



Government of **Western Australia**
Department of **Local Government**

Integrated Planning and Reporting **Model Long Term Financial Plan**

June 2011



Integrated Planning and Reporting

Model Long Term Financial Plan

June 2011

Prepared by:

Department of Local Government
GPO Box R1250
PERTH WA 6844

Tel: (08) 9217 1500 ((08) 6552 1500 from 27 June 2011)
Fax: (08) 9217 1555 ((08) 6552 1555 from 27 June 2011)

Freecall: 1800 620 511 (Country Only)

Email: info@dlg.wa.gov.au

Web: www.dlg.wa.gov.au

Copyright 2011

Copyright is reserved to the Department of Local Government, Perth, Western Australia. All or part of this document may be copied if required for personal use and not for financial gain. Due recognition of the source would be appreciated. Example documents do not need to include an acknowledgement.

Disclaimer

Although every care has been taken in the production of these documents, neither the Crown in the right of the State of Western Australia nor any servant or agent of the Crown accepts responsibility for any loss or damage suffered at any time by any person as a result of any error, omission or inaccuracy in the publication whether or not the error, omission or inaccuracy has resulted from negligence or any other cause.

CONTENTS

ABOUT THIS MODEL LONG TERM FINANCIAL PLAN	4
TOWN OF EAGLE BAY LONG TERM FINANCIAL PLAN	5
Purpose of the Plan	5
Key Statistics	5
Our Place	6
Our Community	6
Our Lifestyle	6
Our Services	7
Service Delivery	8
Asset Management	8
Financial Strategies and Principles	8
Workforce Planning Strategies	10
Scenario Modelling and Sensitivity Analysis	11
Key Assumptions Underpinning the Long Term Financial Plan	12
Measuring Sustainability	13
Risk Assessment	17
Financial Projections	17
Conclusion - Implementation and Review of the LTFP	18

About this Model Long Term Financial Plan

This model has been prepared to assist Western Australian local governments to develop 10-year Long Term Financial Plans linked to their Strategic Community Plan and Corporate Business Plan and from which Annual Budgets can be developed.

The model is based on the hypothetical “Town of Eagle Bay” local government which is used in the WA Local Government Accounting Manual. The model covers the period 2010-11 to 2019-20 with the initial 2010-11 year based on the model annual budget included in chapter 4 of the Manual.

While the hypothetical Town of Eagle Bay model uses population, staff numbers, rate levies and total revenues that are greater than many WA local governments it nonetheless can be applied to both small and large local governments alike. The suggested format of this model is not mandatory; however the financial projections are presented in similar format to the statutory schedules that are required to be prepared for Annual Budgets and Annual Financial Reports. The schedules are considered to be the minimum inclusion in a long term plan and are essential for the calculation of ratios for each year of the plan which can then be compared with ratios calculated in Annual Budgets and Annual Financial Reports to measure the local government’s performance against the plan. The schedules include:

- Statement of Comprehensive Income (Nature and Type)
- Statement of Comprehensive Income (Program)*
- Cash Flow Statement
- Rate Setting Statement
- Statement of Financial Position (Balance Sheet)
- Equity Statement

* There may not be a need to do a Statement of Comprehensive Income by Program as the Nature and Type statement more closely links with assumptions used in the projections and may be more useful.

In this model other information includes schedules of:

- Capital Works
- Loans
- Cash Reserves
- Depreciation
- Assumptions used in the projections
- Key Performance Indicators (Ratios)

In preparing long term financial plans, local governments should include sufficient supporting information to assist their community to understand their plan.

Town Of Eagle Bay

Long Term Financial Plan

Purpose of the Plan

The Town of Eagle Bay's Long Term Financial Plan (LTFP) details what the Council proposes to do over the next ten years as a means of ensuring the Town's financial sustainability. It is aligned to other core planning documents by which Council is accountable to the community including the Strategic Community Plan and the Town's Corporate Business Plan. Information contained in other strategic plans including the Asset Management Plan and Workforce Plan have informed the LTFP which will be the basis for preparation of the Town's Annual Budgets.

The LTFP is a dynamic tool which analyses financial trends over a ten year period on a range of assumptions and provides the Town with information to assess resourcing requirements to achieve its strategic objectives and to assist the Town to ensure its future financial sustainability.

The LTFP covers the period 2010-11 to 2019-20. There is a high level of accuracy and detail in the first 3 years of the LTFP but this is underpinned by a number of assumptions. The remaining seven years of the LTFP are shown as an overview with reasonable estimates only. The Town undertakes a broad review of its Strategic Community Plan every two years and a full review is planned every four years. This LTFP will be reviewed in conjunction with Strategic Community Plan reviews. As Annual Budgets are developed from the LTFP there may be some annual variations between both which will be explained in the Annual Budget.

Key Statistics

The following table provides a snapshot of the Town of Eagle Bay at 2010-11:

Distance from Perth (km)	400
Area (sq km)	530
Population (est)	27,250
Number of Electors	16,500
Number of Dwellings	9,400
Total Rates Levied	\$8,386,000
Total Revenue	\$26,804,000
Number of Employees	190

Our Place

Situated on the shores of Eagle Bay approximately 400 kilometres south east of Perth, the Town has an area of 530 square kilometres, extending from the 25 kilometres of pristine beach fronting onto Eagle Bay to the edge of the Southern Scarp. The Town has a blend of urban development, popular beaches, rural countryside, rolling hills and wide open spaces.

The main urban area is the Bayview town site which is experiencing significant population growth with a diverse economic base. The Town's traditional industries have been tourism, abalone, fruit, vegetables and viticulture all of which supply the local, interstate and export markets. The nature of the Town is changing with extensive residential growth being experienced in Bayview and as a retirement location for many.

Our Community

The Town had a population of 24,200 at the 2006 Census with the Australian Bureau of Statistics estimating that this has increased to 27,250 at June 2010 – an average 3% increase per annum. The Town estimates that its population will continue to increase to an estimated 37,000 persons by 2020.

The population comprises approximately 50.4% males and 49.6% females. The median age is 35 years but this is expected to increase over time as the population ages and older persons see the attraction of Eagle Bay and retire to the area. Changes in age structure and cultural diversity of residents will pose significant challenges in the management of current and future demand for quality lifestyles.

Our Lifestyle

Bayview is a regional service centre for the south coast and offers a range of health, education, recreation, commercial and lifestyle services. The Southern Health Campus provides emergency, intensive care, maternity, general medical, operating theatre, paediatrics, pathology, pharmacy, rehabilitation, day surgery and general surgery services.

A local TAFE Campus offers a range of full-time and part time vocation and training courses and includes a campus for South West University. Two Senior High Schools and a Private College (kindergarten to Year 12) are located in Bayview and ten primary schools are located across the district.

A comprehensive range of senior and junior sporting clubs conduct competitions throughout the year with indoor activities (basketball, netball and gymnasium) centred on the Bayview Indoor Sports and Aquatic Centre. Excellent golf, bowls, football, cricket, soccer, swimming and tennis facilities are available. The area offers numerous recreational fishing opportunities.

Bayview has an extensive retail shopping area with two supermarkets, a department store and national retailers operating in the CBD. Numerous

restaurants, cafes and vineyards enhance the lifestyle of the area and an entertainment centre provides access to cultural events, shows and movies.

Our Services

The Town of Eagle Bay provides an extensive range of services to the community which fall into the following programs prescribed under the *Local Government (Financial Management) Regulations 1996*. Estimates of expenditure and income have been calculated for each of these programs in this LTFP:

Governance – relates to the support of members of Council (councillors) and administration and operation of services and facilities to support the Council's function.

General Purpose Funding – expenses and income associated with levying and collecting rates, general purpose grants and interest from investments.

Law, Order and Public Safety – covers expenses and income principally associated with Town Rangers. This includes administration and implementation of various local laws, animal control (licensing and enforcement), fire prevention and emergency services.

Health – operation of child health clinics and immunisation services in Bayview, monitoring of food quality and licensing of food premises and pest control measures (mosquito control).

Education and Welfare - operation of day care centres and pre-schools in Bayview and the senior citizens' centre and meals on wheels services.

Community Amenities – principally covers operations of waste services (rubbish collection, disposal and recycling), town planning and development and urban stormwater drainage functions.

Recreation and Culture – maintenance of halls, the Bayview Indoor Sports and Aquatic Centre, various sports grounds, ovals, parks and reserves throughout the district. The operation of the three libraries and the cultural centre are also included.

Transport – maintenance of streets, roads, bridges, parking areas and footpaths including street cleaning and lighting of streets. Costs associated with operation of the works depot are also included.

Economic Services – building control services (licences), support for the local tourist centre, area promotion and economic development initiatives under taken by the Town.

Other Property and Services – private works undertaken by the Town and operating and maintenance costs of the Town's plant and equipment used in maintenance and construction works.

Service Delivery

It is proposed that existing service levels will be maintained for all operational areas in the short term, however, a key objective in the Corporate Business Plan which directly impacts future service delivery is to improve existing service levels in the longer term whilst continuing to achieve annual operating surpluses each year to fund the provision of infrastructure.

Service levels will be reviewed from time to time when future reviews of the LTFP are undertaken and the impact of rapid growth across the municipality can be monitored and assessed.

Asset Management

The Town has developed a strategic approach to asset management and developed asset management plans based on the total life cycle of assets. The Asset Management Plan will assist the Council in predicting infrastructure consumption and asset renewal needs and identifies the cost required to renew or preserve the asset (renewal gap). This renewal gap is being addressed in the LTFP and will be the focus of future annual budgets.

Funding for the renewal of assets has been increased to ensure sustainability in the longer term. The continued allocation of funding towards the renewal of assets and funding for maintenance and upgrades will result in a positive investment for the community in future. Asset acquisitions and capital works projects are funded from either rate revenue, specific cash reserves, sales of existing land assets, government grants or external borrowings.

Financial Strategies and Principles

Rate increases

As a result of rapid population growth and increased demand for services, it is predicted that future budgets will be significantly impacted by an increasing demand for services and new infrastructure. Levying rate increases at or below CPI is unsustainable in the long term and in the LTFP the Council has determined that rate increases would be based on 8% for years 2 and 3, 7.5% for the next 2 years and 6.5% for the balance of the plan. In addition the rate base is estimated to grow by 3.5% each year through until 2020 as new development occurs.

Budget surpluses

The Council believes that adopting a balance budget each year will not improve its financial sustainability or liquidity and will include an increasing budget surplus each year so that by 2019-20 it is estimated that \$1.213m will have been accumulated. This is equivalent to a 7.6% budget surplus in that year.

Cost recovery of services

Discretionary fees and charges are planned to also be increased by approximately 1.5% greater than CPI to match estimated additional costs in service delivery. The Town does not recover the full cost of providing services but is working towards full cost recovery for services such as waste collection.

Applications fees for building licences and planning and development approvals are limited by regulations preventing allow full cost recovery of these services.

Prudent use of debt finance

The Town has low levels of debt and proposes to use debt funding in future for large non-recurrent capital works projects that will deliver economic benefits to future generations. Debt is proposed to be used to partly fund construction of the new Bayview Indoor Sports Centre. An amount of \$500,000 is proposed to be borrowed in 2015-16 with a further \$1m proposed to be borrowed in 2016-17. Even with this additional borrowing, the Town will have relatively low levels of debt to revenue and a strong capacity to repay debt.

Cash reserves

Cash Reserves are also maintained by the Town to ease the impact of future capital expenditures in any one year. The principal capital purpose cash reserves are:

- Land Purchase and Development Reserve
- Plant Reserve
- Building Reserve
- Sanitation (Rubbish) Reserve
- Road Infrastructure Reserve

Part of the Indoor Sports Centre construction cost funding in 2015-16 will come from the Building Reserve (\$1.5m) with a further \$1m used from the Land Purchase and Development Reserve in 2016-17.

Other cash reserves are maintained for employee accrued leave costs and to fund workers' compensation insurance premium fluctuations. Over the life of the LTFP cash reserves are projected to increase from \$5.59m to \$17.3m.

The Town will continue to pursue grant funding for strategic capital works from the State and Federal Government.

Workforce Planning Strategies

The Workforce Plan proposes that net staff levels will remain unchanged in line with current service provision levels. Staff numbers will increase over time to maintain service provision levels as new developments and additional growth occurs. The Workforce Plan proposes building our leadership capability and putting in place a robust framework so that that we have the necessary skills to deliver the required level of service now and into the future.

Projected staff levels are shown in the following table:

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Current FTEs	190	190	193	196	200	204	208	212	217	222
New FTEs		3	3	4	4	4	4	5	5	5
Total FTEs	190	193	196	200	204	208	212	217	222	227

*FTEs = Full time equivalents

Staff costs will increase between 5.5% and 6% per annum over the life of the LTFP due to new FTEs being employed to assist to service the growth in population and through Enterprise Agreements which will be renegotiated three times between 2011 and 2020.

Scenario Modelling and Sensitivity Analysis

A number of scenarios were developed using different assumptions and changes in variables to determine how capable the Town of Eagle Bay is to deliver services and assets to the community.

An initial scenario was developed based on no growth in population, no change in service levels, a 5% rate increase per annum, a balanced budget for the life of the LTFP but with the same level of operating and capital expenditure and reserve fund transfers across all scenarios. This resulted in:

- Declining operating surpluses trending to operating losses after 2016-17
- Declining current ratios which became zero after 2013-14
- Cash short-falls requiring overdraft facility after 2012-13
- The 3 asset ratios remaining the same

A further scenario was developed with expected population growth, rate increases, budget surpluses and the same level of operating and reserve fund transfers but with capital expenditure (after 2013-14 when specific government funding programs are expected to cease) increasing by just 5%. This resulted in:

- Minor changes only to operating surpluses
- Improved current ratio which achieved benchmark target from 2015-16 onwards – 1:5.6 by 2019-20
- A decline in the asset sustainability ratio which achieved target in only 1 of the last 6 years of the LTFP
- An increase (adverse trend) in the asset consumption ratio

A third scenario was prepared and is the one adopted by the Council (and detailed in the schedules attached). The assumptions on which this scenario was prepared are detailed within the LTFP. The Council has adopted this scenario which is considered most beneficial to achieve required service delivery levels and outcomes of the Strategic Community Plan and Corporate Business Plan.

The most sensitive criterion in the adopted model is a variation in the level of proposed rate increases. A 2% reduction in rates (to those proposed) over the life of the LTFP results in:

- Significantly lower operating surpluses for the first 3 years of the LTFP and operating losses for the balance of the LTFP (\$1.473m loss in 2019-20)
- Zero current ratios from 2015-16 onwards
- Cash short-falls (unrestricted cash) requiring overdraft facility after 2013-14

Key Assumptions Underpinning the Long Term Financial Plan

The estimates in the LTFP are based on a number of assumptions and Council strategies. The base point for the modelling is the adopted 2010-11 budget and assumptions have been applied to the model. The assumptions are:

- Existing service levels will be maintained with a view to improvement in the longer term
- Annual operating surpluses will be achieved each year
- Net staff levels will remain unchanged but will increase over time to meet the needs of an increasing population and growth in development
- Staff costs will increase between 5.5% and 6% per annum over the life of the LTFP
- CPI will be approximately 3% per annum over the life of the LTFP
- Annual rate increases of 8% are planned for 2011-12 and 2012-13 to increase the rating base to a level that will maintain the Rates Coverage Ratio benchmark at 40% or greater
- Annual rate increases of 7.5% are planned for 2013-14 and 2014-15
- Annual rate increases after 2014-15 will be CPI + 3.5%
- The rate base will increase by an average 3.5% per annum through new development and growth (in addition to Council applied increases)
- Discretionary fees and charges will increase by CPI + 1.5%
- Full cost recovery for provision of waste and recycling services will be achieved by 2015-16
- Interest rates for new borrowings will be in line with indicative prices issued by WATC in March 2011 which progressively increase from 5.29% in 2011 to 6.02% in 2020
- Interest rates for invested funds will be 4.5% over the life of the LTFP
- Roads to Recovery funding will continue until 2013-14
- Royalties for Regions funding will continue until 2013-14
- Other government grants will increase by CPI with an additional \$245k FAGS instalment in 2012-13
- Materials and contracts will increase by CPI + 1.5% per annum
- Utility costs will increase by CPI + 7% to reflect a continuation of recent increases in energy and water costs
- The Town's expenditure on renewal of road infrastructure from its own sources will increase from \$0.75m in 2011-12 to \$2.5m in 2019-20
- The Town's expenditure on renewal and replacement of buildings from its own sources will increase from \$0.6m in 2011-12 to \$2.15m in 2019-20
- Cash reserves will continue to be maintained to fund future commitments

Measuring Sustainability

Note: The KPIs assessed below are prescribed and are the minimum that would be required to be reported. Individual local governments may want to report on additional measures such as: rates per capita, revenue growth, employee costs per capita, fees and charges per capita, fees and charges as a percentage of operating revenue, etc.

Several statutory key performance indicators (KPIs) have been prescribed in the *Local Government (Financial Management) Regulations 1995* to measure the financial sustainability of local governments. The LTFP has been assessed against these KPIs and will be compared with KPIs measured from the Annual Budgets and Annual Financial Statements to provide clear targets for the Town to report its progress to the community each year.

The KPIs, target rates and results measured from the LTFP are tabled below:

Current Ratio

This is a measure of a local government's liquidity and its ability to meet its short term financial obligations out of unrestricted current assets. It is measured as:										
$\frac{\text{Current Assets less Restricted Assets}}{\text{Current Liabilities less Current Liabilities associated with Restricted Assets}}$										
Target – greater than or equal to 1 : 1										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Forecast	0.99	0.97	0.98	1.04	1.09	1.16	1.21	1.25	1.28	1.34

The target of greater than or equal to 1:1 is slightly below benchmark for the first 3 years of the plan but benchmark is achieved in year 4 and the LTFP estimates that this will continue to improve over time to an estimated 1.34 by 2019-20.

Operating Surplus Ratio

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes. This is measured as:

$$\frac{\text{Operating Revenue less Operating Expense}}{\text{Own Source Revenue (Rates)}}$$

Target - between 0% and 15%

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Forecast	0.01%	6.75%	14.46%	18.03%	16.24%	16.73%	16.21%	11.67%	12.10%	12.58%

The target of an operating surplus is achieved each year of the LTFP, indicating that surplus funds are available for capital works.

Rates Coverage Ratio

This is an indicator of a local government's ability to cover its costs through its own tax revenue efforts. This is measured as:

$$\frac{\text{Total Rates Revenue}}{\text{Total Expenses}}$$

Target - greater than or equal to 40%

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Forecast	41.8%	44.6%	46.4%	47.9%	48.5%	49.8%	50.7%	50.7%	51.8%	53.0%

The Town currently has a rates coverage ratio for 2010-11 of 41.8% which is above the target of 40%. In the LTFP the trend is for this to increase each year from 41.8% to 53.0% in 2019-20. This indicates that the Town's rating strategy as outlined under "Financial Strategies" above allows the Town to raise an acceptable level of funds through its rating efforts.

Debt Service Cover Ratio

This is an indicator of a local government's ability to produce enough cash to cover its debt payments. This is measured as:										
$\frac{\text{Operating Revenue less Operating Expenses except Interest Expense and Depreciation}}{\text{Principal and Interest Expense}}$										
Target – greater than or equal to 2										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Forecast	49	30	34	37	40	38	32	29	36	37

The Town has very low debt levels and is able to fund much higher levels of debt if required in the future.

Asset Sustainability Ratio

This is an indicator of the extent to which assets managed by a local government are being replaced as these reach the end of their useful lives. This is measured as:										
$\frac{\text{Capital Renewal Expenditure}}{\text{Depreciation Expense}}$										
Target - between 90% to 100%										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Forecast	141.6%	123.3%	135.5%	152.3%	97.1%	96.1%	115.4%	113.2%	108.1%	113.7%

For the first 4 years of the LTFP, the Town achieves a ratio well in excess of the target range. This has occurred through the availability of specific government funding programs which are anticipated to cease after 2013-14. For the remaining 6 years of the LTFP the Town either achieves or exceeds the target.

Asset Consumption Ratio

This ratio highlights the aged condition of a local government's physical assets. It is measured as:										
$\frac{\text{Depreciated Replacement Cost of Assets (Written-Down Value)}}{\text{Current Replacement Cost}}$										
Target – between 50% to 75%										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Forecast	75.0%	73.4%	71.9%	72.8%	71.6%	70.8%	71.7%	70.8%	69.8%	70.7%

While the trend is tracking downwards, the Town is within the target range of between 50% and 75% for the life of the LTFP and by 2019-20 the ratio of 70.7% is still near the upper level of the target range. This ratio will be monitored at future LTFP reviews with a view to achieving a positive (not declining) forecast trend.

Asset Renewal Funding Ratio

Indicates whether the local government has the financial capacity to fund asset renewal at continued existing service levels. This is measured as:										
$\frac{\text{Net present Value of Planned Renewal Expenditure}}{\text{Net Present Value of Asset Management Plan Projections}}$										
Target – between 95% and 105%										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Forecast	95.4%	Not measured as values not available to calculate NPV beyond 2019-20								

The Town's ratio of 95.4% is marginally above the target's 95% lower range. Future LTFP reviews will monitor this.

Risk Assessment

The Asset Management Plan identifies assets that are critical to the Town's operations and outlines risk management strategies for these.

The major risks associated with long term financial planning relate to delays in approvals for major projects, the viability of a project if it relies on land acquisition which may be affected by land price movements and funding of projects.

A number of new building projects are included each year in the LTFP. All of these are proposed to be constructed on land owned by the Town or Crown Land managed by the Town. The developments will not require external approvals and are being funded through rate revenues or debt funding or both. The risk associated with these is therefore low.

The Town has an extensive road renewal program which includes some external funding. If that funding reduces or is not made available to the Town, then the timing of the works will be reviewed. There is native vegetation clearing required for road projects planned for 2012-13 through to 2016-17. Given the lead time available, the risk of delays in obtaining clearing permits from the Department of Environment is low.

Interest rates on borrowings and on investments are predicted to be relatively constant over the life of the LTFP. If adverse changes in rates occur this may impact on the Town's revenues and future project costs. The risk is considered low.

No other risks have been identified.

Financial Projections

The financial projections in this LTFP have been developed in a format that conforms to the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. This format has been chosen as it allows projections to feed into the statutory format of the Annual Budget and key performance measures in the LTFP to be compared with Annual Budgets and Annual Financial Reports. The Statutory schedules include:

- Statement of Financial Position (Balance Sheet) and Equity Statement
- Statement of Comprehensive Income*
- Statement of Cash Flows
- Rate Setting Statement

*The Statement of Comprehensive Income is in both Nature and Type and Program formats although the latter would not usually be prepared in a LTFP.

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities. A surplus is estimated for each year of the LTFP.

The Statement of Financial Position is a snap-shot of the expected financial position of the Town at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The bottom line "Net Assets" represents the net worth of the Council. The assets and liabilities are separated into current and non-current. Current means those

assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months.

The Statement of Cash Flows shows what is expected to happen during the year in terms of cash. The net cash provided by operating activities shows how much cash is expected to remain after paying for the services provided to the community. This can be used to fund other activities such as capital works and infrastructure. The information in this statement assists in the assessment of the ability to generate cash flows and meet financial commitments as they fall due, including debt repayments.

The format of the Rate Setting Statement varies from the format of the statement prepared in Annual Budgets. In Annual Budgets, the bottom line of the statement is the amount to be made up from rates. In the LTFP, rates assessed in accordance with relevant assumptions has been shown as a revenue stream with all other sources of revenue, so that if a surplus results, this can be used to fund other services. However, where a shortfall results, this indicates that the Council is unable to fund the services proposed at the planned rating levels and may need to defer works or services, increase debt or increase rates even further to cover the cost of planned service provision. In the LTFP the Rate Setting Statement shows the accumulated surplus carried forward at the end of each year.

The statements are supported by schedules of:

- capital works
- cash reserves
- loan borrowings and repayments
- depreciation calculations
- assumptions used in the LTFP
- calculations and measurement of KPIs

Conclusion - Implementation and Review of the LTFP

The Council will consider the content of the LTFP when preparing the Annual Budget for 2011-12 and subsequent years and it is expected that adopted budgets will be closely aligned with the proposals in the LTFP and assumptions underpinning this.

Some minor review of the LTFP will occur each year as budgets are prepared to account for performance information and changing circumstances. However, a detailed desktop review is planned for 2012-13 and a full review will be undertaken in 2014-15 in conjunction with formal reviews of the Strategic Community Plan.

The Council is confident that the LTFP will allow the Town to set priorities within its resourcing capabilities to sustainably deliver the assets and services required by the community.

Model Long Term Financial Plan

Statements and Supporting Schedules

TABLE OF CONTENTS

	Page
Statement of Comprehensive Income by Nature and Type	1 of 22
Statement of Comprehensive Income by Program	2 of 22
Cash Flow Statement	4 of 22
Balance Sheet	6 of 22
Equity Statement	8 of 22
Rate Setting Statement	9 of 22
Ten Year Capital Works Program	10 of 22
Loan Repayments Schedule	13 of 22
Depreciation Schedule	16 of 22
Key Performance Indicators	18 of 22
Cash Reserves	20 of 22
Variable Assumptions Underpinning the Plan	22 of 22

If you would like more information please contact us.

DEPARTMENT OF LOCAL GOVERNMENT
GPO Box R1250
PERTH WA 6844

Tel: (08) 9217 1500 ((08) 6552 1500 from 27 June 2011)
Fax: (08) 9217 1555 ((08) 6552 1555 from 27 June 2011)

Freecall: 1800 620 511 (Country Only)

E-mail: info@dlg.wa.gov.au
Website: www.dlg.wa.gov.au