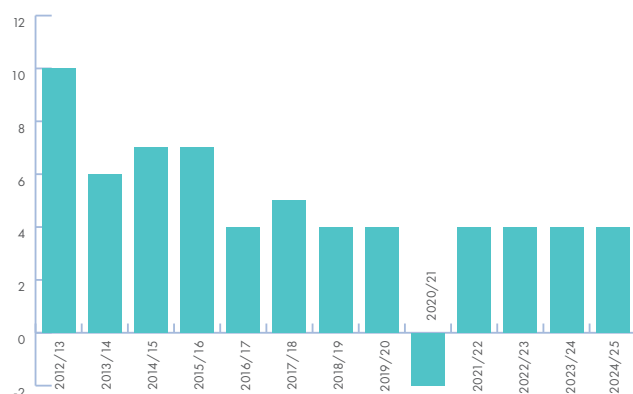
Revenue

Rates

The previous version of the LTFP assumed no rates base growth year-on-year. The updated version of the LTFP has factored in a rates base growth of 0.35% in the 2021/22 and 2022/23 financial year and then forecasts an increase of 0.2% for the remainder of the plan. Changes in valuations have not been factored into the calculation of rates.

Due to subdued growth in fees and charges, coupled with demand to increase asset renewal expenditure and maintain existing service levels, a key assumption of a 4% annual rate increase after 2021/22 is contained within the LTFP.

Historical and Planned Rates Annual Increase



Operating Grants

Operating grants are modelled based on the 2021/22 adopted budget estimate, with a 1.5% indexation applied annually. The main annual operating grants received are:

• Grants Commission General	\$566,460
• Grants Commission Roads	\$526,885
• Main Roads Direct (untied)	\$127,200
• Mitigation Activity Fund	\$497,000
• Bushfire Brigades	\$165,000
• DFES SES Brigades	\$20,000

Fees & Charges

An increase of 3% is modelled in the first four years of the plan with year five and beyond modelled with a 2% annual increase. Some listed fees and charges are statutory and are determined by the relevant Government bodies so are outside the Shire's control. Some of the main revenue earning fees and charges are:

- Waste Management
- Lime Sand Sales
- Peaceful Bay Leases
- Parry Beach Camping Fees
- Department of Transport - Licensing Commission

Waste Services

In 2021, the Shire presented a Waste Services Action Plan to Council that reviewed the Shire's waste management systems. The Action Plan detailed key steps to progress to a more sustainable waste services model with improved waste management outcomes. The basis of funding the revised waste services model is a \$70 general minimum fee levied to all rateable properties commencing in 2021/22. This minimum fee will be reviewed on an annual basis to meet Council and community expectations with regards to the waste services provision.

Key Elements of the Financial Statements (Cont.)

Peaceful Bay

The Shire of Denmark has control and management of Reserve 24510, with the power to lease for periods not exceeding 21 years. The Shire's records suggest that 203 leases apply to the subject land, generating approximately \$368,000 annual revenue. All of the leases were renewed in July 2010 and expire concurrently in 2031. The LTFP assumes that the income from Peaceful Bay will continue and as such we need to ensure that this revenue stream is maintained. The Shire is investigating staggering the leases or offering new 21 year leases on property transfer similar to Windy Harbour in the Shire of Manjimup.

Ocean Beach Lime Pit

The Ocean Beach Lime Pit provides a valuable resource while also producing an income stream for the Shire. The Shire currently produces 15,000 tonne of high-grade agricultural lime sand annually and generates approximately \$180,000 in profit. At some point, the Shire will exhaust the deposit at this site and will investigate alternative income streams.

Interest Earnings

Interest earnings from investments are based on historical information and Western Australian Treasury Corporation forecasts for the next three years which are 2021/22 at 0.5%, 2022/23 at 1.00%, 2023/24 at 1.00%. Year four and beyond assumes an average rate for interest earnings of 2%.

Proceeds from Asset Disposal

The LTFP assumes the sales of five industrial land blocks owned by the Shire in the Denmark East Light Industrial Area. The total revenue yield from the sale of these blocks is predicted at \$1,850,000 and are currently scheduled for sale in 2023/24, 2026/27 and 2027/28.

Other Revenue

The majority of other income revenue relates to reimbursements, rebates and sale of miscellaneous items and to some degree is linked to specific expenditure levels. The plan assumes a 2% increase per annum over the life of the plan.

Non-Operating Grants & Subsidies

The Shire of Denmark receives a significant amount of non-operating income annually through the Regional Road Group. The funding is allocated competitively based upon predetermined criteria.

Non-operating grants are project specific and are therefore linked to specific capital project budgets and adjusted consistently. The Shire needs to ensure that applications made are renewal focused and well-aligned to the selection criteria to ensure ongoing funding success under this program. The failure to maintain funding levels under this program will impact the Shire's ability to pay for our workforce and achieve the desired expenditure levels required under the Asset Management Plan.

As mentioned earlier, reliance on grant funding as a major element of the funding equation carries a risk. Funding streams may not eventuate, be highly competitive or may result in a lesser amount than anticipated.

Expenses

Employee Expenses

Employee expenses are indexed at 2.5% which include salary and wages increases in addition to changes to the Superannuation Guarantee is legislated to be increased from 9.5% to 12% between July 2021 and July 2025. There are no allowances for increases to the staffing structure over the life of the LTFP, other than the possibility of contract staff attached to a particular project for its duration.

Materials and Contracts

Materials and contracts have generally been modelled by applying a 2% indexation, however specific line items have been adjusted to take known or anticipated factors into account. These include increased costs for waste management (landfill, waste processing and recycling costs), reductions to project specific consulting fees and changes to operating initiatives to align with Corporate Business Plan priorities. Adjustments have been made for expenses that recur only in certain years, such as election expenses and triennial Gross Rental Value revaluations.

Utility Expenses

While electricity represents the largest component of utilities expenditure, savings have been achieved by the installation of solar panels on the Shire Administration building and installation of LED lights at the Recreation Centre. Utility expenses are generally modelled by applying the LGCI Index component of 2.5% for the life of the plan.

Insurance Expenses

Insurance expenses are modelled by applying a 2% indexation.



Other Expenditure

These expenses are generally modelled using an estimated 1% increase on the base year.

Depreciation

Depreciation assets such as property, plant, equipment, vehicles, infrastructure and land are valued at Fair Value in the Balance Sheet of the Shire. These assets have been depreciated on a straight line method using current depreciation rates.

Debt Management

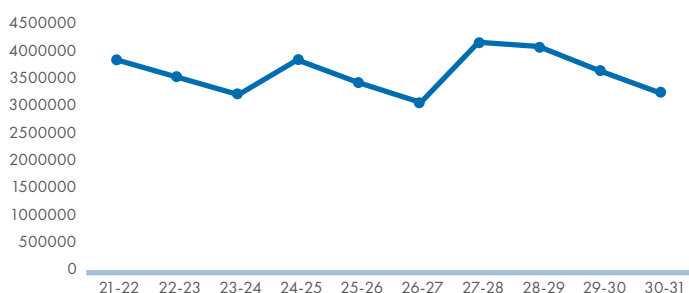
Loan borrowings use a financing facility available to Local Governments to sustainably meet long-term community needs, particularly in respect to major capital works projects. The Local Government Act (1995) empowers the Shire to borrow within a financial strategy as part of a balanced funding structure and is included in the Shire's LTFP where appropriate.

The use of long-term borrowings is strongly influenced by the competing needs of building new community assets, upgrading infrastructure and funding projects where insufficient funds are available to meet the capital outlays. This plan requires new borrowings of \$5.159M in the 10 year term of the plan for the following:

- Denmark Surf Club 2021/22 \$1,769,225
- Rubbish Truck 2021/22 \$510,000
- Admin Building 2024/25 \$1,000,000
- CivicCentre/Library 2027/28 \$1,500,000
- Rubbish Truck 2028/29 \$380,000

This plan will see the Shire's debt peak at \$4.58M in 2027/28 and has a loan balance at the end of 10 years of \$3.261M.

Long Term Debt Balances

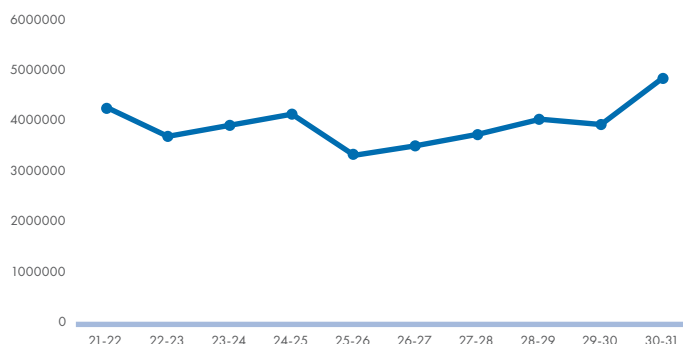


Reserves

Financial reserves are considered an appropriate mechanism to sustainably manage a Local Government's long-term financial stability. Reserves help to avoid the need for large or irregular rates movements in the years that relevant projects are delivered, spreading or smoothing the financial impacts. The accumulation of funds in reserve accounts over a 10 year period provides the Shire with capacity to meet community demands into the future. The list of reserve accounts currently held by the Shire are:

- Lime Quarry Rehabilitation Reserve
- Parry Inlet Reserve
- Cemetery Reserve
- Employee Leave Entitlements Reserve
- Land and Infrastructure Reserve
- Plant Replacement Reserve
- Waste Services Reserve
- Parks and Gardens Reserve
- Aquatic Facility Development Reserve
- Lionsville Reserve
- Peaceful Bay Reserve
- Recreation Centre Reserve
- Denmark East Development Reserve
- Strategic Reserve
- ICT Reserve
- Legal Contingency Reserve

Long Term Reserves Balances



Key Elements of the Financial Statements (Cont.)

Asset Renewal

The effective management of assets is crucial to the sustainable delivery of Local Government services. Assets need to serve the needs of the community, in alignment with the Strategic Community Plan. There is a need to plan and prioritise the maintenance, renewal and replacement of existing assets and where appropriate, the acquisition of new assets. This requires a long-term 'whole of life' view of asset management.

Given the prioritisation of 'renew' over 'new' when managing assets, proposals for new discretionary capital projects will require that a whole of life costing is prepared, including a proposed funding model showing indicative contributions from each funding source, whether that be municipal funds, grants, loan borrowings and reserve funds, before the project is considered for endorsement and inclusion in future revisions of the LTFP. This will ensure that a financially sustainable approach is being maintained for the renewal and expansion of the Shire's assets to meet the ongoing needs of the community.

Capital Expenditure

Capital expenditure is modelled to achieve an immediate improvement to the level of renewal expenditure on the Shires' infrastructure, property, plant and equipment assets. The Shire's capital expenditure works program aims to meet infrastructure service requirements of the Shire for the future. Renewal or upgrade of existing infrastructure and the creation of new assets has been included in developing this plan.

This plan provides for an ambitious capital works program of \$54.1M (indexed) over the 10 year period, which will require borrowings of \$5.159M to achieve this program. To achieve the major projects of \$20.55M as part of the Capital Works Program, there is a reliance on State and Federal governments making substantial grants available. Failure to secure these funds would mean some of these major projects may not proceed.

The Major Projects expected over the life the plan:

21/22/23	Denmark Surf Club/ Precinct	\$8,000,000
21/22	Nornalup Jetty / Various Footpaths	\$400,000
22/23	Mountain Bike Trail	\$1,000,000
24/25	Berridge Park Toilets/ Skate Park	\$2,000,000
24/25	DSHS Facilities	\$250,000
25/26	Admin Building	\$1,000,000
25/26	Waste Facility Upgrades	\$1,000,000
26/27	McLean Park Rec Centre	\$2,000,000
27/28	Civic Centre Library	\$4,600,000
29/30	Waste Facility Capping Works	\$300,000

Key Financial Indicators

Measuring Our Financial Performance

The Local Government (Financial Management) Regulations 1996 requires all Local Governments in Western Australia to calculate seven key ratios.

These ratios cover financial and asset management performance and form the basis for assessing the financial health of the Shire. There has been recent industry wide concern that some of the ratios may not be appropriate for all tiers of Local Government based on the size and scale of operations. As such, there may be changes in the future as to which ratios are required to be reported under the Local Government Financial Management Regulations. Until such time, the current ratios will continue to be monitored and used to inform local discussion with the community as to the affordability of Local Government services and capital works projects into the future and the implications on the overall financial health of the Shire.

It should be noted that there is no single ratio that delineates the financial sustainability of a Local Government, and it is not necessarily detrimental for any one ratio to move outside of the preferred benchmark. Both the trend of the ratio and the operational activity driving the denominator and numerator values in the ratio calculation, need to be understood to properly inform discussion.

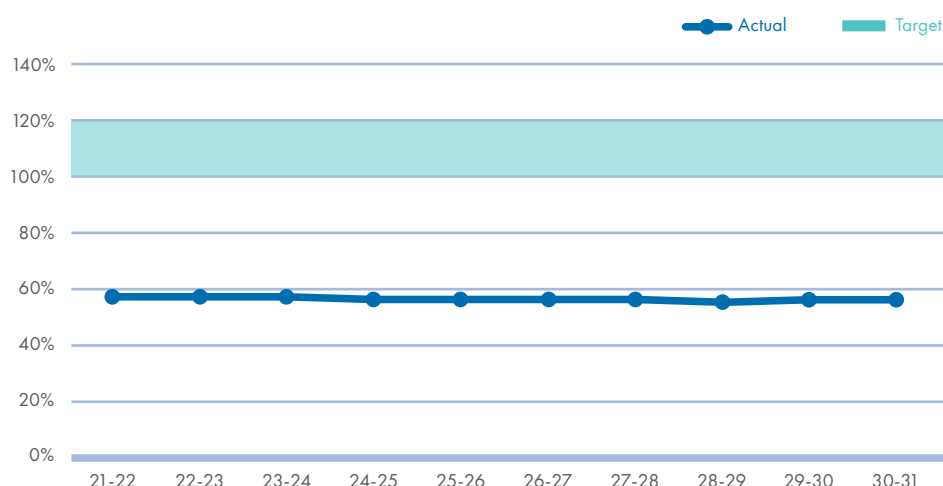


Key Financial Indicators (Cont.)

Ratios

Current Ratio

This ratio measures liquidity and our ability to meet our short-term financial obligations from unrestricted current assets. The ratio target is between 100% and 120%. While we are lower than the target benchmark during the 10 year plan, this is not considered a threat to the Shire's long-term financial position as the current ratio is only a short-term liquidity measure.

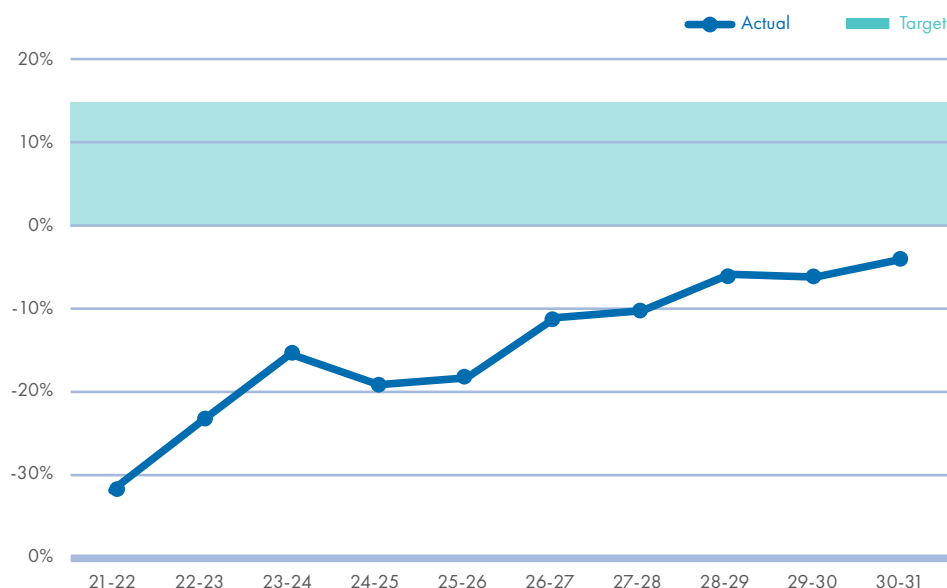


Calculation Current Ratio
= Current Assets less
restricted assets / Current
liability less liability
associated with restricted
assets

Operating Surplus Ratio

This ratio measures the extent to which revenue raised not only covers operational expenses, but also provides for capital funding. The ratio target is between 0% and 15%.

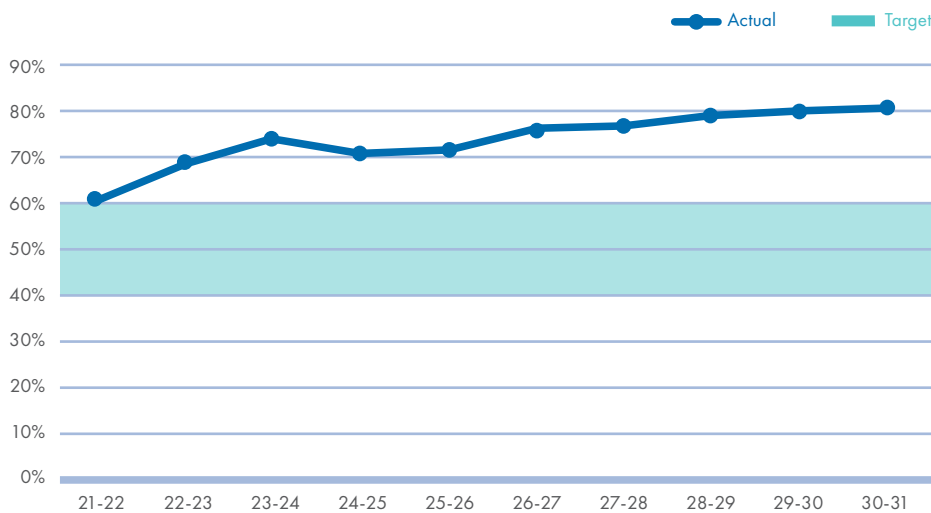
While improving over the 10 years, our result does not meet the benchmark. Indicating that our Shire is reliant on grant funding to undertake capital projects. As the Shire receives grant funding for the renewal of assets, a negative ratio is not viewed as an adverse position for a Tier Three Local Government. While the ratio is below the target, it improves over the term of the plan, indicating an improving operating position.



Calculation – Net
operating surplus / Own
source operating revenue

Own Source Coverage Ratio

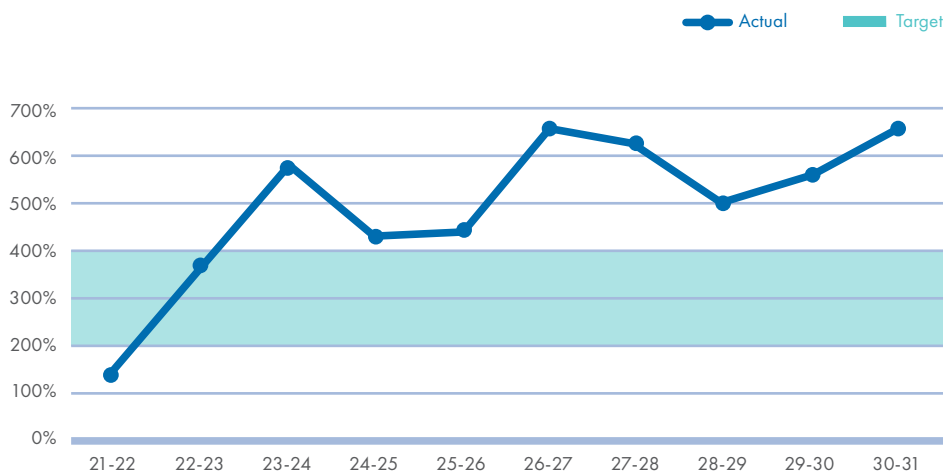
This ratio measures the extent to which we can cover costs through our own revenue efforts (rates, fees and charges etc). The ratio target is between 40% and 60%.



Calculation – Annual operating result before interest and depreciation / Annual debt service payments (both principal and interest)

Debt Service Coverage Ratio

This ratio measures the extent to which we can generate sufficient cash to cover our debt payments. The ratio target is 200% or higher. Modelling indicates that we exceed this benchmark due to our relatively low borrowing level over the 10 years, indicating that we have the capacity to take out further loans should we need to.



Calculation – Annual operating result before interest and depreciation / Annual debt service payments (both principal and interest)

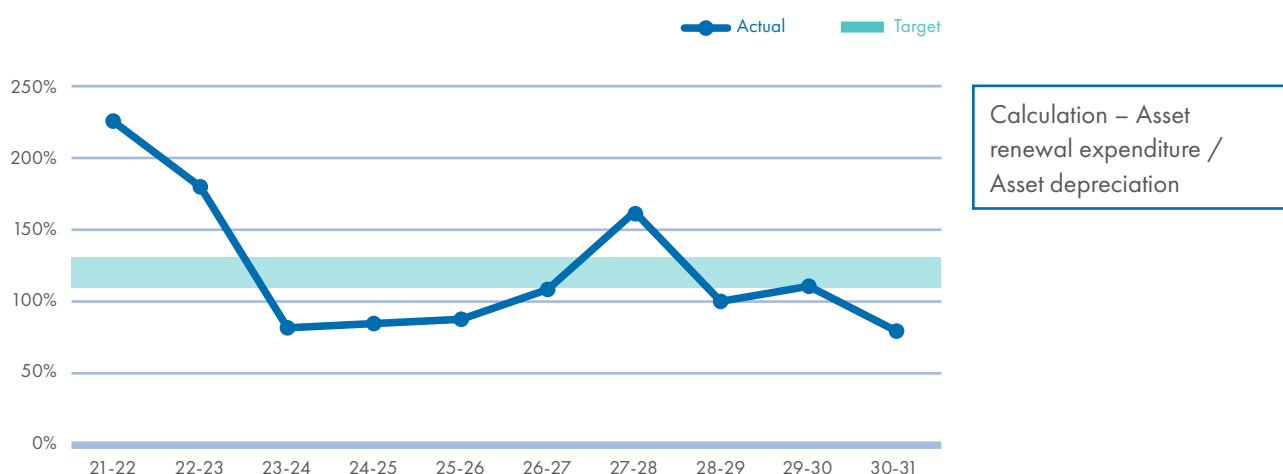
Key Financial Indicators (Cont.)

Asset Sustainability Ratio

This ratio looks to the past and asks “Are our assets being replaced at the rate they are wearing out?”

The ratio has a target band of between 90% and 110%. A result lower than this indicates that we are deferring the renewal of our assets. Deferment is problematic as these deferral costs continue to accumulate, leaving a large bill for future generations. A result higher than this suggests we are spending more money on assets than we need to, by renewing them before they wear out.

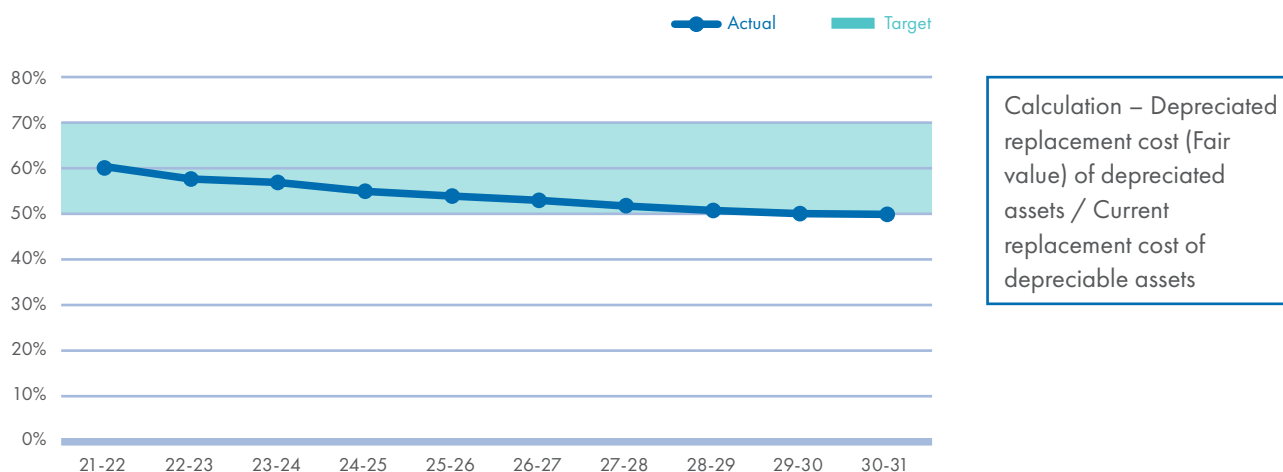
Results indicate that we do not meet this benchmark on average over the 10 years, due to a high depreciation value being attributed to our transport network. At present the depreciation rate is set at 2.5% for transport assets, indicating that roads, paths, drains etc, do not last longer than 40 years. We will be reviewing the useful lives of our assets.



Asset Consumption Ratio

This ratio looks at the present and asks “What is the aged condition of our assets?” by comparing what our assets are currently worth against what they are worth as new. The ratio has a target band of between 50% and 70%. A result lower than this indicates that overall our assets are relatively aged or may not have been maintained. A result higher than this means that the assets base is being kept in very good condition or is relatively new.

Our results indicate that we meet this benchmark on average over the 10 years, however, the ratio shows a decline over the life of the plan. This is due to a high depreciation value being attributed to our transport network. At present the depreciation rate is set at 2.5% for transport assets, indicating that roads, paths, drains etc do not last longer than 40 years. We will be reviewing the useful lives of our assets.

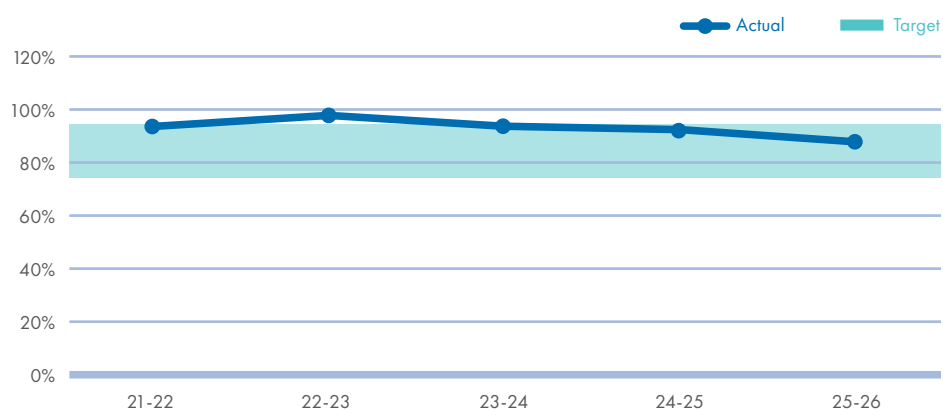


Asset Renewal Funding Ratio

This ratio looks to the future and asks “Is there sufficient funding for the renewal and replacement of our assets?”

The ratio has a target band of between 75% and 96%, which means for every dollar that we need to spend, we have at least 75c to 96c available in our LTFP. A result less than this means we do not have enough money (eg: a result of 40% means that for every dollar we need to spend, we only have 40c available). Accordingly, an outcome higher than this means we have surplus funds allocated which could be diverted to address other needs.

This ratio is calculated using Net Present Value (the value of future dollars) and due to the calculation, only five years can be estimated. Our results indicate that we meet this benchmark on average over the five years, having on average 92c available for every dollar we need to spend.



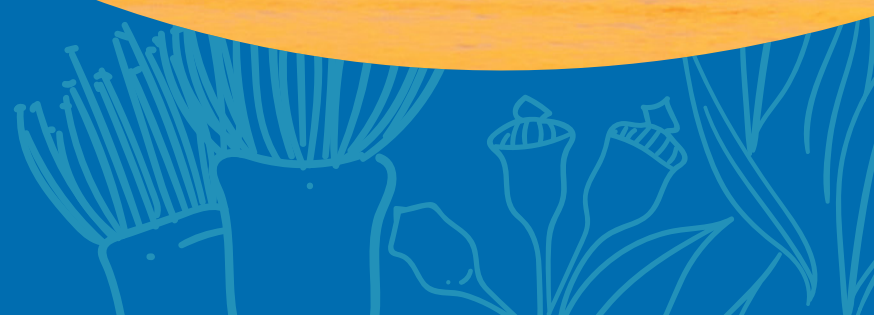
Calculation – NPV
of planned renewal
expenditure / NPV of
asset management plan
projections

Key Financial Statements

- 27 Statement of Comprehensive Income by Nature or Type
- 28 Rate Setting Statement
- 29 Statement of Financial Position
- 30 Statement of Changes in Equity
- 31 Statement of Operational Funding
- 32 Statement of Capital Funding

Appendix

- 33 Reserves Table



Statement of Comprehensive Income by Nature or Type

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST STATEMENT OF COMPREHENSIVE INCOME - BY NATURE OR TYPE FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Rates	7,053,662	7,335,308	7,628,210	7,922,818	8,239,400	8,568,639	8,911,041	9,267,131	9,637,459	10,022,592
Operating grants, subsidies and contributions	3,289,288	2,222,292	2,259,477	2,297,296	2,335,762	2,374,886	2,414,678	2,455,150	2,496,315	2,538,185
Fees and charges	3,458,312	3,562,061	3,668,923	3,778,991	3,892,361	3,970,208	4,049,612	4,130,604	4,213,216	4,297,481
Interest earnings	72,908	72,209	71,781	71,617	72,149	72,692	73,246	73,711	74,185	74,669
Other revenue	188,487	192,257	196,102	200,024	204,024	208,105	212,267	216,512	220,843	225,259
	14,062,657	13,384,126	13,824,492	14,270,746	14,743,697	15,194,530	15,660,843	16,143,109	16,642,018	17,158,186
Expenses										
Employee costs	(6,939,943)	(6,738,075)	(6,906,526)	(7,079,190)	(7,256,169)	(7,437,573)	(7,623,513)	(7,814,101)	(8,009,453)	(8,209,689)
Materials and contracts	(5,502,014)	(3,849,363)	(3,891,490)	(3,963,379)	(4,031,150)	(4,149,376)	(4,156,139)	(4,243,299)	(4,381,547)	(4,464,079)
Utility charges	(220,985)	(226,510)	(232,172)	(237,977)	(243,926)	(250,024)	(256,275)	(262,682)	(269,249)	(275,980)
Depreciation on non-current assets	(3,820,875)	(4,019,635)	(4,164,799)	(4,248,109)	(4,338,424)	(4,438,267)	(4,555,196)	(3,562,337)	(3,688,529)	(3,773,081)
Interest expenses	(123,877)	(126,128)	(112,932)	(110,718)	(107,392)	(93,995)	(103,956)	(116,740)	(105,561)	(91,911)
Insurance expenses	(427,679)	(433,440)	(442,109)	(450,951)	(459,970)	(469,169)	(478,553)	(488,124)	(497,886)	(507,844)
Other expenditure	(445,300)	(449,753)	(454,251)	(458,793)	(463,381)	(468,015)	(472,695)	(477,422)	(482,196)	(487,018)
	(17,480,673)	(15,842,904)	(16,204,279)	(16,549,116)	(16,900,411)	(17,306,420)	(17,646,326)	(16,964,704)	(17,434,420)	(17,809,602)
	(3,418,016)	(2,458,778)	(2,379,787)	(2,278,370)	(2,156,714)	(2,111,890)	(1,985,483)	(821,594)	(792,402)	(651,416)
Net Results from Operations										
Non-operating grants, subsidies and contributions	4,411,103	5,800,822	3,315,242	1,236,528	1,151,531	2,959,182	3,916,910	1,174,715	1,490,591	1,198,553
Profit on disposal of assets	54,000	0	650,000	0	0	600,000	600,000	0	0	0
Loss on disposal of assets	(34,000)	0	0	0	0	0	0	0	0	0
	1,013,087	3,342,044	1,585,455	(1,041,841)	(1,005,183)	1,447,292	2,531,427	353,121	698,189	547,137
NET RESULT										
Other comprehensive income	0	0	0	0	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	1,013,087	3,342,044	1,585,455	(1,041,841)	(1,005,183)	1,447,292	2,531,427	353,121	698,189	547,137

Rate Setting Statement

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST RATE SETTING STATEMENT FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net current assets c/fwd - surplus/(deficit)	1,553,964									
OPERATING ACTIVITIES										
Revenue from operating activities										
Operating grants, subsidies and contributions	3,289,288	2,222,292	2,259,477	2,297,296	2,335,762	2,374,886	2,414,678	2,455,150	2,496,315	2,538,185
Fees and charges	3,458,312	3,562,061	3,668,923	3,778,991	3,892,361	3,970,208	4,049,612	4,130,604	4,213,216	4,297,481
Interest earnings	72,908	72,209	71,781	71,617	72,149	72,692	73,246	73,711	74,185	74,669
Other revenue	188,487	192,257	196,102	200,024	204,024	208,105	212,267	216,512	220,843	225,259
Profit on asset disposals	54,000	0	650,000	0	0	600,000	600,000	0	0	0
	7,062,995	6,048,818	6,846,282	6,347,928	6,504,297	7,225,891	7,349,803	6,875,978	7,004,559	7,135,594
Expenditure from operating activities										
Employee costs	(6,939,943)	(6,738,075)	(6,906,526)	(7,079,190)	(7,256,169)	(7,437,573)	(7,623,513)	(7,814,101)	(8,009,453)	(8,209,689)
Materials and contracts	(5,502,014)	(3,849,363)	(3,891,490)	(3,963,379)	(4,031,150)	(4,149,376)	(4,156,139)	(4,243,299)	(4,381,547)	(4,464,079)
Utility charges	(220,985)	(226,510)	(232,172)	(237,977)	(243,926)	(250,024)	(256,275)	(262,682)	(269,249)	(275,980)
Depreciation on non-current assets	(3,820,875)	(4,019,635)	(4,164,799)	(4,248,109)	(4,338,424)	(4,438,267)	(4,555,196)	(3,562,337)	(3,688,529)	(3,773,081)
Interest expenses	(123,877)	(126,128)	(112,932)	(110,718)	(107,392)	(93,995)	(103,956)	(116,740)	(105,561)	(91,911)
Insurance expenses	(427,679)	(433,440)	(442,109)	(450,951)	(459,970)	(469,169)	(478,553)	(488,124)	(497,886)	(507,844)
Other expenditure	(445,300)	(449,753)	(454,251)	(458,793)	(463,381)	(468,015)	(472,695)	(477,422)	(482,196)	(487,018)
Loss on disposal of assets	(34,000)	0	0	0	0	0	0	0	0	0
	(17,514,673)	(15,842,504)	(16,204,279)	(16,549,116)	(16,900,411)	(17,306,420)	(17,646,326)	(16,964,704)	(17,434,420)	(17,809,602)
Operating activities excluded from budget										
Profit on disposal of assets	(54,000)	0	(650,000)	0	0	(600,000)	(600,000)	0	0	0
Loss on disposal of assets	34,000	0	0	0	0	0	0	0	0	0
Movement in liabilities associated with restricted ca:	115,871	0	0	0	0	0	0	0	0	0
Depreciation and amortisation on assets	3,820,875	4,019,635	4,164,799	4,248,109	4,338,424	4,438,267	4,555,196	3,562,337	3,688,529	3,773,081
Amount attributable to operating activities	(6,534,932)	(5,774,450)	(5,843,198)	(5,953,079)	(6,057,691)	(6,242,262)	(6,341,327)	(6,526,389)	(6,741,332)	(6,900,927)
INVESTING ACTIVITIES										
Non-operating grants, subsidies and contributions	4,411,103	5,800,822	3,315,242	1,236,528	1,151,531	2,959,182	3,916,910	1,174,715	1,490,591	1,198,553
Proceeds from disposal of assets	147,000	117,500	730,000	105,000	172,000	803,500	666,000	163,000	94,500	72,000
Proceeds from self supporting loans	22,872	23,729	22,474	21,061	21,756	22,473	23,214	23,979	24,769	25,586
Purchase of property, plant and equipment	(5,352,650)	(3,966,100)	(1,415,950)	(1,820,270)	(1,107,512)	(3,669,688)	(5,626,643)	(1,766,910)	(1,514,924)	(959,600)
Purchase and construction of infrastructure	(3,620,551)	(3,698,864)	(3,878,954)	(1,908,757)	(2,799,002)	(1,917,142)	(2,389,891)	(1,962,981)	(2,668,899)	(2,135,608)
Amount attributable to investing activities	(4,392,226)	(1,722,913)	(1,227,188)	(2,366,437)	(2,561,227)	(1,801,674)	(3,410,411)	(2,368,197)	(2,573,962)	(1,799,069)
FINANCING ACTIVITIES										
Repayment of debentures	(272,505)	(316,301)	(324,623)	(370,075)	(410,474)	(366,544)	(418,186)	(458,090)	(431,415)	(396,171)
Repayment of long term leases	(102,490)	(83,889)	(19,972)	(10,295)	0	0	0	0	0	0
Proceeds from new debentures	2,279,225	0	0	1,000,000	0	0	1,500,000	380,000	0	0
Transfers to reserves (restricted assets)	(731,612)	(758,477)	(757,008)	(757,435)	(769,701)	(875,033)	(799,626)	(830,735)	(826,802)	(994,026)
Transfers from reserves (restricted assets)	1,146,914	1,320,723	543,779	534,503	1,559,692	716,875	558,509	536,280	936,052	67,600
Amount attributable to financing activities	2,319,532	162,056	(557,824)	396,698	379,517	(524,702)	840,697	(372,545)	(322,165)	(1,322,596)
Surplus(deficiency) before general rates	(7,053,662)	(7,335,308)	(7,628,210)	(7,922,819)	(8,239,401)	(8,568,639)	(8,911,041)	(9,267,131)	(9,637,459)	(10,022,592)
TOTAL AMOUNT RAISED FROM RATES	7,053,662	7,335,308	7,628,210	7,922,818	8,239,400	8,568,639	8,911,041	9,267,131	9,637,459	10,022,592
Net current assets c/fwd - surplus/(deficit)	0	0	0	0	0	0	0	0	0	0

Statement of Financial Position

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST STATEMENT OF FINANCIAL POSITION FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS										
Cash and cash equivalents	805,164	701,584	701,584	701,584	701,583	701,583	701,583	701,584	701,584	701,583
Restricted cash - Reserves	4,238,354	3,676,108	3,889,337	4,112,269	3,322,278	3,480,436	3,721,553	4,016,008	3,906,758	4,833,184
Restricted cash - Bonds & Deposits Held	937,720	937,720	937,720	937,720	937,720	937,720	937,720	937,720	937,720	937,720
Trade and other receivables	1,738,345	1,714,616	1,692,142	1,671,081	1,649,326	1,630,838	1,607,624	1,583,645	1,558,876	1,533,290
Inventories	136,877	136,877	136,877	136,877	136,877	136,877	136,877	136,877	136,877	136,877
TOTAL CURRENT ASSETS	7,856,459	7,166,905	7,357,660	7,559,531	6,747,784	6,887,454	7,105,357	7,375,834	7,241,814	8,142,654
NON-CURRENT ASSETS										
Other receivables	554,900	554,900	574,872	585,167	585,167	585,167	585,167	585,167	585,167	585,167
Right of Use Assets	114,158	30,267	10,295	0	0	0	0	0	0	0
Investments	53,516	53,516	53,516	53,516	53,516	53,516	53,516	53,516	53,516	53,516
Property, plant and equipment	33,223,808	35,300,180	34,771,536	34,582,339	33,542,449	34,964,699	38,383,231	38,860,260	39,046,889	38,644,689
Infrastructure	64,378,149	65,829,606	67,408,355	66,973,469	67,409,449	66,932,262	66,909,068	66,436,594	66,650,759	66,303,086
TOTAL NON-CURRENT ASSETS	98,324,530	101,768,469	102,818,574	102,194,492	101,590,582	102,535,644	105,930,983	105,935,537	106,336,331	105,586,458
TOTAL ASSETS	106,180,990	108,935,374	110,176,234	109,754,023	108,338,366	109,423,099	113,036,340	113,311,371	113,578,145	113,729,112
CURRENT LIABILITIES										
Trade and other payables	(3,494,795)	(3,307,328)	(3,307,328)	(3,307,328)	(3,307,328)	(3,307,328)	(3,307,328)	(3,307,328)	(3,307,328)	(3,307,328)
Current portion of long term borrowings	(272,505)	(316,301)	(324,623)	(370,075)	(410,474)	(366,544)	(418,186)	(458,090)	(431,415)	(396,171)
Current portion of leases	(83,889)	(19,972)	(10,295)	0	0	0	0	0	0	0
Provisions	(1,228,532)	(1,228,532)	(1,228,532)	(1,228,532)	(1,228,532)	(1,228,532)	(1,228,532)	(1,228,532)	(1,228,532)	(1,228,532)
TOTAL CURRENT LIABILITIES	(5,079,721)	(4,872,133)	(4,870,778)	(4,905,935)	(4,946,334)	(4,902,404)	(4,954,046)	(4,993,950)	(4,967,275)	(4,932,031)
NON-CURRENT LIABILITIES										
Payables	(430,238)	(430,238)	(430,238)	(430,238)	(430,238)	(430,238)	(430,238)	(430,238)	(430,238)	(430,238)
Long term borrowings	(3,600,483)	(3,240,385)	(2,907,440)	(3,491,913)	(3,041,040)	(2,718,426)	(3,748,598)	(3,630,604)	(3,225,865)	(2,864,938)
Non current portion of leases	(30,269)	(10,295)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Provisions	(127,771)	(127,771)	(127,771)	(127,771)	(127,771)	(127,771)	(127,771)	(127,771)	(127,771)	(127,771)
TOTAL NON-CURRENT LIABILITIES	(4,188,761)	(3,808,690)	(3,465,450)	(4,049,923)	(3,599,050)	(3,276,436)	(4,306,608)	(4,188,614)	(3,783,875)	(3,422,948)
TOTAL LIABILITIES	(9,268,482)	(8,680,823)	(8,336,228)	(8,955,858)	(8,545,384)	(8,178,840)	(9,260,654)	(9,182,564)	(8,751,149)	(8,354,979)
NET ASSETS	96,912,508	100,254,552	101,840,007	100,798,165	99,792,983	101,244,259	103,775,687	104,128,807	104,826,997	105,374,134
EQUITY										
Retained surplus	27,412,670	31,316,960	32,689,186	31,424,413	31,209,221	32,502,339	34,792,650	34,851,316	35,658,755	35,279,466
Reserves - cash backed	4,238,355	3,676,108	3,889,337	4,112,269	3,322,278	3,480,436	3,721,553	4,016,008	3,906,758	4,833,184
Revaluation surplus	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484
TOTAL EQUITY	96,912,508	100,254,552	101,840,007	100,798,165	99,792,983	101,244,259	103,775,687	104,128,807	104,826,997	105,374,134

Statement of Changes in Equity

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS										
Opening Balance	25,984,281	27,412,670	31,316,960	32,689,186	31,424,413	31,209,221	32,502,339	34,792,650	34,851,316	35,658,755
Net Result	1,013,087	3,342,044	1,585,455	(1,041,841)	(1,005,183)	1,451,277	2,531,427	353,121	698,189	547,137
Amount transferred (to)/from Reserves	415,302	562,246	(213,229)	(222,932)	789,991	(158,158)	(241,117)	(294,455)	109,250	(926,426)
Closing Balance	27,412,670	31,316,960	32,689,186	31,424,413	31,209,221	32,502,339	34,792,650	34,851,316	35,658,755	35,279,466
RESERVES - CASH/INVESTMENT BACKED										
Opening Balance	4,653,656	4,238,354	3,676,108	3,889,337	4,112,269	3,322,278	3,480,436	3,721,553	4,016,008	3,906,758
Amount transferred (to)/from Retained Surplus	(415,302)	(562,246)	213,229	222,932	(789,991)	158,158	241,117	294,455	(109,250)	926,426
Closing Balance	4,238,355	3,676,108	3,889,337	4,112,269	3,322,278	3,480,436	3,721,553	4,016,008	3,906,758	4,833,184
REVALUATION SURPLUS										
Opening Balance	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Closing Balance	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484	65,261,484
TOTAL EQUITY	96,912,508	100,254,552	101,840,007	100,798,166	99,792,983	101,244,259	103,775,687	104,128,808	104,826,997	105,374,133

Statement of Operational Funding

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST STATEMENT OF OPERATIONAL FUNDING FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10	TOTAL
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	\$
Funding from Operational Activities											
Revenue											
Rates	7,053,663	7,335,308	7,628,210	7,922,818	8,239,400	8,568,639	8,911,041	9,267,131	9,637,459	10,022,592	84,586,261
Operating grants, subsidies and contributions	3,289,288	2,222,292	2,259,477	2,297,296	2,335,762	2,374,886	2,414,678	2,455,150	2,496,315	2,538,185	24,683,329
Profit on asset disposal	54,000	-	650,000	-	-	600,000	600,000	-	-	-	1,904,000
Fees and charges	3,458,312	3,562,061	3,668,923	3,778,991	3,892,361	3,970,208	4,049,612	4,130,604	4,213,216	4,297,481	39,021,769
Interest earnings	72,908	72,209	71,781	71,617	72,149	72,692	73,246	73,711	74,185	74,669	729,167
Other revenue	188,487	192,257	196,102	200,024	204,024	208,105	212,267	216,512	220,843	225,259	2,063,880
	14,116,658	13,384,126	14,474,492	14,270,746	14,743,697	15,794,530	16,260,843	16,143,109	16,642,018	17,158,186	152,988,406
Expenses											
Employee costs	(6,939,943)	(6,738,075)	(6,906,526)	(7,079,190)	(7,256,169)	(7,437,573)	(7,623,513)	(7,814,101)	(8,009,453)	(8,209,689)	(74,014,232)
Materials and contracts	(5,502,014)	(3,849,363)	(3,891,490)	(3,963,379)	(4,031,150)	(4,149,376)	(4,156,139)	(4,243,299)	(4,381,547)	(4,464,079)	(42,631,836)
Utility charges	(220,985)	(226,510)	(232,172)	(237,977)	(243,926)	(250,024)	(256,275)	(262,682)	(269,249)	(275,980)	(2,475,779)
Depreciation on non-current asset	(3,820,875)	(4,019,635)	(4,164,799)	(4,248,109)	(4,338,424)	(4,438,267)	(4,555,196)	(3,562,337)	(3,688,529)	(3,773,081)	(40,609,252)
Loss on asset disposal	(34,000)	0	0	0	0	0	0	0	0	0	(34,000)
Interest expense	(123,877)	(126,128)	(112,932)	(110,718)	(107,392)	(93,995)	(103,956)	(116,740)	(105,561)	(91,911)	(1,093,210)
Insurance expense	(427,679)	(433,440)	(442,109)	(450,951)	(459,970)	(469,169)	(478,553)	(488,124)	(497,886)	(507,844)	(4,655,723)
Other expenditure	(445,300)	(449,753)	(454,251)	(458,793)	(463,381)	(468,015)	(472,695)	(477,422)	(482,196)	(487,018)	(4,658,823)
	(17,514,673)	(15,842,904)	(16,204,279)	(16,549,116)	(16,900,411)	(17,306,420)	(17,646,326)	(16,964,704)	(17,434,420)	(17,809,602)	(170,172,856)
	(3,398,015)	(2,458,778)	(1,729,787)	(2,278,370)	(2,156,714)	(1,511,890)	(1,385,483)	(821,594)	(792,402)	(651,416)	(17,184,449)
Funding Position Adjustments											
Depreciation on non-current assets	3,820,875	4,019,635	4,164,799	4,248,109	4,338,424	4,438,267	4,555,196	3,562,337	3,688,529	3,773,081	40,609,252
Net profit and losses on disposal	(20,000)	0	(650,000)	0	0	(600,000)	(600,000)	0	0	0	(1,870,000)
Movement in provisions	115,871	0	0	0	0	0	0	0	0	0	115,871
	3,916,746	4,019,635	3,514,799	4,248,109	4,338,424	3,838,267	3,955,196	3,562,337	3,688,529	3,773,081	38,855,123
Net Funding from Operational Activities	518,730	1,560,858	1,785,012	1,969,739	2,181,710	2,326,377	2,569,713	2,740,742	2,896,127	3,121,665	
Funding from Capital Activities											
Inflows											
Proceeds on disposal	147,000	117,500	730,000	105,000	172,000	803,500	666,000	163,000	94,500	72,000	3,070,500
Non-operating grants, subsidies and contributio	4,411,103	5,800,822	3,315,242	1,236,528	1,151,531	2,959,182	3,916,910	1,174,715	1,490,591	1,198,553	26,655,179
Outflows											
Proceeds from self supporting loans	22,872	23,729	22,474	21,061	21,756	22,473	23,214	23,979	24,769	25,586	231,912
Purchase of property, plant and equipment	(5,352,650)	(3,966,100)	(1,415,950)	(1,820,270)	(1,107,512)	(3,669,688)	(5,626,643)	(1,766,910)	(1,514,924)	(959,600)	(27,200,247)
Purchase of infrastructure	(3,620,551)	(3,698,864)	(3,878,954)	(1,908,757)	(2,799,002)	(1,917,142)	(2,389,891)	(1,962,981)	(2,668,899)	(2,135,608)	(26,980,648)
	(4,392,226)	(1,772,913)	(1,227,188)	(2,366,437)	(2,561,227)	(1,801,674)	(3,410,411)	(2,368,197)	(2,573,962)	(1,799,069)	(24,223,305)
Net Funding from Capital Activities											
Funding from Financing Activities											
Inflows											
Transfer from reserves	1,146,914	1,320,723	543,779	534,503	1,559,692	716,875	558,509	536,280	936,052	67,600	7,920,927
New Borrowings	2,279,225	-	-	1,000,000	-	-	1,500,000	380,000	-	-	5,159,225
Outflows											
Transfers to reserves	(731,612)	(758,477)	(757,008)	(757,435)	(769,701)	(875,033)	(799,626)	(830,735)	(826,802)	(994,026)	(8,100,454)
Repayment of past borrowings	(272,505)	(316,301)	(324,623)	(370,075)	(410,474)	(366,544)	(418,186)	(458,090)	(431,415)	(396,171)	(3,764,383)
Repayment of long term leases	(102,490)	(83,889)	(19,972)	(10,295)	0	0	0	0	0	0	(216,646)
	2,319,532	162,056	(557,824)	396,698	379,517	(524,702)	840,697	(372,165)	(322,165)	(1,322,596)	998,668
Net Funding from Financing Activities											
Estimated Surplus/Deficit July 1 B/Fwd	1,553,964	0	0	0	0	0	0	0	0	0	0
Funding Available / (to be sourced)	0	0	0	0	0	0	0	0	0	0	0

Statement of Capital Funding

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST STATEMENT OF CAPITAL FUNDING FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10	TOTAL
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure											
Roads	2,715,687	1,332,553	1,853,183	1,278,306	1,401,877	1,414,431	1,877,126	1,439,960	1,551,785	1,563,728	16,428,635
Footpaths	100,000	1,159,181	150,000	150,000	168,294	172,303	175,749	179,264	182,123	185,373	2,622,287
Drainage	-	53,060	54,122	55,204	56,308	57,434	58,583	59,755	60,708	61,791	516,965
Other Infrastructure	804,864	1,154,070	1,821,649	425,247	1,172,523	272,974	278,433	284,002	874,283	324,716	7,412,761
Buildings	4,240,000	3,050,000	1,003,950	1,050,000	300,000	2,719,313	5,145,343	517,630	900,000	600,000	19,526,236
Furniture and Equipment	40,000	350,000	100,000	50,000	50,000	50,000	50,000	50,000	100,000	100,000	940,000
Plant and Equipment	1,072,650	566,100	312,000	720,270	757,512	900,375	431,300	1,199,280	514,924	259,600	6,734,011
Total - Capital Expenditure	8,973,201	7,664,964	5,294,904	3,729,027	3,906,514	5,586,830	8,016,534	3,729,891	4,183,823	3,095,208	54,180,895
Funded by:											
Capital Grants and Contributions											
Roads	1,688,451	1,050,822	1,515,242	1,136,528	1,151,531	1,159,182	1,616,910	1,174,715	1,190,591	1,198,553	12,882,527
Footpaths	100,000	750,000	-	-	-	-	-	-	-	-	850,000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Other Infrastructure	401,877	1,000,000	1,300,000	100,000	-	-	-	-	-	-	2,801,877
Buildings	2,220,775	3,000,000	500,000	-	-	1,800,000	2,300,000	-	300,000	-	10,120,775
Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-
Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
Total - Capital Grants and Contributions	4,411,103	5,800,822	3,315,242	1,236,528	1,151,531	2,959,182	3,916,910	1,174,715	1,490,591	1,198,553	26,655,179
Own Source Funding											
Land	-	-	-	-	-	-	-	-	-	-	-
Roads	477,236	181,731	337,941	141,777	250,346	255,248	260,216	265,245	361,194	365,175	2,896,109
Footpaths	-	57,904	116,221	143,310	74,114	172,303	62,540	179,264	96,495	185,373	1,087,524
Drainage	-	53,060	54,122	55,204	56,308	57,434	58,583	59,755	60,708	61,791	516,965
Other Infrastructure	309,845	21,224	301,649	325,247	172,523	272,974	278,433	284,002	324,283	324,716	2,614,896
Buildings	200,000	-	266,050	50,000	300,000	179,313	545,343	517,630	600,000	600,000	2,726,236
Furniture and Equipment	-	50,000	100,000	50,000	50,000	50,000	50,000	50,000	100,000	100,000	600,000
Plant and Equipment	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,500,000
Total - Own Source Funding	1,137,081	513,919	793,883	915,538	1,053,291	1,137,272	1,405,115	1,505,896	1,692,680	1,787,055	11,941,730
Borrowings											
Buildings	1,769,225	-	-	1,000,000	-	-	1,500,000	-	-	-	4,269,225
Plant and Equipment	510,000	-	-	-	-	-	-	380,000	-	-	890,000
Total - Borrowings	2,279,225	-	-	1,000,000	-	-	1,500,000	380,000	-	-	5,159,225
Reserves											
Roads	550,000	100,000	-	-	-	-	-	-	-	-	650,000
Footpaths	-	351,277	33,779	6,690	94,180	-	113,209	-	85,628	-	684,763
Drainage	-	-	-	-	-	-	-	-	-	-	-
Other Infrastructure	93,142	132,846	220,000	-	1,000,000	-	-	-	550,000	-	1,995,988
Buildings	50,000	50,000	120,000	-	-	140,000	200,000	-	-	-	560,000
Furniture and Equipment	40,000	300,000	-	-	-	-	-	-	-	-	340,000
Plant and Equipment	265,650	298,600	82,000	465,270	435,512	546,875	215,300	506,280	270,424	37,600	3,123,511
Total - Reserves	998,792	1,232,723	455,779	471,960	1,529,692	686,875	528,509	506,280	906,052	37,600	7,354,262
Other (Disposals and C/Fwd)											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	650,000	-	-	600,000	600,000	-	-	-	1,850,000
Plant and Equipment	147,000	117,500	80,000	105,000	172,000	203,500	66,000	163,000	94,500	72,000	1,220,500
Total - Other (Disposals and C/Fwd)	147,000	117,500	730,000	105,000	172,000	803,500	666,000	163,000	94,500	72,000	3,070,500
Total Capital Funding	8,973,201	7,664,964	5,294,904	3,729,027	3,906,514	5,586,830	8,016,534	3,729,891	4,183,823	3,095,208	54,180,895

Appendix

i. Reserves Table

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST RESERVES MOVEMENT FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlements Reserve										
Opening Balance	448,410	449,307	450,206	451,106	452,008	454,268	458,811	465,693	474,076	483,548
Interest	897	899	900	902	2,260	4,543	6,882	8,382	9,472	14,492
Transfer to	0	0	0	0	0	0	0	0	0	0
Transfer from	0	0	0	0	0	0	0	0	0	0
Closing Balance	449,307	450,206	451,106	452,008	454,268	458,811	465,693	474,076	483,548	498,040
Plant Reserve										
Opening Balance	586,098	646,620	674,313	918,661	780,229	673,618	458,479	575,056	404,127	466,778
Interest	1,172	1,293	1,349	1,837	3,901	6,736	6,877	10,351	8,074	13,989
Transfer to	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Transfer from	(265,650)	(298,600)	(82,000)	(465,270)	(435,512)	(546,875)	(215,300)	(506,280)	(270,424)	(37,600)
Closing Balance	646,620	674,313	918,661	780,229	673,618	458,479	575,056	404,127	466,778	768,167
Parry Inlet Reserve										
Opening Balance	198,448	194,845	205,235	215,645	226,077	237,207	249,579	263,323	278,063	293,618
Interest	397	390	410	431	1,130	2,372	3,744	4,740	5,556	8,800
Transfer to	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfer from	(14,000)	0	0	0	0	0	0	0	0	0
Closing Balance	194,845	205,235	215,645	226,077	237,207	249,579	263,323	278,063	293,618	312,418
Cemetery Reserve										
Opening Balance	2,118	0	0	0	0	0	0	0	0	0
Interest	4	0	0	0	0	0	0	0	0	0
Transfer to	0	0	0	0	0	0	0	0	0	0
Transfer from	(2,122)	0	0	0	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0	0	0	0	0
Lime Quarry Rehabilitation Reserve										
Opening Balance	414,700	385,529	356,300	327,013	297,667	269,155	241,847	215,475	189,353	163,137
Interest	829	771	713	654	1,488	2,692	3,628	3,879	3,783	4,889
Transfer to	0	0	0	0	0	0	0	0	0	0
Transfer from	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Closing Balance	385,529	356,300	327,013	297,667	269,155	241,847	215,475	189,353	163,137	138,026
Infrastructure Reserve										
Opening Balance	709,778	794,404	311,870	88,715	232,202	289,183	535,606	380,431	554,123	629,566
Interest	1,420	1,589	624	177	1,161	2,892	8,034	6,848	11,071	18,868
Transfer to	133,206	150,000	150,000	150,000	150,000	243,531	150,000	166,844	150,000	282,097
Transfer from	(50,000)	(634,123)	(373,779)	(6,690)	(94,180)	0	(313,209)	0	(85,628)	0
Closing Balance	794,404	311,870	88,715	232,202	289,183	535,606	380,431	554,123	629,566	930,531
Waste Services Reserve										
Opening Balance	621,628	705,054	576,464	747,617	919,112	93,707	264,644	438,614	616,509	498,827
Interest	1,426	1,410	1,153	1,495	4,596	937	3,970	7,895	12,318	14,950
Transfer to	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Transfer from	(88,000)	(300,000)	0	0	(1,000,000)	0	0	0	(300,000)	0
Closing Balance	705,054	576,464	747,617	919,112	93,707	264,644	438,614	616,509	498,827	683,777

Lime Quarry Rehabilitation Reserve

Appendix

i. Reserves Table (cont.)

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST RESERVES MOVEMENT FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Parks and Gardens Reserve										
Opening Balance	78,985	0	0	0	0	0	0	0	0	0
Interest	158	0	0	0	0	0	0	0	0	0
Transfer to	0	0	0	0	0	0	0	0	0	0
Transfer from	(79,142)	0	0	0	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0	0	0	0	0
Aquatic Facility Development Reserve										
Opening Balance	96,863	87,057	97,231	107,425	117,640	128,229	139,511	151,603	164,332	177,616
Interest	194	174	194	215	588	1,282	2,093	2,729	3,283	5,323
Transfer to	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfer from	(10,000)	0	0	0	0	0	0	0	0	0
Closing Balance	87,057	97,231	107,425	117,640	128,229	139,511	151,603	164,332	177,616	192,939
Lionsville Reserve										
Opening Balance	205,590	148,001	90,297	32,478	0	0	0	0	0	0
Interest	411	296	181	65	0	0	0	0	0	0
Transfer to	0	0	0	0	0	0	0	0	0	0
Transfer from	(58,000)	(58,000)	(58,000)	(32,543)	0	0	0	0	0	0
Closing Balance	148,001	90,297	32,478	0	0	0	0	0	0	0
Peaceful Bay Reserve										
Opening Balance	209,541	244,960	280,450	316,011	351,643	388,401	427,285	468,694	512,131	512,131
Interest	419	490	561	632	1,758	3,884	6,409	8,436	10,232	9,212
Transfer to	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Transfer from	0	0	0	0	0	0	0	0	(250,000)	0
Closing Balance	244,960	280,450	316,011	351,643	388,401	427,285	468,694	512,131	307,363	351,575
Rivermouth Caravan Park Reserve										
Opening Balance	101,213	106,416	111,629	116,852	122,086	127,696	133,973	140,983	148,520	156,488
Interest	202	213	223	234	610	1,277	2,010	2,538	2,967	4,690
Transfer to	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Transfer from	0	0	0	0	0	0	0	0	0	0
Closing Balance	106,415	111,629	116,852	122,086	127,696	133,973	140,983	148,520	156,488	166,178
Peaceful Bay Caravan Park Reserve										
Opening Balance	63,244	68,370	73,506	78,653	83,811	89,230	95,122	101,549	108,377	115,542
Interest	126	137	147	157	419	892	1,427	1,828	2,165	3,463
Transfer to	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Transfer from	0	0	0	0	0	0	0	0	0	0
Closing Balance	68,370	73,506	78,653	83,811	89,230	95,122	101,549	108,377	115,542	124,005

Appendix

i. Reserves Table (cont.)

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST RESERVES MOVEMENT FOR THE PERIOD 2021/22 - 2030/31

	1	2	3	4	5	6	7	8	9	10
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation Centre Reserve										
Opening Balance	95,684	105,875	116,087	126,319	136,572	147,255	18,727	29,008	39,530	50,320
Interest	191	212	232	253	683	1,473	281	522	790	1,508
Transfer to	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfer from	0	0	0	0	0	(140,000)	0	0	0	0
Closing Balance	105,875	116,087	126,319	136,572	147,255	18,727	29,008	39,530	50,320	61,828
Denmark East Development Reserve										
Opening Balance	721,357	171,717	172,060	172,060	172,060	172,060	172,060	172,060	172,060	172,060
Interest	360	343	0	0	0	0	0	0	0	0
Transfer to	0	0	0	0	0	0	0	0	0	0
Transfer from	(550,000)	0	0	0	0	0	0	0	0	0
Closing Balance	171,717	172,060	172,060	172,060	172,060	172,060	172,060	172,060	172,060	172,060
Strategic Reserve										
Opening Balance	100,000	105,200	110,410	115,631	120,862	126,467	132,731	139,722	147,237	155,179
Interest	200	210	221	231	604	1,265	1,991	2,515	2,942	4,651
Transfer to	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Transfer from	0	0	0	0	0	0	0	0	0	0
Closing Balance	105,200	110,410	115,631	120,862	126,467	132,731	139,722	147,237	155,179	164,830
ICT Reserve										
Opening Balance	0	15,000	30,030	45,090	60,180	75,481	91,236	107,604	124,541	142,030
Interest	0	30	60	90	301	755	1,369	1,937	2,488	4,257
Transfer to	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Transfer from	0	0	0	0	0	0	0	0	0	0
Closing Balance	15,000	30,030	45,090	60,180	75,481	91,236	107,604	124,541	142,030	161,286
Legal Contingency Reserve										
Opening Balance	0	10,000	20,020	30,060	40,120	50,321	60,824	71,736	83,028	94,686
Interest	0	20	40	60	201	503	912	1,291	1,659	2,838
Transfer to	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfer from	0	0	0	0	0	0	0	0	0	0
Closing Balance	10,000	20,020	30,060	40,120	50,321	60,824	71,736	83,028	94,686	107,524
TOTAL RESERVE BALANCE	4,238,354	3,676,108	3,889,337	4,112,269	3,322,278	3,480,436	3,721,553	4,016,008	3,906,758	4,833,184
SUMMARY										
Opening Balance	4,653,656	4,238,354	3,676,108	3,889,337	4,112,269	3,322,278	3,480,436	3,721,553	4,016,008	3,906,758
Interest	8,406	8,477	7,008	7,435	19,701	31,502	49,626	63,891	76,802	111,929
Transfer to	723,206	750,000	750,000	750,000	750,000	843,531	750,000	766,844	750,000	882,097
Transfer from	(1,146,914)	(1,320,723)	(543,779)	(534,503)	(1,559,692)	(716,875)	(558,509)	(536,280)	(936,052)	(67,600)
Closing Balance	4,238,354	3,676,108	3,889,337	4,112,269	3,322,278	3,480,436	3,721,553	4,016,008	3,906,758	4,833,184



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