

**KOUGA MUNICIPALITY (EC108)**

**PORTFOLIO COMMITTEE**

**FINANCE, ADMINISTRATION, MONITORING & EVALUATION**

**DATE:**

**ITEM NO:**

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**1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2015 TO MAY 2016 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 MAY 2016 (2015/16 FINANCIAL YEAR)**

**1.1. PURPOSE**

This report is submitted in compliance with Section 71(1) of the Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

**1.2. LEGISLATIVE REQUIREMENTS**

The Municipality is required to assess on an ongoing basis whether it collects sufficient revenue to meet its commitments, such as paying Employees, Councillors, Eskom, Nelson Mandela Bay Municipality, service providers etc.

In accordance with Section 71(1) of the MFMA, the Accounting officer must by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget.

In accordance with regulation 28 of the MBRR, the monthly budget statements of a municipality must be in the format specified in Schedule C.

**1.3 EXECUTIVE SUMMARY**

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in her oversight role.

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2015 to May 2016, so as to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

The financial performance highlights are as follows:

- Operating revenue amounted to R 529,393 million, whilst operating expenditure amounted to R 459,163 million, resulting in an operating surplus of R 70,230 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.

- Capital expenditure constituted 76.98% of the approved 2015/16 Capital Adjustments Budget.
- Overdue consumer debts increased by R 11,785 million (12.61%) since June 2015.
- An amount of R 37,359 million is owing to creditors, of which R 19,614 million (52.50%) represents current creditors.
- The municipality's investment portfolio has increased by R 56,464,580 (142.29%) since June 2015, from R 39,682,179 to R 96,146,759.

The following key financial ratios are monitored on an ongoing basis:

Ratio	Actual as at June 2013	Actual as at June 2014	Actual as at June 2015	Actual as at April 2016	Actual as at May 2016	2015/16 Adjustments Budget
Current Ratio	0.54:1	0.54:1	0.86:1	1.07:1	1.09:1	0.83:1
Liquidity Ratio	0.10:1	0.16:1	0.28:1	0.71:1	0.70:1	0.19:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.85 months	1.86 months	1.81 months	0.61 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.06:1	0.04:1	0.04:1	0.04:1

### 1.3. DETAILED REPORTS

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period ending 31 May 2016:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

Annexure "A5"- Analysis of Municipality's Statement of Financial Performance

- i. Overview of Outstanding Consumer Debtors
- ii. Overview of Creditors position
- iii. Investment portfolio
- iv. Grants receipts and Expenditure
- v. Councillors & Employee benefits
- vi. Key performance Indicators

**1.4. RECOMMENDATIONS**

**It is recommended that:**

- I. The Executive Mayor notes the Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.
- II. The monthly budget statements accordingly be submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.

Report submitted by

.....  
Mr S.S. Fadi (Municipal Manager)

**Acknowledgement of section 71 reports by the Executive Mayor for the period July 2015 to May 2016**

I hereby acknowledge the receipt of section 71 reports in terms of the Municipal Finance Management Act No. 56 of 2003.

.....  
Executive Mayor

**1.5. Municipal Manager's Quality Certificate**

I ....., Municipal Manager of Kouga Local Municipality, hereby certify that the monthly budget statements have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the monthly budget statements are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Kouga Local Municipality

Signature \_\_\_\_\_

Date \_\_\_\_\_

## Annexure "A1"

### OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY 2015 TO MAY 2016

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2015/16 Adjustments Budget.

Item Description	Adjustments Budget 2015/16	Actuals as at 30 April 2016	% of Budget	Actuals as at 31 May 2016	% of Budget
<b>OPERATING REVENUE</b>		<b>R</b>			
Propert Rates	136 785 831	121 073 230	88.51%	128 344 843	93.83%
Total Service Charges	335 215 036	261 211 067	77.92%	286 663 591	85.52%
Service charges - electricity	211 140 954	162 087 106	76.77%	178 331 165	84.46%
Service charges - water	50 964 229	39 450 068	77.41%	43 200 912	84.77%
Service charges - sewerage & sanitation	37 489 942	30 750 169	82.02%	33 466 311	89.27%
Service charges - refuse	22 930 496	19 141 164	83.47%	21 072 791	91.90%
Service charges - environmental management	12 689 415	9 782 560	77.09%	10 592 413	83.47%
Rental of Facilities and Equipment	551 260	403 801	73.25%	435 816	79.06%
Interest Earned - External Investments	2 984 460	3 538 823	118.57%	4 089 218	137.02%
Interest Earned - Outstanding Debtors	3 714 979	2 182 821	58.76%	2 615 854	70.41%
Fines	2 396 451	2 854 743	119.12%	3 203 411	133.67%
Licences and Permits	8 522 423	6 222 998	73.02%	6 924 516	81.25%
Grants & Subsidies Received - Operating	91 083 000	89 045 395	97.76%	89 599 700	98.37%
Other Revenue	8 369 536	7 064 773	84.41%	7 516 515	89.81%
<b>Total Direct Operating Revenue</b>	<b>589 622 977</b>	<b>493 597 652</b>	<b>83.71%</b>	<b>529 393 464</b>	<b>89.79%</b>
<b>OPERATING EXPENDITURE</b>					
Employee Related Costs	217 587 074	183 596 122	84.38%	200 352 327	92.08%
Remuneration of Councillors	10 283 155	8 740 058	84.99%	9 612 417	93.48%
Bad Debts	27 981 066	-	0.00%	-	0.00%
Depreciation & Asset Impairment	80 713 788	-	0.00%	-	0.00%
Repairs & Maintenance - Municipal Assets	35 105 267	26 070 408	74.26%	27 630 674	78.71%
Finance Charges - External Borrowings	5 554 604	4 553 433	81.98%	4 976 047	89.58%
Total Bulk Purchases	189 634 439	144 915 444	76.42%	169 208 972	89.23%
Bulk purchases - electricity	173 063 024	130 400 941	75.35%	154 454 594	89.25%
Bulk purchases - water	16 571 415	14 514 503	87.59%	14 754 379	89.04%
Contracted Services	13 393 444	7 840 908	58.54%	8 914 718	66.56%
General Expenses - Other	63 511 425	34 543 284	54.39%	38 467 881	60.57%
<b>Total Direct Operating Expenditure</b>	<b>643 764 262</b>	<b>410 259 656</b>	<b>63.73%</b>	<b>459 163 038</b>	<b>71.32%</b>
<b>Surplus/(Deficit)</b>	<b>-54 141 285</b>	<b>83 337 996</b>		<b>70 230 426</b>	

Below is a discussion of the significant revenue and expenditure variations:

The statement of financial performance indicates a surplus of R 70,230,426. This is influenced by the accounting treatment of the bad debts provision and the depreciation and asset impairment.

### **Revenue Variations**

#### Property Rates

As at 31 May 2016, the Municipality has recognised 93.83% of its property rates revenue, compared to the adjustments budget.

30% of total property rates revenue was being raised in July 2015. This represents property rates payable on an annual basis, instead of a monthly basis.

#### Interest Earned – External Investments

Interest earnings are influenced by the extent of the municipality's investment portfolio.

#### Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 31 May 2016 were R 105,249 million.

#### Fines

The fines revenue largely relates to traffic fines collection, which has seen an improvement, compared to the adjustments budgeted amount.

### **Expenditure Variations**

#### Bad Debts

The municipality is recognising the bad debts provision at year – end, instead of on a monthly basis.

#### Depreciation and Asset Impairment

The municipality is recognising depreciation and asset impairment at year – end, instead of on a monthly basis.

#### Contracted Services

The contracted services relate to cell phone contracts, insurance contract on municipal assets, rental of photocopy machines, etc.

### **Repairs and Maintenance**

Below is an analysis of actual repairs and maintenance expenditure by Directorate, compared to the approved 2015/16 Adjustments Budget.

<b>Directorate</b>	<b>Adjustments Budget 2015/16</b>	<b>Actuals as at 30 April 2016</b>	<b>% of Budget</b>	<b>Actuals as at 31 May 2016</b>	<b>% of Budget</b>
	<b>R</b>	<b>R</b>		<b>R</b>	
Administration, Monitoring & Evaluation	770,744	421,025	54.63%	451,392	58.57%
Finance	612,162	167,734	27.40%	181,583	29.66%
Social Services	9,025,353	5,561,868	61.62%	5,825,045	64.54%
Infrastructure, Planning & Development	24,294,110	19,568,904	80.55%	20,821,622	85.71
LED, Tourism & Industries	402,898	350,877	87.09%	351,032	87.13%
<b>Total</b>	<b>35,105,267</b>	<b>26,070,408</b>	<b>74.26%</b>	<b>27,630,674</b>	<b>78.71%</b>

It is to be noted that actual repairs and maintenance expenditure constituted 78.71% of the approved 2015/16 Adjustments Budget. Repairs and maintenance expenditure has increased significantly, year-over-year.

Although the level of spending has improved, compared to the previous financial year, it requires urgent attention to ensure that the budget is fully expended.

## Annexure "A2"

**CAPITAL BUDGET PERFORMANCE**

Below is an analysis of the capital expenditure compared to the approved 2015/16 Capital Adjustments Budget.

<b>Directorate</b>	<b>Adjustments Budget 2015/16</b>	<b>Actuals as at 30 April 2016</b>	<b>% of Budget</b>	<b>Actuals as at 31 May 2016</b>	<b>% of Budget</b>
	<b>R</b>	<b>R</b>		<b>R</b>	
Administration, Monitoring & Evaluation	679,000	86,498	12.74%	116,521	17.16%
Finance	415,000	89,676	21.61%	153,727	37.04%
Social Services	10,344,300	5,356,926	51.79%	6,164,783	59.60%
Infrastructure, Planning & Development	92,894,000	72,053,093	77.56%	73,904,993	79.56%
LED, Tourism & Industries	174,000	108,771	62.51%	109,374	62.86%
<b>Total</b>	<b>104,506,300</b>	<b>77,694,964</b>	<b>74.34%</b>	<b>80,449,398</b>	<b>76.98%</b>
<b>Source of Funding</b>	<b>Adjustments Budget 2015/16</b>	<b>Actuals as at 30 April 2016</b>	<b>% of Budget</b>	<b>Actuals as at 31 May 2016</b>	<b>% of Budget</b>
	<b>R</b>	<b>R</b>		<b>R</b>	
Internally Generated Funding	23,706,300	10,426,643	43.98%	11,456,210	48.33%
Government Grants	80,800,000	67,268,321	83.25%	68,993,188	85.39%
<b>Total</b>	<b>104,506,300</b>	<b>77,694,964</b>	<b>74.34%</b>	<b>80,449,398</b>	<b>76.98%</b>

It is to be noted that an amount of R 80,449,398 has been spent as at 31 May 2016, compared to the approved capital adjustments budget of R 104,506,300. This represents a spending performance of 76.98% relating to the approved Capital Adjustments Budget.

## Annexure "A3"

## PROJECTED CASH FLOW STATEMENT FOR THE 2015/16 FINANCIAL YEAR

## Projected Cash Flow Statement as at 31 May 2016

The purpose of the cash flow statement is to compare the cash inflows (receipts) with the cash outflows (payments), so as to ascertain the adequacy of the cash inflows to cover the cash outflows.

Table C7 Monthly Budget Statement – Cash Flow – M11 May 2016

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		122 196	142 595	134 356	8 185	123 821	123 160	662	1%	134 356
Service charges		293 108	320 439	308 977	22 875	261 307	283 229	(21 922)	-8%	308 977
Other revenue		17 296	23 210	24 241	14 853	172 303	22 221	150 082	675%	24 241
Government - operating		147 214	92 151	91 083		85 795	83 493	2 302	3%	91 083
Government - capital		44 067	33 360	80 800		40 190	74 067	(33 877)	-46%	80 800
Interest		2 430	8 324	2 984	384	3 850	2 736	1 114	41%	2 984
Dividends								-		
<b>Payments</b>										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(45 787)	(570 435)	(485 389)	85 047	-18%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(451)	(5 142)	(5 092)	50	-1%	(5 555)
Transfers and Grants								-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>144 279</b>	<b>63 570</b>	<b>107 372</b>	<b>59</b>	<b>111 690</b>	<b>98 425</b>	<b>(13 265)</b>	<b>-13%</b>	<b>107 372</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		234						-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables		17						-		
Decrease (increase) in non-current investments								-		
<b>Payments</b>										
Capital assets		(116 735)	(63 570)	(104 506)	(5 410)	(43 792)	(95 797)	(52 005)	54%	(104 506)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(116 484)</b>	<b>(63 570)</b>	<b>(104 506)</b>	<b>(5 410)</b>	<b>(43 792)</b>	<b>(95 797)</b>	<b>(52 005)</b>	<b>54%</b>	<b>(104 506)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
<b>Payments</b>										
Repayment of borrowing		(16 864)	-	(15 456)	(1 010)	(11 433)	(14 168)	(2 735)	19%	(15 456)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(16 864)</b>	<b>-</b>	<b>(15 456)</b>	<b>(1 010)</b>	<b>(11 433)</b>	<b>(14 168)</b>	<b>(2 735)</b>	<b>19%</b>	<b>(15 456)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>10 931</b>	<b>(0)</b>	<b>(12 590)</b>	<b>(6 361)</b>	<b>56 465</b>	<b>(11 541)</b>			<b>(12 590)</b>
Cash/cash equivalents at beginning:		28 751		39 682		39 682	39 682			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	27 092		96 147	28 141			27 092



**MUNICIPAL MONTHLY BUDGET TABLES****1. MONTHLY BUDGET TABLES**

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's 2015/16 budget performance for the period July 2015 to May 2016 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M11 May 2016

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	128 580	146 960	136 786	7 272	128 345	125 387	2 958	2%	136 786
Service charges	301 052	368 095	335 215	25 453	286 664	307 280	(20 617)	-7%	335 215
Investment revenue	2 430	2 078	2 984	550	4 089	2 736	1 353	49%	2 984
Transfers recognised - operational	77 540	92 151	91 083	554	89 600	83 493	6 107	7%	91 083
Other own revenue	33 407	29 456	23 554	1 924	20 696	21 591	(895)	-4%	23 554
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>543 009</b>	<b>638 741</b>	<b>589 623</b>	<b>35 753</b>	<b>529 393</b>	<b>540 488</b>	<b>(11 094)</b>	<b>-2%</b>	<b>589 623</b>
Employee costs	212 826	212 437	217 587	16 756	200 352	199 455	898	0%	217 587
Remuneration of Councillors	9 757	11 678	10 283	872	9 612	9 426	186	2%	10 283
Depreciation & asset impairment	81 944	80 714	80 714	-	-	73 988	(73 988)	-100%	80 714
Finance charges	7 131	16 112	5 555	423	4 976	5 092	(116)	-2%	5 555
Materials and bulk purchases	170 528	200 868	224 740	26 881	196 840	206 011	(9 172)	-4%	224 740
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	96 669	167 435	104 886	4 667	47 383	96 145	(48 763)	-51%	104 886
<b>Total Expenditure</b>	<b>578 855</b>	<b>689 244</b>	<b>643 764</b>	<b>49 598</b>	<b>459 163</b>	<b>590 117</b>	<b>(130 954)</b>	<b>-22%</b>	<b>643 764</b>
<b>Surplus/(Deficit)</b>	<b>(35 847)</b>	<b>(50 504)</b>	<b>(54 141)</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>	<b>119 860</b>	<b>-242%</b>	<b>(54 141)</b>
Transfers recognised - capital	127 072	-	80 800	-	-	-	-	-	80 800
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>91 225</b>	<b>(50 504)</b>	<b>26 659</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>	<b>119 860</b>	<b>-242%</b>	<b>26 659</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>91 225</b>	<b>(50 504)</b>	<b>26 659</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>	<b>119 860</b>	<b>-242%</b>	<b>26 659</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>116 735</b>	<b>63 570</b>	<b>104 506</b>	<b>5 410</b>	<b>80 449</b>	<b>95 797</b>	<b>(15 348)</b>	<b>-16%</b>	<b>104 506</b>
Capital transfers recognised	110 055	33 360	80 800	4 802	68 993	74 067	(5 073)	-7%	80 800
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	6 680	30 210	23 706	609	11 456	21 731	(10 275)	-47%	23 706
<b>Total sources of capital funds</b>	<b>116 735</b>	<b>63 570</b>	<b>104 506</b>	<b>5 410</b>	<b>80 449</b>	<b>95 797</b>	<b>(15 348)</b>	<b>-16%</b>	<b>104 506</b>
<b>Financial position</b>									
Total current assets	123 256	86 234	119 730		149 455				119 730
Total non current assets	2 452 493	2 649 759	2 476 713		2 496 783				2 476 713
Total current liabilities	143 818	144 257	143 732		136 973				143 732
Total non current liabilities	160 792	159 543	148 325		142 367				148 325
<b>Community wealth/Equity</b>	<b>2 271 139</b>	<b>2 432 193</b>	<b>2 304 386</b>		<b>2 366 898</b>				<b>2 304 386</b>
<b>Cash flows</b>									
Net cash from (used) operating	144 279	63 570	107 372	59	111 690	98 425	(13 265)	-13%	107 372
Net cash from (used) investing	(116 484)	(63 570)	(104 506)	(5 410)	(43 792)	(95 797)	(52 005)	54%	(104 506)
Net cash from (used) financing	(16 864)	-	(15 456)	(1 010)	(11 433)	(14 168)	(2 735)	19%	(15 456)
<b>Cash/cash equivalents at the month/year end</b>	<b>39 682</b>	<b>(0)</b>	<b>27 092</b>	<b>-</b>	<b>96 147</b>	<b>28 141</b>	<b>(68 006)</b>	<b>-242%</b>	<b>27 092</b>
<b>Debtors &amp; creditors analysis</b>									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<b>Debtors Age Analysis</b>									
Total By Income Source	23 321	4 108	2 982	2 874	12 139	9 462	12 536	61 147	128 570
<b>Creditors Age Analysis</b>									
Total Creditors	19 614	559	247	79	336	394	2 804	13 326	37 359

### Explanatory notes to Table C 1 – Monthly Budget Summary

The aim of the Budget Summary is to provide a concise overview of the actual budget performance from all of the major financial perspective (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding

compliance). The table provides an overview of the actual amounts spent compared to the monthly budget projections within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

**Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M11 May 2016**

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		210 531	241 451	227 398	8 356	218 841	208 448	10 393	5%	227 398
Executive and council		468	-	100	-	34	92	(58)	-63%	100
Budget and treasury office		209 162	240 876	226 518	8 322	218 068	207 642	10 426	5%	226 518
Corporate services		900	575	780	34	740	715	25	3%	780
<b>Community and public safety</b>		16 527	20 413	18 261	1 181	17 670	16 740	930	6%	18 261
Community and social services		7 373	8 829	8 135	145	7 341	7 457	(116)	-2%	8 135
Sport and recreation		4	669	13	3	24	12	12	98%	13
Public safety		9 150	10 914	10 113	1 033	10 305	9 271	1 034	11%	10 113
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		17 772	21 471	18 804	1 848	19 810	17 237	2 573	15%	18 804
Planning and development		4 364	7 014	4 347	224	3 657	3 985	(328)	-8%	4 347
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		13 407	14 457	14 456	1 624	16 153	13 252	2 901	22%	14 456
<b>Trading services</b>		425 251	355 406	405 959	27 363	306 526	372 129	(65 603)	-18%	405 959
Electricity		193 801	232 429	217 875	16 422	181 114	199 718	(18 604)	-9%	217 875
Water		127 761	54 836	98 404	4 787	54 450	90 204	(35 754)	-40%	98 404
Waste water management		81 954	40 236	66 750	3 271	39 535	61 187	(21 653)	-35%	66 750
Waste management		21 736	27 905	22 930	2 882	31 427	21 020	10 407	50%	22 930
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	670 080	638 741	670 423	38 748	562 847	614 554	(51 707)	-8%	670 423
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		130 624	124 367	127 831	7 251	84 184	117 178	(32 994)	-28%	127 831
Executive and council		23 803	30 530	29 729	1 762	20 702	27 252	(6 550)	-24%	29 729
Budget and treasury office		66 651	53 820	51 379	2 388	29 198	47 097	(17 900)	-38%	51 379
Corporate services		40 170	40 016	46 723	3 101	34 285	42 829	(8 545)	-20%	46 723
<b>Community and public safety</b>		81 887	88 352	82 706	6 044	72 874	75 814	(2 940)	-4%	82 706
Community and social services		48 635	49 705	44 070	3 157	39 385	40 397	(1 012)	-3%	44 070
Sport and recreation		522	593	630	46	505	578	(73)	-13%	630
Public safety		29 074	33 897	34 626	2 637	30 227	31 741	(1 514)	-5%	34 626
Housing		3 656	4 156	3 380	204	2 757	3 098	(342)	-11%	3 380
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		96 843	100 935	96 807	5 212	50 255	88 740	(38 485)	-43%	96 807
Planning and development		90 551	88 132	86 275	4 462	39 815	79 085	(39 270)	-50%	86 275
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		6 292	12 803	10 533	751	10 440	9 655	785	8%	10 533
<b>Trading services</b>		269 500	375 590	336 420	34 087	285 304	308 385	(23 081)	-7%	336 420
Electricity		179 017	234 329	209 495	25 677	176 037	192 037	(16 001)	-8%	209 495
Water		35 450	61 681	56 200	2 951	46 319	51 516	(5 198)	-10%	56 200
Waste water management		31 045	42 709	37 987	2 382	28 368	34 821	(6 454)	-19%	37 987
Waste management		23 988	36 871	32 738	3 077	34 581	30 010	4 571	15%	32 738
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	578 855	689 244	643 764	52 593	492 617	590 117	(97 500)	-17%	643 764
<b>Surplus/ (Deficit) for the year</b>		91 225	(50 504)	26 659	(13 846)	70 230	24 437	45 793	187%	26 659

### Explanatory notes to Table C2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

The standard classification refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities.

### Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M11 May 2016)

Vote Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								%	
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	468	-	100	-	34	92	(58)	-62.8%	100
Vote 2 - Financial Services	209 078	240 876	226 526	8 322	218 084	207 649	10 434	5.0%	226 526
Vote 3 - Administration, Monitoring & Evaluation	511	1 455	227	3	303	208	95	45.6%	227
Vote 4 - Led, Tourism & Creative Industries	-	(60)	100	-	950	92	858	936.0%	100
Vote 5 - Infrastructure, Planning & Development 1	198 638	238 622	222 667	16 677	184 243	204 111	(19 869)	-9.7%	222 667
Vote 6 - Infrastructure, Planning & Development 2	209 715	95 072	165 154	8 059	93 985	151 391	(57 406)	-37.9%	165 154
Vote 7 - Social Services 1	7 362	7 117	6 491	638	7 880	5 950	1 930	32.4%	6 491
Vote 8 - Social Services 2	44 307	55 659	49 158	5 050	57 370	45 061	12 308	27.3%	49 158
<b>Total Revenue by Vote</b>	<b>670 080</b>	<b>638 741</b>	<b>670 423</b>	<b>38 748</b>	<b>562 847</b>	<b>614 554</b>	<b>(51 707)</b>	<b>-8.4%</b>	<b>670 423</b>
<b>Expenditure by Vote</b>									
Vote 1 - Executive & Council	23 803	30 530	29 729	1 762	20 702	27 252	(6 550)	-24.0%	29 729
Vote 2 - Financial Services	70 914	59 716	58 163	2 769	34 327	53 316	(18 988)	-35.6%	58 163
Vote 3 - Administration, Monitoring & Evaluation	28 873	28 886	31 559	2 469	26 334	28 929	(2 595)	-9.0%	31 559
Vote 4 - Led, Tourism & Creative Industries	14 901	8 890	9 443	1 178	8 162	8 656	(494)	-5.7%	9 443
Vote 5 - Infrastructure, Planning & Development 1	265 356	324 742	298 087	29 415	213 268	273 247	(59 979)	-22.0%	298 087
Vote 6 - Infrastructure, Planning & Development 2	66 495	104 391	94 186	5 333	74 686	86 337	(11 651)	-13.5%	94 186
Vote 7 - Social Services 1	26 684	33 436	32 829	2 521	28 410	30 093	(1 683)	-5.6%	32 829
Vote 8 - Social Services 2	81 828	98 413	89 408	7 146	86 709	81 957	4 752	5.8%	89 408
Vote 9 - Social Services 3	-	240	360	-	18	330	(312)	-94.5%	360
<b>Total Expenditure by Vote</b>	<b>578 855</b>	<b>689 244</b>	<b>643 764</b>	<b>52 593</b>	<b>492 617</b>	<b>590 117</b>	<b>(97 500)</b>	<b>-16.5%</b>	<b>643 764</b>
<b>Surplus/ (Deficit) for the year</b>	<b>91 225</b>	<b>(50 504)</b>	<b>26 659</b>	<b>(13 846)</b>	<b>70 230</b>	<b>24 437</b>	<b>45 793</b>	<b>187.4%</b>	<b>26 659</b>

### Explanatory notes to Table C3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget reporting table is represented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segment into which a budget of a municipality is divided into, for the appropriation of funds.

**Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M11 May 2016**

Description	Ref	2014/15	Budget Year 2015/16							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		128 580	146 960	136 786	7 272	128 345	125 387	2 958	2%	136 786
Property rates - penalties & collection charges			-					-		-
Service charges - electricity revenue		188 971	232 429	211 141	16 244	178 331	193 546	(15 215)	-8%	211 141
Service charges - water revenue		44 341	54 836	50 964	3 751	43 201	46 717	(3 516)	-8%	50 964
Service charges - sanitation revenue		33 783	40 236	37 490	2 716	33 466	34 366	(899)	-3%	37 490
Service charges - refuse revenue		21 637	27 905	22 930	1 932	21 073	21 020	53	0%	22 930
Service charges - other		12 320	12 689	12 689	810	10 592	11 632	(1 040)	-9%	12 689
Rental of facilities and equipment		1 395	1 398	551	32	436	505	(70)	-14%	551
Interest earned - external investments		2 430	2 078	2 984	550	4 089	2 736	1 353	49%	2 984
Interest earned - outstanding debtors		3 926	6 246	3 715	433	2 616	3 405	(790)	-23%	3 715
Dividends received								-		-
Fines		1 737	1 655	2 396	349	3 203	2 197	1 007	46%	2 396
Licences and permits		6 503	10 302	8 522	658	6 925	7 812	(887)	-11%	8 522
Agency services								-		-
Transfers recognised - operational		77 540	92 151	91 083	554	89 600	83 493	6 107	7%	91 083
Other revenue		19 710	9 855	8 370	452	7 517	7 672	(156)	-2%	8 370
Gains on disposal of PPE		137						-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>543 009</b>	<b>638 741</b>	<b>589 623</b>	<b>35 753</b>	<b>529 393</b>	<b>540 488</b>	<b>(11 094)</b>	<b>-2%</b>	<b>589 623</b>
<b>Expenditure By Type</b>										
Employee related costs		212 826	212 437	217 587	16 756	200 352	199 455	898	0%	217 587
Remuneration of councillors		9 757	11 678	10 283	872	9 612	9 426	186	2%	10 283
Debt impairment		17 308	52 021	27 981			25 649	(25 649)	-100%	27 981
Depreciation & asset impairment		81 944	80 714	80 714			73 988	(73 988)	-100%	80 714
Finance charges		7 131	16 112	5 555	423	4 976	5 092	(116)	-2%	5 555
Bulk purchases		170 528	200 868	189 634	24 262	169 209	173 832	(4 623)	-3%	189 634
Other materials				35 105	2 618	27 631	32 180	(4 549)	-14%	35 105
Contracted services			11 069	13 393	1 079	8 915	12 277	(3 363)	-27%	13 393
Transfers and grants								-		
Other expenditure		79 361	104 346	63 511	3 587	38 468	58 219	(19 751)	-34%	63 511
Loss on disposal of PPE								-		-
<b>Total Expenditure</b>		<b>578 855</b>	<b>689 244</b>	<b>643 764</b>	<b>49 598</b>	<b>459 163</b>	<b>590 117</b>	<b>(130 954)</b>	<b>-22%</b>	<b>643 764</b>
<b>Surplus/(Deficit)</b>		<b>(35 847)</b>	<b>(50 504)</b>	<b>(54 141)</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>	<b>119 860</b>	<b>(0)</b>	<b>(54 141)</b>
Transfers recognised - capital		127 072		80 800				-		80 800
Contributions recognised - capital								-		
Contributed assets								-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>91 225</b>	<b>(50 504)</b>	<b>26 659</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>			<b>26 659</b>
Taxation								-		
<b>Surplus/(Deficit) after taxation</b>		<b>91 225</b>	<b>(50 504)</b>	<b>26 659</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>			<b>26 659</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>91 225</b>	<b>(50 504)</b>	<b>26 659</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>			<b>26 659</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>91 225</b>	<b>(50 504)</b>	<b>26 659</b>	<b>(13 846)</b>	<b>70 230</b>	<b>(49 630)</b>			<b>26 659</b>

**Explanatory notes to Table C4 – Budgeted Financial Performance (revenue and expenditure)**

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the monthly results, the monthly budget-to-date projections and the original budget, so as to assess performance.

**Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) – M11 May 2016**

Vote Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								%	
<b>Single Year expenditure appropriation</b>									
Vote 1 - Executive & Council	1 698	500	500	22	30	458	(429)	-94%	500
Vote 2 - Financial Services	1 647	145	415	6	154	380	(227)	-60%	415
Vote 3 - Administration, Monitoring & Evaluation	394	-	179	-	87	164	(77)	-47%	179
Vote 4 - Led, Tourism & Creative Industries	175	1 563	174	1	109	160	(50)	-31%	174
Vote 5 - Infrastructure, Planning & Development 1	1 211	10 100	9 910	561	5 423	9 084	(3 661)	-40%	9 910
Vote 6 - Infrastructure, Planning & Development 2	104 027	32 508	82 984	3 449	68 482	76 069	(7 587)	-10%	82 984
Vote 7 - Social Services 1	893	3 515	2 911	555	1 609	2 668	(1 059)	-40%	2 911
Vote 8 - Social Services 2	6 690	15 209	7 403	815	4 541	6 786	(2 246)	-33%	7 403
Vote 9 - Social Services 3	-	30	30	1	15	28	(13)	-46%	30
<b>Total Capital single-year expenditure</b>	<b>116 735</b>	<b>63 570</b>	<b>104 506</b>	<b>5 410</b>	<b>80 449</b>	<b>95 797</b>	<b>(15 348)</b>	<b>-16%</b>	<b>104 506</b>
<b>Total Capital Expenditure</b>	<b>116 735</b>	<b>63 570</b>	<b>104 506</b>	<b>5 410</b>	<b>80 449</b>	<b>95 797</b>	<b>(15 348)</b>	<b>-16%</b>	<b>104 506</b>
<b>Capital Expenditure - Standard Classification</b>									
<b>Governance and administration</b>	<b>3 838</b>	<b>645</b>	<b>1 094</b>	<b>28</b>	<b>270</b>	<b>1 003</b>	<b>(733)</b>	<b>-73%</b>	<b>1 094</b>
Executive and council	1 698	500	500	22	30	458	(429)	-94%	500
Budget and treasury office	1 456	115	385	6	150	353	(203)	-57%	385
Corporate services	684	30	209	-	90	192	(101)	-53%	209
<b>Community and public safety</b>	<b>7 517</b>	<b>15 689</b>	<b>9 469</b>	<b>1 371</b>	<b>5 715</b>	<b>8 680</b>	<b>(2 965)</b>	<b>-34%</b>	<b>9 469</b>
Community and social services	776	2 115	2 045	484	1 725	1 875	(150)	-8%	2 045
Sport and recreation	6 157	11 149	5 649	792	3 647	5 178	(1 531)	-30%	5 649
Public safety	487	2 425	1 775	96	342	1 627	(1 285)	-79%	1 775
Housing	97	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>849</b>	<b>4 628</b>	<b>1 052</b>	<b>1</b>	<b>559</b>	<b>964</b>	<b>(405)</b>	<b>-42%</b>	<b>1 052</b>
Planning and development	754	1 463	77	1	109	71	39	55%	77
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	96	3 165	975	-	450	894	(444)	-50%	975
<b>Trading services</b>	<b>104 530</b>	<b>42 608</b>	<b>92 891</b>	<b>4 010</b>	<b>73 905</b>	<b>85 150</b>	<b>(11 245)</b>	<b>-13%</b>	<b>92 891</b>
Electricity	436	10 100	9 907	561	5 423	9 081	(3 659)	-40%	9 907
Water	30 008	-	29 057	234	21 630	26 635	(5 005)	-19%	29 057
Waste water management	74 020	32 508	53 928	3 215	46 853	49 434	(2 581)	-5%	53 928
Waste management	67	-	-	-	-	-	-	-	-
<b>Other</b>									
<b>Total Capital Expenditure - Standard Classification</b>	<b>116 735</b>	<b>63 570</b>	<b>104 506</b>	<b>5 410</b>	<b>80 449</b>	<b>95 797</b>	<b>(15 348)</b>	<b>-16%</b>	<b>104 506</b>
<b>Funded by:</b>									
National Government	110 055	33 360	33 360	4 568	23 756	30 580	(6 824)	-22%	33 360
Provincial Government		-	47 440	234	45 237	43 487	1 750	4%	47 440
District Municipality		-					-		
Other transfers and grants		-					-		
<b>Transfers recognised - capital</b>	<b>110 055</b>	<b>33 360</b>	<b>80 800</b>	<b>4 802</b>	<b>68 993</b>	<b>74 067</b>	<b>(5 073)</b>	<b>-7%</b>	<b>80 800</b>
<b>Public contributions &amp; donations</b>									
<b>Borrowing</b>									
<b>Internally generated funds</b>	<b>6 680</b>	<b>30 210</b>	<b>23 706</b>	<b>609</b>	<b>11 456</b>	<b>21 731</b>	<b>(10 275)</b>	<b>-47%</b>	<b>23 706</b>
<b>Total Capital Funding</b>	<b>116 735</b>	<b>63 570</b>	<b>104 506</b>	<b>5 410</b>	<b>80 449</b>	<b>95 797</b>	<b>(15 348)</b>	<b>-16%</b>	<b>104 506</b>

## Explanatory notes to Table C5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

### Table C6 Monthly Budget Statement – Financial Position – M11 May 2016

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		2 896	–	3 000	15 039	3 000
Call investment deposits		36 786	10 000	24 092	81 108	24 092
Consumer debtors		43 579	59 006	46 863	29 119	46 863
Other debtors		35 671	12 658	41 196	18 005	41 196
Current portion of long-term receivables		8	–	8		8
Inventory		4 317	4 571	4 571	6 185	4 571
<b>Total current assets</b>		<b>123 256</b>	<b>86 234</b>	<b>119 730</b>	<b>149 455</b>	<b>119 730</b>
<b>Non current assets</b>						
Long-term receivables		171	192	153		153
Investments			–			–
Investment property		61 824	64 175	61 824	61 824	61 824
Investments in Associate			–			–
Property, plant and equipment		2 390 315	2 585 217	2 414 541	2 434 751	2 414 541
Agricultural			–			–
Biological assets			–			–
Intangible assets		183	175	195	209	195
Other non-current assets			–			–
<b>Total non current assets</b>		<b>2 452 493</b>	<b>2 649 759</b>	<b>2 476 713</b>	<b>2 496 783</b>	<b>2 476 713</b>
<b>TOTAL ASSETS</b>		<b>2 575 749</b>	<b>2 735 993</b>	<b>2 596 443</b>	<b>2 646 239</b>	<b>2 596 443</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft						
Borrowing		10 870	3 379	11 185	12 420	11 185
Consumer deposits		8 593	8 551	8 802	9 509	8 802
Trade and other payables		94 474	100 231	95 449	79 671	95 449
Provisions		29 882	32 095	28 297	35 373	28 297
<b>Total current liabilities</b>		<b>143 818</b>	<b>144 257</b>	<b>143 732</b>	<b>136 973</b>	<b>143 732</b>
<b>Non current liabilities</b>						
Borrowing		49 637	53 963	49 637	36 704	49 637
Provisions		111 155	105 580	98 688	105 663	98 688
<b>Total non current liabilities</b>		<b>160 792</b>	<b>159 543</b>	<b>148 325</b>	<b>142 367</b>	<b>148 325</b>
<b>TOTAL LIABILITIES</b>		<b>304 610</b>	<b>303 800</b>	<b>292 057</b>	<b>279 341</b>	<b>292 057</b>
<b>NET ASSETS</b>	2	<b>2 271 139</b>	<b>2 432 193</b>	<b>2 304 386</b>	<b>2 366 898</b>	<b>2 304 386</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2 271 139	2 432 193	2 304 386	2 366 898	2 304 386
Reserves			–			–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>2 271 139</b>	<b>2 432 193</b>	<b>2 304 386</b>	<b>2 366 898</b>	<b>2 304 386</b>



**Explanatory notes to Table C6 – Budgeted Financial Position**

- i. The table represents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
- ii. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.

Similarly, the collection rate assumption informs the budget provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Monthly Budget Statement – Cash Flow – M11 May 2016

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		122 196	142 595	134 356	8 185	123 821	123 160	662	1%	134 356
Service charges		293 108	320 439	308 977	22 875	261 307	283 229	(21 922)	-8%	308 977
Other revenue		17 296	23 210	24 241	14 853	172 303	22 221	150 082	675%	24 241
Government - operating		147 214	92 151	91 083		85 795	83 493	2 302	3%	91 083
Government - capital		44 067	33 360	80 800		40 190	74 067	(33 877)	-46%	80 800
Interest		2 430	8 324	2 984	384	3 850	2 736	1 114	41%	2 984
Dividends								-		
<b>Payments</b>										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(45 787)	(570 435)	(485 389)	85 047	-18%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(451)	(5 142)	(5 092)	50	-1%	(5 555)
Transfers and Grants								-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>144 279</b>	<b>63 570</b>	<b>107 372</b>	<b>59</b>	<b>111 690</b>	<b>98 425</b>	<b>(13 265)</b>	<b>-13%</b>	<b>107 372</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		234						-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables		17						-		
Decrease (increase) in non-current investments								-		
<b>Payments</b>										
Capital assets		(116 735)	(63 570)	(104 506)	(5 410)	(43 792)	(95 797)	(52 005)	54%	(104 506)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(116 484)</b>	<b>(63 570)</b>	<b>(104 506)</b>	<b>(5 410)</b>	<b>(43 792)</b>	<b>(95 797)</b>	<b>(52 005)</b>	<b>54%</b>	<b>(104 506)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
<b>Payments</b>										
Repayment of borrowing		(16 864)	-	(15 456)	(1 010)	(11 433)	(14 168)	(2 735)	19%	(15 456)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(16 864)</b>	<b>-</b>	<b>(15 456)</b>	<b>(1 010)</b>	<b>(11 433)</b>	<b>(14 168)</b>	<b>(2 735)</b>	<b>19%</b>	<b>(15 456)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>10 931</b>	<b>(0)</b>	<b>(12 590)</b>	<b>(6 361)</b>	<b>56 465</b>	<b>(11 541)</b>			<b>(12 590)</b>
Cash/cash equivalents at beginning:		28 751		39 682		39 682	39 682			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	27 092		96 147	28 141			27 092

### Explanatory notes to Table C7 – Budgeted Cash Flow Statement

- i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
- ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

## Annexure "A5"

**ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION**

In this section the Municipality's Debtors, Creditors and Investments will be analysed. These components have a significant impact on the Municipality's financial position.

**1. Overview of outstanding Consumer Debtors (Inclusive of VAT)**

Below is an analysis of the outstanding consumer debtors as at 31 May 2016, compared to the position as at 30 June 2015.

**Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2015**

R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<b>Debtors Age Analysis By Income Source</b>									
Trade and Other Receivables from Exchange Transactions - Water	4 641	861	803	711	591	494	3 178	12 347	23 627
Trade and Other Receivables from Exchange Transactions - Electricity	14 443	1 157	738	349	252	200	1 726	5 271	24 137
Receivables from Non-exchange Transactions - Property Rates	7 062	652	455	456	334	272	6 953	15 018	31 201
Receivables from Exchange Transactions - Waste Water Management	3 467	516	440	346	285	254	1 565	5 586	12 459
Receivables from Exchange Transactions - Waste Management	2 394	455	372	327	302	286	1 572	8 141	13 851
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1
Interest on Arrear Debtor Accounts	35	41	42	45	47	49	687	11 064	12 009
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	(9 711)	260	213	285	129	224	2 369	4 741	(1 490)
<b>Total By Income Source</b>	<b>22 330</b>	<b>3 943</b>	<b>3 063</b>	<b>2 519</b>	<b>1 940</b>	<b>1 779</b>	<b>18 050</b>	<b>62 170</b>	<b>115 794</b>
									-
<b>Debtors Age Analysis By Customer Group</b>									
Organs of State	358	30	37	17	18	11	29	4	504
Commercial	103	14	12	11	4	4	89	117	353
Households	21 908	3 876	2 988	2 417	1 904	1 743	16 990	60 259	112 086
Other	(38)	23	26	75	15	21	942	1 789	2 851
<b>Total By Customer Group</b>	<b>22 330</b>	<b>3 943</b>	<b>3 063</b>	<b>2 519</b>	<b>1 940</b>	<b>1 779</b>	<b>18 050</b>	<b>62 170</b>	<b>115 794</b>

### Debtors' Age Analysis (Inclusive of VAT) as at 31 May 2016

Description	Budget Year 2015/16									
	R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	5 351	990	858	755	3 190	2 487	3 295	16 070	32 996	
Trade and Other Receivables from Exchange Transactions - Electricity	15 925	1 192	650	295	1 247	972	1 288	6 283	27 853	
Receivables from Non-exchange Transactions - Property Rates	8 034	698	463	776	3 279	2 556	3 387	16 519	35 712	
Receivables from Exchange Transactions - Waste Water Management	3 680	521	418	341	1 442	1 124	1 489	7 264	16 281	
Receivables from Exchange Transactions - Waste Management	2 609	488	413	428	1 807	1 409	1 866	9 103	18 123	
Receivables from Exchange Transactions - Property Rental Debtors									-	
Interest on Arrear Debtor Accounts									-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	
Other	(12 277)	219	179	278	1 173	914	1 211	5 907	(2 396)	
<b>Total By Income Source</b>	<b>23 321</b>	<b>4 108</b>	<b>2 982</b>	<b>2 874</b>	<b>12 139</b>	<b>9 462</b>	<b>12 536</b>	<b>61 147</b>	<b>128 570</b>	
									-	
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	494	114	60	44	186	145	192	936	2 171	
Commercial	5 358	542	328	100	421	328	435	2 121	9 632	
Households	17 469	3 452	2 594	2 730	11 532	8 989	11 910	58 091	116 767	
Other									-	
<b>Total By Customer Group</b>	<b>23 321</b>	<b>4 108</b>	<b>2 982</b>	<b>2 874</b>	<b>12 139</b>	<b>9 462</b>	<b>12 536</b>	<b>61 147</b>	<b>128 570</b>	

The aforementioned analysis indicates that from 30 June 2015 to 31 May 2016, the overdue debts have increased from R 93,464 million to R 11,785 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	30-Jun-15	31-May-16	Difference
Trade and Other Receivables from Exchange Transactions - Water	18 986	27 645	8 659
Trade and Other Receivables from Exchange Transactions - Electricity	9 694	11 928	2 234
Receivables from Non-exchange Transactions - Property Rates	24 139	27 679	3 539
Receivables from Exchange Transactions - Waste Water Management	8 992	12 601	3 609
Receivables from Exchange Transactions - Waste Management	11 457	15 514	4 058
Receivables from Exchange Transactions - Property Rental Debtors	1	-	(1)
Interest on Arrear Debtor Accounts	11 975	-	(11 975)
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-
Other	8 221	9 882	1 661
<b>Total By Income Source</b>	<b>93 464</b>	<b>105 249</b>	<b>11 785</b>
		-	
<b>Debtors Age Analysis By Customer Group</b>			
Organs of State	146	1 676	1 530
Commercial	250	4 274	4 024
Households	90 178	99 299	9 121
Other	2 890	-	(2 890)
<b>Total By Customer Group</b>	<b>93 464</b>	<b>105 249</b>	<b>11 785</b>

## 2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2015/16								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity	13 207								13 207
Bulk Water		1		2			(47)	(105)	(148)
PAYE deductions	447								447
VAT (output less input)									-
Pensions / Retirement deductions	2 726								2 726
Loan repayments									-
Trade Creditors	1 452	60	53	76	280	126	1 461	13 430	16 940
Auditor General	380	498	194		56	269	1 389		2 785
Other	1 402								1 402
<b>Total By Customer Type</b>	<b>19 614</b>	<b>559</b>	<b>247</b>	<b>79</b>	<b>336</b>	<b>394</b>	<b>2 804</b>	<b>13 326</b>	<b>37 359</b>

The above amounts represent invoices still to be paid. The major creditors as at 31 May 2016 are as follows:

Department of Transport	R 14,017 million
Eskom	R 13,207 million
Office of the Auditor – General	R 2,785 million
Pension fund deductions	R 2,726 million
Employee payroll deductions	R 1,452 million
Other Creditors	R 3,172 million
<b>Total</b>	<b><u>R 37,359 million</u></b>

It is to be noted that the Eskom amount of R 13,207 million, represents the current account for May 2016. The pension fund deductions and employee payroll deductions represent employee related costs for the month of May 2016, the amounts were paid on 3 June 2016 to the relevant service providers.

### 3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 31 May 2016.

	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 31 May 2016
ABSA	809 097	20 413 512	261 467	413 512	519	21 070 045
Nedbank	222 722	-	13 292	-	-	236 013
RMB	35 754 564	176 671 069	3 854 716	156 478 427	-	59 801 923
<b>Total</b>	<b>36 786 383</b>	<b>197 084 581</b>	<b>4 129 475</b>	<b>(156 891 938)</b>	<b>(519)</b>	<b>81 107 982</b>
Investment by type	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 31 May 2016
General Account	26 241 099	137 670 683	2 706 687	112 578 391	519	54 039 559
Collateral	295 393	-	17 030	-	-	312 423
Conditional Grants	8 270 347	40 497 700	950 543	29 078 756	-	20 639 833
Housing Funds	87 839	18 716 198	354 887	15 034 791	-	4 124 133
Investment FNB	1 891 706	200 000	100 328	200 000	-	1 992 034
<b>Total</b>	<b>36 786 383</b>	<b>197 084 581</b>	<b>4 129 475</b>	<b>(156 891 938)</b>	<b>(519)</b>	<b>81 107 982</b>
Bank	2 895 796	12 142 981				15 038 777
<b>Total</b>	<b>39 682 179</b>	<b>209 227 562</b>	<b>4 129 475</b>	<b>(156 891 938)</b>	<b>(519)</b>	<b>96 146 759</b>

#### 4. Allocation and Grants receipts and expenditure for the 2015/2016 financial year

##### Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M11 May 2016

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
National Government:	69 948	85 629	85 629	-	85 629	85 629	-		85 629
Local Government Equitable Share	66 129	82 099	82 099	-	82 099	82 099	-		82 099
Finance Management	1 600	1 600	1 600	-	1 600	1 600			1 600
Municipal Systems Improvement	934	930	930	-	930	930			930
EPWP Incentive	1 285	1 000	1 000	-	1 000	1 000			1 000
<b>Total Operating Transfers and Grants</b>	<b>69 948</b>	<b>85 629</b>	<b>85 629</b>	<b>-</b>	<b>85 629</b>	<b>85 629</b>	<b>-</b>		<b>85 629</b>
<b>Capital Transfers and Grants</b>									
National Government:	44 067	34 900	34 900	-	34 900	34 900	-		34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	-	30 800	30 800	-		30 800
Integrated National Electrification Programme	3 991	4 100	4 100	-	4 100	4 100	-		4 100
<b>Total Capital Transfers and Grants</b>	<b>44 067</b>	<b>34 900</b>	<b>34 900</b>	<b>-</b>	<b>34 900</b>	<b>34 900</b>	<b>-</b>		<b>34 900</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>114 015</b>	<b>120 529</b>	<b>120 529</b>	<b>-</b>	<b>120 529</b>	<b>120 529</b>	<b>-</b>		<b>120 529</b>

Below is an analysis of the spending associated with the grants as at 31 May 2016:

**Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M11 May 2016**

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	69 948	85 629	85 629	97	83 465	85 418	(1 953)	-2.3%	85 629
Local Government Equitable Share	66 129	82 099	82 099		82 099	82 099	-		82 099
Finance Management	1 600	1 600	1 600	97	366	1 467	(1 100)	-75.0%	1 600
Municipal Systems Improvement	934	930	930			853	(853)	-100.0%	930
EPWP Incentive	1 285	1 000	1 000		1 000	1 000	-		1 000
<b>Total operating expenditure of Transfers and Grants:</b>	<b>69 948</b>	<b>85 629</b>	<b>85 629</b>	<b>97</b>	<b>83 465</b>	<b>85 418</b>	<b>(1 953)</b>	<b>-2.3%</b>	<b>85 629</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	44 067	34 900	34 900	5 336	28 470	31 992	(3 521)	-11.0%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	4 696	26 380	28 233	(1 853)	-6.6%	30 800
Integrated National Electrification Programme	3 991	4 100	4 100	639	2 090	3 758	(1 668)	-44.4%	4 100
<b>Total capital expenditure of Transfers and Grants</b>	<b>44 067</b>	<b>34 900</b>	<b>34 900</b>	<b>5 336</b>	<b>28 470</b>	<b>31 992</b>	<b>(3 521)</b>	<b>-11.0%</b>	<b>34 900</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>114 015</b>	<b>120 529</b>	<b>120 529</b>	<b>5 433</b>	<b>111 936</b>	<b>117 410</b>	<b>(5 474)</b>	<b>-4.7%</b>	<b>120 529</b>

**Note:** The equitable share allocation is utilized to fund indigent household's subsidies granted to qualifying households, with the remainder being used to support the Municipality's operations.

**Grants received from National Government**

**DORA Operating Grants**

**Municipal Systems Improvement Grant (MSIG)**

The purpose of this grant is to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation.

DORA Allocation:	R 930,000
Amount of Grant Received:	R 930,000
Expenditure to date:	R 0.00
Unspent as at 31 May 2016:	R 930,000

As at 31 May 2016, no spending has been incurred against the grant. An activity plan was developed and approved by the Department of Cooperative Governance and Traditional Affairs (the donor).



**Financial Management Grant (FMG)**

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R 1,600,000
Amount of Grant Received:	R 1,600,000
Expenditure to date:	R 366,486
Unspent as at 31 May 2016:	R 1,233,514

The spending of the grant amounted to 22.91% as at 31 May 2016. The Municipality has appointed four additional finance interns, as from 1 April 2016.

An activity plan was approved by National Treasury for spending of the grant by 30 June 2016.

**Expanded Public Works Programme (EPWP)**

The purpose of this grant is to provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive methods can be maximised.

DORA Allocation:	R 1,000,000
Amount of Grant Received:	R 1,000,000
Expenditure to date:	R 1,000,000
Unspent as at 31 May 2016:	R 00.0

The spending of the grant amounted to 100% as at 31 May 2016.

**DORA Capital Grants****Municipal Infrastructure Grant (MIG)**

The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 30,800,000
Amount of Grant Received:	R 30,800,000
Expenditure to date:	R 26,380,035
Unspent as at 31 May 2016:	R 4,419,965

The spending of the grant amounted to 85.65% as at 31 May 2016.

**Integrated National Electrification Programme (INEP)**

The purpose of this grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.

DORA Allocation:	R 4,100,000
Amount of Grant Received:	R 4,100,000
Expenditure to date:	R 2,090,193
Unspent as at 31 May 2016:	R 2,009,807

The spending of the grant amounted to 50.98% as at 31 May 2016.

## 5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

**Table SC8 Monthly Budget Statement – Councillor and staff benefits – M11 May 2016**

Summary of Employee and Councillor remuneration	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								%	
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	6 580	6 566	7 180	598	6 610	6 582	29	0%	7 180
Pension and UIF Contributions	186	7					-		
Medical Aid Contributions		1 952					-		
Motor Vehicle Allowance			2 393	199	2 189	2 194	(5)	0%	2 393
Cellphone Allowance			710	59	650	650	-		710
Housing Allowances							-		
Other benefits and allowances	2 991	3 153		15	163	-	163	#DIV/0!	
<b>Sub Total - Councillors</b>	<b>9 757</b>	<b>11 678</b>	<b>10 283</b>	<b>872</b>	<b>9 612</b>	<b>9 426</b>	<b>186</b>	<b>2%</b>	<b>10 283</b>
<b>% increase</b>		<b>19.7%</b>	<b>5.4%</b>						<b>5.4%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	5 404	5 836	5 649	527	5 798	5 178	620	12%	5 649
Pension and UIF Contributions	103						-		
Medical Aid Contributions							-		
Overtime							-		
Performance Bonus							-		
Motor Vehicle Allowance	686		676	56	620	620	-		676
Cellphone Allowance							-		
Housing Allowances							-		
Other benefits and allowances							-		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations							-		
<b>Sub Total - Senior Managers of Municipality</b>	<b>6 193</b>	<b>5 836</b>	<b>6 325</b>	<b>583</b>	<b>6 418</b>	<b>5 798</b>	<b>620</b>	<b>11%</b>	<b>6 325</b>
<b>% increase</b>		<b>-5.8%</b>	<b>2.1%</b>						<b>2.1%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	125 195	129 196	132 550	10 267	117 661	121 504	(3 843)	-3%	132 550
Pension and UIF Contributions	27 930	21 705	23 721	1 767	20 271	21 744	(1 473)	-7%	23 721
Medical Aid Contributions	18 300	11 208	11 033	979	10 461	10 114	347	3%	11 033
Overtime	8 491	10 912	9 454	964	10 838	8 666	2 172	25%	9 454
Performance Bonus			9 853	3	9 929	9 032	897	10%	9 853
Motor Vehicle Allowance			6 793	609	6 834	6 227	608	10%	6 793
Cellphone Allowance							-		
Housing Allowances	472	505	561	45	504	514	(11)	-2%	561
Other benefits and allowances	25 309	32 190	15 931	1 386	16 607	14 604	2 004	14%	15 931
Payments in lieu of leave			815			747	(747)	-100%	815
Long service awards	937	886	550	153	830	504	325	64%	550
Post-retirement benefit obligations			-			-	-		-
<b>Sub Total - Other Municipal Staff</b>	<b>206 633</b>	<b>206 601</b>	<b>211 262</b>	<b>16 173</b>	<b>193 935</b>	<b>193 657</b>	<b>278</b>	<b>0%</b>	<b>211 262</b>
<b>% increase</b>		<b>0.0%</b>	<b>2.2%</b>						<b>2.2%</b>
<b>Total Parent Municipality</b>	<b>222 583</b>	<b>224 115</b>	<b>227 870</b>	<b>17 629</b>	<b>209 965</b>	<b>208 881</b>	<b>1 084</b>	<b>1%</b>	<b>227 870</b>
<b>% increase</b>		<b>0.7%</b>	<b>2.4%</b>						<b>2.4%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>222 583</b>	<b>224 115</b>	<b>227 870</b>	<b>17 629</b>	<b>209 965</b>	<b>208 881</b>	<b>1 084</b>	<b>1%</b>	<b>227 870</b>
<b>% increase</b>		<b>0.7%</b>	<b>2.4%</b>						<b>2.4%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>212 826</b>	<b>212 437</b>	<b>217 587</b>	<b>16 756</b>	<b>200 352</b>	<b>199 455</b>	<b>898</b>	<b>0%</b>	<b>217 587</b>

## 6. Key performance indicators

The table below reflects the key performance indicators as per the 2015/16 Adjustments Budget and the associated performance to date.

		Actuals as at 30 June 2012	Actuals as at 30 June 2013	Actuals as at 30 June 2014	Actuals as at 30 June 2015	Adjustments Budget 2015/16	Actuals as at 31 May 2016
<b>Borrowing Management</b>							
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	3.26%	3.61%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.05	0.06	0.06	0.04	0.04
<b>Liquidity</b>							
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.86	0.83	1.09
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.19	0.70
<b>Revenue Management</b>							
Annual Debtors Collection Rate	Billed Revenue / Received Revenue	94.12%	96.33%	96.07%	98.91%	94.39%	97.45%

Other indicators		Actuals as at 30 June 2012	Actuals as at 30 June 2013	Actuals as at 30 June 2014	Actuals as at 30 June 2015	Adjustments Budget 2015/16	Actuals as at 31 May 2016
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.09	0.23	0.25	0.85	0.61	1.81
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	36.77%	33.80%	43.63%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	95.00%	76.98%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	5.45%	6.02%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	1.45%	1.13%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	89.98%	87.04%	87.21%	85.72%	84.55%	83.08%

The above table is discussed in details below.

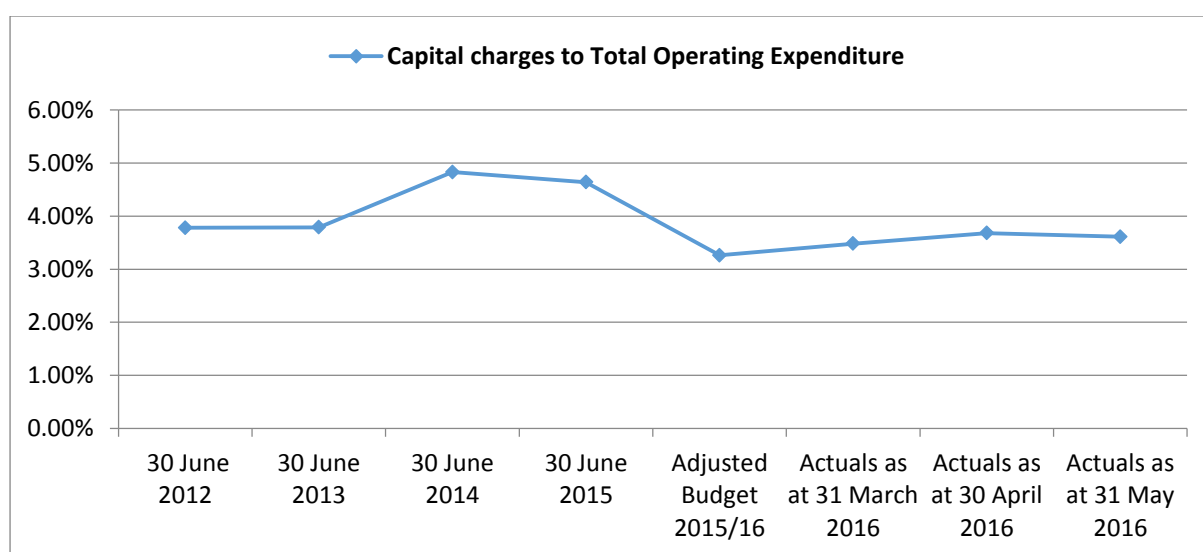
## 6.1. Borrowing Management

### 6.1.1. Capital charges to Operating Expenditure

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as percentage of Total Operating Expenditure.

#### Capital charges/Total Operating Expenditure to date

The ratio indicates that 3.61% of the Total Operating Expenditure was utilised for capital charges as at 31 May 2016, compared to the adjustments budgeted ratio of 3.26%. The Municipality's audited ratio as at 30 June 2015 was 4.64%.



### 6.1.2. Borrowed funding of capital expenditure

This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant funded expenditure.

The ratio is determined as follows:

#### Capital expenditure funded from Borrowings/Total Capital Expenditure to date (excluding transfers and grants)

The ratio is 0% as no capital expenditure was funded from borrowings, which is in line with the budgeted target as per the 2015/16 Operating Adjustments Budget as no borrowing is planned for the 2015/16 to 2017/18 financial years.

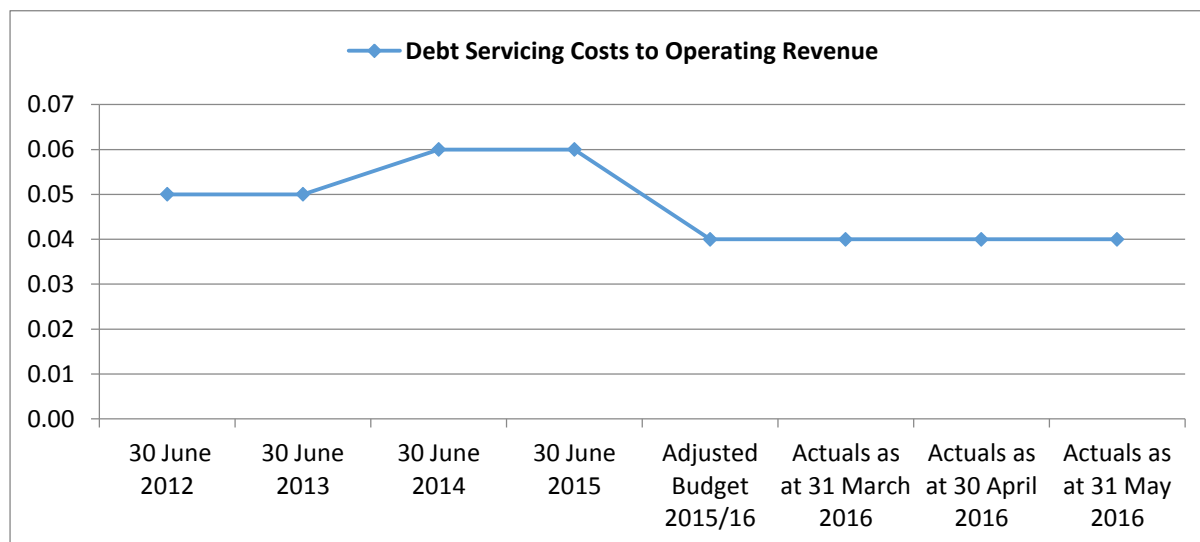
### 6.1.3. Debt Servicing Costs to Operating Revenue Ratio

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date.

The ratio is determined as follows:

### Debt Servicing Costs/Operating Revenue

As at 31 May 2016, the ratio was 0.04:1, compared to the adjustments budgeted ratio of 0.04:1. The Municipality's audited ratio as at 30 June 2015 was 0.06:1.



## 6.2. Liquidity

### 6.2.1. Current ratio

The Ratio assesses the Municipality's ability to meet its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables etc.).

The ratio is determined as follows:

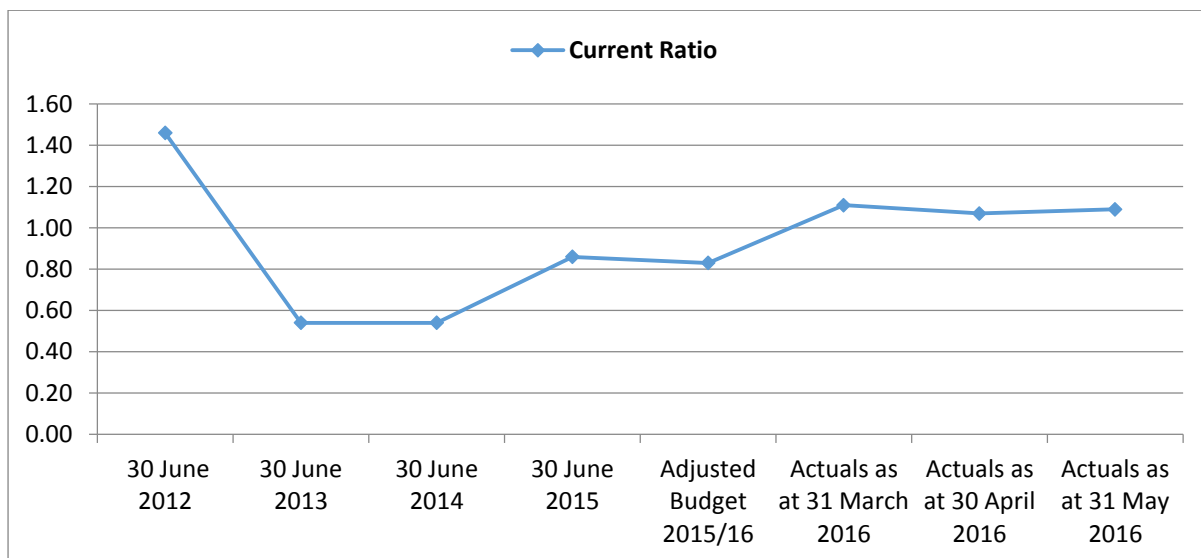
### Current assets/Current liabilities

The ratio as at 31 May 2016 was 1.09:1, compared to the adjustments budgeted ratio of 0.83:1. The Municipality's audited ratio as at 30 June 2015 was 0.86:1.

In terms of the MFMA Circular No. 71, the norm is 1.5:1 to 2:1

The higher the current Ratio, the stronger the Municipality's financial capacity to meet its current obligations.

A ratio of below 1:1 would suggest that the Municipality would be unable to meet all of its current obligations as and when they fall due.



### 6.2.2. Liquidity Ratio

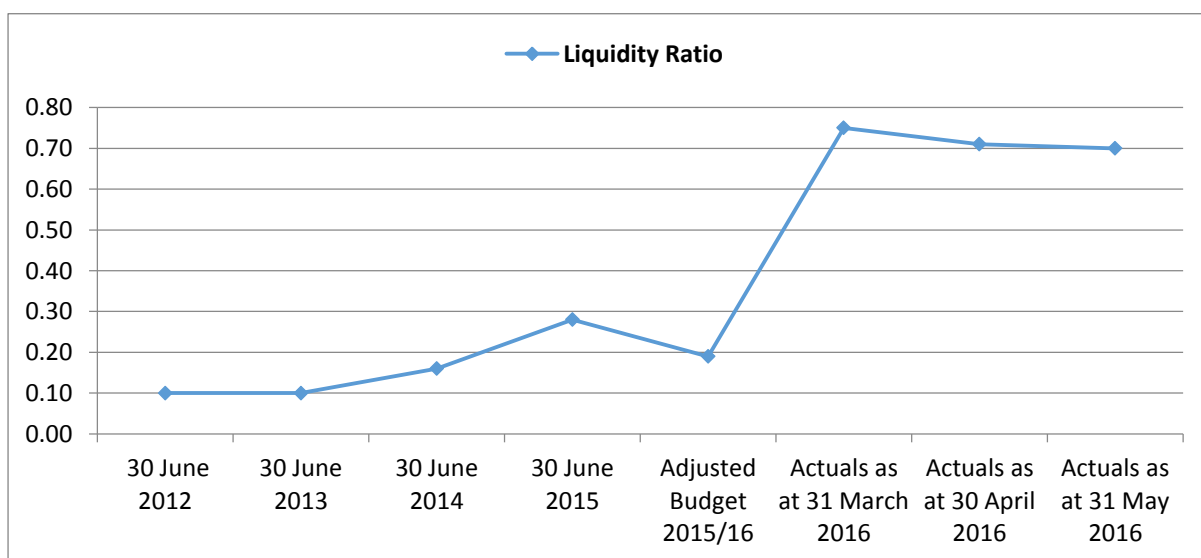
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

$$\text{Monetary assets/Current liabilities}$$

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 31 May 2016 was 0.70:1, compared to the adjustments budgeted ratio of 0.19:1. The Municipality's audited ratio as at 30 June 2015 was 0.28:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



### 6.3. Revenue Management

#### 6.3.1. Annual Debtors Collection Rate

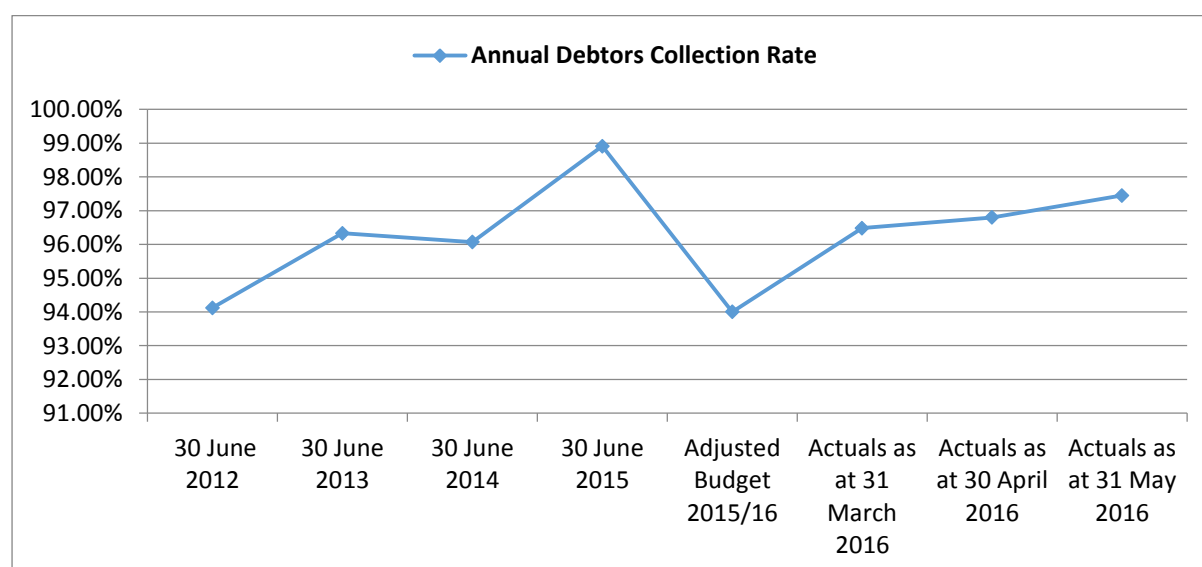
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

**Total Payments Received in Current month/Total Value of Accounts Rendered in the Previous Month X 100**

**Note:** the reason for using the previous month's billing is due to the accounts only being payable the following month (i.e. account-holders are given one calendar month to pay their current accounts).

The average collection rate as at 31 May 2016 was 97.45%, compared to the adjustments budgeted collection rate of 94%. The average collection rate for the 2014/15 financial year was 98.91%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to – month basis.



### 6.4. Other indicators

#### 6.4.1. Cost coverage

The Ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue, during that particular month.

The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

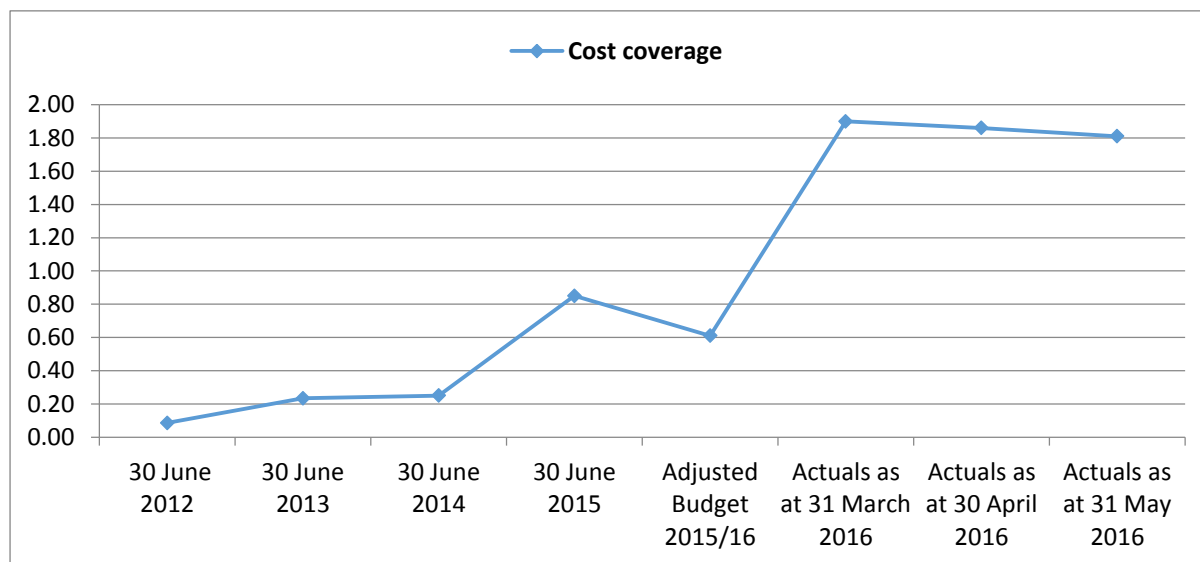
The ratio is determined as follows:



**Cash and cash equivalents – unspent conditional grants – overdraft + short-term investments/ monthly fixed operational expenditure excluding (depreciation, amortisation, provisions for bad debts, impairment and loss on the disposal of assets)**

As at 31 May 2016, the Ratio was 1.81 months, compared to the adjustments budgeted ratio of 0.61 months. The Municipality's audited ratio as at 30 June 2015 was 0.85 months.

In terms of MFMA Circular No. 71, the norm is 1 month to 3 months



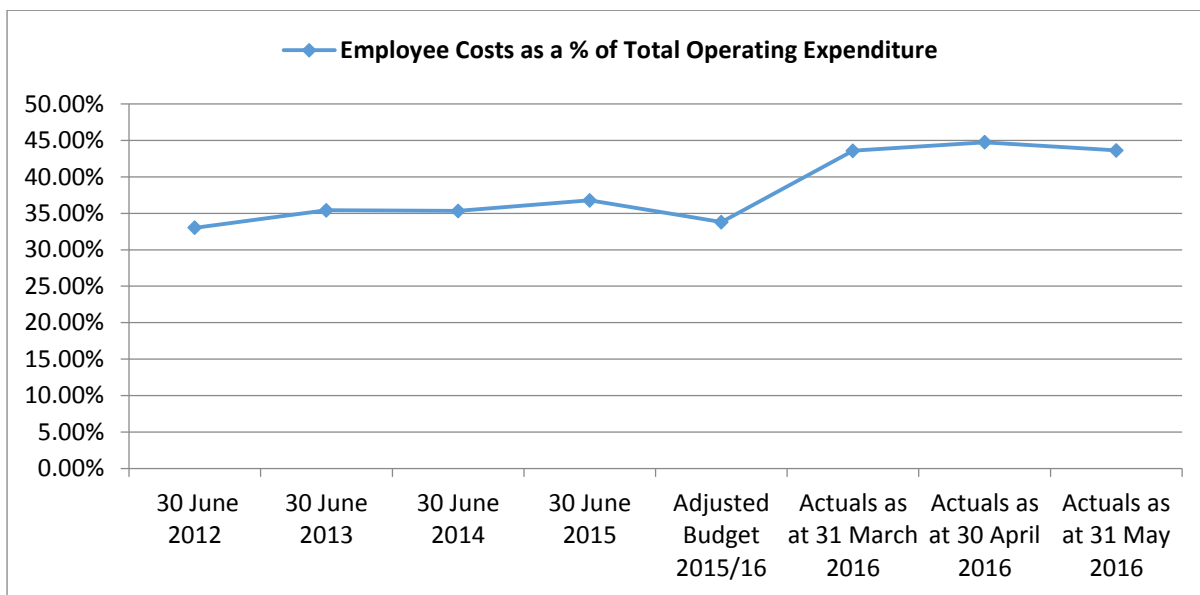
**6.4.2. Employee costs as a % of Total Operating Expenditure**

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the employment of human resources.

The ratio is determined as follows:

**Employee Costs to date/Total Operating Expenditure to Date**

As at 31 May 2016, Employee Related Costs constituted 43.63% of the Total Operating Expenditure, compared to the adjustments budgeted ratio of 33.80%. The Municipality's audited ratio as at 30 June 2015 was 36.77%.



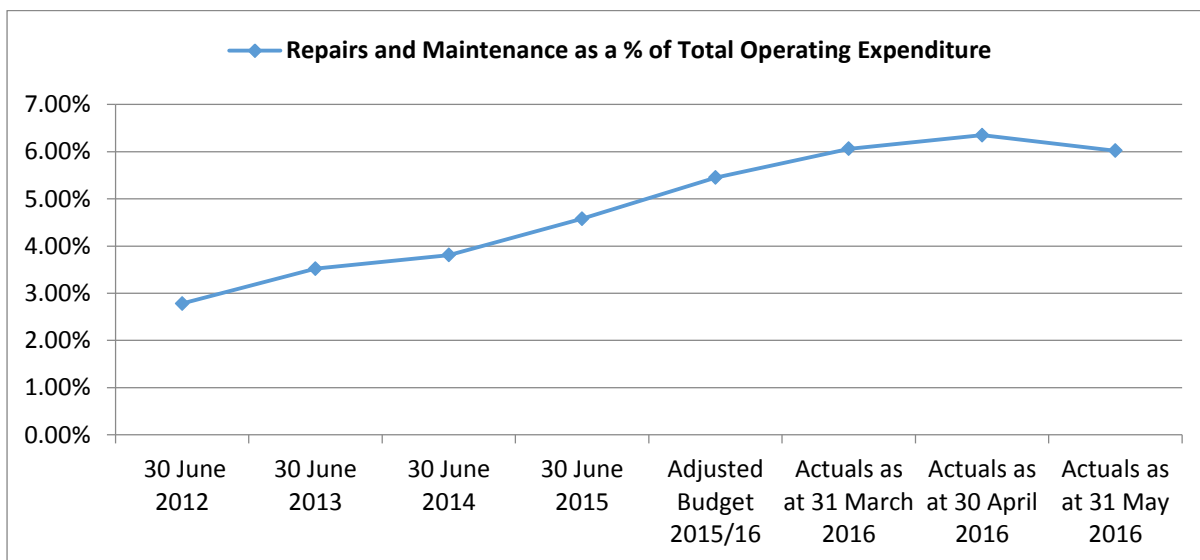
**6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure**

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

**Repairs and maintenance expenditure to date / Total Operating Expenditure to date**

As at 31 May 2016, the ratio was 6.02%, compared to the adjustments budgeted ratio of 5.45%. The Municipality's audited ratio as at 30 June 2015 was 4.58%.



#### 6.4.4. Repairs and Maintenance as a % of the book value of Property, Plant and Equipment (PPE)

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

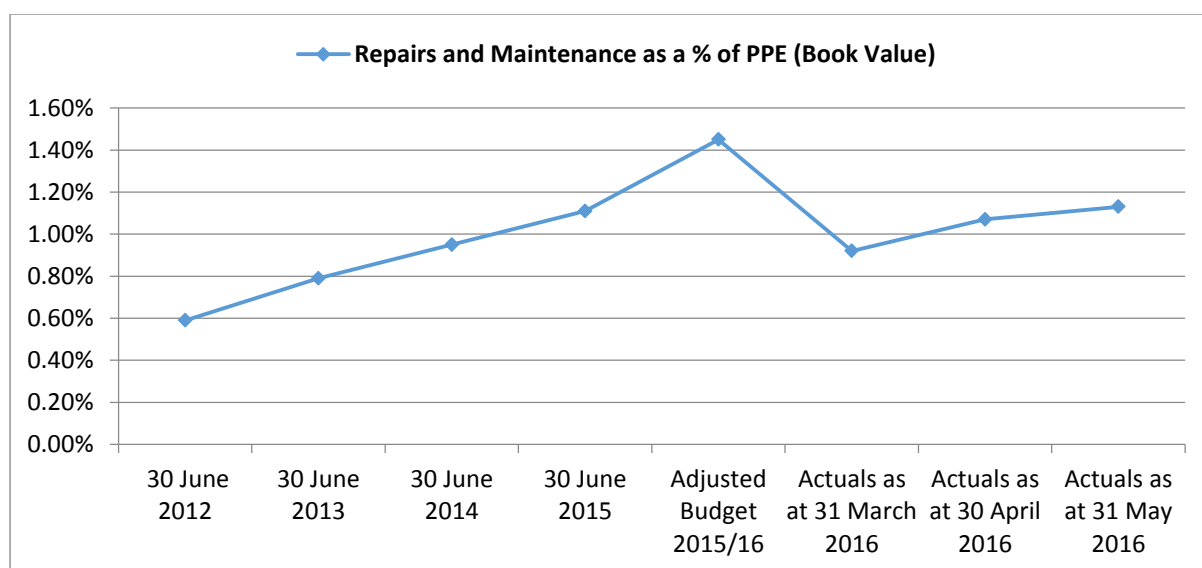
The ratio is determined as follows:

##### Repairs and maintenance expenditure to date / Book value of PPE to date

As at 31 May 2016, repairs and maintenance expenditure constituted 1.13% of the book value of PPE, compared to the adjustments budgeted ratio of 1.45%.

The Municipality's audited ratio as at 30 June 2015 was 1.11%.

In terms of the MFMA Circular No.71, the norm is 8%.



#### 6.4.5. Own Revenue Generation

This ratio measures the extent to which the Municipality has control over its revenue sources, i.e. what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations.

The ratio is determined as follows:

##### Own Revenue Sources / Total Operating Income (includes operating grants)

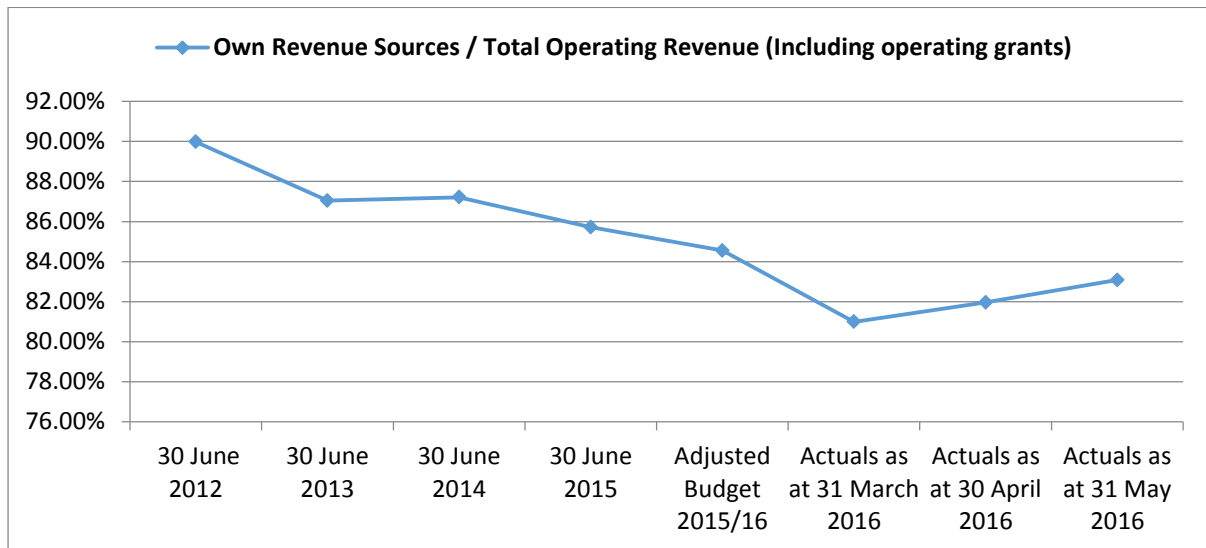
As at 31 May 2016, the Municipality's own revenue sources constituted 83.08% of its total Operating Income, compared to the adjustments budgeted ratio of 84.55%.

The Municipality's audited ratio as at 30 June 2015 was 85.72%.

The Municipality is thus not fully reliant on the finances received from Provincial and National Government to support its day to day operations.

The equitable share, for example is greatly assists the Municipality to cover the subsidies for the registered indigent households. Although the Municipality would like

to become sufficient by not having to rely on Government support via Grants and Subsidies, it has become very clear that without increased Government funding the Municipality will not be able to meet its service delivery mandate from its limited revenue base.



**6.4.6. Capital Budget Spending**

This ratio assesses the level of actual capital spending, compared to the budgeted capital expenditure.

The ratio is determined as follows:

**Actual Capital spending / Approved Capital Budget**

The actual spending as at the end of May 2016 amounted to 76.98%, compared to the adjustments budgeted ratio of 95%. The Municipality's audited ratio as at 30 June 2015 was 241.30%.

