

MONTHLY FINANCIAL HEALTH CHECK



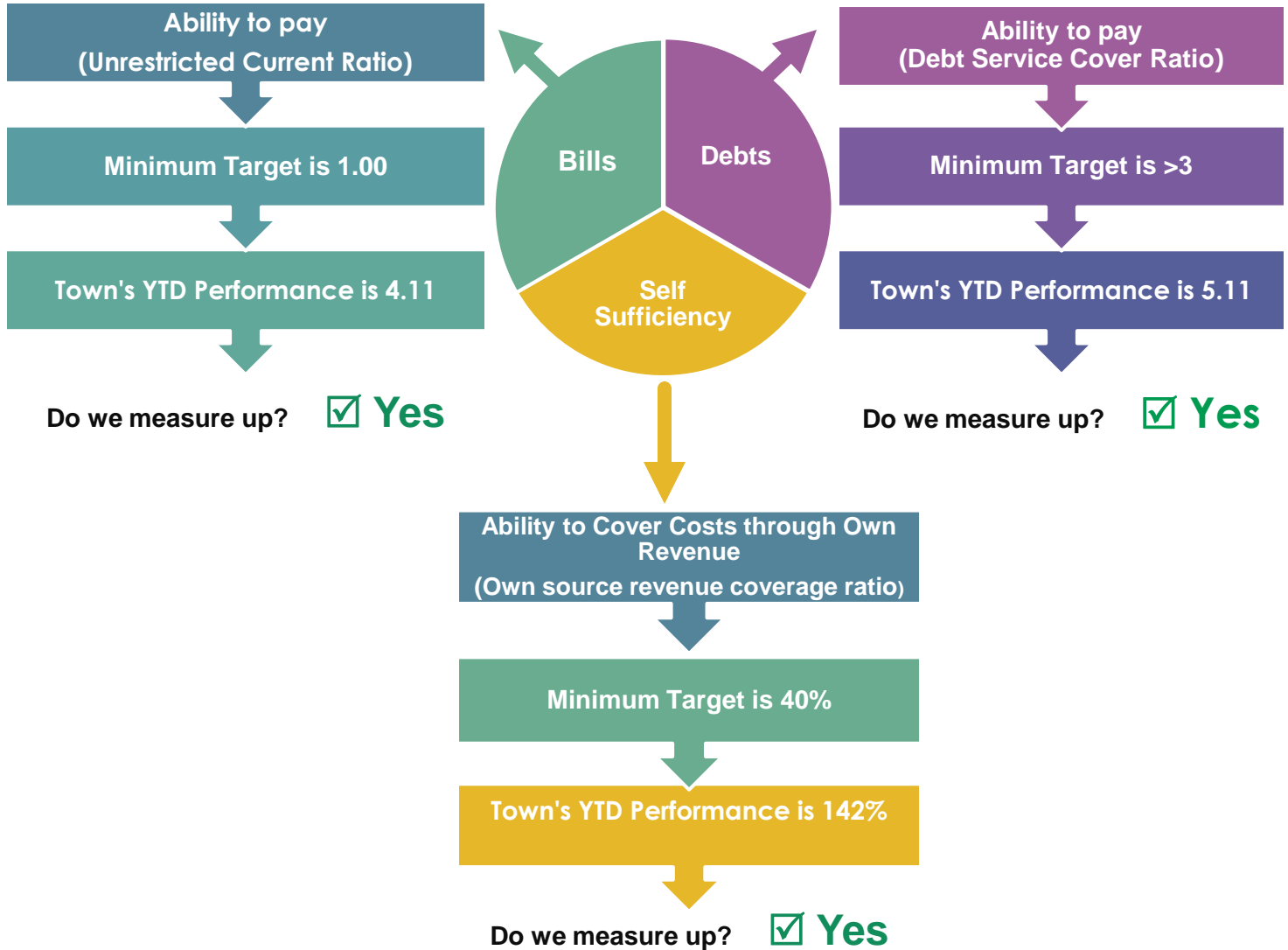
As at 31 December 2016

Highlighting how the Town of Port Hedland is tracking against financial ratios



Financial Snapshot (Year to Date)	Actual (000's)
Operating Revenue	\$38,548
Operating Expenditure (Including Non-Cash Items)	(\$25,744)
Non-Cash Items	\$6,050
Capital Revenue	\$237
Capital Expenditure	(\$3,718)
Loan Repayments	(\$582)
Transfers to/from Reserves	(\$69)
Surplus Brought Forward 1 July 2016	\$5,650
Current Municipal Surplus Position at 31 December 2016	\$20,372
Current Budget Municipal Surplus Position at 30 June 2017	\$1,291

Financial health indicators



Cash in the bank



How are we tracking against our budgeted targets?

Adjusted Operating Surplus

A measure of the Town's ability to cover its operational costs including depreciation and have funds left over to cover capital expenditure (including principal loan repayments) without relying on debt or reserves.

Note: Adjusted for one off expenditure related to major works at PHIA classified as operating due to lease of the facility

- The increase in depreciation (following revaluation of assets at fair value over the last three years) has significantly increased the annual depreciation charge and puts pressure on the operating surplus result.
- To assist in reaching the target ratio, the budget adoption Council Resolution CM201617/038 included an additional \$2M savings is to be identified in efficiencies, savings and business system improvements and/or revenues across the organisation by 30 June 2017.
- Adjusted operating surplus and self-sufficient ratios are high due to rates being fully invoiced at beginning of the financial year. However as the year progresses, operating expenditure will continue to draw on this revenue source reducing to target by 30 June 2017.

Minimum Target is 1%

Town's YTD Performance is 35%

Do we meet the target? Yes

Asset Sustainability Ratio

Measures if the Town is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

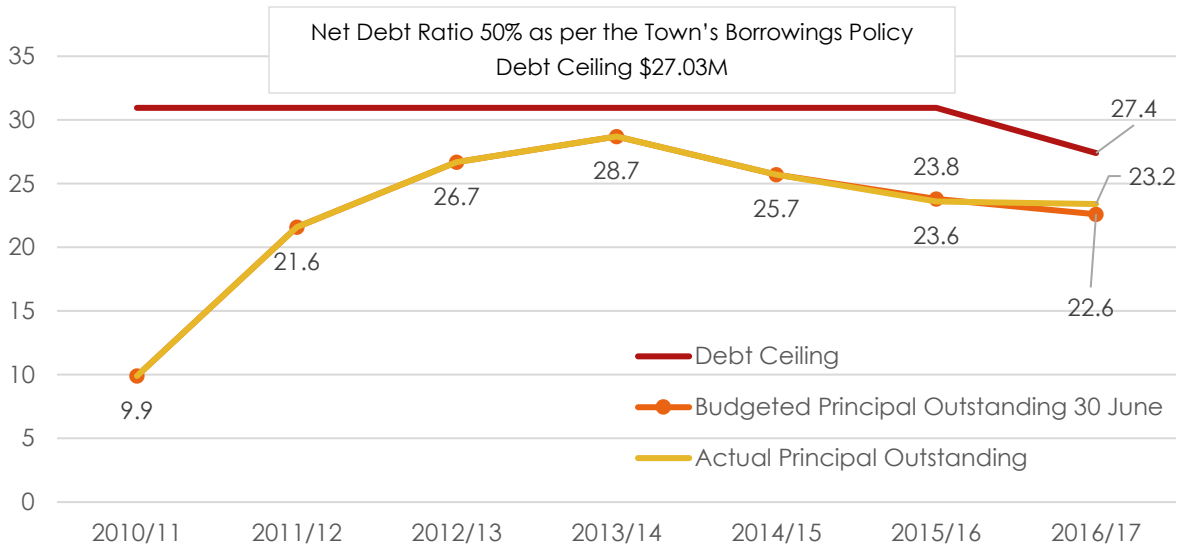
- A reduced Capital Works Program (including renewals) and an increase in the budgeted depreciation as a result of revaluations has had a two-fold effect on the asset sustainability ratio resulting in the ratio coming in just below the target.
- With a history of high levels of capital expenditure in the past 4 years, the Town need to ensure expenditure on capital renewal is maintained at the same rate as depreciation moving forwards.

Minimum Target is 90%

Town's YTD Performance is 15%

Do we meet the target? No

Debt levels



Original Budget Principal Outstanding Forecast at 30 June 2017 = \$22.6M

Original Budget Operating Revenue = \$54.8M

Budgeted Net Debt Ratio = 42%

Actual Net Debt Ratio = 43%

Total Actual Principal Amount Outstanding 31 December 2016 = \$23.2M

Debt Ceiling 50% pursuant to Policy ($\$54.8M \times 50\%$) = \$27.4M

Intergenerational Loans

Loan Purpose	Principal Amount Outstanding	Remaining Term
1. Marquee Park	\$4.49M	14/15 years
2. JD Hardie Upgrade	\$2.57M	14/16 years
3. Wanangkura Stadium	\$8.90M	15/16 years
4. GP Housing	\$1.33M	16 years

Any feedback on this document is greatly appreciated and can be emailed to council@porthedland.wa.gov.au