KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE, ADMINISTRATION, MONITORING & EVALUATION

DATE: 29 JANUARY 2016 **ITEM NO:**

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1. MID-YEAR FINANCIAL REPORT FOR THE PERIOD JULY 2015 TO DECEMBER 2015 AND THE ASSESSMENT OF THE MUNICIPALITY'S FINANCIAL POSITION AS AT 31 DECEMBER 2015 (2015/16 FINANCIAL YEAR)

1.1. PURPOSE

The purpose of this report is to assess the financial performance and financial position of the Municipality, as at 31 December 2015, and its consequential impact on the implementation of the approved 2015/16 Budget.

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 72 of the MFMA, the Accounting Officer is required to submit to the Mayor of the municipality, National Treasury and Provincial Treasuries a report on the performance of the municipality during the first half of the financial year on the state of the municipality's budget.

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 December 2015, 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 324,624 million, whilst operating expenditure amounted to R 260,513 million, resulting in an operating surplus of R 64,111 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.
- Capital expenditure constituted 34.9% of the approved 2015/16 Capital budget.

- Overdue consumer debts increased by R 14,010 million (14.99%) since June 2015.

- An amount of R 38,753 million is owing to creditors, of which R 14,511 million (37.4%) represents current creditors.

- The municipality's investment portfolio has increased by R 51,630,016 since June 2015 from R 39,682,179 to R 91,312,195.

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

Ratio	Actual as at June 2012	Actual as at June 2013	Actual as at June 2014	Actual as at June 2015	Actual as at Dec 2015
Current Ratio	1.46:1	0.54:1	0.54:1	0.86:1	1.34:1
Liquidity Ratio	0.10:1	0.10:1	0.16:1	0.28:1	0.75:1
Cost Coverage (Excluding unspent conditional grants)	0.09 months	0.23 months	0.25 months	0.85 months	1.63 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.05:1	0.06:1	0.06:1	0.04:1

1.4. 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 December 2015:

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

1.5. RECOMMENDATIONS

It is recommended that:

i. The Executive Mayor notes the report on the mid-year budget and performance assessment of the municipality, in accordance with section 72 of the MFMA;

ii. The Executive Mayor permits an Adjustments Budget based on the realistically anticipated revenues, in line with section 18 of the MFMA;

iii. The Executive Mayor tables the 2015/16 Adjustments Budget in Council on 26 February 2016; and

iv. The report accordingly be submitted to National Treasury and Provincial Treasury, in line with section 72(1) (b) of the Municipal Finance Management Act.

Report submitted by

pp GORDON OLIVER (Act. Director of AME)

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Municipal Manager: Mr. S.S Fadi

Acknowledgement of Mid-Year Financial Report for the period July 2015 to December 2015 and the Assessment of the Municipality's Financial Position as at 31 December 2015 (2015/16 Financial Year)

I hereby acknowledge the receipt of Mid-Year Budget and Performance Assessment Report in terms of Section 72 of the Municipal Finance Management Act No. 56 of 2003.

(CHAIR FINANCES & ADMIN)

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Executive Mayor

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

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
OPERATING REVENUE	R	R	
Propert Rates	146 959 846	91 611 468	62.3%
Total Service Charges	368 095 261	155 228 506	42.2%
Service charges - electricity	232 428 708	96 903 865	41.7%
Service charges - water	54 836 115	21 596 768	39.4%
Service charges - sewerage & sanitation	40 235 662	18 694 631	46.5%
Service charges - refuse	27 905 361	11 482 079	41.1%
Service charges - environmental management	12 689 415	6 551 163	51.6%
Rental of Facilities and Equipment	1 398 353	277 719	19.9%
Interest Earned - External Investments	2 077 768	1 492 230	71.8%
Interest Earned - Outstanding Debtors	6 245 981	1 009 754	16.2%
Fines	1 654 742	1 266 655	76.5%
Licences and Permits	10 302 345	3 843 638	37.3%
Grants & Subsidies Received - Operating	92 151 087	64 953 172	70.5%
Other Revenue	9 854 919	4 941 046	50.1%
Total Direct Operating Revenue	**638 740 302**	**324 624 189**	**50.8%**
OPERATING EXPENDITURE			
Employee Related Costs	212 436 974	111 971 460	52.7%
Remuneration of Councillors	11 678 390	6 015 698	51.5%
Bad Debts	52 020 543	-	0.0%
Depreciation & Asset Impairment	80 713 788	-	0.0%
Repairs & Maintenance - Municipal Assets	40 194 853	17 544 658	43.6%
Finance Charges - External Borrowings	16 111 720	3 230 668	20.1%
Total Bulk Purchases	200 867 959	99 335 088	49.5%
Bulk purchases - electricity	185 525 145	92 412 440	49.8%
Bulk purchases - water	15 342 814	6 922 647	45.1%
Contracted Services	11 068 659	2 930 261	26.5%
General Expenses - Other	64 151 509	19 485 100	30.4%
Total Direct Operating Expenditure	**689 244 395**	**260 512 931**	**37.8%**
Surplus/(Deficit)	**-50 504 093**	**64 111 257**	

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

The statement of financial performance indicates a surplus of R 64,111,257. This is influenced by the accounting treatment of the bad debts provision and 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
	R	R	
Administration, Monitoring & Evaluation	1,147,744	262,561	22.9
Finance	648,162	98,412	15.2
Social Services	9,788,941	3,273,299	33.4
Infrastructure, Planning & Development	28,183,109	13,559,509	48.1
LED, Tourism & Industries	426,898	350,877	82.2
Total	**40,194,854**	**17,544,658**	**43.6**

It is to be noted that actual repairs and maintenance expenditure constituted 43.6% 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
	R	R	
Administration, Monitoring & Evaluation	500,000	78,216	15.6
Finance	145,000	83,890	57.8
Social Services	18,754,000	3,228,440	17.2
Infrastructure, Planning & Development	42,608,000	18,748,343	44.0
LED, Tourism & Industries	1,563,000	17,362	1.1
Total	**63,570,000**	**22,156,251**	**34.9**
Source of Funding	**Approved Budget 2015/16**	**Actuals as at 31 December 2015**	**% of Budget**
	R	R	
Internally Generated Funding	30,210,000	5,560,370	18.4
Government Grants	33,360,000	16,595,881	49.7
Total	**63,570,000**	**22,156,251**	**34.9**

It is to be noted that an amount of R 22,156,251 has been spent as at 31 December 2015, compared to the approved capital budget of R 63,570,000. This represents a spending performance of 34.9% relating to the approved Capital Budget.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2015/16 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 December 2015

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 – M06 December 2015

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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595		8 631	83 318	71 298	12 020	17%	142 595
Service charges		293 108	320 439		21 669	142 313	160 220	(17 907)	-11%	320 439
Other revenue		17 296	23 210		12 730	70 409	11 605	58 804	507%	23 210
Government - operating		147 214	92 151		300	64 804	46 076	18 728	41%	92 151
Government - capital		44 067	33 360		3 483	53 381	16 680	36 701	220%	33 360
Interest		2 430	8 324		878	3 269	4 162	(893)	-21%	8 324
Dividends								–		–
Payments										
Suppliers and employees		(474 900)	(540 398)		(58 332)	(335 666)	(270 199)	65 467	-24%	(540 398)
Finance charges		(7 131)	(16 112)		(472)	(2 952)	(8 056)	(5 104)	63%	(16 112)
Transfers and Grants								–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**144 279**	**63 570**	**–**	**(11 114)**	**78 875**	**31 785**	**(47 090)**	**-148%**	**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)		(5 111)	(20 783)	(31 785)	(11 002)	35%	(63 570)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(116 484)**	**(63 570)**	**–**	**(5 111)**	**(20 783)**	**(31 785)**	**(11 002)**	**35%**	**(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)	–		(918)	(6 462)	0	6 462	########	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(16 864)**	**–**	**–**	**(918)**	**(6 462)**	**0**	**6 462**	**########**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**10 931**	**(0)**	**–**	**(17 143)**	**51 630**	**0**			**(0)**
Cash/cash equivalents at beginning:		28 751				39 682	–			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	–		91 312	0			39 682

The significant variances are discussed below:

<u>Receipts:</u>

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).

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 December 2015 and are to be noted by Council. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M06 December 2015

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	–	7 534	91 611	73 480	18 132	25%	146 960
Service charges	301 052	368 095	–	11 740	155 229	184 048	(28 819)	-16%	368 095
Investment revenue	2 430	2 078	–	55	1 492	1 039	453	44%	2 078
Transfers recognised - operational	77 540	92 151	–	27 900	64 953	46 076	18 877	41%	92 151
Other own revenue	33 407	29 456	–	2 299	11 339	14 728	(3 389)	-23%	29 456
Total Revenue (excluding capital transfers and contributions)	**543 009**	**638 741**	**–**	**49 528**	**324 624**	**319 370**	**5 254**	**2%**	**638 741**
Employee costs	212 826	212 437	–	17 414	111 971	106 219	5 753	5%	212 437
Remuneration of Councillors	9 757	11 678	–	999	6 016	5 839	177	3%	11 678
Depreciation & asset impairment	81 944	80 714	–	–	–	40 357	(40 357)	-100%	80 714
Finance charges	7 131	16 112	–	2 276	3 231	8 056	(4 825)	-60%	16 112
Materials and bulk purchases	170 528	200 868	–	14 040	99 335	100 434	(1 099)	-1%	200 868
Transfers and grants	–	–	–	–	–	–	–		–
Other expenditure	96 669	167 435	–	6 391	39 960	83 718	(43 758)	-52%	167 435
Total Expenditure	**578 855**	**689 244**	**–**	**41 119**	**260 513**	**344 622**	**(84 109)**	**-24%**	**689 244**
Surplus/(Deficit)	**(35 847)**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**	**89 363**	**-354%**	**(50 504)**
Transfers recognised - capital	127 072	–	–	–	–	–	–		–
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**91 225**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**	**89 363**	**-354%**	**(50 504)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**	**89 363**	**-354%**	**(50 504)**
Capital expenditure & funds sources									
Capital expenditure	**116 735**	**63 570**	**–**	**5 111**	**22 156**	**31 785**	**(9 629)**	**-30%**	**63 570**
Capital transfers recognised	110 055	33 360	–	3 220	16 596	16 680	(84)	-1%	33 360
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**6 680**	**30 210**	**–**	**1 891**	**5 560**	**15 105**	**(9 545)**	**-63%**	**30 210**
Total sources of capital funds	**116 735**	**63 570**	**–**	**5 111**	**22 156**	**31 785**	**(9 629)**	**-30%**	**63 570**
Financial position									
Total current assets	123 256	86 234	–		162 959				86 234
Total non current assets	2 452 493	2 649 759	–		2 556 698				2 649 759
Total current liabilities	143 818	144 257	–		121 317				144 257
Total non current liabilities	160 792	159 543	–		160 581				159 543
Community wealth/Equity	**2 271 139**	**2 432 193**	**–**		**2 437 760**				**2 432 193**
Cash flows									
Net cash from (used) operating	144 279	63 570	–	(11 114)	78 875	31 785	(47 090)	-148%	63 570
Net cash from (used) investing	(116 484)	(63 570)	–	(5 111)	(20 783)	(31 785)	(11 002)	35%	(63 570)
Net cash from (used) financing	(16 864)	–	–	(918)	(6 462)	0	6 462	########	–
Cash/cash equivalents at the month/year end	**39 682**	**(0)**	**–**	**–**	**91 312**	**0**	**(91 312)**	**########**	**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	14 511	2 406	758	1 587	369	796	2 469	15 857	38 753

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) – M06 December 2015

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									
Revenue - Standard										
Governance and administration		210 531	241 451	–	35 431	156 598	120 726	35 872	30%	241 451
Executive and council		468	–	–	–	34	0	34	########	–
Budget and treasury office		209 162	240 876	–	35 397	156 219	120 438	35 781	30%	240 876
Corporate services		900	575	–	35	345	287	57	20%	575
Community and public safety		16 527	20 413	–	1 663	10 347	10 206	141	1%	20 413
Community and social services		7 373	8 829	–	1 241	5 648	4 415	1 233	28%	8 829
Sport and recreation		4	669	–	(1)	7	335	(328)	-98%	669
Public safety		9 150	10 914	–	423	4 692	5 457	(765)	-14%	10 914
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		17 772	21 471	–	1 776	10 632	10 735	(104)	-1%	21 471
Planning and development		4 364	7 014	–	129	1 431	3 507	(2 075)	-59%	7 014
Road transport		–	–	–	–	–	–	–		–
Environmental protection		13 407	14 457	–	1 647	9 200	7 229	1 972	27%	14 457
Trading services		425 251	355 406	–	13 605	165 002	177 703	(12 701)	-7%	355 406
Electricity		193 801	232 429	–	5 401	98 260	116 214	(17 954)	-15%	232 429
Water		127 761	54 836	–	1 929	27 647	27 418	229	1%	54 836
Waste water management		81 954	40 236	–	3 426	21 991	20 118	1 873	9%	40 236
Waste management		21 736	27 905	–	2 850	17 104	13 953	3 151	23%	27 905
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Standard	2	670 080	638 741	–	52 476	342 579	319 370	23 209	7%	638 741
Expenditure - Standard										
Governance and administration		130 624	124 367	–	7 211	45 683	62 183	(16 500)	-27%	124 367
Executive and council		23 803	30 530	–	2 020	11 065	15 265	(4 201)	-28%	30 530
Budget and treasury office		66 651	53 820	–	2 506	16 926	26 910	(9 984)	-37%	53 820
Corporate services		40 170	40 016	–	2 684	17 693	20 008	(2 315)	-12%	40 016
Community and public safety		81 887	88 352	–	7 118	40 487	44 176	(3 689)	-8%	88 352
Community and social services		48 635	49 705	–	3 693	22 388	24 853	(2 464)	-10%	49 705
Sport and recreation		522	593	–	52	292	297	(4)	-1%	593
Public safety		29 074	33 897	–	3 146	16 388	16 949	(560)	-3%	33 897
Housing		3 656	4 156	–	226	1 418	2 078	(660)	-32%	4 156
Health		–	–	–	–	–	–	–		–
Economic and environmental services		96 843	100 935	–	4 840	27 886	50 468	(22 582)	-45%	100 935
Planning and development		90 551	88 132	–	4 099	22 837	44 066	(21 229)	-48%	88 132
Road transport		–	–	–	–	–	–	–		–
Environmental protection		6 292	12 803	–	741	5 049	6 402	(1 353)	-21%	12 803
Trading services		269 500	375 590	–	24 899	164 412	187 795	(23 383)	-12%	375 590
Electricity		179 017	234 329	–	14 389	104 432	117 164	(12 732)	-11%	234 329
Water		35 450	61 681	–	4 504	24 924	30 841	(5 917)	-19%	61 681
Waste water management		31 045	42 709	–	3 137	16 016	21 355	(5 338)	-25%	42 709
Waste management		23 988	36 871	–	2 869	19 040	18 436	604	3%	36 871
Other		–	–	–	–	–	–	–		–
Total Expenditure - Standard	3	578 855	689 244	–	44 067	278 468	344 622	(66 154)	-19%	689 244
Surplus/ (Deficit) for the year		91 225	(50 504)	–	8 409	64 111	(25 252)	89 363	-354%	(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

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	0	34	3410872.0%	–
Vote 2 - Financial Services	209 078	240 876	–	35 397	156 227	120 438	35 789	29.7%	240 876
Vote 3 - Administration, Monitoring & Evaluation	511	1 455	–	–	65	728	(662)	-91.0%	1 455
Vote 4 - Led, Tourism & Creative Industries	–	(60)	–	–	100	(30)	130	-433.3%	(60)
Vote 5 - Infrastructure, Planning & Development 1	198 638	238 622	–	5 564	99 863	119 311	(19 448)	-16.3%	238 622
Vote 6 - Infrastructure, Planning & Development 2	209 715	95 072	–	5 355	49 638	47 536	2 102	4.4%	95 072
Vote 7 - Social Services 1	7 362	7 117	–	981	4 455	3 558	896	25.2%	7 117
Vote 8 - Social Services 2	44 307	55 659	–	5 179	32 196	27 829	4 367	15.7%	55 659
Total Revenue by Vote	**670 080**	**638 741**	**–**	**52 476**	**342 579**	**319 370**	**23 209**	**7.3%**	**638 741**
Expenditure by Vote									
Vote 1 - Executive & Council	23 803	30 530	–	2 020	11 065	15 265	(4 201)	-27.5%	30 530
Vote 2 - Financial Services	70 914	59 716	–	2 803	19 894	29 858	(9 964)	-33.4%	59 716
Vote 3 - Administration, Monitoring & Evaluation	28 873	28 886	–	2 113	13 118	14 443	(1 325)	-9.2%	28 886
Vote 4 - Led, Tourism & Creative Industries	14 901	8 890	–	782	4 234	4 445	(211)	-4.8%	8 890
Vote 5 - Infrastructure, Planning & Development 1	265 356	324 742	–	18 207	126 060	162 371	(36 311)	-22.4%	324 742
Vote 6 - Infrastructure, Planning & Development 2	66 495	104 391	–	7 641	40 940	52 195	(11 255)	-21.6%	104 391
Vote 7 - Social Services 1	26 684	33 436	–	2 964	15 983	16 718	(735)	-4.4%	33 436
Vote 8 - Social Services 2	81 828	98 413	–	7 537	47 165	49 207	(2 041)	-4.1%	98 413
Vote 9 - Social Services 3	–	240	–	–	9	120	(111)	-92.4%	240
Total Expenditure by Vote	**578 855**	**689 244**	**–**	**44 067**	**278 468**	**344 622**	**(66 154)**	**-19.2%**	**689 244**
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**	**89 363**	**-353.9%**	**(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) – M06 December 2015

Description R thousands	Ref	2014/15 Audited Outcome	Budget Year 2015/16 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		7 534	91 611	73 480	18 132	25%	146 960
Property rates - penalties & collection charges			–					–		–
Service charges - electricity revenue		188 971	232 429		5 232	96 904	116 214	(19 310)	-17%	232 429
Service charges - water revenue		44 341	54 836		909	21 597	27 418	(5 821)	-21%	54 836
Service charges - sanitation revenue		33 783	40 236		2 879	18 695	20 118	(1 423)	-7%	40 236
Service charges - refuse revenue		21 637	27 905		1 909	11 482	13 953	(2 471)	-18%	27 905
Service charges - other		12 320	12 689		811	6 551	6 345	206	3%	12 689
Rental of facilities and equipment		1 395	1 398		35	278	699	(421)	-60%	1 398
Interest earned - external investments		2 430	2 078		55	1 492	1 039	453	44%	2 078
Interest earned - outstanding debtors		3 926	6 246		342	1 010	3 123	(2 113)	-68%	6 246
Dividends received								–		–
Fines		1 737	1 655		184	1 267	827	439	53%	1 655
Licences and permits		6 503	10 302		537	3 844	5 151	(1 307)	-25%	10 302
Agency services								–		–
Transfers recognised - operational		77 540	92 151		27 900	64 953	46 076	18 877	41%	92 151
Other revenue		19 710	9 855		1 201	4 941	4 928	13	0%	9 855
Gains on disposal of PPE		137						–		–
Total Revenue (excluding capital transfers and contributions)		**543 009**	**638 741**	**–**	**49 528**	**324 624**	**319 370**	**5 254**	**2%**	**638 741**
Expenditure By Type										
Employee related costs		212 826	212 437		17 414	111 971	106 219	5 753	5%	212 437
Remuneration of councillors		9 757	11 678		999	6 016	5 839	177	3%	11 678
Debt impairment		17 308	52 021		–	–	26 010	(26 010)	-100%	52 021
Depreciation & asset impairment		81 944	80 714		–	–	40 357	(40 357)	-100%	80 714
Finance charges		7 131	16 112		2 276	3 231	8 056	(4 825)	-60%	16 112
Bulk purchases		170 528	200 868		14 040	99 335	100 434	(1 099)	-1%	200 868
Other materials								–		–
Contracted services			11 069		588	2 930	5 534	(2 604)	-47%	11 069
Transfers and grants								–		–
Other expenditure		79 361	104 346		5 803	37 030	52 173	(15 143)	-29%	104 346
Loss on disposal of PPE								–		–
Total Expenditure		**578 855**	**689 244**	**–**	**41 119**	**260 513**	**344 622**	**(84 109)**	**-24%**	**689 244**
Surplus/(Deficit)		**(35 847)**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**	**89 363**	**(0)**	**(50 504)**
Transfers recognised - capital		127 072						–		
Contributions recognised - capital								–		
Contributed assets								–		
Surplus/(Deficit) after capital transfers & contributions		**91 225**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**			**(50 504)**
Taxation								–		
Surplus/(Deficit) after taxation		**91 225**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**			**(50 504)**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**91 225**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**			**(50 504)**
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		**91 225**	**(50 504)**	**–**	**8 409**	**64 111**	**(25 252)**			**(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) – M06 December 2015

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	250	(220)	-88%	500
Vote 2 - Financial Services	1 647	145	–	–	84	73	11	16%	145
Vote 3 - Administration, Monitoring & Evaluation	394	–	–	–	49	0	49	4871244%	–
Vote 4 - Led, Tourism & Creative Industries	175	1 563	–	–	17	782	(764)	-98%	1 563
Vote 5 - Infrastructure, Planning & Development 1	1 211	10 100	–	541	789	5 050	(4 261)	-84%	10 100
Vote 6 - Infrastructure, Planning & Development 2	104 027	32 508	–	3 872	17 960	16 254	1 706	10%	32 508
Vote 7 - Social Services 1	893	3 515	–	–	1 015	1 758	(743)	-42%	3 515
Vote 8 - Social Services 2	6 690	15 209	–	698	2 214	7 605	(5 391)	-71%	15 209
Vote 9 - Social Services 3	–	30	–	–	–	15	(15)	-100%	30
Total Capital single-year expenditure	116 735	63 570	–	5 111	22 156	31 785	**(9 629)**	**-30%**	63 570
Total Capital Expenditure	**116 735**	**63 570**	**–**	**5 111**	**22 156**	**31 785**	**(9 629)**	**-30%**	**63 570**
Capital Expenditure - Standard Classification									
Governance and administration	**3 838**	**645**	**–**	–	**162**	**323**	(160)	-50%	**645**
Executive and council	1 698	500		–	30	250	(220)	-88%	500
Budget and treasury office	1 456	115		–	81	58	23	40%	115
Corporate services	684	30		–	52	15	37	247%	30
Community and public safety	**7 517**	**15 689**	**–**	**698**	**2 784**	**7 845**	(5 061)	-65%	**15 689**
Community and social services	776	2 115		–	793	1 058	(264)	-25%	2 115
Sport and recreation	6 157	11 149		698	1 779	5 575	(3 796)	-68%	11 149
Public safety	487	2 425		–	208	1 213	(1 005)	-83%	2 425
Housing	97	–			4	0	4	425315%	–
Health	–	–				–	–		–
Economic and environmental services	**849**	**4 628**	**–**	–	**466**	**2 314**	(1 848)	-80%	**4 628**
Planning and development	754	1 463		–	17	732	(714)	-98%	1 463
Road transport	–	–		–	–	–	–		–
Environmental protection	96	3 165		–	449	1 583	(1 134)	-72%	3 165
Trading services	**104 530**	**42 608**	**–**	**4 413**	**18 748**	**21 304**	(2 556)	-12%	**42 608**
Electricity	436	10 100		541	789	5 050	(4 261)	-84%	10 100
Water	30 008	–		573	2 874	–	2 874	#DIV/0!	–
Waste water management	74 020	32 508		3 299	15 085	16 254	(1 169)	-7%	32 508
Waste management	67	–		–	–	–	–		–
Other		–				–	–		–
Total Capital Expenditure - Standard Classification	**116 735**	**63 570**	**–**	**5 111**	**22 161**	**31 785**	**(9 624)**	**-30%**	**63 570**
Funded by:									
National Government	110 055	33 360		3 220	16 596	16 680	(84)	-1%	33 360
Provincial Government		–				–	–		–
District Municipality		–				–	–		–
Other transfers and grants		–				–	–		–
Transfers recognised - capital	**110 055**	**33 360**	**–**	**3 220**	**16 596**	**16 680**	**(84)**	**-1%**	**33 360**
Public contributions & donations		–				–	–		–
Borrowing		–				–	–		–
Internally generated funds	6 680	30 210		1 891	5 560	15 105	(9 545)	-63%	30 210
Total Capital Funding	**116 735**	**63 570**	**–**	**5 111**	**22 156**	**31 785**	**(9 629)**	**-30%**	**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 – M06 December 2015

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	–		4 290	–
Call investment deposits		36 786	10 000		87 022	10 000
Consumer debtors		43 579	59 006		29 487	59 006
Other debtors		35 671	12 658		35 401	12 658
Current portion of long-term receivables		8	–			–
Inventory		4 317	4 571		6 759	4 571
Total current assets		**123 256**	**86 234**	**–**	**162 959**	**86 234**
Non current assets						
Long-term receivables		171	192			192
Investments			–			–
Investment property		61 824	64 175			64 175
Investments in Associate			–			–
Property, plant and equipment		2 390 315	2 585 217		2 553 426	2 585 217
Agricultural			–			–
Biological assets			–			–
Intangible assets		183	175		208	175
Other non-current assets			–		3 064	–
Total non current assets		**2 452 493**	**2 649 759**	**–**	**2 556 698**	**2 649 759**
TOTAL ASSETS		**2 575 749**	**2 735 993**	**–**	**2 719 657**	**2 735 993**
LIABILITIES						
Current liabilities						
Bank overdraft			–			–
Borrowing		10 870	3 379			3 379
Consumer deposits		8 593	8 551		9 233	8 551
Trade and other payables		94 474	100 231		76 710	100 231
Provisions		29 882	32 095		35 373	32 095
Total current liabilities		**143 818**	**144 257**	**–**	**121 317**	**144 257**
Non current liabilities						
Borrowing		49 637	53 963		54 917	53 963
Provisions		111 155	105 580		105 663	105 580
Total non current liabilities		**160 792**	**159 543**	**–**	**160 581**	**159 543**
TOTAL LIABILITIES		**304 610**	**303 800**	**–**	**281 897**	**303 800**
NET ASSETS	2	**2 271 139**	**2 432 193**	**–**	**2 437 760**	**2 432 193**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 271 139	2 432 193		2 437 760	2 432 193
Reserves			–			–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 271 139**	**2 432 193**	**–**	**2 437 760**	**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 – M06 December 2015

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		8 631	83 318	71 298	12 020	17%	142 595
Service charges		293 108	320 439		21 669	142 313	160 220	(17 907)	-11%	320 439
Other revenue		17 296	23 210		12 730	70 409	11 605	58 804	507%	23 210
Government - operating		147 214	92 151		300	64 804	46 076	18 728	41%	92 151
Government - capital		44 067	33 360		3 483	53 381	16 680	36 701	220%	33 360
Interest		2 430	8 324		878	3 269	4 162	(893)	-21%	8 324
Dividends								–		–
Payments										
Suppliers and employees		(474 900)	(540 398)		(58 332)	(335 666)	(270 199)	65 467	-24%	(540 398)
Finance charges		(7 131)	(16 112)		(472)	(2 952)	(8 056)	(5 104)	63%	(16 112)
Transfers and Grants								–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		144 279	63 570	–	(11 114)	78 875	31 785	(47 090)	-148%	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)		(5 111)	(20 783)	(31 785)	(11 002)	35%	(63 570)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(116 484)	(63 570)	–	(5 111)	(20 783)	(31 785)	(11 002)	35%	(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)	–		(918)	(6 462)	0	6 462	########	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(16 864)	–	–	(918)	(6 462)	0	6 462	########	–
NET INCREASE/ (DECREASE) IN CASH HELD		10 931	(0)	–	(17 143)	51 630	0			(0)
Cash/cash equivalents at beginning:		28 751				39 682	–			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	–		91 312	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 December 2015, 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 December 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	5 233	884	825	723	1 591	–	3 463	14 173	26 892
Trade and Other Receivables from Exchange Transactions - Electricity	16 438	1 377	1 054	1 922	1 301	–	993	5 535	28 619
Receivables from Non-exchange Transactions - Property Rates	7 119	700	501	423	9 243	–	1 501	17 958	37 445
Receivables from Exchange Transactions - Waste Water Management	3 659	528	435	403	804	–	1 652	6 375	13 856
Receivables from Exchange Transactions - Waste Management	2 418	448	381	348	314	–	1 746	8 893	14 547
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	42	44	39	32	70	–	307	11 472	12 005
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(11 446)	235	208	195	944	–	1 117	6 319	(2 429)
Total By Income Source	**23 462**	**4 215**	**3 443**	**4 046**	**14 267**	**–**	**10 779**	**70 726**	**130 936**
									–
Debtors Age Analysis By Customer Group									
Organs of State	632	103	68	38	212	–	133	10	1 195
Commercial	42	16	7	4	55	–	37	207	368
Households	22 706	3 990	3 245	3 910	13 029	–	10 449	68 029	125 359
Other	82	105	123	94	971	–	160	2 480	4 014
Total By Customer Group	**23 462**	**4 215**	**3 443**	**4 046**	**14 267**	**–**	**10 779**	**70 726**	**130 936**

The aforementioned analysis indicates that from 30 June 2015 to 31 December 2015, the overdue debts have increased from R 93,464 million to R 107,474 million as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-15**	**31-Dec-15**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	18 986	21 659	2 673
Trade and Other Receivables from Exchange Transactions - Electricity	9 694	12 182	2 488
Receivables from Non-exchange Transactions - Property Rates	24 139	30 326	6 186
Receivables from Exchange Transactions - Waste Water Management	8 992	10 197	1 205
Receivables from Exchange Transactions - Waste Management	11 457	12 130	673
Receivables from Exchange Transactions - Property Rental Debtors	1	1	–
Interest on Arrear Debtor Accounts	11 975	11 964	(11)
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	8 221	9 017	796
Total By Income Source	**93 464**	**107 474**	**14 010**
Debtors Age Analysis By Customer Group			
Organs of State	146	563	417
Commercial	250	326	76
Households	90 178	102 653	12 475
Other	2 890	3 932	1 043
Total By Customer Group	**93 464**	**107 474**	**14 010**

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	14 120	–	–	–	–	–	–	–	**14 120**
Bulk Water	–	–	–	(74)	–	22	121	(220)	**(151)**
PAYE deductions	–	–	–	–	–	–	–	–	**–**
VAT (output less input)	–	–	–	–	–	–	–	–	**–**
Pensions / Retirement deductions	–	–	–	–	–	–	–	–	**–**
Loan repayments	–	–	–	–	–	–	–	–	**–**
Trade Creditors	391	1 647	143	1 042	22	778	650	16 077	**20 751**
Auditor General	–	759	615	619	347	(4)	1 698	–	**4 034**
Other	–	–	–	–	–	–	–	–	**–**
Total By Customer Type	**14 511**	**2 406**	**758**	**1 587**	**369**	**796**	**2 469**	**15 857**	**38 753**

The above amounts represent invoices still to be paid. The major creditors as at 31 December 2015 are as follows:

Department of Transport	R 16,727 million
Eskom	R 14,120 million
Office of the Auditor – General	R 4,034 million
Other Creditors	R 3,872 million
Total	**R 38,753 million**

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 31 December 2015.

	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 31 December 2015
	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	1 983 318	77 420 399	-	85 961 228
Total	**36 786 383**	**125 643 746**	**2 012 563**	**77 420 399**	**320**	**87 021 973**
Investments by Type	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 31 December 2015
	R	R	R	R	R	R
General Account	26 241 099	82 304 037	1 382 865	51 719 019	320	58 208 662
Collateral	295 393	-	14 285	-	-	309 678
Conditional Grants	8 270 347	28 165 998	399 252	16 098 460	-	20 737 137
Housing Funds	87 839	14 973 711	165 121	9 402 921	-	5 823 750
Investment FNB	1 891 706	200 000	51 040	200 000	-	1 942 746
Total	**36 786 383**	**125 643 746**	**2 012 563**	**77 420 399**	**320**	**87 021 973**
Bank balance	2 895 796	1 394 526	-	-	-	4 290 322
Total	**39 682 179**	**127 038 272**	**2 012 563**	**77 420 399**	**320**	**91 312 295**

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M06 December 2015

Description	Budget Year 2015/16							
	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:	85 629	–	300	64 804	20 825	41 049	197.1%	85 629
Local Government Equitable Share	82 099			61 574	20 525	41 049	200.0%	82 099
Finance Management	1 600			1 600	–			1 600
Municipal Systems Improvement	930			930	–			930
EPWP Incentive	1 000		300	700	300			1 000
Total Operating Transfers and Grants	**85 629**	**–**	**300**	**68 904**	**20 825**	**41 049**	**197.1%**	**85 629**
Capital Transfers and Grants								
National Government:	34 900	–	–	23 559	11 341	8 118	71.6%	34 900
Municipal Infrastructure Grant (MIG)	30 800			19 459	11 341	8 118	71.6%	30 800
Integrated National Electrification Programme	4 100			4 100	–			4 100
Total Capital Transfers and Grants	**34 900**	**–**	**–**	**23 559**	**11 341**	**8 118**	**71.6%**	**34 900**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**120 529**	**–**	**300**	**92 463**	**32 166**	**49 167**	**152.9%**	**120 529**

Below is an analysis of the spending associated with the grants as at 31 December 2015:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M06 December 2015

Description	Budget Year 2015/16							
	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:	85 629	–	27 632	62 075	23 554	38 521	163.5%	85 629
Local Government Equitable Share	82 099		27 366	61 574	20 525	41 049	200.0%	82 099
Finance Management	1 600		32	126	1 474	(1 348)	-91.5%	1 600
Municipal Systems Improvement	930			–	930	(930)	-100.0%	930
EPWP Incentive	1 000		234	375	625	(249)	-39.9%	1 000
Total operating expenditure of Transfers and Grants:	85 629	–	27 632	62 075	23 554	38 521	163.5%	85 629
Capital expenditure of Transfers and Grants								
National Government:	34 900	–	1 986	13 016	21 884	(8 868)	-40.5%	34 900
Municipal Infrastructure Grant (MIG)	30 800		1 986	13 016	17 784	(4 768)	-26.8%	30 800
Integrated National Electrification Programme	4 100			–	4 100	(4 100)	-100.0%	4 100
Total capital expenditure of Transfers and Grants	34 900	–	1 986	13 016	21 884	(8 868)	-40.5%	34 900
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	120 529	–	29 618	75 091	45 438	29 653	65.3%	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 December 2015:	R 930,000

As at 31 December 2015, 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 125,765
Unspent as at 31 December 2015:	R 1,474,235

The spending of the grant amounted to 8% as at 31 December 2015. 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 375,260
Unspent as at 31 December 2015:	R 624,740

The spending of the grant amounted to 38% as at 31 December 2015.

<u>DORA Capital Grants</u>

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 December 2015:	R 25,783,918

The spending of the grant amounted to 34% as at 31 December 2015

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 December 2015:	R 4,100,000

As at 31 December 2015, 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 – M06 December 2015

Summary of Employee and Councillor remuneration R thousands	Ref	2014/15 Audited Outcome	Budget Year 2015/16 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6 580	6 566		566	3 395	3 171	224	7%	6 566
Pension and UIF Contributions		186	7		–	–	7	(7)	-100%	7
Medical Aid Contributions			1 952		–	–	1 952	(1 952)	-100%	1 952
Motor Vehicle Allowance					60	359	(359)	717	-200%	–
Cellphone Allowance					50	303	(303)	605	-200%	–
Housing Allowances							–	–		–
Other benefits and allowances		2 991	3 153		323	1 960	1 194	766	64%	3 153
Sub Total - Councillors		**9 757**	**11 678**	**–**	**999**	**6 016**	**5 663**	**353**	**6%**	**11 678**
% increase	4		**19.7%**							**19.7%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		5 404	5 836		471	2 825	3 011	(187)	-6%	5 836
Pension and UIF Contributions		103			1	5	(5)	11	-200%	
Medical Aid Contributions								–		
Overtime								–		
Performance Bonus								–		
Motor Vehicle Allowance		686			56	338	(338)	676	-200%	
Cellphone Allowance								–		
Housing Allowances								–		
Other benefits and allowances								–		
Payments in lieu of leave								–		
Long service awards								–		
Post-retirement benefit obligations	2							–		
Sub Total - Senior Managers of Municipality		**6 193**	**5 836**	**–**	**528**	**3 168**	**2 668**	**500**	**19%**	**5 836**
% increase	4		**-5.8%**							**-5.8%**
Other Municipal Staff										
Basic Salaries and Wages		125 195	129 196		10 735	71 897	57 299	14 598	25%	129 196
Pension and UIF Contributions		27 930	21 705		1 962	11 769	9 936	1 833	18%	21 705
Medical Aid Contributions		18 300	11 208		921	5 527	5 681	(154)	-3%	11 208
Overtime		8 491	10 912		969	5 815	5 097	718	14%	10 912
Performance Bonus						–	–	–		–
Motor Vehicle Allowance					770	4 618	(4 618)	9 237	-200%	–
Cellphone Allowance					3	18	(18)	36	-200%	–
Housing Allowances		472	505		46	277	228	49	21%	505
Other benefits and allowances		25 309	32 190		1 388	8 326	23 864	(15 538)	-65%	32 190
Payments in lieu of leave					60	358	(358)	717	-200%	–
Long service awards		937	886		33	198	687	(489)	-71%	886
Post-retirement benefit obligations	2							–		
Sub Total - Other Municipal Staff		**206 633**	**206 601**	**–**	**16 886**	**108 804**	**97 798**	**11 006**	**11%**	**206 601**
% increase	4		**0.0%**							**0.0%**
Total Parent Municipality		**222 583**	**224 115**	**–**	**18 413**	**117 987**	**106 128**	**11 859**	**11%**	**224 115**

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 31 December 2015
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	3.72%
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	0.04
Liquidity						
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.86	1.34
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.75
Revenue Management						
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	93.98%
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	1.63
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	36.77%	42.98%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	34.85%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	6.73%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	0.69%
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%	80%

The above table is discussed in details below.

6.1. Borrowing Management

6.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 3.72% of the Total Operating Expenditure was utilised for capital charges as at 31 December 2015, 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 December 2015, the ratio was 0.04:1, 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 December 2015 was 1:1.34, 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 December 2015 was 0.75:1, 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 December 2015 was 93.98%, 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 December 2015, the Ratio was 1.63 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 December 2015, Employee Related Costs constituted 42.98% 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 December 2015, the ratio was 6.73%, 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 December 2015, repairs and maintenance expenditure constituted 0.69% 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 December 2015, the Municipality's own revenue sources constituted 80% 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 December 2015 amounted to 34,85%, compared to the 2015/16 Capital Budget.