KOUGA MUNICIPALITY (EC108)

STANDING COMMITTEE

FINANCE, ADMINISTRATION, MONITORING & EVALUATION

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2015 TO JANUARY 2016 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 JANUARY 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 January 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 362,780 million, whilst operating expenditure amounted to R 302,595 million, resulting in an operating surplus of R 60,185 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.

- Capital expenditure constituted 37.92% of the approved 2015/16 Capital budget.
- Overdue consumer debts increased by R 21,560 million (23,07%) since June 2015.
- An amount of R 39,565 million is owing to creditors, of which R 17,420 million (44.03%) represents current creditors.
- The municipality's investment portfolio has increased by R 44,303,459 since June 2015 from R 39,682,179 to R 83,985,638.

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 Dec 2015	Actual as at Jan 2016
Current Ratio	0.54:1	0.54:1	0.86:1	1.34:1	0.93:1
Liquidity Ratio	0.10:1	0.16:1	0.28:1	0.75:1	0.49:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.85 months	1.63 months	1.25 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.06:1	0.04:1	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 period ending 31 January 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 Balance Sheet

i. Outstanding Consumer Debtors

ii. Overview of Creditors position

iii. Investment portfolio

iv. Grants receipts and Expenditure

v. Councillors & Officials allowances & benefits

vi. Key performance Indicators

1.4. RECOMMENDATIONS

It is recommended that:

I. The Executive Mayor and Finance Committee note the monthly budget statements as submitted in terms of Section 71(1) of the Municipal Finance Management Act, and

II. The monthly budget statements accordingly be submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.

Report submitted by

pp. Gordon Olivier

....

Mr S.S. Fadi (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2015 to January 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 Gordon (Act. Director of Administration, Monitoring and Evaluation) ...., 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 Gordon Olivier

pp. Municipal manager of Kouga Local Municipality

Signature

Date 12 February 2016

Annexure "A1"

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

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

	Approved Budget 2015/16	Actuals as at 31 December 2015	% of Budget	Actuals as at 31 January 2016	% of Budget
OPERATING REVENUE	R	R		R	
Propert Rates	146 959 846	91 611 468	62.34%	99 064 517	67.41%
Total Service Charges	368 095 261	155 228 506	42.17%	182 555 161	49.59%
Service charges - electricity	232 428 708	96 903 865	41.69%	113 813 288	48.97%
Service charges - water	54 836 115	21 596 768	39.38%	26 261 814	47.89%
Service charges - sewerage & sanitation	40 235 662	18 694 631	46.46%	21 725 967	54.00%
Service charges - refuse	27 905 361	11 482 079	41.15%	13 392 729	47.99%
Service charges - environmental management	12 689 415	6 551 163	51.63%	7 361 363	58.01%
Rental of Facilities and Equipment	1 398 353	277 719	19.86%	304 641	21.79%
Interest Earned - External Investments	2 077 768	1 492 230	71.82%	2 281 764	109.82%
Interest Earned - Outstanding Debtors	6 245 981	1 009 754	16.17%	1 460 642	23.39%
Fines	1 654 742	1 266 655	76.55%	1 560 778	94.32%
Licences and Permits	10 302 345	3 843 638	37.31%	4 584 370	44.50%
Grants & Subsidies Received - Operating	92 151 087	64 953 172	70.49%	65 253 172	70.81%
Other Revenue	9 854 919	4 941 046	50.14%	5 715 378	58.00%
Total Direct Operating Revenue	**638 740 302**	**324 624 189**	**50.82%**	**362 780 421**	**56.80%**
OPERATING EXPENDITURE					
Employee Related Costs	212 437 084	112 998 862	53.19%	131 078 562	61.70%
Remuneration of Councillors	11 678 390	4 988 296	42.71%	6 123 134	52.43%
Bad Debts	52 020 543	-	0.00%	-	0.00%
Depreciation & Asset Impairment	80 713 788	-	0.00%	-	0.00%
Repairs & Maintenance - Municipal Assets	40 194 853	17 544 658	43.65%	19 400 818	48.27%
Finance Charges - External Borrowings	16 111 720	3 230 668	**20.05%**	4 410 145	**27.37%**
Total Bulk Purchases	200 867 959	99 335 088	49.45%	114 623 310	57.06%
Bulk purchases - electricity	185 525 145	92 412 440	49.81%	106 093 852	57.19%
Bulk purchases - water	15 342 814	6 922 647	45.12%	8 529 458	55.59%
Contracted Services	11 068 659	2 930 261	26.47%	3 619 567	32.70%
General Expenses - Other	64 151 399	19 485 100	30.37%	23 339 240	36.38%
Total Direct Operating Expenditure	**689 244 395**	**260 512 931**	**37.80%**	**302 594 776**	**43.90%**
Surplus/(Deficit)	**-50 504 093**	**64 111 257**		**60 185 645**	

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

The statement of financial performance indicates a surplus of R 60,185,645. 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 December 2015, the Municipality has recognised 62.3% of its property rates revenue, compared to the budget.

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

Rental of Facilities and Equipment

Rental of facilities and equipment relates to the rental of municipal caravan parks, municipal houses/buildings and community halls.

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 amount as at 31 December 2015 was below what was anticipated and requires adjustment.

Fines

The fines revenue largely relates to traffic fines collection, which has seen an improvement, compared to the budgeted amount. This revenue stream should be adjusted, in line with the current collection performance levels.

Licences & Permits

Licences and permits are influenced by the extent of vehicle licencing and registration.

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.

Finance Charges – External Borrowing

Finance charges relate to the interest paid on borrowing only.

Contracted Services

The contracted services relate to cell phone contracts, insurance contract on municipal assets, rental of photocopy machines, etc. The municipality is in the process of appointing new service providers for cell phones, data cards and insurance on municipal assets.

Repairs and Maintenance

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

Directorate	Approved Budget 2015/16	Actuals as at 31 December 2015	% of Budget	Actuals as at 31 January 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	1,147,744	262,561	22.9	315,167	27.46
Finance	648,162	98,412	15.2	113,163	17.45
Social Services	9,788,941	3,273,299	33.4	4,224,274	43.15
Infrastructure, Planning & Development	28,183,109	13,559,509	48.1	14,397,364	51.09
LED, Tourism & Industries	426,898	350,877	82.2	350,877	82.19
Total	**40,194,854**	**17,544,658**	**43.6**	**19,400,818**	**48,27**

It is to be noted that actual repairs and maintenance expenditure constituted 48.27% of the approved 2015/16 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 Budget.

Directorate	Approved Budget 2015/16	Actuals as at 31 December 2015	% of Budget	Actuals as at 31 January 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	500,000	78,216	15.6	78,216	15.64
Finance	145,000	83,890	57.8	83,890	57.85
Social Services	18,754,000	3,228,440	17.2	3,792,181	20.22
Infrastructure, Planning & Development	42,608,000	18,748,343	44.0	20,134,588	47.26
LED, Tourism & Industries	1,563,000	17,362	1.1	17,362	1.11
Total	**63,570,000**	**22,156,251**	**34.9**	**24,106,238**	**37.92**
Source of Funding	**Approved Budget 2015/16**	**Actuals as at 31 December 2015**	**% of Budget**	**Actuals as at 31 January 2016**	**% of Budget**
	R	R		R	
Internally Generated Funding	30,210,000	5,560,370	18.4	6,026,877	19.95
Government Grants	33,360,000	16,595,881	49.7	18,079,361	54.19
Total	**63,570,000**	**22,156,251**	**34.9**	**24,106,238**	**37.92**

It is to be noted that an amount of R 24,106,238 has been spent as at 31 January 2015, compared to the approved capital budget of R 63,570,000. This represents a spending performance of 37.92% relating to the approved Capital Budget.

PROJECTED CASH FLOW STATEMENT FOR THE 2015/16 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 January 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 – M07 January 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
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595		8 797	92 114	83 181	8 934	11%	142 595
Service charges		293 108	320 439		23 759	166 072	186 923	(20 851)	-11%	320 439
Other revenue		17 296	23 210		9 088	79 497	13 539	65 958	487%	23 210
Government - operating		147 214	92 151			64 804	53 755	11 049	21%	92 151
Government - capital		44 067	33 360		1 667	55 048	19 460	35 588	183%	33 360
Interest		2 430	8 324		378	3 647	4 856	(1 209)	-25%	8 324
Dividends						–	–	–		–
Payments										
Suppliers and employees		(474 900)	(540 398)		(49 434)	(385 100)	(315 232)	69 868	-22%	(540 398)
Finance charges		(7 131)	(16 112)		(463)	(3 415)	(9 399)	(5 984)	64%	(16 112)
Transfers and Grants						–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		144 279	63 570	–	(6 208)	72 667	37 082	(35 585)	-96%	63 570
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
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								–		–
Payments										
Capital assets		(116 735)	(63 570)		(192)	(20 975)	(37 083)	(16 107)	43%	(63 570)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(116 484)	(63 570)	–	(192)	(20 975)	(37 083)	(16 107)	43%	(63 570)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		–
Borrowing long term/refinancing								–		–
Increase (decrease) in consumer deposits								–		–
Payments										
Repayment of borrowing		(16 864)	–		(927)	(7 388)	–	7 388	#DIV/0!	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(16 864)	–	–	(927)	(7 388)	–	7 388	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD		10 931	(0)	–	(7 327)	44 303	(0)			(0)
Cash/cash equivalents at beginning:		28 751				39 682	–			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	–		83 986	(0)			39 682

The significant variances are discussed below:

Receipts:

Government - Capital

The government – capital receipts include unbudgeted grants from the Department of Human Settlements for housing developments (R 28,304,347) and from the Department of Water Affairs for the Accelerated Community Infrastructure Programme (R 1,517,493).

Annexure "A4"

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 January 2016 and are to be noted by Council. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M07 January 2016

Description	2014/15	Budget Year 2015/16							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	128 580	146 960	–	7 453	99 065	85 727	13 338	16%	146 960
Service charges	301 052	368 095	–	27 274	182 555	214 722	(32 167)	-15%	368 095
Investment revenue	2 430	2 078	–	790	2 282	1 212	1 070	88%	2 078
Transfers recognised - operational	77 540	92 151	–	300	65 253	53 755	11 498	21%	92 151
Other own revenue	33 407	29 456	–	2 331	13 626	17 183	(3 557)	-21%	29 456
Total Revenue (excluding capital transfers and contributions)	**543 009**	**638 741**	**–**	**38 148**	**362 780**	**372 599**	**(9 818)**	**-3%**	**638 741**
Employee costs	212 826	212 437	–	18 080	131 079	123 922	7 157	6%	212 437
Remuneration of Councillors	9 757	11 678	–	1 135	6 123	6 812	(689)	-10%	11 678
Depreciation & asset impairment	81 944	80 714	–	–	–	47 083	(47 083)	-100%	80 714
Finance charges	7 131	16 112	–	1 179	4 410	9 399	(4 988)	-53%	16 112
Materials and bulk purchases	170 528	200 868	–	15 288	114 623	117 173	(2 550)	-2%	200 868
Transfers and grants	–	–	–	–	–	–	–		–
Other expenditure	96 669	167 435	–	7 409	46 360	97 671	(51 311)	-53%	167 435
Total Expenditure	**578 855**	**689 244**	**–**	**43 091**	**302 595**	**402 059**	**(99 464)**	**-25%**	**689 244**
Surplus/(Deficit)	**(35 847)**	**(50 504)**	**–**	**(4 944)**	**60 186**	**(29 461)**	**89 646**	**-304%**	**(50 504)**
Transfers recognised - capital	127 072	–	–	–	–	–	–		–
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**91 225**	**(50 504)**	**–**	**(4 944)**	**60 186**	**(29 461)**	**89 646**	**-304%**	**(50 504)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**–**	**(4 944)**	**60 186**	**(29 461)**	**89 646**	**-304%**	**(50 504)**
Capital expenditure & funds sources									
Capital expenditure	**116 735**	**63 570**	**–**	**192**	**24 106**	**37 083**	**(12 976)**	**-35%**	**63 570**
Capital transfers recognised	110 055	33 360	–	142	18 079	19 460	(1 381)	-7%	33 360
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**6 680**	**30 210**	**–**	**50**	**6 027**	**17 623**	**(11 596)**	**-66%**	**30 210**
Total sources of capital funds	**116 735**	**63 570**	**–**	**192**	**24 106**	**37 083**	**(12 976)**	**-35%**	**63 570**
Financial position									
Total current assets	123 256	86 234	–		158 810				86 234
Total non current assets	2 452 493	2 649 759	–		2 408 320				2 649 759
Total current liabilities	143 818	144 257	–		170 516				144 257
Total non current liabilities	160 792	159 543	–		176 778				159 543
Community wealth/Equity	**2 271 139**	**2 432 193**	**–**		**2 219 835**				**2 432 193**
Cash flows									
Net cash from (used) operating	144 279	63 570	–	(6 208)	72 667	37 082	(35 585)	-96%	63 570
Net cash from (used) investing	(116 484)	(63 570)	–	(192)	(20 975)	(37 083)	(16 107)	43%	(63 570)
Net cash from (used) financing	(16 864)	–	–	(927)	(7 388)	–	7 388	#DIV/0!	–
Cash/cash equivalents at the month/year end	**39 682**	**(0)**	**–**	**–**	**83 986**	**(0)**	**(83 986)**	**########**	**39 682**

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	23 462	4 215	3 443	4 046	14 267	–	10 779	70 726	130 936
Creditors Age Analysis									
Total Creditors	17 420	555	1 123	668	1 443	355	2 650	15 351	39 565

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) – M07 January 2016

Description	Ref	2014/15	Budget Year 2015/16							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Standard										
Governance and administration		**210 531**	**241 451**	**–**	**8 836**	**165 434**	**140 847**	24 587	17%	**241 451**
Executive and council		468	–	–	–	34	–	34	#DIV/0!	–
Budget and treasury office		209 162	240 876	–	8 802	165 021	140 511	24 510	17%	240 876
Corporate services		900	575	–	34	379	335	44	13%	575
Community and public safety		**16 527**	**20 413**	**–**	**1 674**	**11 977**	**11 907**	70	1%	**20 413**
Community and social services		7 373	8 829	–	585	6 233	5 150	1 083	21%	8 829
Sport and recreation		4	669	–	–	7	390	(384)	-98%	669
Public safety		9 150	10 914	–	1 089	5 737	6 367	(630)	-10%	10 914
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**17 772**	**21 471**	**–**	**1 446**	**12 077**	**12 525**	(447)	-4%	**21 471**
Planning and development		4 364	7 014	–	373	1 804	4 091	(2 287)	-56%	7 014
Road transport		–	–	–	–	–	–	–		–
Environmental protection		13 407	14 457	–	1 073	10 273	8 433	1 840	22%	14 457
Trading services		**425 251**	**355 406**	**–**	**29 467**	**194 522**	**207 320**	(12 798)	-6%	**355 406**
Electricity		193 801	232 429	–	17 304	115 617	135 583	(19 967)	-15%	232 429
Water		127 761	54 836	–	5 727	33 374	31 988	1 386	4%	54 836
Waste water management		81 954	40 236	–	3 585	25 575	23 471	2 104	9%	40 236
Waste management		21 736	27 905	–	2 852	19 956	16 278	3 678	23%	27 905
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Total Revenue - Standard	2	**670 080**	**638 741**	**–**	**41 423**	**384 010**	**372 599**	**11 412**	**3%**	**638 741**
Expenditure - Standard										
Governance and administration		**130 624**	**124 367**	**–**	**7 446**	**52 808**	**72 547**	(19 740)	-27%	**124 367**
Executive and council		23 803	30 530	–	2 354	13 221	17 809	(4 588)	-26%	30 530
Budget and treasury office		66 651	53 820	–	2 454	19 335	31 395	(12 060)	-38%	53 820
Corporate services		40 170	40 016	–	2 638	20 251	23 343	(3 092)	-13%	40 016
Community and public safety		**81 887**	**88 352**	**–**	**6 960**	**48 096**	**51 539**	(3 443)	-7%	**88 352**
Community and social services		48 635	49 705	–	3 750	26 768	28 995	(2 227)	-8%	49 705
Sport and recreation		522	593	–	45	334	346	(12)	-3%	593
Public safety		29 074	33 897	–	2 956	19 366	19 773	(407)	-2%	33 897
Housing		3 656	4 156	–	210	1 628	2 424	(797)	-33%	4 156
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**96 843**	**100 935**	**–**	**4 417**	**32 121**	**58 879**	(26 758)	-45%	**100 935**
Planning and development		90 551	88 132	–	3 603	26 201	51 410	(25 209)	-49%	88 132
Road transport		–	–	–	–	–	–	–		–
Environmental protection		6 292	12 803	–	814	5 919	7 469	(1 549)	-21%	12 803
Trading services		**269 500**	**375 590**	**–**	**27 543**	**190 801**	**219 094**	(28 293)	-13%	**375 590**
Electricity		179 017	234 329	–	15 922	120 448	136 692	(16 244)	-12%	234 329
Water		35 450	61 681	–	4 523	29 194	35 981	(6 787)	-19%	61 681
Waste water management		31 045	42 709	–	3 580	18 757	24 914	(6 157)	-25%	42 709
Waste management		23 988	36 871	–	3 518	22 402	21 508	894	4%	36 871
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Total Expenditure - Standard	3	**578 855**	**689 244**	**–**	**46 367**	**323 825**	**402 059**	**(78 234)**	**-19%**	**689 244**
Surplus/ (Deficit) for the year		**91 225**	**(50 504)**	**–**	**(4 944)**	**60 186**	**(29 461)**	**89 646**	**-304%**	**(50 504)**

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 – M07 January 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
R thousands								%	
Revenue by Vote									
Vote 1 - Executive & Council	468	–	–	–	34	–	34	#DIV/0!	–
Vote 2 - Financial Services	209 078	240 876	–	8 810	165 037	140 511	24 526	17.5%	240 876
Vote 3 - Administration, Monitoring & Evaluation	511	1 455	–	0	65	849	(783)	-92.3%	1 455
Vote 4 - Led, Tourism & Creative Industries	–	(60)	–	–	100	(35)	135	-385.7%	(60)
Vote 5 - Infrastructure, Planning & Development 1	198 638	238 622	–	17 703	117 618	139 196	(21 578)	-15.5%	238 622
Vote 6 - Infrastructure, Planning & Development 2	209 715	95 072	–	9 311	58 949	55 459	3 491	6.3%	95 072
Vote 7 - Social Services 1	7 362	7 117	–	454	4 909	4 151	757	18.2%	7 117
Vote 8 - Social Services 2	44 307	55 659	–	5 145	37 297	32 467	4 830	14.9%	55 659
Total Revenue by Vote	**670 080**	**638 741**	**–**	**41 423**	**384 010**	**372 599**	**11 412**	**3.1%**	**638 741**
Expenditure by Vote									
Vote 1 - Executive & Council	23 803	30 530	–	2 354	13 221	17 809	(4 588)	-25.8%	30 530
Vote 2 - Financial Services	70 914	59 716	–	2 856	22 623	34 834	(12 211)	-35.1%	59 716
Vote 3 - Administration, Monitoring & Evaluation	28 873	28 886	–	2 014	15 135	16 850	(1 715)	-10.2%	28 886
Vote 4 - Led, Tourism & Creative Industries	14 901	8 890	–	680	4 869	5 186	(317)	-6.1%	8 890
Vote 5 - Infrastructure, Planning & Development 1	265 356	324 742	–	19 277	145 236	189 433	(44 197)	-23.3%	324 742
Vote 6 - Infrastructure, Planning & Development 2	66 495	104 391	–	8 103	47 951	60 895	(12 943)	-21.3%	104 391
Vote 7 - Social Services 1	26 684	33 436	–	2 400	18 349	19 504	(1 155)	-5.9%	33 436
Vote 8 - Social Services 2	81 828	98 413	–	8 683	56 431	57 408	(977)	-1.7%	98 413
Vote 9 - Social Services 3	–	240	–	–	9	140	(131)	-93.5%	240
Total Expenditure by Vote	**578 855**	**689 244**	**–**	**46 367**	**323 825**	**402 059**	**(78 234)**	**-19.5%**	**689 244**
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**–**	**(4 944)**	**60 186**	**(29 461)**	**89 646**	**-304.3%**	**(50 504)**

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) – M07 January 2016

Description	Ref	2014/15	Budget Year 2015/16							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		128 580	146 960		7 453	99 065	85 727	13 338	16%	146 960
Property rates - penalties & collection charges			–					–		–
Service charges - electricity revenue		188 971	232 429		16 857	113 813	135 583	(21 770)	-16%	232 429
Service charges - water revenue		44 341	54 836		4 665	26 262	31 988	(5 726)	-18%	54 836
Service charges - sanitation revenue		33 783	40 236		3 031	21 726	23 471	(1 745)	-7%	40 236
Service charges - refuse revenue		21 637	27 905		1 911	13 393	16 278	(2 885)	-18%	27 905
Service charges - other		12 320	12 689		810	7 361	7 402	(41)	-1%	12 689
Rental of facilities and equipment		1 395	1 398		27	305	816	(511)	-63%	1 398
Interest earned - external investments		2 430	2 078		790	2 282	1 212	1 070	88%	2 078
Interest earned - outstanding debtors		3 926	6 246		451	1 461	3 643	(2 183)	-60%	6 246
Dividends received								–		–
Fines		1 737	1 655		292	1 561	965	596	62%	1 655
Licences and permits		6 503	10 302		787	4 584	6 010	(1 425)	-24%	10 302
Agency services								–		–
Transfers recognised - operational		77 540	92 151		300	65 253	53 755	11 498	21%	92 151
Other revenue		19 710	9 855		774	5 715	5 749	(34)	-1%	9 855
Gains on disposal of PPE		137						–		–
Total Revenue (excluding capital transfers and contributions)		543 009	638 741	–	38 148	362 780	372 599	(9 818)	-3%	638 741
Expenditure By Type										
Employee related costs		212 826	212 437		18 080	131 079	123 922	7 157	6%	212 437
Remuneration of councillors		9 757	11 678		1 135	6 123	6 812	(689)	-10%	11 678
Debt impairment		17 308	52 021		–	–	30 345	(30 345)	-100%	52 021
Depreciation & asset impairment		81 944	80 714		–	–	47 083	(47 083)	-100%	80 714
Finance charges		7 131	16 112		1 179	4 410	9 399	(4 988)	-53%	16 112
Bulk purchases		170 528	200 868		15 288	114 623	117 173	(2 550)	-2%	200 868
Other materials					–	–	–	–		–
Contracted services			11 069		614	3 620	6 457	(2 837)	-44%	11 069
Transfers and grants					–	–	–	–		–
Other expenditure		79 361	104 346		6 795	42 740	60 869	(18 129)	-30%	104 346
Loss on disposal of PPE								–		–
Total Expenditure		578 855	689 244	–	43 091	302 595	402 059	(99 464)	-25%	689 244
Surplus/(Deficit)		(35 847)	(50 504)	–	(4 944)	60 186	(29 461)	89 646	(0)	(50 504)
Transfers recognised - capital		127 072						–		
Contributions recognised - capital								–		
Contributed assets								–		
Surplus/(Deficit) after capital transfers & contributions		91 225	(50 504)	–	(4 944)	60 186	(29 461)			(50 504)
Taxation								–		
Surplus/(Deficit) after taxation		91 225	(50 504)	–	(4 944)	60 186	(29 461)			(50 504)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		91 225	(50 504)	–	(4 944)	60 186	(29 461)			(50 504)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		91 225	(50 504)	–	(4 944)	60 186	(29 461)			(50 504)

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) – M07 January 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
R thousands								%	
Single Year expenditure appropriation									
Vote 1 - Executive & Council	1 698	500	–	–	30	292	(262)	-90%	500
Vote 2 - Financial Services	1 647	145	–	44	84	85	(1)	-1%	145
Vote 3 - Administration, Monitoring & Evaluation	394	–	–	–	49	–	49	#DIV/0!	–
Vote 4 - Led, Tourism & Creative Industries	175	1 563	–	–	17	912	(894)	-98%	1 563
Vote 5 - Infrastructure, Planning & Development 1	1 211	10 100	–	–	846	5 892	(5 045)	-86%	10 100
Vote 6 - Infrastructure, Planning & Development 2	104 027	32 508	–	142	19 288	18 963	325	2%	32 508
Vote 7 - Social Services 1	893	3 515	–	5	1 015	2 050	(1 036)	-51%	3 515
Vote 8 - Social Services 2	6 690	15 209	–	–	2 777	8 872	(6 095)	-69%	15 209
Vote 9 - Social Services 3	–	30	–	–	–	18	(18)	-100%	30
Total Capital single-year expenditure	**116 735**	**63 570**	**–**	**192**	**24 106**	**37 083**	**(12 976)**	**-35%**	**63 570**
Total Capital Expenditure	**116 735**	**63 570**	**–**	**192**	**24 106**	**37 083**	**(12 976)**	**-35%**	**63 570**
Capital Expenditure - Standard Classification									
Governance and administration	**3 838**	**645**	**–**	**44**	**162**	**376**	(214)	-57%	**645**
Executive and council	1 698	500		–	30	292	(262)	-90%	500
Budget and treasury office	1 456	115		44	81	67	13	20%	115
Corporate services	684	30		–	52	18	35	198%	30
Community and public safety	**7 517**	**15 689**	**–**	**5**	**3 348**	**9 152**	(5 804)	-63%	**15 689**
Community and social services	776	2 115		5	966	1 234	(267)	-22%	2 115
Sport and recreation	6 157	11 149		–	2 169	6 504	(4 335)	-67%	11 149
Public safety	487	2 425		–	208	1 415	(1 207)	-85%	2 425
Housing	97	–			4	0	4	425315%	–
Health	–	–				–	–		–
Economic and environmental services	**849**	**4 628**	**–**	**–**	**466**	**2 700**	(2 234)	-83%	**4 628**
Planning and development	754	1 463		–	17	853	(836)	-98%	1 463
Road transport	–	–		–	–	–	–		–
Environmental protection	96	3 165		–	449	1 846	(1 398)	-76%	3 165
Trading services	**104 530**	**42 608**	**–**	**142**	**20 135**	**24 855**	(4 720)	-19%	**42 608**
Electricity	436	10 100		–	846	5 892	(5 045)	-86%	10 100
Water	30 008	–		–	3 294	–	3 294	#DIV/0!	–
Waste water management	74 020	32 508		142	15 994	18 963	(2 969)	-16%	32 508
Waste management	67	–		–	–	–	–		–
Other		–				–	–		–
Total Capital Expenditure - Standard Classification	**116 735**	**63 570**	**–**	**192**	**24 110**	**37 083**	**(12 972)**	**-35%**	**63 570**
Funded by:									
National Government	110 055	33 360		142	18 079	19 460	(1 381)	-7%	33 360
Provincial Government		–					–		–
District Municipality		–					–		–
Other transfers and grants		–					–		–
Transfers recognised - capital	**110 055**	**33 360**	**–**	**142**	**18 079**	**19 460**	**(1 381)**	**-7%**	**33 360**
Public contributions & donations		–					–		–
Borrowing		–					–		–
Internally generated funds	6 680	30 210		50	6 027	17 623	(11 596)	-66%	30 210
Total Capital Funding	**116 735**	**63 570**	**–**	**192**	**24 106**	**37 083**	**(12 976)**	**-35%**	**63 570**

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 – M07 January 2016

Description	Ref	2014/15	Budget Year 2015/16			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash		2 896	–		5 180	–
Call investment deposits		36 786	10 000		78 805	10 000
Consumer debtors		43 579	59 006		47 548	59 006
Other debtors		35 671	12 658		22 947	12 658
Current portion of long-term receivables		8	–		8	–
Inventory		4 317	4 571		4 321	4 571
Total current assets		**123 256**	**86 234**	**–**	**158 810**	**86 234**
Non current assets						
Long-term receivables		171	192		171	192
Investments			–			–
Investment property		61 824	64 175		61 824	64 175
Investments in Associate			–			–
Property, plant and equipment		2 390 315	2 585 217		2 346 142	2 585 217
Agricultural			–			–
Biological assets			–			–
Intangible assets		183	175		183	175
Other non-current assets			–			–
Total non current assets		**2 452 493**	**2 649 759**	**–**	**2 408 320**	**2 649 759**
TOTAL ASSETS		**2 575 749**	**2 735 993**	**–**	**2 567 129**	**2 735 993**
LIABILITIES						
Current liabilities						
Bank overdraft			–			–
Borrowing		10 870	3 379		10 870	3 379
Consumer deposits		8 593	8 551		8 384	8 551
Trade and other payables		94 474	100 231		121 381	100 231
Provisions		29 882	32 095		29 882	32 095
Total current liabilities		**143 818**	**144 257**	**–**	**170 516**	**144 257**
Non current liabilities						
Borrowing		49 637	53 963		65 623	53 963
Provisions		111 155	105 580		111 155	105 580
Total non current liabilities		**160 792**	**159 543**	**–**	**176 778**	**159 543**
TOTAL LIABILITIES		**304 610**	**303 800**	**–**	**347 294**	**303 800**
NET ASSETS	2	**2 271 139**	**2 432 193**	**–**	**2 219 835**	**2 432 193**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 271 139	2 432 193		2 219 835	2 432 193
Reserves			–			–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 271 139**	**2 432 193**	**–**	**2 219 835**	**2 432 193**

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 – M07 January 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
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595		8 797	92 114	83 181	8 934	11%	142 595
Service charges		293 108	320 439		23 759	166 072	186 923	(20 851)	-11%	320 439
Other revenue		17 296	23 210		9 088	79 497	13 539	65 958	487%	23 210
Government - operating		147 214	92 151			64 804	53 755	11 049	21%	92 151
Government - capital		44 067	33 360		1 667	55 048	19 460	35 588	183%	33 360
Interest		2 430	8 324		378	3 647	4 856	(1 209)	-25%	8 324
Dividends						–	–	–		–
Payments										
Suppliers and employees		(474 900)	(540 398)		(49 434)	(385 100)	(315 232)	69 868	-22%	(540 398)
Finance charges		(7 131)	(16 112)		(463)	(3 415)	(9 399)	(5 984)	64%	(16 112)
Transfers and Grants						–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		144 279	63 570	–	(6 208)	72 667	37 082	(35 585)	-96%	63 570
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
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								–		–
Payments										
Capital assets		(116 735)	(63 570)		(192)	(20 975)	(37 083)	(16 107)	43%	(63 570)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(116 484)	(63 570)	–	(192)	(20 975)	(37 083)	(16 107)	43%	(63 570)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		–
Borrowing long term/refinancing								–		–
Increase (decrease) in consumer deposits								–		–
Payments										
Repayment of borrowing		(16 864)	–		(927)	(7 388)	–	7 388	#DIV/0!	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(16 864)	–	–	(927)	(7 388)	–	7 388	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD		10 931	(0)	–	(7 327)	44 303	(0)			(0)
Cash/cash equivalents at beginning:		28 751				39 682	–			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	–		83 986	(0)			39 682

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 January 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
Debtors Age Analysis By Income Source									
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)
Total By Income Source	**22 330**	**3 943**	**3 063**	**2 519**	**1 940**	**1 779**	**18 050**	**62 170**	**115 794**
									-
Debtors Age Analysis By Customer Group									
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
Total By Customer Group	**22 330**	**3 943**	**3 063**	**2 519**	**1 940**	**1 779**	**18 050**	**62 170**	**115 794**

Debtors' Age Analysis (Inclusive of VAT) as at 31 January 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
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	4 832	1 721	1 005	745	851	2 379	3 529	17 410	32 471
Trade and Other Receivables from Exchange Transactions - Electricity	15 304	2 734	1 167	633	612	1 629	976	7 491	30 545
Receivables from Non-exchange Transactions - Property Rates	6 213	1 332	812	549	932	4 233	3 123	22 067	39 260
Receivables from Exchange Transactions - Waste Water Management	3 078	874	658	413	582	1 050	1 613	7 830	16 098
Receivables from Exchange Transactions - Waste Management	1 905	760	484	396	1 373	507	2 165	9 959	17 548
Receivables from Exchange Transactions - Property Rental Debtors									–
Interest on Arrear Debtor Accounts									–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									–
Other	(11 366)	365	230	199	6 530	103	1 506	1 499	(933)
Total By Income Source	**19 965**	**7 786**	**4 356**	**2 935**	**10 880**	**9 900**	**12 912**	**66 255**	**134 989**
									–
Debtors Age Analysis By Customer Group									
Organs of State	334	391	231	183	390	289	110	1 395	3 324
Commercial	5 162	1 148	422	208	1 008	908	1 218	831	10 907
Households	14 469	6 247	3 703	2 544	9 481	8 702	11 584	64 028	120 759
Other									–
Total By Customer Group	**19 965**	**7 786**	**4 356**	**2 935**	**10 880**	**9 900**	**12 912**	**66 255**	**134 989**

The aforementioned analysis indicates that from 30 June 2015 to 31 January 2016, the overdue debts have increased from R 93,464 million to R 115,024 million as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-15**	**31-Jan-16**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	18 986	27 639	8 653
Trade and Other Receivables from Exchange Transactions - Electricity	9 694	15 241	5 547
Receivables from Non-exchange Transactions - Property Rates	24 139	33 048	8 908
Receivables from Exchange Transactions - Waste Water Management	8 992	13 020	4 028
Receivables from Exchange Transactions - Waste Management	11 457	15 643	4 186
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	10 434	2 213
Total By Income Source	**93 464**	**115 024**	**21 560**
		–	
Debtors Age Analysis By Customer Group		–	
Organs of State	146	2 990	2 844
Commercial	250	5 745	5 495
Households	90 178	106 289	16 111
Other	2 890	–	(2 890)
Total By Customer Group	**93 464**	**115 024**	**21 560**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2015/16								
R thousands	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
Creditors Age Analysis By Customer Type									
Bulk Electricity	15 172	–	–	–	–	–	–	–	15 172
Bulk Water	–	–	–	(74)	–	–	106	(183)	(151)
PAYE deductions	–	–	–	–	–	–	–	–	–
VAT (output less input)	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	–	–	–	–	–	–	–	–	–
Loan repay ments	–	–	–	–	–	–	–	–	–
Trade Creditors	2 249	555	364	127	824	8	1 250	15 534	20 911
Auditor General	–	–	759	615	619	347	1 294	–	3 634
Other	–	–	–	–	–	–	–	–	–
Total By Customer Type	**17 420**	**555**	**1 123**	**668**	**1 443**	**355**	**2 650**	**15 351**	**39 565**

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

Department of Transport	R 16,184 million
Eskom	R 15,172 million
Office of the Auditor – General	R 3,634 million
Other Creditors	R 4,575 million
Total	**R 39,565 million**

3. Investment Portfolio

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

	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 31 January 2016
	R	R	R	R	R	R
Absa	809 097	-	16 954	-	320	825 731
Nedbank	222 722	-	12 292	-	-	235 013
RMB	35 754 564	125 643 746	2 360 902	86 014 554	-	77 744 658
Total	**36 786 383**	**125 643 746**	**2 390 148**	**86 014 554**	**320**	**78 805 402**
Investments by Type	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 31 January 2016
	R	R	R	R	R	R
General Account	26 241 099	82 304 037	1 627 785	60 313 173	320	49 859 428
Collateral	295 393	-	14 285	-	-	309 678
Conditional Grants	8 270 347	28 165 998	495 319	16 098 460	-	20 833 204
Housing Funds	87 839	14 973 711	192 564	9 402 921	-	5 851 193
Investment FNB	1 891 706	200 000	60 195	200 000	-	1 951 901
Total	**36 786 383**	**125 643 746**	**2 390 148**	**86 014 554**	**320**	**78 805 403**
Bank balance	2 895 796	2 284 439	-	-	-	5 180 235
Total	**39 682 179**	**127 928 185**	**2 390 148**	**86 014 554**	**320**	**83 985 638**

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M07 January 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								%	
RECEIPTS:									
Operating Transfers and Grants									
National Government:	69 948	85 629	–	300	64 804	49 950	13 683	27.4%	85 629
Local Government Equitable Share	66 129	82 099			61 574	47 891	13 683	28.6%	82 099
Finance Management	1 600	1 600			1 600	933			1 600
Municipal Systems Improvement	934	930			930	543			930
EPWP Incentive	1 285	1 000		300	700	583			1 000
Total Operating Transfers and Grants	**69 948**	**85 629**	**–**	**300**	**64 804**	**49 950**	**13 683**	**27.4%**	**85 629**
Capital Transfers and Grants									
National Government:	44 067	34 900	–	–	23 559	20 358	1 492	7.3%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800			19 459	17 967	1 492	8.3%	30 800
Integrated National Electrification Programme	3 991	4 100			4 100	2 392			4 100
Total Capital Transfers and Grants	**44 067**	**34 900**	**–**	**–**	**23 559**	**20 358**	**1 492**	**7.3%**	**34 900**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	114 015	120 529	–	300	88 363	70 309	15 175	21.6%	120 529

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M07 January 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								%	
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	69 948	85 629	–	6 996	69 071	49 950	19 120	38.3%	85 629
Local Government Equitable Share	66 129	82 099		6 842	68 416	47 891	20 525	42.9%	82 099
Finance Management	1 600	1 600		31	157	933	(776)	-83.2%	1 600
Municipal Systems Improvement	934	930			–	543	(543)	-100.0%	930
EPWP Incentive	1 285	1 000		122	498	583	(86)	-14.7%	1 000
Total operating expenditure of Transfers and Grants:	69 948	85 629	–	6 996	69 071	49 950	19 120	38.3%	85 629
Capital expenditure of Transfers and Grants									
National Government:	40 077	34 900	–	1 986	13 016	20 358	(7 342)	-36.1%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800		1 986	13 016	17 967	(4 951)	-27.6%	30 800
Integrated National Electrification Programme		4 100		–	–	2 392	(2 392)	-100.0%	4 100
Provincial Government:	–	–	–	–	–	–	–		–
Total capital expenditure of Transfers and Grants	40 077	34 900	–	1 986	13 016	20 358	(7 342)	-36.1%	34 900
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	110 025	120 529	–	8 982	82 087	70 309	11 778	16.8%	120 529

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 January 2016:	R 930,000

As at 31 January 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 157,133
Unspent as at 31 January 2016:	R 1,442,978

The spending of the grant amounted to 9,82% as at 31 January 2016. The Municipality currently has one finance intern as the others were permanently appointed in July 2015. The Municipality is in the process of appointing four (4) new interns as the grant conditions require the municipality, to have at least five interns.

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 700,000
Expenditure to date:	R 497,540
Unspent as at 31 January 2016:	R 502,460

The spending of the grant amounted to 49,75% as at 31 January 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 38,800,000
Amount of Grant Received:	R 19,459,000
Expenditure to date:	R 13,016,082
Unspent as at 31 January 2016:	R 25,783,918

The spending of the grant amounted to 34% as at 31 January 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 0.00
Unspent as at 31 January 2016:	R 4,100,000

As at 31 January 2016, no spending has been incurred against the grant. A service provider was appointed during December 2015 for the electrification of OceanView, and therefore expenditure will increase in the last six months of the 2015/16 financial year.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Supporting Table SC8 Monthly Budget Statement – Councillor and staff benefits – M07 January 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
R thousands								%	
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	6 580	6 566		794	4 188	3 830	358	9%	6 566
Pension and UIF Contributions	186	7			–	4	(4)	-100%	7
Medical Aid Contributions		1 952			–	1 139	(1 139)	-100%	1 952
Motor Vehicle Allowance					359	–	359		
Cellphone Allowance				59	362	–	362		
Housing Allowances					–	–	–		
Other benefits and allowances	2 991	3 153		282	1 214	1 839	(625)	-34%	3 153
Sub Total - Councillors	**9 757**	**11 678**	**–**	**1 135**	**6 123**	**6 812**	**(689)**	**-10%**	**11 678**
% increase		19.7%							19.7%
Senior Managers of the Municipality									
Basic Salaries and Wages	5 404	5 836		471	3 295	3 404	(109)	-3%	5 836
Pension and UIF Contributions	103			1	6	–	6		
Medical Aid Contributions							–		
Overtime							–		
Performance Bonus							–		
Motor Vehicle Allowance	686			56	394	–	394		
Cellphone Allowance							–		
Housing Allowances							–		
Other benefits and allowances				1	1		1		
Payments in lieu of leave							–		
Long service awards							–		
Post-retirement benefit obligations							–		
Sub Total - Senior Managers of Municipality	**6 193**	**5 836**	**–**	**529**	**3 697**	**3 404**	**292**	**9%**	**5 836**
% increase		-5.8%							-5.8%
Other Municipal Staff									
Basic Salaries and Wages	125 195	129 196		11 100	82 997	75 364	7 633	10%	129 196
Pension and UIF Contributions	27 930	21 705		1 953	13 723	12 661	1 061	8%	21 705
Medical Aid Contributions	18 300	11 208		994	6 521	6 538	(17)	0%	11 208
Overtime	8 491	10 912		1 431	7 246	6 365	881	14%	10 912
Performance Bonus					–	–	–		
Motor Vehicle Allowance				842	5 460	–	5 460		
Cellphone Allowance				3	21	–	21		
Housing Allowances	472	505		46	322	294	28	9%	505
Other benefits and allowances	25 309	32 190		1 165	10 519	18 778	(8 259)	-44%	32 190
Payments in lieu of leave				17	375	–	375		
Long service awards	937	886			198	517	(318)	-62%	886
Post-retirement benefit obligations					–	–	–		
Sub Total - Other Municipal Staff	**206 633**	**206 601**	**–**	**17 551**	**127 382**	**120 517**	**6 864**	**6%**	**206 601**
% increase		0.0%							0.0%
Total Parent Municipality	**222 583**	**224 115**	**–**	**19 215**	**137 202**	**130 734**	**6 468**	**5%**	**224 115**
		0.7%							0.7%
TOTAL SALARY, ALLOWANCES & BENEFITS	**222 583**	**224 115**	**–**	**19 215**	**137 202**	**130 734**	**6 468**	**5%**	**224 115**
% increase		0.7%							0.7%
TOTAL MANAGERS AND STAFF	**212 826**	**212 437**	**–**	**18 080**	**131 079**	**123 922**	**7 157**	**6%**	**212 437**

6. Key performance indicators

The table below reflects the key performance indicators as per the 2015/16 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 January 2016
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	1.76%
Borrowed funding of "own"capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	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	0.02
Liquidity						
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.86	0.93
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.49
Revenue Management						
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	95.57%
Other indicators						
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	1.25
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	36.77%	43.32%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	37.92%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	6.41%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	0.83%
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%	82%

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 1.76% of the Total Operating Expenditure was utilised for capital charges as at 31 January 2016, compared to the audited ratio of 4.64% as at 30 June 2015.

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 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 January 2016, the ratio was 0.02:1, compared to the audited ratio of 0.06:1 as at 30 June 2015.

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 January 2016 was 0.93:1, whilst 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 between 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:

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 January 2016 was 0.49:1, whilst the Municipality's audited ratio as at 30 June 2015 was 0.0.28:1

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 January 2016 was 95.57%, compared to the average collection rate of 98.91% for the 2014/15 financial year. 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 January 2016, the Ratio was 1.25 months, whist the Municipality's audited ratio as at 30 June 2015 was 0.85 months.

In terms of MFMA Circular No. 71, the norm is between 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 January 2016, Employee Related Costs constituted 43.32% of the Total Operating Expenditure. 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 January 2016, the ratio was 6.41%, compared to the Municipality's audited ratio of 4.58% as at 30 June 2015.

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 January 2016, repairs and maintenance expenditure constituted 0.83% of the book value of PPE. 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 January 2016, the Municipality's own revenue sources constituted 82% of its total Operating Income. 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 January 2016 amounted to 37.92%, compared to the 2015/16 Capital Budget.