

KOUGA MUNICIPALITY (EC108)**PORTFOLIO COMMITTEE****FINANCE****DATE:****ITEM NO:**

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**1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2016 TO MARCH 2017
AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 MARCH 2017
(2016/17 FINANCIAL YEAR)**

1.1. PURPOSE

This report is submitted in compliance with Sections 71(1) and 52(d) 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 Section 52(d) of the MFMA, the Executive Mayor must within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

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 2016 to March 2017, 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 497,371 million, whilst operating expenditure amounted to R 468,511 million, resulting in an operating surplus of R 28,860 million. This is influenced by the accounting treatment of the bad debts provision.
- Capital expenditure constituted 30.06% of the approved 2016/17 Adjusted Capital Budget.
- Overdue consumer debts increased by R 8,782 million (8.28%) since June 2016.
- An amount of R 76,015 million is owing to creditors, of which R 19,083 million (25.10%) represents current creditors.
- The municipality's investment portfolio has increased by R 66,410,762 (84.75%) since June 2016, from R 78,361,271 to R 144,772,033.

The following key financial ratios are monitored on an on-going basis:

Ratio	Actual as at June 2013	Actual as at June 2014	Actual as at June 2015	Actual as at June 2016	Actual as at March 2017	2016/17 Adjusted Budget
Current Ratio	0.54:1	0.54:1	0.72:1	0.85:1	1.49:1	0.98:1
Liquidity Ratio	0.10:1	0.16:1	0.22:1	0.40:1	0.95:1	0.44:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.82 months	1.60 months	2.64 months	1.41 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.05:1	0.04:1	0.02:1	0.02:1

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 month, ending 31 March 2017:

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 Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Section 52(d) of the MFMA be noted.
- III. The monthly budget statements accordingly be submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.

Report submitted by

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Mr S.S. Fadi (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2016 to March 2017

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

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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 2016 TO MARCH 2017

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2016/17 Adjusted Budget.

Item Description	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
OPERATING REVENUE				
Propert Rates	148 563 488	148 671 261	124 521 107	83.76%
Total Service Charges	356 823 910	351 454 658	245 632 662	69.89%
Service charges - electricity	224 482 368	223 745 356	152 236 640	68.04%
Service charges - water	53 124 403	53 284 419	36 637 715	68.76%
Service charges - sewerage & sanitation	40 787 081	37 217 215	28 447 900	76.44%
Service charges - refuse	24 979 278	25 148 958	18 840 220	74.91%
Service charges - environmental management	13 450 780	12 058 710	9 470 187	78.53%
Rental of Facilities and Equipment	590 630	1 200 364	1 029 294	85.75%
Interest Earned - External Investments	3 000 000	6 787 662	4 717 889	69.51%
Interest Earned - Outstanding Debtors	4 500 000	7 536 296	6 387 817	84.76%
Fines	3 085 695	3 459 377	2 390 951	69.12%
Licences and Permits	9 086 136	8 050 017	6 482 273	80.52%
Grants & Subsidies Received - Operating	100 681 408	101 003 708	97 339 549	96.37%
Other Revenue	10 842 980	11 232 805	8 869 889	78.96%
Total Direct Operating Revenue	637 174 247	639 396 148	497 371 431	77.79%
OPERATING EXPENDITURE				
Employee Related Costs	233 201 498	229 366 288	170 400 297	74.29%
Remuneration of Councillors	11 003 887	10 917 309	8 267 661	75.73%
Bad Debts	30 323 244	30 007 555	-	0.00%
Depreciation & Asset Impairment	83 123 169	83 123 168	55 820 103	67.15%
Repairs & Maintenance - Municipal Assets	35 999 395	33 193 202	22 622 101	68.15%
Finance Charges - External Borrowings	4 462 808	4 462 808	3 051 421	68.37%
Total Bulk Purchases	207 393 791	221 875 282	163 163 354	73.54%
Bulk purchases - electricity	186 660 586	186 660 586	138 762 300	74.34%
Bulk purchases - water	20 733 205	35 214 696	24 401 054	69.29%
Contracted Services	12 536 751	14 530 925	10 108 220	69.56%
Transfers and Grants	580 000	1 080 000	315 000	29.17%
General Expenses - Other	67 731 981	66 982 982	34 763 121	51.90%
Total Direct Operating Expenditure	686 356 523	695 539 518	468 511 278	67.36%
Surplus/(Deficit)	-49 182 275	-56 143 370	28 860 152	

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

The statement of financial performance indicates a surplus of R 28,860,152. This is influenced by the accounting treatment of the bad debts provision.

Revenue Variations

Property Rates

As at 31 March 2017, the Municipality has recognised 83.76% of its property rates revenue, compared to the budget.

Approximately 30% of total property rates revenue was raised in July 2016. This represents property rates payable on an annual basis, instead of a monthly basis.

Rental of Facilities and Equipment

Rental of facilities and equipment relate to rental of municipal buildings, community halls and other municipal facilities.

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 March 2017 amounted to R 114,824 million.

Expenditure Variations

Bad Debts

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

Bulk Purchases – Water

The municipality received a significant bulk water account in May 2016. According to the Nelson Mandela Bay Municipality, the Kouga municipality was incorrectly billed from December 2012 to April 2016.

The Kouga Municipality's bulk water account was accordingly adjusted to reflect the correct billing for the current financial year, based on the relevant meter readings.

Transfers and Grants

Transfers and grants relate to allocations to Kouga Local Tourism, Arts Council and Sports Council in terms of memorandum of agreement.

General expenses – other

Other expenditure relates to various general expenses, relating to the running costs of the municipality, such as printing and stationery, telephone accounts, etc.

Repairs and Maintenance

Below is an analysis of actual repairs and maintenance expenditure by Directorate, compared to the approved 2016/17 Adjusted Budget.

Directorate	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
	R			
Administration, Monitoring & Evaluation	382,722	414,680	564,085	136.03%
Finance	638,437	370,136	177,937	48.07%
Social Services	9,477,468	9,736,693	5,953,727	61.15%
Infrastructure, Planning & Development	24,730,767	22,551,693	15,160,392	67,23%
LED, Tourism & Creative Industries	770,000	120,000	86,213	71.84%
Total	35,999,394	33,193,202	21,942,354	66.10%

It is to be noted that actual repairs and maintenance expenditure constituted 66.10% of the approved 2016/17 Adjusted Budget.

Below is an analysis of actual repairs and maintenance expenditure by directorate and type, compared to the approved 2016/17 Adjusted Budget.

ADMINISTRATION, MONITORING & EVALUATION	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	300 000	300 000	3 548	1.18%
R&M Furniture and Office Equipment	-	-	499 268	
R&M Vehicles (Non-VAT)	82 722	114 680	61 269	53.43%
Total	382 722	414 680	564 085	136.03%

FINANCIAL SERVICES	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	105 009	105 009	16 441	15.66%
R&M Equipment	44 444	44 444	-	0.00%
R&M Plant/Machinery	2 858	2 858	-	0.00%
R&M Furniture and Office Equipment	-	-	95 563	
R&M Tools and Equipment	200 000	28 009	-	0.00%
R&M Vehicles	254 251	173 878	65 934	37.92%
R&M Vehicles (Non-VAT)	31 875	15 938	-	0.00%
Total	638 437	370 136	177 937	48.07%

SOCIAL SERVICES	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	809 200	939 200	384 384	40.93%
R&M Bush Clearing	1 480	1 480	1 212	81.90%
R&M Canals	2 251 391	2 251 391	2 114 523	93.92%
R&M Equipment	149 000	144 000	16 879	11.72%
R&M Erosion	100 000	100 000	-	0.00%
R&M Fire Extinguishers	45 000	20 000	15 695	78.48%
R&M Furniture and Office Equipment	85 549	60 549	172 237	284.46%
R&M Grounds	60 000	60 000	-	0.00%
R&M Plant/Machinery	388 013	364 873	231 014	63.31%
R&M Radio Equipment	80 000	110 000	10 922	9.93%
R&M Rehabilitation of Refuse Sites	400 000	400 000	-	0.00%
R&M Replace Crockery	10 000	10 000	-	0.00%
R&M Road Painting	200 000	200 000	139 663	69.83%
R&M Signboards	103 109	103 109	22 162	21.49%
R&M Swimming Pool	300 000	-	-	
R&M Tools and Equipment	21 310	21 310	8 411	39.47%
R&M Traffic Road Signs	200 000	200 000	81 652	40.83%
R&M Vehicles	3 559 720	3 931 787	2 540 745	64.62%
R&M Vehicles (Non-VAT)	213 696	318 995	214 227	67.16%
R&M Waste Sites	500 000	500 000	-	0.00%
Total	9 477 468	9 736 693	5 953 727	61.15%

INFRASTRUCTURE, PLANNING & DEVELOPMENT	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	649 100	649 100	130 233	20.06%
R&M Electrical Installations	570 800	570 800	290 339	50.87%
R&M Fencing	1 890 000	40 000	1 163 470	2908.68%
R&M Hankey/Patensie	150 000	100 000	41 109	41.11%
R&M Plant/Machinery	361 454	231 746	91 370	39.43%
R&M Pumpstations and Boreholes	455 800	455 800	126 896	27.84%
R&M Radio Equipment	19 718	-	-	
R&M Reseal Roads	2 120 000	2 120 000	1 498 880	70.70%
R&M Reticulation electricity	3 978 040	4 478 040	3 040 209	67.89%
R&M Reticulation sewerage	3 500 000	1 900 000	1 630 451	85.81%
R&M Reticulation water	2 650 000	2 390 000	1 832 304	76.67%
R&M Sewerage Pump Stations	820 000	920 000	641 882	69.77%
R&M Signboards	1 645	1 645	127	7.73%
R&M Stormwater	318 000	218 000	71 662	32.87%
R&M Street Lights	185 113	415 113	181 506	43.72%
R&M Street Nameplates	45 000	45 000	-	0.00%
R&M Streets	2 332 000	2 644 600	1 991 518	75.31%
R&M Sub Stations	1 000 000	1 000 000	27 380	2.74%
R&M Tools and Equipment	12 900	12 900	1 822	14.13%
R&M Treatment Works - Sewerage	350 000	350 000	228 591	65.31%
R&M Vehicles	3 302 117	3 286 339	2 120 079	64.51%
R&M Vehicles (Non-VAT)	19 080	12 609	5 057	40.11%
R&M Furniture and Office Equipment	-	-	45 507	
Repair and Rehabilitation of Roads and Walkways	-	710 000	-	0.00%
Total	24 730 767	22 551 693	15 160 392	67.23%

LED, TOURISM & INDUSTRIES	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Furniture and Office Equipment	30 000	30 000	-	0.00%
R&M Buildings and Properties	740 000	90 000	86 213	95.79%
Total	770 000	120 000	86 213	71.84%

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

Below is an analysis of the capital expenditure compared to the approved 2016/17 Capital Adjusted Budget.

Directorate	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
	R	R	R	
Administration, Monitoring & Evaluation	735,000	735,000	48,790	6.64%
Finance	640,200	1,023,970	2,760	0.27%
Social Services	20,641,455	15,480,000	214,599	1.39%
Infrastructure, Planning & Development	39,581,407	50,350,875	20,208,215	40.13%
LED, Tourism & Creative Industries	1,470,485	795,420	81,492	10.25%
Total	63,068,547	68,385,265	20,555,857	30.06%
Source of Funding	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
	R	R	R	
Internally Generated Funding	24,685,200	30,001,918	2,892,598	9.64%
Government Grants	38,383,347	38,383,347	17,663,258	46.02%
Total	63,068,547	68,385,265	20,555,857	30.06%

It is to be noted that an amount of R 20,555,857 has been spent as at 31 March 2017, compared to the approved adjusted capital budget of R 68,385,265.

This represents a spending performance of 30.06% relating to the approved Capital Adjusted Budget.

Below is an analysis of actual capital expenditure by Directorate and by project, compared to the approved 2016/17 Adjusted Budget.

ADMINISTRATION, MONITORING & EVALUATION	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
Equipment	735 000	735 000	48 790	6.64%
Total	735 000	735 000	48 790	6.64%

	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
FINANCIAL SERVICES				
Equipment	640 200	1 023 970	2 760	0.27%
Total	640 200	1 023 970	2 760	0.27%

	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
INFRASTRUCTURE, PLANNING AND DEVELOPMENT				
Upgrading Melkhout to Jeffreys Bay Main 66kv line	1 573 647	3 113 684	1 012 852	32.53%
Electrification of Donkerhoek	6 000 000	6 000 000	303 756	5.06%
Generator	500 000	450 000	-	
Upgrade Kruisfontein WWTW & Outfall Sewer	20 441 074	21 719 398	10 357 050	47.69%
Patensie Replacement of Digesters Ph 1	8 368 626	7 090 302	5 618 074	79.24%
Patensie Upgrade of WWTW	500 000	500 000	-	
New sewer pump at Cormorant Sewer Pump Station - Aston Bay	1 480 000	1 900 000	-	
Wavecrest Internal Sewer	3 730 000	4 877 490	2 159 724	44.28%
Pressure filters at Jeffreys Bay Water Treatment Works	750 000	750 000	-	
Community water supply	2 000 000	2 000 000	706 000	35.30%
Fencing of Electricity Sub-Stations	-	500 000	-	
Fencing of Sewer Pump Stations	-	750 000	-	
Fencing of Water Reservoir	-	600 000	50 760	8.46%
Equipment	-	100 000	-	
Total	45 343 347	50 350 875	20 208 215	40.13%

	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
SOCIAL SERVICES				
Furniture and equipment	970 000	1 570 000	40 511	2.58%
Fencing of existing cemeteries	500 000	500 000	70 175	14.04%
Chairs - Community halls	200 000	200 000	-	-
Acquisition for wheel chairs	150 000	150 000	72 368	48.25%
Upgrade of fire hydrants	240 000	100 000	-	-
Acquisition of firefighting equipment	20 545	200 000	31 545	15.77%
Satellite fire station (Oyster Bay)	400 000	1 000 000	-	-
Celling of Weston library building	110 000	110 000	-	-
Mesh Truck	1 000 000	1 900 000	-	-
Transfer station Patensie	2 000 000	500 000	-	-
Thornhill Mini Transfer Station	350 000	350 000	-	-
Skip Truck	1 000 000	2 000 000	-	-
Skip bins	400 000	400 000	-	-
Oyster Bay Mini Transfer Station	350 000	450 000	-	-
Weston Transfer Station	350 000	350 000	-	-
Kwanomzamo - New Community Hall	5 500 000	-	-	-
2 x Compactor Trucks	2 800 000	4 900 000	-	-
Acquisition of grass cutting equipment	-	800 000	-	-
Total	16 340 545	15 480 000	214 599	1.39%

	Approved Budget 2016/17	Adjusted Budget 2016/17	Actuals as at 31 March 2017	% of Budget
LED, TOURISM & CREATIVE INDUSTRIES				
Office Equipment	30 000	90 000	23 992	26.66%
Buildings and Properties	-	631 420	-	-
Fencing-Cultural Centre	57 500	74 000	57 500	77.70%
Total	87 500	795 420	81 492	10.25%

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2016/17 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 March 2017

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 – M09 March 2017

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	135 407	139 650	139 751	7 694	121 156	104 813	16 342	16%	139 751
Service charges	315 175	335 414	330 367	25 868	225 211	247 776	(22 565)	-9%	330 367
Other revenue	17 581	23 605	23 943	15 052	103 610	17 957	85 653	477%	23 943
Government - operating	170 188	100 681	101 004	22 907	93 061	75 753	17 308	23%	101 004
Government - capital	–	38 383	38 383	7 000	43 648	28 788	14 861	52%	38 383
Interest	8 338	7 500	14 324	1 366	12 165	10 743	1 422	13%	14 324
Payments									
Suppliers and employees	(493 604)	(567 867)	(576 866)	(51 850)	(500 185)	(432 649)	67 536	-16%	(576 866)
Finance charges	(864)	(4 463)	(4 463)	(368)	(3 410)	(3 347)	63	-2%	(4 463)
Transfers and Grants		(580)	(1 080)		–	(810)	(810)	100%	(1 080)
NET CASH FROM/(USED) OPERATING ACTIVITIES	152 222	72 324	65 363	27 669	95 255	49 022	(46 233)	-94%	65 363
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	77	–				–	–		–
Decrease (Increase) in non-current debtors	–	–				–	–		–
Decrease (increase) other non-current receivables	8	–				–	–		–
Decrease (increase) in non-current investments		–				–	–		–
Payments									
Capital assets	(85 660)	(63 069)	(68 385)	(3 213)	(24 591)	(51 289)	(26 697)	52%	(68 385)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 575)	(63 069)	(68 385)	(3 213)	(24 591)	(51 289)	(26 697)	52%	(68 385)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–					–		–
Borrowing long term/refinancing		–					–		–
Increase (decrease) in consumer deposits		–					–		–
Payments									
Repayment of borrowing	(27 755)	(7 303)	(7 303)	(484)	(4 253)	(5 477)	(1 224)	22%	(7 303)

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 755)	(7 303)	(7 303)	(484)	(4 253)	(5 477)	(1 224)	22%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	38 891	1 953	(10 325)	23 973	66 411	(7 743)			(10 325)
Cash/cash equivalents at beginning:	39 682	27 092	78 573		78 361	78 573			78 361
Cash/cash equivalents at month/year end:	78 573	29 045	68 249		144 772	70 830			68 037

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 2016/17 budget performance for the period July 2016 to March 2017 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M09 March 2017

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Financial Performance									
Property rates	135 339	148 563	148 671	8 229	124 521	111 503	13 018	12%	148 671
Service charges	326 546	356 824	351 455	12 925	245 633	263 591	(17 958)	-7%	351 455
Investment revenue	5 031	3 000	6 788	626	4 718	5 091	(373)	-7%	6 788
Transfers recognised - operational	137 377	100 681	101 004	25 262	97 340	75 753	21 587	28%	101 004
Other own revenue	30 742	28 105	31 479	2 508	25 160	23 609	1 551	7%	31 479
Total Revenue (excluding capital transfers and contributions)	635 036	637 174	639 396	49 550	497 371	479 547	17 824	4%	639 396
Employee costs	228 679	233 201	229 366	17 159	170 400	172 025	(1 624)	-1%	229 366
Remuneration of Councillors	10 514	11 004	10 917	1 345	8 268	8 188	80	1%	10 917
Depreciation & asset impairment	87 292	83 123	83 123	-	55 820	62 342	(6 522)	-10%	83 123
Finance charges	9 128	4 463	4 463	(52)	3 051	3 347	(296)	-9%	4 463
Materials and bulk purchases	204 008	243 393	255 068	16 752	185 106	191 301	(6 196)	-3%	255 068
Transfers and grants	-	580	1 080	25	315	810	(495)	-61%	1 080
Other expenditure	102 336	110 592	111 521	7 080	45 551	83 641	(38 090)	-46%	111 521
Total Expenditure	641 956	686 357	695 540	42 308	468 511	521 655	(53 143)	-10%	695 540
Surplus/(Deficit)	(6 920)	(49 182)	(56 143)	7 242	28 860	(42 108)	70 968	-169%	(56 143)
Transfers recognised - capital	30 800	38 383	38 383	13 061	18 558	28 788	(10 230)	-36%	38 383
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)	60 738	-456%	(17 760)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)	60 738	-456%	(17 760)
Capital expenditure & funds sources									
Capital expenditure	85 660	63 069	68 385	3 213	20 556	51 289	(30 733)	-60%	68 385
Capital transfers recognised	36 105	38 383	38 383	1 672	17 663	28 788	(11 124)	-39%	38 383
Public contributions & donations	-	-	-	-	-	-	-		-
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	49 555	24 685	30 002	1 541	2 893	22 501	(19 609)	-87%	30 002
Total sources of capital funds	85 660	63 069	68 385	3 213	20 556	51 289	(30 733)	-60%	68 385
Financial position									
Total current assets	166 562	127 241	152 993		228 535				152 993
Total non current assets	2 617 923	2 712 925	2 718 293		2 584 761				2 718 293
Total current liabilities	196 003	140 740	155 747		153 009				155 747
Total non current liabilities	177 825	137 395	137 395		171 536				137 395
Community wealth/Equity	2 410 656	2 562 031	2 578 144		2 488 750				2 578 144

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Cash flows									
Net cash from (used) operating	152 222	72 324	65 363	27 669	95 255	49 022	(46 233)	-94%	65 363
Net cash from (used) investing	(85 575)	(63 069)	(68 385)	(3 213)	(24 591)	(51 289)	(26 697)	52%	(68 385)
Net cash from (used) financing	(27 755)	(7 303)	(7 303)	(484)	(4 253)	(5 477)	(1 224)	22%	(7 303)
Cash/cash equivalents at the month/year end	78 573	29 045	68 249	-	144 772	70 830	(73 942)	-104%	68 037
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	25 280	4 220	2 706	3 160	2 259	2 408	19 939	80 132	140 104
Creditors Age Analysis									
Total Creditors	19 083	1 652	679	9	13	184	45 287	9 108	76 015

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) – M09 March 2017

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue - Standard									
Governance and administration	228 032	247 403	254 219	32 511	226 618	190 664	35 954	19%	254 219
Executive and council	34	-	-	-	4	-	4		-
Budget and treasury office	227 365	246 308	253 123	32 475	226 524	189 842	36 682	19%	253 123
Corporate services	633	1 096	1 096	36	90	822	(732)	-89%	1 096
Community and public safety	23 638	24 181	23 267	2 530	16 450	17 450	(1 001)	-6%	23 267
Community and social services	6 754	8 613	8 809	255	7 197	6 607	590	9%	8 809
Sport and recreation	3	4 321	4 322	-	1	3 242	(3 241)	-100%	4 322
Public safety	16 882	11 247	10 135	2 274	9 251	7 602	1 650	22%	10 135
Economic and environmental services	(25 133)	21 848	21 186	2 150	16 279	15 890	390	2%	21 186
Planning and development	6 232	5 881	6 610	1 297	4 640	4 957	(317)	-6%	6 610
Road transport	-	-	-	-	-	-	-		-
Environmental protection	(31 365)	15 967	14 577	854	11 639	10 933	707	6%	14 577
Trading services	439 299	382 126	379 107	25 420	260 097	284 330	(24 234)	-9%	379 107
Electricity	238 877	237 721	237 539	5 979	154 549	178 154	(23 605)	-13%	237 539
Water	80 288	55 533	55 766	1 298	38 301	41 825	(3 524)	-8%	55 766
Waste water management	71 394	63 878	60 638	16 067	47 358	45 479	1 879	4%	60 638
Waste management	48 740	24 994	25 164	2 077	19 889	18 873	1 016	5%	25 164
Total Revenue - Standard	665 836	675 558	677 779	62 611	519 444	508 335	11 109	2%	677 779
Expenditure - Standard									
Governance and administration	121 856	131 745	127 292	8 398	85 256	95 469	(10 214)	-11%	127 292
Executive and council	24 171	31 358	30 060	2 511	22 050	22 545	(495)	-2%	30 060
Budget and treasury office	50 744	52 808	50 587	2 437	28 369	37 941	(9 571)	-25%	50 587
Corporate services	46 941	47 578	46 645	3 450	34 837	34 984	(147)	0%	46 645
Community and public safety	89 303	89 446	93 659	6 832	71 408	70 244	1 164	2%	93 659
Community and social services	52 601	47 341	49 255	3 613	41 161	36 941	4 220	11%	49 255
Sport and recreation	562	666	969	83	590	727	(137)	-19%	969
Public safety	33 228	37 718	39 527	2 931	27 012	29 645	(2 633)	-9%	39 527
Housing	2 912	3 722	3 909	204	2 646	2 931	(286)	-10%	3 909
Economic and environmental services	97 158	107 064	106 137	4 583	64 887	79 603	(14 715)	-18%	106 137
Planning and development	86 704	96 295	95 213	3 943	59 153	71 410	(12 257)	-17%	95 213
Environmental protection	10 454	10 770	10 924	640	5 734	8 193	(2 459)	-30%	10 924

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Trading services	333 639	358 101	368 451	22 496	250 475	276 338	(25 863)	-9%	368 451
Electricity	201 448	229 594	228 913	12 138	159 518	171 685	(12 167)	-7%	228 913
Water	61 936	55 826	69 099	6 134	42 624	51 824	(9 200)	-18%	69 099
Waste water management	40 244	41 421	39 804	2 286	27 036	29 853	(2 817)	-9%	39 804
Waste management	30 011	31 260	30 636	1 938	21 297	22 977	(1 679)	-7%	30 636
Total Expenditure - Standard	641 956	686 357	695 540	42 308	472 026	521 655	(49 629)	-10%	695 540
Surplus/ (Deficit) for the year	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)	60 738	-456%	(17 760)

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 – M09 March 2017

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue by Vote									
Vote 1 - Executive & Council	34	-	-	-	4	-	4		-
Vote 2 - Financial Services	227 299	246 308	253 123	32 475	226 524	189 842	36 682	19.3%	253 123
Vote 3 - Administration, Monitoring & Evaluation	305	508	508	2	16	381	(365)	-95.8%	508
Vote 4 - Led, Tourism & Creative Industries	1 523	1 440	1 440	-	-	1 080	(1 080)	-100.0%	1 440
Vote 5 - Infrastructure, Planning & Development 1	214 459	242 748	243 296	7 310	159 263	182 472	(23 209)	-12.7%	243 296
Vote 6 - Infrastructure, Planning & Development 2	159 848	119 411	116 404	17 365	85 659	87 303	(1 645)	-1.9%	116 404
Vote 7 - Social Services 1	8 769	7 435	7 437	1 518	7 229	5 578	1 651	29.6%	7 437
Vote 8 - Social Services 2	53 600	57 707	55 570	3 942	40 749	41 678	(928)	-2.2%	55 570
Total Revenue by Vote	665 836	675 558	677 779	62 611	519 444	508 335	11 109	2.2%	677 779
Expenditure by Vote									
Vote 1 - Executive & Council	24 171	31 358	30 060	2 511	22 050	22 545	(495)	-2.2%	30 060
Vote 2 - Financial Services	55 567	59 197	55 113	1 624	31 574	41 335	(9 761)	-23.6%	55 113
Vote 3 - Administration, Monitoring & Evaluation	31 108	33 253	34 529	3 799	24 855	25 896	(1 042)	-4.0%	34 529
Vote 4 - Led, Tourism & Creative Industries	9 173	11 081	11 081	856	6 641	8 311	(1 669)	-20.1%	11 081
Vote 5 - Infrastructure, Planning & Development 1	293 047	326 705	324 817	15 945	221 606	243 613	(22 006)	-9.0%	324 817
Vote 6 - Infrastructure, Planning & Development 2	102 181	97 248	108 902	8 420	69 660	81 677	(12 017)	-14.7%	108 902
Vote 7 - Social Services 1	30 929	35 317	38 633	2 610	25 658	28 975	(3 317)	-11.4%	38 633
Vote 8 - Social Services 2	95 780	92 199	92 404	6 545	69 982	69 303	679	1.0%	92 404
Total Expenditure by Vote	641 956	686 357	695 540	42 308	472 026	521 655	(49 629)	-9.5%	695 540
Surplus/ (Deficit) for the year	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)	60 738	-456.0%	(17 760)

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) – M09 March 2017

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue By Source									
Property rates	135 339	148 563	148 671	8 229	124 521	111 503	13 018	12%	148 671
Property rates - penalties & collection charges		-	-		-	-	-		-
Service charges - electricity revenue	234 162	224 482	223 745	5 780	152 237	167 809	(15 572)	-9%	223 745
Service charges - water revenue	37 380	53 124	53 284	1 228	36 638	39 963	(3 326)	-8%	53 284
Service charges - sanitation revenue	40 541	40 787	37 217	2 993	28 448	27 913	535	2%	37 217
Service charges - refuse revenue	48 735	24 979	25 149	2 077	18 840	18 862	(21)	0%	25 149
Service charges - other	(34 273)	13 451	12 059	847	9 470	9 044	426	5%	12 059
Rental of facilities and equipment	744	591	1 200	35	1 029	900	129	14%	1 200
Interest earned - external investments	5 031	3 000	6 788	626	4 718	5 091	(373)	-7%	6 788
Interest earned - outstanding debtors	3 307	4 500	7 536	654	6 388	5 652	736	13%	7 536
Dividends received	-	-	-		-	-	-		-
Fines	9 798	3 086	3 459	329	2 391	2 595	(204)	-8%	3 459
Licences and permits	6 066	9 086	8 050	642	6 482	6 038	445	7%	8 050
Agency services	-	-	-		-	-	-		-
Transfers recognised - operational	137 377	100 681	101 004	25 262	97 340	75 753	21 587	28%	101 004
Other revenue	10 801	10 843	11 233	848	8 870	8 425	445	5%	11 233
Gains on disposal of PPE	27	-			-	-	-		-
Total Revenue (excluding capital transfers and contributions)	635 036	637 174	639 396	49 550	497 371	479 547	17 824	4%	639 396
Expenditure By Type									
Employee related costs	228 679	233 201	229 366	17 159	170 400	172 025	(1 624)	-1%	229 366
Remuneration of councillors	10 514	11 004	10 917	1 345	8 268	8 188	80	1%	10 917
Debt impairment	22 593	30 323	30 008		-	22 506	(22 506)	-100%	30 008
Depreciation & asset impairment	87 292	83 123	83 123		55 820	62 342	(6 522)	-10%	83 123
Finance charges	9 128	4 463	4 463	(52)	3 051	3 347	(296)	-9%	4 463
Bulk purchases	204 008	207 394	221 875	13 651	163 163	166 406	(3 243)	-2%	221 875
Other materials		35 999	33 193	3 101	21 942	24 895	(2 953)	-12%	33 193
Contracted services	-	12 537	14 531	2 514	10 108	10 898	(790)	-7%	14 531
Transfers and grants	-	580	1 080	25	315	810	(495)	-61%	1 080
Other expenditure	79 742	67 732	66 983	4 566	35 443	50 237	(14 794)	-29%	66 983
Loss on disposal of PPE		-			-	-	-		-
Total Expenditure	641 956	686 357	695 540	42 308	468 511	521 655	(53 143)	-10%	695 540

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Surplus/(Deficit)	(6 920)	(49 182)	(56 143)	7 242	28 860	(42 108)	70 968	(0)	(56 143)
Transfers recognised - capital	30 800	38 383	38 383	13 061	18 558	28 788	(10 230)	(0)	38 383
Contributions recognised - capital		-					-		
Contributed assets		-					-		
Surplus/(Deficit) after capital transfers & contributions	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)			(17 760)
Taxation		-					-		-
Surplus/(Deficit) after taxation	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)			(17 760)
Attributable to minorities		-							
Surplus/(Deficit) attributable to municipality	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)			(17 760)
Share of surplus/ (deficit) of associate		-							-
Surplus/ (Deficit) for the year	23 880	(10 799)	(17 760)	20 303	47 418	(13 320)			(17 760)

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.

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<i>Economic and environmental services</i>	6 055	5 425	5 058	1	163	3 794	(3 630)	-96%	5 058
Planning and development	5 911	1 470	1 003	-	81	752	(671)	-89%	1 003
Environmental protection	144	3 955	4 055	1	82	3 041	(2 959)	-97%	4 055
<i>Trading services</i>	78 801	43 081	55 401	3 166	20 208	41 551	(21 342)	-51%	55 401
Electricity	7 777	8 074	10 064	888	1 317	7 548	(6 231)	-83%	10 064
Water	30 626	2 750	3 400	51	757	2 550	(1 793)	-70%	3 400
Waste water management	39 967	28 758	36 837	2 227	18 135	27 628	(9 493)	-34%	36 837
Waste management	431	3 500	5 100	-	-	3 825	(3 825)	-100%	5 100
Total Capital Expenditure - Standard Classification	85 660	63 069	68 385	3 213	20 556	51 289	(30 733)	-60%	68 385
Funded by:									
National Government	25 699	34 810	34 810	1 672	17 663	26 107	(8 444)	-32%	34 810
Provincial Government	10 406	2 000	2 000	-	-	1 500	(1 500)	-100%	2 000
Other transfers and grants	-	1 574	1 574	-	-	1 180	(1 180)	-100%	1 574
Transfers recognised - capital	36 105	38 383	38 383	1 672	17 663	28 788	(11 124)	-39%	38 383
Internally generated funds	49 555	24 685	30 002	1 541	2 893	22 501	(19 609)	-87%	30 002
Total Capital Funding	85 660	63 069	68 385	3 213	20 556	51 289	(30 733)	-60%	68 385

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 – M09 March 2017

Description	2015/16	Budget Year 2016/17			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		3 000	15 000	10 202	15 000
Call investment deposits	78 573	26 045	53 249	134 570	53 249
Consumer debtors	48 616	49 675	55 242	49 036	55 242
Other debtors	33 936	43 668	24 649	28 585	24 649
Current portion of long-term receivables	3	8	8		8
Inventory	5 434	4 845	4 845	6 142	4 845
Total current assets	166 562	127 241	152 993	228 535	152 993
Non current assets					
Long-term receivables	168	113	165		165
Investments	–	–	–		–
Investment property	85 382	63 705	63 705	85 382	63 705
Investments in Associate	–	–	–		–
Property, plant and equipment	2 532 215	2 649 006	2 654 323	2 499 220	2 654 323
Agricultural	–	–	–		–
Biological assets	–	–	–		–
Intangible assets	159	101	101	159	101
Other non-current assets		–	–		–
Total non current assets	2 617 923	2 712 925	2 718 293	2 584 761	2 718 293
TOTAL ASSETS	2 784 485	2 840 166	2 871 286	2 813 295	2 871 286
LIABILITIES					
Current liabilities					
Bank overdraft		–	–		–
Borrowing	7 736	7 303	7 303	4 258	7 303
Consumer deposits	9 590	9 330	9 330	10 061	9 330
Trade and other payables	146 961	94 113	109 120	99 599	109 120
Provisions	31 716	29 995	29 995	39 090	29 995
Total current liabilities	196 003	140 740	155 747	153 009	155 747
Non current liabilities					
Borrowing	37 504	36 734	36 734	36 707	36 734
Provisions	140 321	100 662	100 662	134 829	100 662
Total non current liabilities	177 825	137 395	137 395	171 536	137 395
TOTAL LIABILITIES	373 828	278 136	293 143	324 545	293 143
NET ASSETS	2 410 656	2 562 031	2 578 144	2 488 750	2 578 144
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 410 656	2 562 031	2 578 144	2 488 750	2 578 144
TOTAL COMMUNITY WEALTH/EQUITY	2 410 656	2 562 031	2 578 144	2 488 750	2 578 144

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 – M09 March 2017

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	135 407	139 650	139 751	7 694	121 156	104 813	16 342	16%	139 751
Service charges	315 175	335 414	330 367	25 868	225 211	247 776	(22 565)	-9%	330 367
Other revenue	17 581	23 605	23 943	15 052	103 610	17 957	85 653	477%	23 943
Government - operating	170 188	100 681	101 004	22 907	93 061	75 753	17 308	23%	101 004
Government - capital	–	38 383	38 383	7 000	43 648	28 788	14 861	52%	38 383
Interest	8 338	7 500	14 324	1 366	12 165	10 743	1 422	13%	14 324
Dividends		–			–	–	–		–
Payments									
Suppliers and employees	(493 604)	(567 867)	(576 866)	(51 850)	(500 185)	(432 649)	67 536	-16%	(576 866)
Finance charges	(864)	(4 463)	(4 463)	(368)	(3 410)	(3 347)	63	-2%	(4 463)
Transfers and Grants		(580)	(1 080)		–	(810)	(810)	100%	(1 080)
NET CASH FROM/(USED) OPERATING ACTIVITIES	152 222	72 324	65 363	27 669	95 255	49 022	(46 233)	-94%	65 363
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	77	–				–	–		–
Decrease (Increase) in non-current debtors	–	–				–	–		–
Decrease (increase) other non-current receivables	8	–				–	–		–
Decrease (increase) in non-current investments		–				–	–		–
Payments									
Capital assets	(85 660)	(63 069)	(68 385)	(3 213)	(24 591)	(51 289)	(26 697)	52%	(68 385)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 575)	(63 069)	(68 385)	(3 213)	(24 591)	(51 289)	(26 697)	52%	(68 385)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–					–		–
Borrowing long term/refinancing		–					–		–
Increase (decrease) in consumer deposits		–					–		–
Payments									
Repayment of borrowing	(27 755)	(7 303)	(7 303)	(484)	(4 253)	(5 477)	(1 224)	22%	(7 303)

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 755)	(7 303)	(7 303)	(484)	(4 253)	(5 477)	(1 224)	22%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	38 891	1 953	(10 325)	23 973	66 411	(7 743)			(10 325)
Cash/cash equivalents at beginning:	39 682	27 092	78 573		78 361	78 573			78 361
Cash/cash equivalents at month/year end:	78 573	29 045	68 249		144 772	70 830			68 037

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 30 June 2016, compared to the position as at 31 March 2017.

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2016

Description	Budget Year 2015/16								
	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
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	5 185	1 013	806	770	3 252	2 535	3 359	16 382	33 302
Trade and Other Receivables from Exchange Transactions - Electricity	15 569	1 063	671	299	1 261	983	1 302	6 352	27 499
Receivables from Non-exchange Transactions - Property Rates	8 113	709	493	769	3 247	2 531	3 353	16 357	35 572
Receivables from Exchange Transactions - Waste Water Management	3 736	541	397	347	1 466	1 142	1 513	7 382	16 523
Receivables from Exchange Transactions - Waste Management	2 624	480	402	433	1 829	1 426	1 889	9 215	18 298
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	(12 127)	244	272	280	1 182	921	1 220	5 953	(2 055)
Total By Income Source	23 099	4 050	3 040	2 897	12 237	9 539	12 637	61 641	129 141
2014/15 - totals only									-
Debtors Age Analysis By Customer Group									
Organs of State	723	148	77	45	190	148	197	958	2 487
Commercial	5 463	452	311	103	434	338	448	2 186	9 734
Households	16 913	3 450	2 652	2 749	11 613	9 052	11 993	58 497	116 920
Other									-
Total By Customer Group	23 099	4 050	3 040	2 897	12 237	9 539	12 637	61 641	129 141

Debtors' Age Analysis (Inclusive of VAT) as at 31 March 2017

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
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	6 389	1 135	718	841	661	597	3 807	17 988	32 136	
Trade and Other Receivables from Exchange Transactions - Electricity	15 861	883	484	403	317	307	2 309	6 430	26 993	
Receivables from Non-exchange Transactions - Property Rates	8 019	689	478	432	325	417	7 649	16 969	34 977	
Receivables from Exchange Transactions - Waste Water Management	3 935	672	365	306	330	311	1 873	8 143	15 934	
Receivables from Exchange Transactions - Waste Management	2 761	532	395	359	335	339	1 593	10 088	16 402	
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1	
Interest on Arrear Debtor Accounts	62	66	62	97	84	105	1 252	14 376	16 104	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	
Other	(11 746)	243	204	722	207	334	1 456	6 137	(2 444)	
Total By Income Source	25 280	4 220	2 706	3 160	2 259	2 408	19 939	80 132	140 104	
									-	
Debtors Age Analysis By Customer Group										
Organs of State	624	98	80	88	58	26	715	958	2 646	
Commercial	5 210	278	146	126	100	108	1 095	2 219	9 283	
Households	19 446	3 843	2 481	2 946	2 100	2 275	18 129	76 955	128 175	
Other	-	-	-	-	-	-	-	-	-	
Total By Customer Group	25 280	4 220	2 706	3 160	2 259	2 408	19 939	80 132	140 104	

The aforementioned analysis indicates that from 30 June 2016 to 31 March 2017, the overdue debts have increased from R 106,042 million to R 114,824 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
	30-Jun-16	31-Mar-17	Difference
Debtors Age Analysis By Income Source			
Trade and Other Receivables from Exchange Transactions - Water	28 117	25 748	(2 369)
Trade and Other Receivables from Exchange Transactions - Electricity	11 930	11 132	(798)
Receivables from Non-exchange Transactions - Property Rates	27 460	26 958	(501)
Receivables from Exchange Transactions - Waste Water Management	12 788	11 999	(788)
Receivables from Exchange Transactions - Waste Management	15 675	13 641	(2 034)
Receivables from Exchange Transactions - Property Rental Debtors	-	1	1
Interest on Arrear Debtor Accounts	-	16 042	16 042
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-
Other	10 073	9 302	(770)
Total By Income Source	106 042	114 824	8 782
		-	
Debtors Age Analysis By Customer Group			
Organs of State	1 764	2 022	258
Commercial	4 271	4 073	(199)
Households	100 007	108 729	8 722
Other	-	-	-
Total By Customer Group	106 042	114 824	8 782

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2016/17								
	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
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity	14 172	-	-	-	-	-	-	-	14 172
Bulk Water	-	3	1	-	(40)	-	45 286	-	45 250
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	2 819	-	-	-	-	-	-	-	2 819
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	2 091	1 650	678	9	52	184	1	9 108	13 773
Auditor General	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total By Customer Type	19 083	1 652	679	9	13	184	45 287	9 108	76 015

The above amounts represent invoices still to be paid. The major creditors as at 31 March 2017 are as follows:

Department of Transport	R 8,654 million
Eskom	R 14,172 million
NMBM (Bulk water)	R 45,250 million
Pension Fund Deductions	R 2,819 million
Other Creditors	R 5,120 million

TOTAL

R 76,015 million

It is to be noted that the Eskom amount of R 14,172 million, represents the current account for March 2017, which was fully paid on 13 April 2017.

The pension fund deductions represent employee related costs for the month of March 2017, with the amounts in question being paid on 7 April 2017 to the relevant service provider.

The municipality received a significant bulk water account in May 2016. According to the Nelson Mandela Bay Municipality, the Kouga municipality was incorrectly billed from December 2012 to April 2016.

The Kouga municipality's bulk water account was accordingly adjusted to reflect the correct billing for the aforementioned period, based on the relevant meter readings. The municipality has verified the accuracy of the account and engagements are underway between Kouga and Nelson Mandela Bay Municipality in respect of this matter.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 31 March 2017.

	Balance as at 30 June 2016	Invested	Interest	Withdrawal	Adjustments	Balance as at 31 March 2017
Standard Bank	-	20 000 000	904 181	-	-	20 904 181
ABSA	21 187 482	-	829 727	6 000 000	490	16 016 719
Nedbank	236 110	16 251 293	529 586	251 293	-	16 765 696
RMB	29 341 733	89 852 377	1 163 605	59 797 779	-	60 559 936
INVESTEC	25 032 842	-	1 290 949	6 000 000	-	20 323 791
Total	75 798 167	126 103 670	4 718 048	(72 049 072)	(490)	134 570 323
INVESTMENT BY TYPE	Balance as at 30 June 2016	Invested	Interest	Withdrawal	Adjustments	Balance as at 31 March 2017
General Account	50 402 544	73 837 349	3 754 382	17 008 218	490	110 985 567
Collateral	228 000	-	15 074	243 075	-	
Conditional Grants	16 016 310	59 288 552	790 516	52 510 622	-	23 584 756
Housing Funds	9 151 312	322 300	158 075	9 631 687	-	-
Total	75 798 167	133 448 201	4 718 048	(79 393 602)	(490)	134 570 323
Bank	2 563 104	7 638 605				10 201 709
Total	78 361 271	141 086 806	4 718 048	(79 393 602)	(490)	144 772 033

The increase in the investment portfolio since 30 June 2016 amounts to R 66,410,762. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 10,201,709
Short-term Investment Deposits	R 134,570,323
	<u>R 144,772,033</u>

Application of Cash

Unspent Conditional Grants	23,584,756
Outstanding Creditors Liability	76,014,744
Internally Generated Funding	<u>27,109,319</u>
	<u>R 126,708,819</u>

Reserves in excess of Commitments **R 18,063,214**

The cash backed reserves exceed the commitments at this stage by an amount of R 18,063,214. It should be noted that the excess of reserves over commitments as at 31 March 2017, is mainly due to an amount of R 22,907,000 in respect of the Equitable Share allocation being received on 17 March 2017, but not yet fully spent.

These funds are already committed towards spending in the 2016/17 Operating budget.

4. Allocation and Grants receipts and expenditure for the 2016/2017 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M09 March 2017

Description	Budget Year 2016/17							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
RECEIPTS:								
Operating Transfers and Grants								
National Government:	95 820	95 820	22 907	94 577	94 577			95 820
Local Government Equitable Share	91 622	91 622	22 907	90 379	90 379			91 622
Finance Management	1 625	1 625		1 625	1 625			1 625
EPWP Incentive	1 057	1 057		1 057	1 057			1 057
MIG - Admin	1 516	1 516		1 516	1 516			1 516
Total Operating Transfers and Grants	95 820	95 820	22 907	94 577	94 577			95 820
Capital Transfers and Grants								
National Government:	34 810	41 810	7 000	41 810	41 810			41 810
Municipal Infrastructure Grant (MIG)	28 810	35 810	7 000	35 810	35 810			35 810
Integrated National Electrification Programme	6 000	6 000	-	6 000	6 000			6 000
Total Capital Transfers and Grants	34 810	41 810	7 000	41 810	41 810			41 810
TOTAL RECEIPTS OF TRANSFERS & GRANTS	130 630	137 630	29 907	136 387	136 387			137 630

Below is an analysis of the spending associated with the grants as at 31 March 2017:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M09 March 2017

Description	Budget Year 2016/17							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
EXPENDITURE								
Operating expenditure of Transfers and Grants								
National Government:	95 820	95 820	22 956	93 424	94 171	(747)	-0.8%	95 820
Local Government Equitable Share	91 622	91 622	22 907	90 379	90 379	-		91 622
Finance Management	1 625	1 625	49	472	1 219	(747)	-61.3%	1 625
EPWP Incentive	1 057	1 057		1 057	1 057	-		1 057
MIG - Admin	1 516	1 516		1 516	1 516	-		1 516
Total operating expenditure of Transfers and Grants:	95 820	95 820	22 956	93 424	94 171	(747)	-0.8%	95 820
Capital expenditure of Transfers and Grants								
National Government:	34 810	41 810	1 906	18 558	31 357	(12 799)	-40.8%	41 810
Municipal Infrastructure Grant (MIG)	28 810	35 810	1 906	18 212	26 857	(8 646)	-32.2%	35 810
Integrated National Electrification Programme	6 000	6 000		346	4 500	(4 154)	-92.3%	6 000
Total capital expenditure of Transfers and Grants	34 810	41 810	1 906	18 558	31 357	(12 799)	-40.8%	41 810
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	130 630	137 630	24 862	111 982	125 528	(13 547)	-10.8%	137 630

Note: The equitable share allocation is utilised 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

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 1,625,000
Amount of Grant Received:	R 1,625,000
Expenditure to date:	R 471,554
Unspent as at 31 March 2017:	R 1,153,446

The spending of the grant amounted to 29.02% as at 31 March 2017, compared to the amount of grant received.

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 1,057,000
Amount of Grant Received:	R 1,057,000
Expenditure to date:	R 1,057,000
Unspent as at 31 March 2017:	R 0.00

The spending of the grant amounted to 100% as at 31 March 2017, compared to the amount of grant received.

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 28,809,700
Amount of Grant Received:	R 35,809,700
Expenditure to date:	R 18,211,641
Unspent as at 31 March 2017:	R 17,598,059

The spending of the grant amounted to 50.86% as at 31 March 2017, compared the amount of grant received.

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 6,000,000
Amount of Grant Received:	R 6,000,000
Expenditure to date:	R 346,282
Unspent as at 31 March 2017:	R 5,653,718

The spending of the grant amounted to 5.77% as at 31 March 2017, compared to the amount of grant received.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M09 March 2017

Summary of Employee and Councillor remuneration	Budget Year 2016/17							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
<u>Councillors (Political Office Bearers plus Other)</u>								
Basic Salaries and Wages	7 683	7 579	910	5 656	5 684	(28)	-1%	7 579
Motor Vehicle Allowance	2 562	2 411	303	1 884	1 808	76	4%	2 411
Cellphone Allowance	759	759	110	588	569	18	3%	759
Other benefits and allowances		168	23	140	126	14	11%	168
Sub Total - Councillors	11 004	10 917	1 345	8 268	8 188	80	1%	10 917
<u>Senior Managers of the Municipality</u>								
Basic Salaries and Wages	6 045	6 045	504	4 533	4 533	-		6 045
Motor Vehicle Allowance	723	723	60	542	542	-		723
Sub Total - Senior Managers of Municipality	6 768	6 768	564	5 076	5 076	-		6 768
<u>Other Municipal Staff</u>								
Basic Salaries and Wages	140 636	141 922	10 681	98 610	106 441	(7 832)	-7%	141 922
Pension and UIF Contributions	23 720	23 720	1 832	16 674	17 790	(1 116)	-6%	23 720
Medical Aid Contributions	12 734	10 414	1 042	9 035	7 810	1 224	16%	10 414
Overtime	9 454	4 489	888	8 656	3 367	5 290	157%	4 489
Performance Bonus	11 764	11 764	12	10 747	8 823	1 924	22%	11 764
Motor Vehicle Allowance	7 938	7 938	589	5 330	5 953	(623)	-10%	7 938
Housing Allowances	584	584	156	1 442	438	13 955	3188%	584
Other benefits and allowances	18 796	21 336	1 348	14 393	16 002			21 336
Long service awards	809	432	47	437	324	113	35%	432
Sub Total - Other Municipal Staff	226 434	222 598	16 595	165 324	166 949	(1 624)	-1%	222 598
Total Parent Municipality	244 205	240 284	18 504	178 668	180 213	(1 545)	-1%	240 284
TOTAL SALARY, ALLOWANCES & BENEFITS	244 205	240 284	18 504	178 668	180 213	(1 545)	-1%	240 284
TOTAL MANAGERS AND STAFF	233 201	229 366	17 159	170 400	172 025	(1 624)	-1%	229 366

6. Key performance indicators

The table below reflects the key performance indicators as per the 2016/17 Approved Adjusted Budget and the associated performance to date.

Borrowing Management		Actuals as at 30 June 2012	Actuals as at 30 June 2013	Actuals as at 30 June 2014	Actuals as at 30 June 2015	Actuals as at 30 June 2016	Adjusted Budget 2016/17	Actuals as at 31 March 2017
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.50%	3.67%	1.69%	1.64%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	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	0.05	0.04	0.02	0.02
Liquidity								
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.72	0.85	0.98	1.49
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.22	0.40	0.44	0.95
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	97.60%	94.00%	96.61

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	Actuals as at 30 June 2016	Adjusted Budget 2016/17	Actuals as at 31 March 2017
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	0.82	1.60	1.41	2.64
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	35.70%	35.62%	32.98%	36.37%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	81.97%	95.00%	30.06%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.46%	4.61%	4.77%	4.68%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.06%	1.17%	1.25%	0.88%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	89.98%	87.04%	87.21%	69.55%	74.74%	84.20%	80.43%

The above table is discussed in details below.

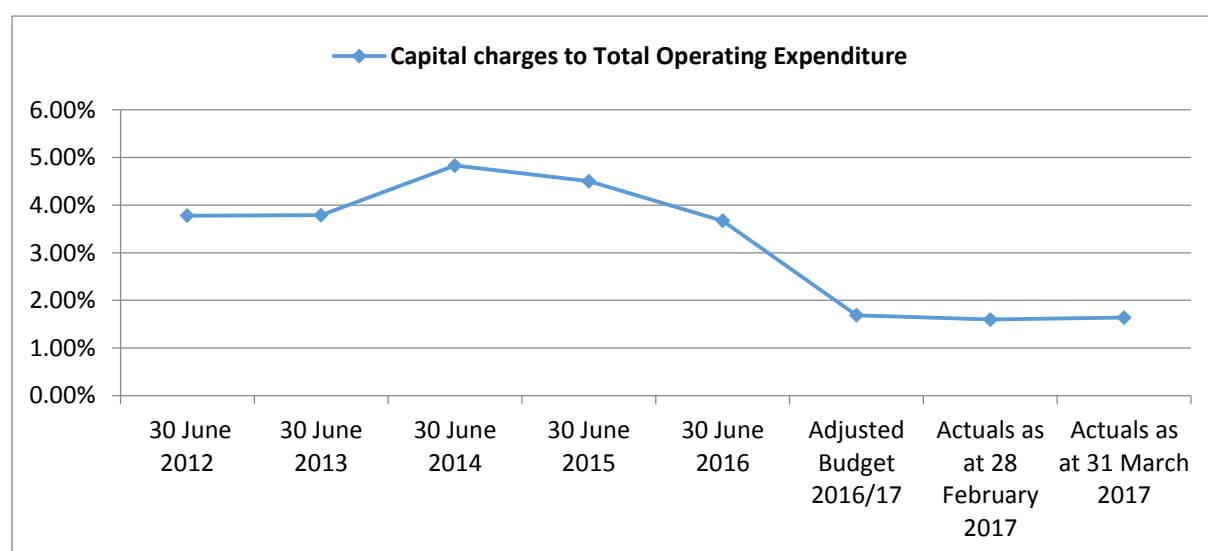
6.1. Borrowing Management

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 1.64% of the Total Operating Expenditure was utilised for capital charges as at 31 March 2017, compared to the adjusted budgeted ratio of 1.69%.



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 2016/17 Operating Budget as no borrowing is planned for the 2016/17 to 2018/19 financial years.

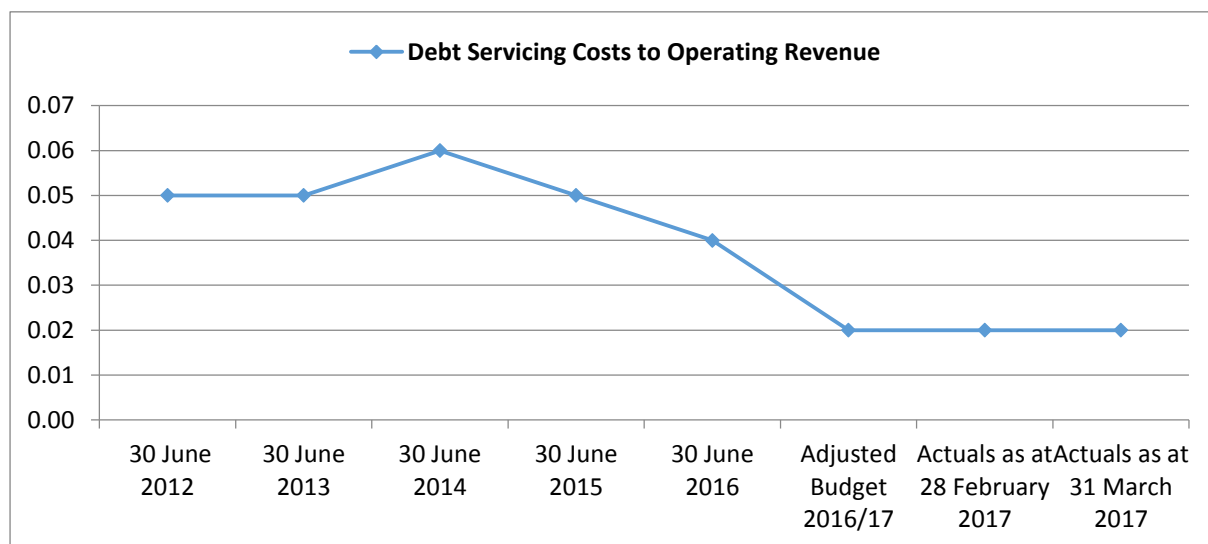
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 March 2017, the ratio was 0.02:1, compared to the budgeted ratio of 0.02:1.



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:

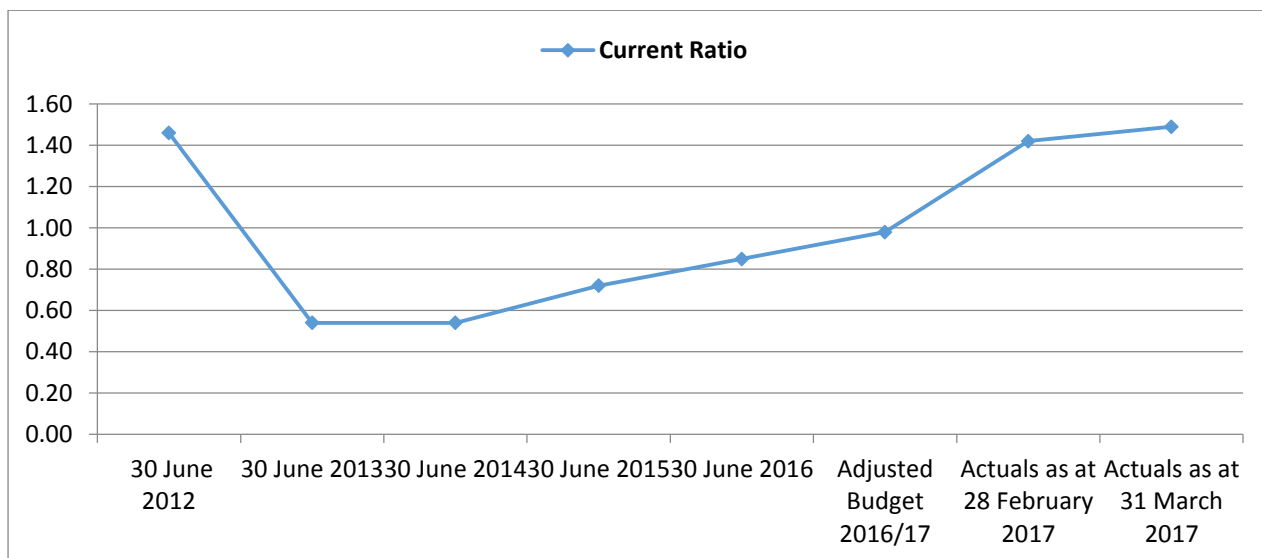
Current assets/Current liabilities

The ratio as at 31 March 2017 was 1.49:1, compared to the adjusted budget ratio of 0.98:1.

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

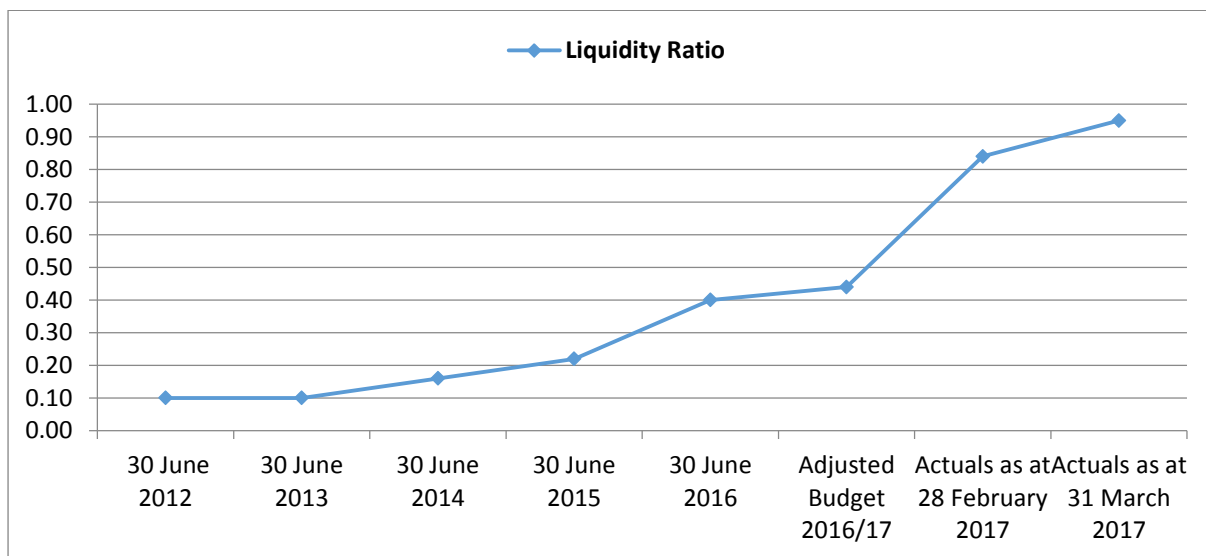
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 March 2017 was 0.95:1, compared to the adjusted budget ratio of 0.44:1.

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

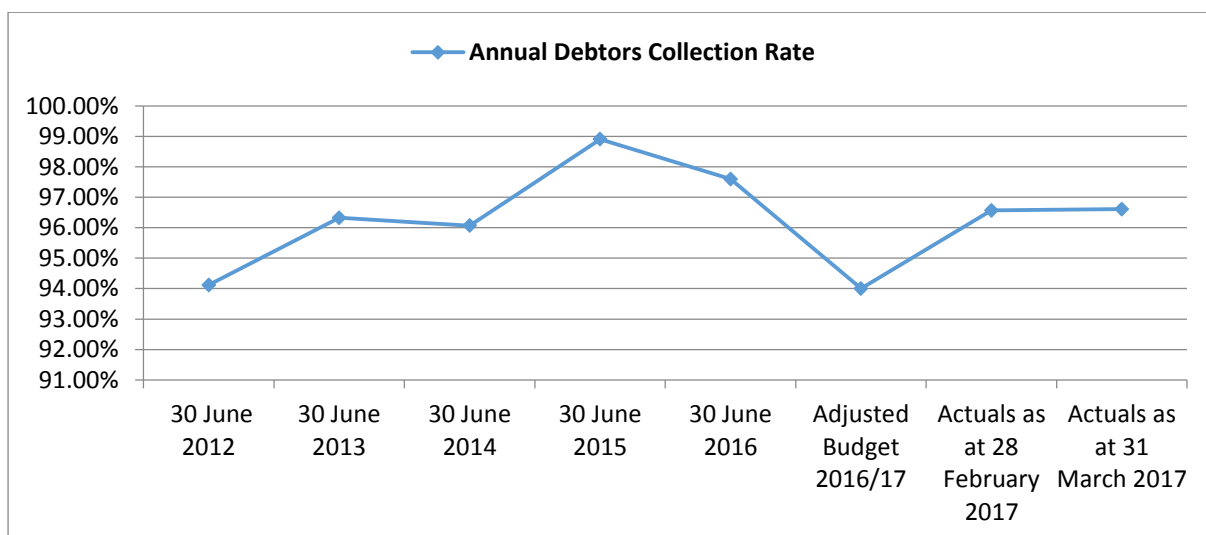
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 March 2017 was 96.61%, compared to the budgeted collection rate of 94%. The collection rates have been calculated, based on the revenue received, 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.

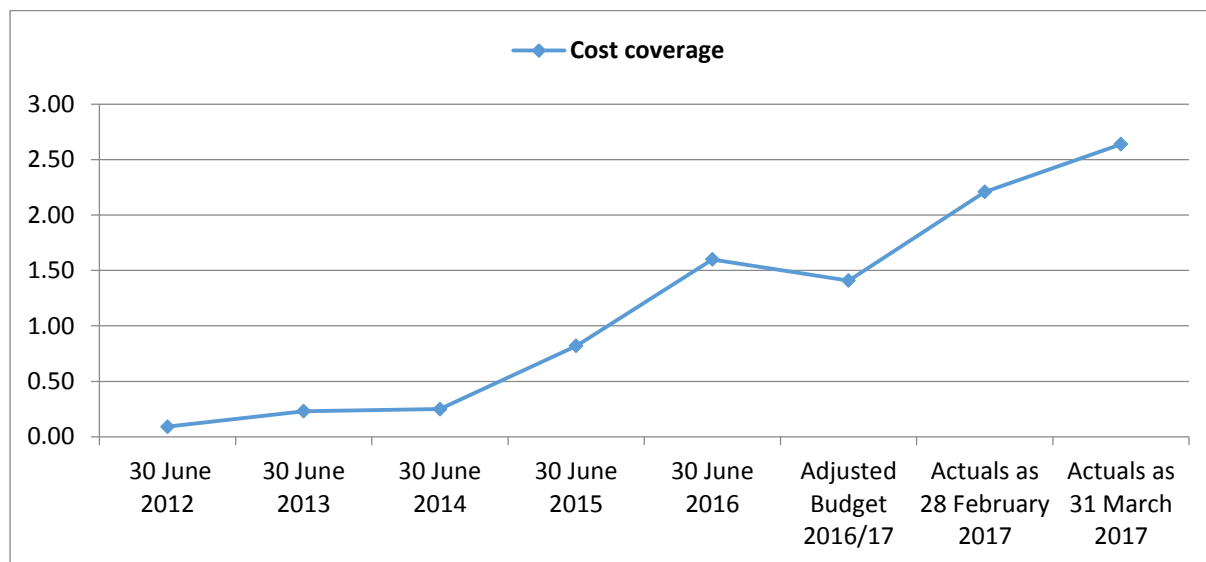
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 March 2017, the Ratio was 2.64 months, compared to the adjusted budget ratio of 1.41 months.

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



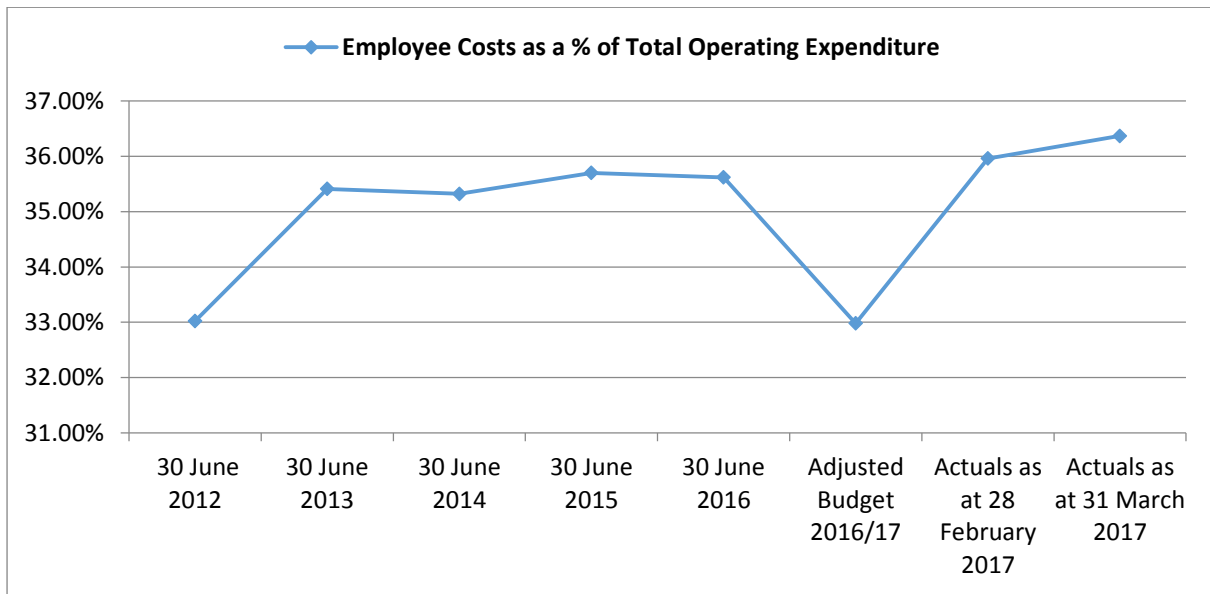
6.4.2. Employee costs as a % of Total Operating Expenditure

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 March 2017, Employee Related Costs constituted 36.37% of the Total Operating Expenditure, compared to the adjusted budget ratio of 32.98%.



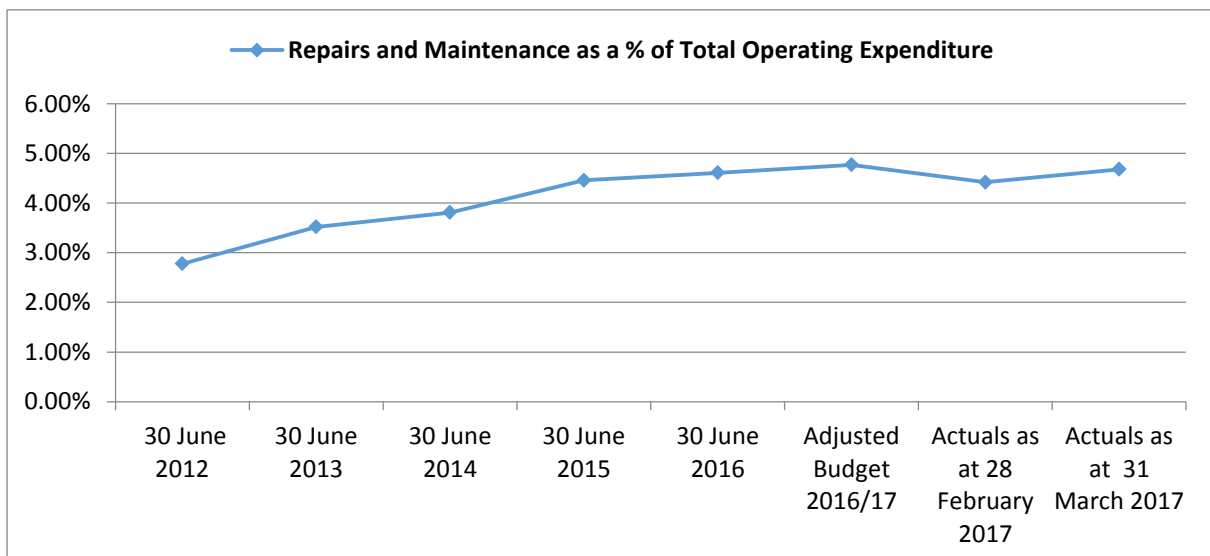
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 March 2017, the ratio was 4.68%, compared to the adjusted budget ratio of 4.77%.



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

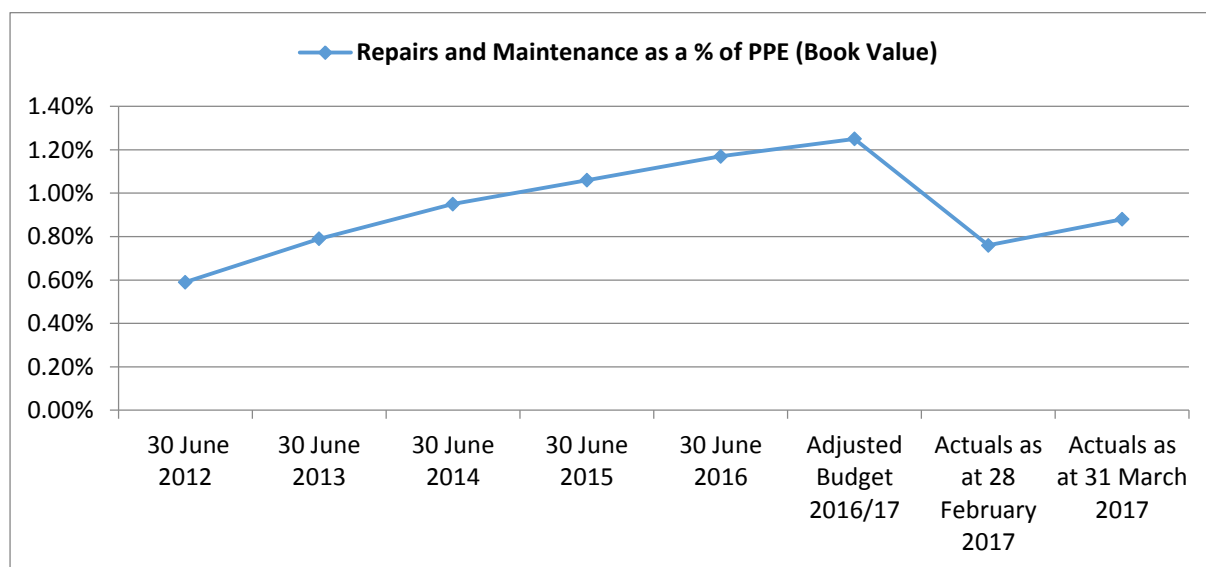
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 March 2017, repairs and maintenance expenditure constituted 0.88% of the book value of PPE, compared to the adjusted budget ratio of 1.25%.

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



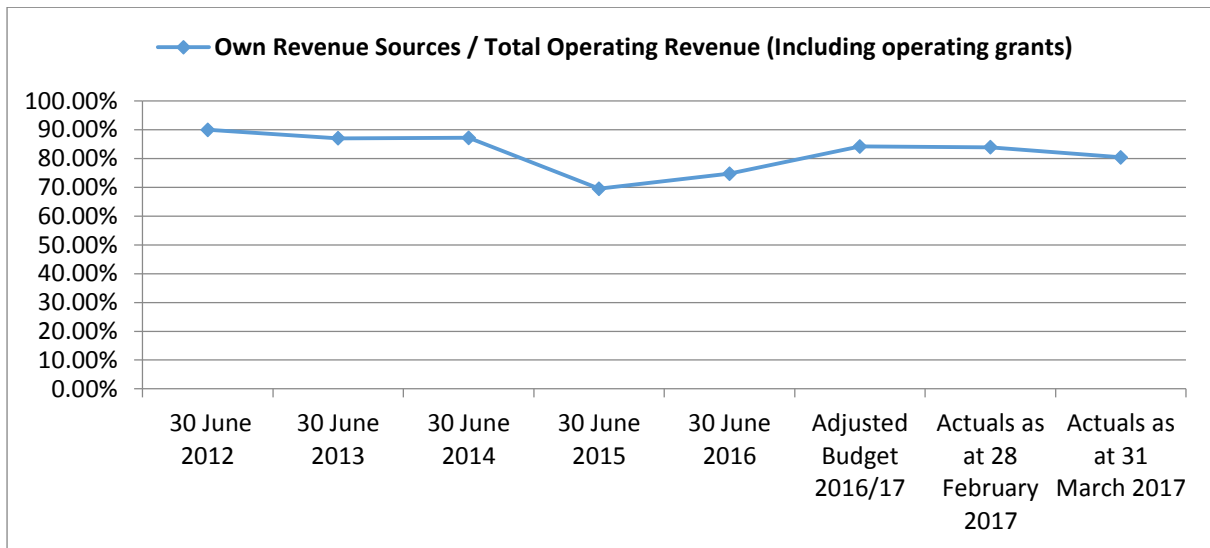
6.4.5. Own Revenue Generation

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 March 2017, the Municipality's own revenue sources constituted 80.43% of its total Operating Income, compared to the budgeted ratio of 84.20%.



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:

$$\text{Actual Capital spending} / \text{Approved Capital Budget}$$

The actual spending as at the end of March 2017 amounted to 30.06%, compared to the budgeted ratio of 95%.

