KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTTEE

FINANCE, ADMINISTRATION, MONITORING & EVALUATION

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2015 TO APRIL 2016 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 APRIL 2016 (2015/16 FINANCIAL YEAR)

1.1. PURPOSE

This report is submitted in compliance with Sections 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 April 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 493,598 million, whilst operating expenditure amounted to R 410,260 million, resulting in an operating surplus of R 83,338 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.

- Capital expenditure constituted 74.34% of the approved 2015/16 Capital Adjustments Budget.
- Overdue consumer debts increased by R 12,716 million (13.61%) since June 2015.
- An amount of R 39,747 million is owing to creditors, of which R 19,035 million (47.89%) represents current creditors.
- The municipality's investment portfolio has increased by R 62,343,629 (157.11%) since June 2015, from R 39,682,179 to R 102,025,808.

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 March 2016	Actual as at April 2016	2015/16 Adjustments Budget
Current Ratio	0.54:1	0.54:1	0.86:1	1.11:1	1.07:1	0.83:1
Liquidity Ratio	0.10:1	0.16:1	0.28:1	0.75:1	0.71:1	0.19:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.85 months	1.90 months	1.86 months	0.61 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.06:1	0.04:1	0.04:1	0.04:1

1.3. DETAILED REPORTS

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period ending 30 April 2016:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

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

i. Overview of Outstanding Consumer Debtors

ii. Overview of Creditors position

iii. Investment portfolio

iv. Grants receipts and Expenditure

v. Councillors & Employee benefits

vi. Key performance Indicators

1.4. RECOMMENDATIONS

It is recommended that:

I. The Executive Mayor notes the Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.

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

Report submitted by

PP ....

Mr S.S. Fadi (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2015 to April 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 ...Sidney Fadi..., 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 SIDNEY FADI

Municipal manager of Kouga Local Municipality

Signature (PP)

Date 13/5/2016

Annexure "A1"

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

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

Item Description	Adjustments Budget 2015/16	Actuals as at 31 March 2016	% of Budget	Actuals as at 30 April 2016	% of Budget
OPERATING REVENUE		R			
Propert Rates	136 785 831	113 656 000	83.09%	121 073 230	88.51%
Total Service Charges	335 215 036	236 793 553	70.64%	261 211 067	77.92%
Service charges - electricity	211 140 954	146 826 250	69.54%	162 087 106	76.77%
Service charges - water	50 964 229	35 806 918	70.26%	39 450 068	77.41%
Service charges - sewerage & sanitation	37 489 942	27 977 807	74.63%	30 750 169	82.02%
Service charges - refuse	22 930 496	17 213 462	75.07%	19 141 164	83.47%
Service charges - environmental management	12 689 415	8 969 116	70.68%	9 782 560	77.09%
Rental of Facilities and Equipment	551 260	374 522	67.94%	403 801	73.25%
Interest Earned - External Investments	2 984 460	3 070 903	102.90%	3 538 823	118.57%
Interest Earned - Outstanding Debtors	3 714 979	2 106 341	56.70%	2 182 821	58.76%
Fines	2 396 451	2 367 737	98.80%	2 854 743	119.12%
Licences and Permits	8 522 423	5 932 456	69.61%	6 222 998	73.02%
Grants & Subsidies Received - Operating	91 083 000	87 065 699	95.59%	89 045 395	97.76%
Other Revenue	8 369 536	6 650 589	79.46%	7 064 773	84.41%
Total Direct Operating Revenue	**589 622 977**	**458 017 800**	**77.68%**	**493 597 652**	**83.71%**
OPERATING EXPENDITURE					
Employee Related Costs	217 587 074	166 085 561	76.33%	183 596 122	84.38%
Remuneration of Councillors	10 283 155	7 867 676	76.51%	8 740 058	84.99%
Bad Debts	27 981 066	-	0.00%	-	0.00%
Depreciation & Asset Impairment	80 713 788	-	0.00%	-	0.00%
Repairs & Maintenance - Municipal Assets	35 105 267	23 081 222	65.75%	26 070 408	74.26%
Finance Charges - External Borrowings	5 554 604	3 874 170	69.75%	4 553 433	81.98%
Total Bulk Purchases	189 634 439	142 655 529	75.23%	144 915 444	76.42%
Bulk purchases - electricity	173 063 024	130 093 548	75.17%	130 400 941	75.35%
Bulk purchases - water	16 571 415	12 561 980	75.81%	14 514 503	87.59%
Contracted Services	13 393 444	6 875 940	51.34%	7 840 908	58.54%
General Expenses - Other	63 511 425	30 635 937	48.24%	34 543 284	54.39%
Total Direct Operating Expenditure	**643 764 262**	**381 076 036**	**59.19%**	**410 259 656**	**63.73%**
Surplus/(Deficit)	**-54 141 285**	**76 941 765**		**83 337 996**	

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

The statement of financial performance indicates a surplus of R 83,337,996. This is influenced by the accounting treatment of the bad debts provision and the depreciation and asset impairment.

Revenue Variations

Interest Earned – External Investments

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

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 30 April 2016 were R 106,180 million.

Fines

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

Expenditure Variations

Bad Debts

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

Depreciation and Asset Impairment

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

Contracted Services

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

Directorate	Adjustments Budget 2015/16	Actuals as at 31 March 2016	% of Budget	Actuals as at 30 April 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	770,744	379,714	49.27%	421,025	54.63%
Finance	612,162	141,063	23.04%	167,734	27.40%
Social Services	9,025,353	5,083,678	56.33%	5,561,868	61.62%
Infrastructure, Planning & Development	24,294,110	17,125,890	70.49%	19,568,904	80.55%
LED, Tourism & Industries	402,898	350,877	87.09%	350,877	87.09%
Total	**35,105,267**	**23,081,222**	**65.75%**	**26,070,408**	**74.26%**

It is to be noted that actual repairs and maintenance expenditure constituted 74.26% of the approved 2015/16 Adjustments Budget. Repairs and maintenance expenditure has increased significantly, year-over-year.

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

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

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

Directorate	Adjustments Budget 2015/16	Actuals as at 31 March 2016	% of Budget	Actuals as at 30 April 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	679,000	78,216	11.52%	86,498	12.74%
Finance	415,000	83,890	20.21%	89,676	21.61%
Social Services	10,344,300	4,756,925	45.99%	5,356,926	51.79%
Infrastructure, Planning & Development	92,894,000	62,968,991	67.79%	72,053,093	77.56%
LED, Tourism & Industries	174,000	107,163	61.59%	108,771	62.51%
Total	**104,506,300**	**67,995,186**	**65.06%**	**77,694,964**	**74.34%**
Source of Funding	**Adjustments Budget 2015/16**	**Actuals as at 31 March 2016**	**% of Budget**	**Actuals as at 30 April 2016**	**% of Budget**
	R	R		R	
Internally Generated Funding	23,706,300	8,511,187	8.14%	10,426,643	43.98%
Government Grants	80,800,000	59,483,999	56.92%	67,268,321	83.25%
Total	**104,506,300**	**67,995,186**	**65.06%**	**77,694,964**	**74.34%**

It is to be noted that an amount of R 77,694,964 has been spent as at 30 April 2016, compared to the approved capital adjustments budget of R 104,506,300. This represents a spending performance of 74.34% relating to the approved Capital Adjustments Budget.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2015/16 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 April 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 – M10 April 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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595	134 356	7 569	115 637	111 963	3 673	3%	134 356
Service charges		293 108	320 439	308 977	22 461	238 432	257 481	(19 049)	-7%	308 977
Other revenue		17 296	23 210	24 241	11 998	156 689	20 201	136 488	676%	24 241
Government - operating		147 214	92 151	91 083		85 795	75 903	9 893	13%	91 083
Government - capital		44 067	33 360	80 800		40 190	67 333	(27 143)	-40%	80 800
Interest		2 430	8 324	2 984		3 746	2 487	1 259	51%	2 984
Dividends								–		–
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(41 659)	(524 648)	(441 262)	83 386	-19%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(407)	(4 691)	(4 629)	62	-1%	(5 555)
Transfers and Grants								–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		144 279	63 570	107 372	(38)	111 149	89 477	(21 672)	-24%	107 372
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)	(104 506)	(7 167)	(38 382)	(87 089)	(48 707)	56%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(116 484)	(63 570)	(104 506)	(7 167)	(38 382)	(87 089)	(48 707)	56%	(104 506)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits								–		
Payments										
Repayment of borrowing		(16 864)	–	(15 456)	(1 054)	(10 424)	(12 880)	(2 457)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(16 864)	–	(15 456)	(1 054)	(10 424)	(12 880)	(2 457)	19%	(15 456)
NET INCREASE/ (DECREASE) IN CASH HELD		10 931	(0)	(12 590)	(8 258)	62 344	(10 492)			(12 590)
Cash/cash equivalents at beginning:		28 751		39 682		39 682	39 682			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	27 092		102 026	29 190			27 092

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

Table C1 Monthly Budget Statement Summary – M10 April 2016

Description R thousands	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
Financial Performance									
Property rates	128 580	146 960	136 786	7 417	121 073	113 988	7 085	6%	136 786
Service charges	301 052	368 095	335 215	24 418	261 211	279 346	(18 135)	-6%	335 215
Investment revenue	2 430	2 078	2 984	468	3 539	2 487	1 052	42%	2 984
Transfers recognised - operational	77 540	92 151	91 083	1 980	89 045	75 903	13 143	17%	91 083
Other own revenue	33 407	29 456	23 554	1 314	18 729	19 629	(899)	-5%	23 554
Total Revenue (excluding capital transfers and contributions)	**543 009**	**638 741**	**589 623**	**35 596**	**493 598**	**491 352**	**2 245**	**0%**	**589 623**
Employee costs	212 826	212 437	217 587	17 524	183 596	181 323	2 274	1%	217 587
Remuneration of Councillors	9 757	11 678	10 283	872	8 740	8 569	171	2%	10 283
Depreciation & asset impairment	81 944	80 714	80 714	–	–	67 261	(67 261)	-100%	80 714
Finance charges	7 131	16 112	5 555	–	4 553	4 629	(75)	-2%	5 555
Materials and bulk purchases	170 528	200 868	224 740	16 005	170 986	187 283	(16 297)	-9%	224 740
Transfers and grants	–	–	–	–	–	–	–		–
Other expenditure	96 669	167 435	104 886	5 005	42 384	87 405	(45 021)	-52%	104 886
Total Expenditure	**578 855**	**689 244**	**643 764**	**39 406**	**410 260**	**536 470**	**(126 211)**	**-24%**	**643 764**
Surplus/(Deficit)	**(35 847)**	**(50 504)**	**(54 141)**	**(3 810)**	**83 338**	**(45 118)**	**128 456**	**-285%**	**(54 141)**
Transfers recognised - capital	127 072	–	80 800	–	–	–	–		80 800
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**91 225**	**(50 504)**	**26 659**	**(3 810)**	**83 338**	**(45 118)**	**128 456**	**-285%**	**26 659**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**(3 810)**	**83 338**	**(45 118)**	**128 456**	**-285%**	**26 659**
Capital expenditure & funds sources									
Capital expenditure	**116 735**	**63 570**	**104 506**	**7 167**	**77 695**	**87 089**	**(9 394)**	**-11%**	**104 506**
Capital transfers recognised	110 055	33 360	80 800	4 708	67 268	67 333	(65)	-0%	80 800
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	6 680	30 210	23 706	2 459	10 427	19 755	(9 329)	-47%	23 706
Total sources of capital funds	**116 735**	**63 570**	**104 506**	**7 167**	**77 695**	**87 089**	**(9 394)**	**-11%**	**104 506**
Financial position									
Total current assets	123 256	86 234	119 730		153 997				119 730
Total non current assets	2 452 493	2 649 759	2 476 713		2 494 029				2 476 713
Total current liabilities	143 818	144 257	143 732		143 550				143 732
Total non current liabilities	160 792	159 543	148 325		144 443				148 325
Community wealth/Equity	**2 271 139**	**2 432 193**	**2 304 386**		**2 360 033**				**2 304 386**
Cash flows									
Net cash from (used) operating	144 279	63 570	107 372	(38)	111 149	89 477	(21 672)	-24%	107 372
Net cash from (used) investing	(116 484)	(63 570)	(104 506)	(7 167)	(38 382)	(87 089)	(48 707)	56%	(104 506)
Net cash from (used) financing	(16 864)	–	(15 456)	(1 054)	(10 424)	(12 880)	(2 457)	19%	(15 456)
Cash/cash equivalents at the month/year end	**39 682**	**(0)**	**27 092**	–	**102 026**	**29 190**	**(72 836)**	**-250%**	**27 092**

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	23 147	4 370	3 063	2 891	12 212	9 519	12 611	61 513	129 328
Creditors Age Analysis									
Total Creditors	19 035	1 711	234	388	416	927	3 198	13 837	39 747

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) – M10 April 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	227 398	8 092	210 486	189 499	20 987	11%	227 398
Executive and council		468	–	100	–	34	83	(49)	-59%	100
Budget and treasury office		209 162	240 876	226 518	8 021	209 746	188 765	20 980	11%	226 518
Corporate services		900	575	780	70	706	650	56	9%	780
Community and public safety		16 527	20 413	18 261	1 566	16 445	15 218	1 227	8%	18 261
Community and social services		7 373	8 829	8 135	201	7 196	6 779	417	6%	8 135
Sport and recreation		4	669	13	–	21	11	10	91%	13
Public safety		9 150	10 914	10 113	1 364	9 228	8 428	801	9%	10 113
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		17 772	21 471	18 804	2 609	17 962	15 670	2 293	15%	18 804
Planning and development		4 364	7 014	4 347	1 038	3 433	3 623	(189)	-5%	4 347
Road transport		–	–	–	–	–	–	–		–
Environmental protection		13 407	14 457	14 456	1 571	14 529	12 047	2 482	21%	14 456
Trading services		425 251	355 406	405 959	26 331	279 163	338 299	(59 136)	-17%	405 959
Electricity		193 801	232 429	217 875	15 437	164 692	181 562	(16 870)	-9%	217 875
Water		127 761	54 836	98 404	4 693	49 663	82 004	(32 341)	-39%	98 404
Waste water management		81 954	40 236	66 750	3 326	36 263	55 625	(19 362)	-35%	66 750
Waste management		21 736	27 905	22 930	2 875	28 545	19 109	9 436	49%	22 930
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Standard	2	670 080	638 741	670 423	38 598	524 056	558 686	(34 629)	-6%	670 423
Expenditure - Standard										
Governance and administration		130 624	124 367	127 831	9 371	76 337	106 526	(30 189)	-28%	127 831
Executive and council		23 803	30 530	29 729	2 217	18 666	24 774	(6 108)	-25%	29 729
Budget and treasury office		66 651	53 820	51 379	2 376	26 574	42 816	(16 242)	-38%	51 379
Corporate services		40 170	40 016	46 723	4 778	31 096	38 936	(7 839)	-20%	46 723
Community and public safety		81 887	88 352	82 706	5 281	66 938	68 922	(1 983)	-3%	82 706
Community and social services		48 635	49 705	44 070	2 457	36 258	36 725	(466)	-1%	44 070
Sport and recreation		522	593	630	47	462	525	(63)	-12%	630
Public safety		29 074	33 897	34 626	2 576	27 668	28 855	(1 187)	-4%	34 626
Housing		3 656	4 156	3 380	200	2 550	2 816	(266)	-9%	3 380
Health		–	–	–	–	–	–	–		–
Economic and environmental services		96 843	100 935	96 807	4 434	45 831	80 673	(34 842)	-43%	96 807
Planning and development		90 551	88 132	86 275	3 230	36 265	71 896	(35 631)	-50%	86 275
Road transport		–	–	–	–	–	–	–		–
Environmental protection		6 292	12 803	10 533	1 204	9 566	8 777	789	9%	10 533
Trading services		269 500	375 590	336 420	23 322	251 613	280 350	(28 737)	-10%	336 420
Electricity		179 017	234 329	209 495	13 591	150 583	174 580	(23 996)	-14%	209 495
Water		35 450	61 681	56 200	4 603	43 161	46 833	(3 672)	-8%	56 200
Waste water management		31 045	42 709	37 987	2 103	26 112	31 656	(5 543)	-18%	37 987
Waste management		23 988	36 871	32 738	3 025	31 756	27 282	4 474	16%	32 738
Other		–	–	–	–	–	–	–		–
Total Expenditure - Standard	3	578 855	689 244	643 764	42 407	440 718	536 470	(95 752)	-18%	643 764
Surplus/ (Deficit) for the year		91 225	(50 504)	26 659	(3 810)	83 338	22 216	61 122	275%	26 659

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

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

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M10 April 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	–	100	–	34	83	(49)	-59.1%	100
Vote 2 - Financial Services	209 078	240 876	226 526	8 021	209 762	188 772	20 990	11.1%	226 526
Vote 3 - Administration, Monitoring & Evaluation	511	1 455	227	43	300	189	111	58.8%	227
Vote 4 - Led, Tourism & Creative Industries	–	(60)	100	850	950	83	866	1039.6%	100
Vote 5 - Infrastructure, Planning & Development 1	198 638	238 622	222 667	15 654	167 566	185 556	(17 990)	-9.7%	222 667
Vote 6 - Infrastructure, Planning & Development 2	209 715	95 072	165 154	8 019	85 926	137 628	(51 702)	-37.6%	165 154
Vote 7 - Social Services 1	7 362	7 117	6 491	1 185	7 242	5 409	1 833	33.9%	6 491
Vote 8 - Social Services 2	44 307	55 659	49 158	4 827	52 277	40 965	11 312	27.6%	49 158
Total Revenue by Vote	**670 080**	**638 741**	**670 423**	**38 598**	**524 056**	**558 686**	**(34 629)**	**-6.2%**	**670 423**
Expenditure by Vote									
Vote 1 - Executive & Council	23 803	30 530	29 729	2 217	18 666	24 774	(6 108)	-24.7%	29 729
Vote 2 - Financial Services	70 914	59 716	58 163	2 696	31 166	48 469	(17 303)	-35.7%	58 163
Vote 3 - Administration, Monitoring & Evaluation	28 873	28 886	31 559	4 245	23 910	26 299	(2 389)	-9.1%	31 559
Vote 4 - Led, Tourism & Creative Industries	14 901	8 890	9 443	656	6 812	7 869	(1 058)	-13.4%	9 443
Vote 5 - Infrastructure, Planning & Development 1	265 356	324 742	298 087	16 578	185 181	248 406	(63 225)	-25.5%	298 087
Vote 6 - Infrastructure, Planning & Development 2	66 495	104 391	94 186	6 706	69 273	78 489	(9 215)	-11.7%	94 186
Vote 7 - Social Services 1	26 684	33 436	32 829	2 061	25 964	27 357	(1 394)	-5.1%	32 829
Vote 8 - Social Services 2	81 828	98 413	89 408	7 248	79 728	74 507	5 222	7.0%	89 408
Vote 9 - Social Services 3	–	240	360	–	18	300	(282)	-93.9%	360
Total Expenditure by Vote	**578 855**	**689 244**	**643 764**	**42 407**	**440 718**	**536 470**	**(95 752)**	**-17.8%**	**643 764**
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**(3 810)**	**83 338**	**22 216**	**61 122**	**275.1%**	**26 659**

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) – M10 April 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	136 786	7 417	121 073	113 988	7 085	6%	136 786
Property rates - penalties & collection charges			–					–		–
Service charges - electricity revenue		188 971	232 429	211 141	15 261	162 087	175 951	(13 864)	-8%	211 141
Service charges - water revenue		44 341	54 836	50 964	3 643	39 450	42 470	(3 020)	-7%	50 964
Service charges - sanitation revenue		33 783	40 236	37 490	2 772	30 750	31 242	(491)	-2%	37 490
Service charges - refuse revenue		21 637	27 905	22 930	1 928	19 141	19 109	32	0%	22 930
Service charges - other		12 320	12 689	12 689	813	9 783	10 575	(792)	-7%	12 689
Rental of facilities and equipment		1 395	1 398	551	29	404	459	(56)	-12%	551
Interest earned - external investments		2 430	2 078	2 984	468	3 539	2 487	1 052	42%	2 984
Interest earned - outstanding debtors		3 926	6 246	3 715	76	2 183	3 096	(913)	-29%	3 715
Dividends received								–		–
Fines		1 737	1 655	2 396	487	2 855	1 997	858	43%	2 396
Licences and permits		6 503	10 302	8 522	307	6 223	7 102	(879)	-12%	8 522
Agency services								–		–
Transfers recognised - operational		77 540	92 151	91 083	1 980	89 045	75 903	13 143	17%	91 083
Other revenue		19 710	9 855	8 370	414	7 065	6 975	90	1%	8 370
Gains on disposal of PPE		137						–		–
Total Revenue (excluding capital transfers and contributions)		543 009	638 741	589 623	35 596	493 598	491 352	2 245	0%	589 623
Expenditure By Type										
Employee related costs		212 826	212 437	217 587	17 524	183 596	181 323	2 274	1%	217 587
Remuneration of councillors		9 757	11 678	10 283	872	8 740	8 569	171	2%	10 283
Debt impairment		17 308	52 021	27 981			23 318	(23 318)	-100%	27 981
Depreciation & asset impairment		81 944	80 714	80 714			67 261	(67 261)	-100%	80 714
Finance charges		7 131	16 112	5 555		4 553	4 629	(75)	-2%	5 555
Bulk purchases		170 528	200 868	189 634	14 172	144 915	158 029	(13 113)	-8%	189 634
Other materials				35 105	1 833	26 070	29 254	(3 184)	-11%	35 105
Contracted services			11 069	13 393	2 685	7 841	11 161	(3 320)	-30%	13 393
Transfers and grants								–		
Other expenditure		79 361	104 346	63 511	2 319	34 543	52 926	(18 383)	-35%	63 511
Loss on disposal of PPE								–		–
Total Expenditure		578 855	689 244	643 764	39 406	410 260	536 470	(126 211)	-24%	643 764
Surplus/(Deficit)		(35 847)	(50 504)	(54 141)	(3 810)	83 338	(45 118)	128 456	(0)	(54 141)
Transfers recognised - capital		127 072		80 800				–		80 800
Contributions recognised - capital								–		
Contributed assets								–		
Surplus/(Deficit) after capital transfers & contributions		91 225	(50 504)	26 659	(3 810)	83 338	(45 118)			26 659
Taxation								–		
Surplus/(Deficit) after taxation		91 225	(50 504)	26 659	(3 810)	83 338	(45 118)			26 659
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		91 225	(50 504)	26 659	(3 810)	83 338	(45 118)			26 659
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		91 225	(50 504)	26 659	(3 810)	83 338	(45 118)			26 659

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) – M10 April 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	500	–	30	417	(387)	-93%	500
Vote 2 - Financial Services	1 647	145	415	–	90	346	(256)	-74%	415
Vote 3 - Administration, Monitoring & Evaluation	394	–	179	7	57	149	(92)	-62%	179
Vote 4 - Led, Tourism & Creative Industries	175	1 563	174	18	109	145	(36)	-25%	174
Vote 5 - Infrastructure, Planning & Development 1	1 211	10 100	9 910	3 176	4 528	8 258	(3 730)	-45%	9 910
Vote 6 - Infrastructure, Planning & Development 2	104 027	32 508	82 984	3 948	67 525	69 154	(1 628)	-2%	82 984
Vote 7 - Social Services 1	893	3 515	2 911	17	1 608	2 426	(818)	-34%	2 911
Vote 8 - Social Services 2	6 690	15 209	7 403	–	3 749	6 169	(2 420)	-39%	7 403
Vote 9 - Social Services 3	–	30	30	–	–	25	(25)	-100%	30
Total Capital single-year expenditure	116 735	63 570	104 506	7 167	77 695	87 089	(9 394)	-11%	104 506
Total Capital Expenditure	**116 735**	**63 570**	**104 506**	**7 167**	**77 695**	**87 089**	**(9 394)**	**-11%**	**104 506**
Capital Expenditure - Standard Classification									
Governance and administration	3 838	645	1 094	7	176	912	(735)	-81%	1 094
Executive and council	1 698	500	500	–	30	417	(387)	-93%	500
Budget and treasury office	1 456	115	385	–	86	321	(235)	-73%	385
Corporate services	684	30	209	7	60	174	(114)	-65%	209
Community and public safety	7 517	15 689	9 469	17	4 908	7 891	(2 983)	-38%	9 469
Community and social services	776	2 115	2 045	–	1 710	1 704	6	0%	2 045
Sport and recreation	6 157	11 149	5 649	–	2 856	4 708	(1 852)	-39%	5 649
Public safety	487	2 425	1 775	17	342	1 479	(1 137)	-77%	1 775
Housing	97	–	–	–	–	–	–		–
Health	–	–	–	–	–	–	–		–
Economic and environmental services	849	4 628	1 052	18	557	877	(319)	-36%	1 052
Planning and development	754	1 463	77	18	109	64	45	70%	77
Road transport	–	–	–	–	–	–	–		–
Environmental protection	96	3 165	975	–	449	813	(364)	-45%	975
Trading services	104 530	42 608	92 891	7 125	72 053	77 409	(5 356)	-7%	92 891
Electricity	436	10 100	9 907	3 176	4 528	8 256	(3 728)	-45%	9 907
Water	30 008	–	29 057	–	21 611	24 214	(2 602)	-11%	29 057
Waste water management	74 020	32 508	53 928	3 948	45 914	44 940	974	2%	53 928
Waste management	67	–	–	–	–	–	–		–
Other		–	–	–	–	–	–		–
Total Capital Expenditure - Standard Classification	**116 735**	**63 570**	**104 506**	**7 167**	**77 695**	**87 089**	**(9 394)**	**-11%**	**104 506**
Funded by:									
National Government	110 055	33 360	33 360	3 332	22 032	27 800	(5 768)	-21%	33 360
Provincial Government		–	47 440	1 376	45 237	39 533	5 703	14%	47 440
District Municipality		–					–		
Other transfers and grants		–					–		–
Transfers recognised - capital	**110 055**	**33 360**	**80 800**	**4 708**	**67 268**	**67 333**	**(65)**	**0%**	**80 800**
Public contributions & donations							–		
Borrowing							–		
Internally generated funds	6 680	30 210	23 706	2 459	10 427	19 755	(9 329)	-47%	23 706
Total Capital Funding	**116 735**	**63 570**	**104 506**	**7 167**	**77 695**	**87 089**	**(9 394)**	**-11%**	**104 506**

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 – M10 April 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	–	3 000	5 111	3 000
Call investment deposits		36 786	10 000	24 092	96 915	24 092
Consumer debtors		43 579	59 006	46 863	28 982	46 863
Other debtors		35 671	12 658	41 196	16 302	41 196
Current portion of long-term receivables		8	–	8		8
Inventory		4 317	4 571	4 571	6 688	4 571
Total current assets		**123 256**	**86 234**	**119 730**	**153 997**	**119 730**
Non current assets						
Long-term receivables		171	192	153		153
Investments			–			–
Investment property		61 824	64 175	61 824	61 824	61 824
Investments in Associate			–			–
Property, plant and equipment		2 390 315	2 585 217	2 414 541	2 431 996	2 414 541
Agricultural			–			–
Biological assets			–			–
Intangible assets		183	175	195	209	195
Other non-current assets			–			–
Total non current assets		**2 452 493**	**2 649 759**	**2 476 713**	**2 494 029**	**2 476 713**
TOTAL ASSETS		**2 575 749**	**2 735 993**	**2 596 443**	**2 648 026**	**2 596 443**
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing		10 870	3 379	11 185	11 384	11 185
Consumer deposits		8 593	8 551	8 802	9 415	8 802
Trade and other payables		94 474	100 231	95 449	87 377	95 449
Provisions		29 882	32 095	28 297	35 373	28 297
Total current liabilities		**143 818**	**144 257**	**143 732**	**143 550**	**143 732**
Non current liabilities						
Borrowing		49 637	53 963	49 637	38 780	49 637
Provisions		111 155	105 580	98 688	105 663	98 688
Total non current liabilities		**160 792**	**159 543**	**148 325**	**144 443**	**148 325**
TOTAL LIABILITIES		**304 610**	**303 800**	**292 057**	**287 993**	**292 057**
NET ASSETS	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 360 033**	**2 304 386**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 271 139	2 432 193	2 304 386	2 360 033	2 304 386
Reserves			–			–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 360 033**	**2 304 386**

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 – M10 April 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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595	134 356	7 569	115 637	111 963	3 673	3%	134 356
Service charges		293 108	320 439	308 977	22 461	238 432	257 481	(19 049)	-7%	308 977
Other revenue		17 296	23 210	24 241	11 998	156 689	20 201	136 488	676%	24 241
Government - operating		147 214	92 151	91 083		85 795	75 903	9 893	13%	91 083
Government - capital		44 067	33 360	80 800		40 190	67 333	(27 143)	-40%	80 800
Interest		2 430	8 324	2 984		3 746	2 487	1 259	51%	2 984
Dividends								–		–
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(41 659)	(524 648)	(441 262)	83 386	-19%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(407)	(4 691)	(4 629)	62	-1%	(5 555)
Transfers and Grants								–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		**144 279**	**63 570**	**107 372**	**(38)**	**111 149**	**89 477**	**(21 672)**	**-24%**	**107 372**
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)	(104 506)	(7 167)	(38 382)	(87 089)	(48 707)	56%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(116 484)**	**(63 570)**	**(104 506)**	**(7 167)**	**(38 382)**	**(87 089)**	**(48 707)**	**56%**	**(104 506)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits								–		
Payments										
Repayment of borrowing		(16 864)	–	(15 456)	(1 054)	(10 424)	(12 880)	(2 457)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(16 864)**	**–**	**(15 456)**	**(1 054)**	**(10 424)**	**(12 880)**	**(2 457)**	**19%**	**(15 456)**
NET INCREASE/ (DECREASE) IN CASH HELD		**10 931**	**(0)**	**(12 590)**	**(8 258)**	**62 344**	**(10 492)**			**(12 590)**
Cash/cash equivalents at beginning:		28 751		39 682		39 682	39 682			39 682
Cash/cash equivalents at month/year end:		39 682	(0)	27 092		102 026	29 190			27 092

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

Annexure "A5"

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

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

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

Below is an analysis of the outstanding consumer debtors as at 30 April 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 30 April 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	5 392	1 104	861	740	3 126	2 437	3 228	15 746	32 634
Trade and Other Receivables from Exchange Transactions - Electricity	15 981	1 288	759	301	1 270	990	1 311	6 396	28 296
Receivables from Non-exchange Transactions - Property Rates	7 605	687	460	815	3 444	2 685	3 557	17 349	36 602
Receivables from Exchange Transactions - Waste Water Management	3 691	560	444	337	1 424	1 110	1 470	7 172	16 208
Receivables from Exchange Transactions - Waste Management	2 572	504	374	421	1 777	1 385	1 835	8 952	17 821
Receivables from Exchange Transactions - Property Rental Debtors									–
Interest on Arrear Debtor Accounts									–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									–
Other	(12 094)	228	165	277	1 171	913	1 209	5 898	(2 234)
Total By Income Source	**23 147**	**4 370**	**3 063**	**2 891**	**12 212**	**9 519**	**12 611**	**61 513**	**129 328**
									–
Debtors Age Analysis By Customer Group									
Organs of State	692	257	74	57	240	187	248	1 210	2 965
Commercial	5 379	496	309	99	417	325	430	2 099	9 552
Households	17 076	3 618	2 680	2 736	11 555	9 007	11 933	58 205	116 810
Other									–
Total By Customer Group	**23 147**	**4 370**	**3 063**	**2 891**	**12 212**	**9 519**	**12 611**	**61 513**	**129 328**

The aforementioned analysis indicates that from 30 June 2015 to 30 April 2016, the overdue debts have increased from R 93,464 million to R 106,180 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-15**	**30-Apr-16**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	18 986	27 243	8 256
Trade and Other Receivables from Exchange Transactions - Electricity	9 694	12 315	2 621
Receivables from Non-exchange Transactions - Property Rates	24 139	28 997	4 858
Receivables from Exchange Transactions - Waste Water Management	8 992	12 517	3 526
Receivables from Exchange Transactions - Waste Management	11 457	15 249	3 792
Receivables from Exchange Transactions - Property Rental Debtors	1	–	(1)
Interest on Arrear Debtor Accounts	11 975	–	(11 975)
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	8 221	9 860	1 639
Total By Income Source	**93 464**	**106 180**	**12 716**
		–	
Debtors Age Analysis By Customer Group			
Organs of State	146	2 273	2 127
Commercial	250	4 174	3 924
Households	90 178	99 734	9 556
Other	2 890	–	(2 890)
Total By Customer Group	**93 464**	**106 180**	**12 716**

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	13 879								13 879
Bulk Water	–	1	1	–	–	–	(29)	(122)	(149)
PAYE deductions									–
VAT (output less input)									–
Pensions / Retirement deductions	2 755								2 755
Loan repayments									–
Trade Creditors	801	1 710	177	388	147	131	1 641	13 959	18 954
Auditor General	194	–	56	–	269	797	1 587	–	2 902
Other	1 406								1 406
Total By Customer Type	19 035	1 711	234	388	416	927	3 198	13 837	39 747

The above amounts represent invoices still to be paid. The major creditors as at 30 April 2016 are as follows:

Department of Transport	R 14,609 million
Eskom	R 13,879 million
Office of the Auditor – General	R 2,902 million
Pension fund deductions	R 2,755 million
Employee payroll deductions	R 1,406 million
Other Creditors	R 4,196 million
Total	**R 39,747 million**

It is to be noted that the Eskom amount of R 13,879 million, represents the current account for April 2016. The pension fund deductions and employee payroll deductions represent employee related costs for the month of April 2016, the amounts were paid on 3 May 2016 to the relevant service providers.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 30 April 2016.

	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 30 April 2016
ABSA	809 097	20 413 512	140 725	413 512	400	20 949 423
Nedbank	222 722	-	13 194	-	-	235 916
RMB	35 754 564	175 680 367	3 493 689	139 199 011	-	75 729 608
Total	**36 786 382.97**	**196 093 878**	**3 647 608.11**	**(139 612 523)**	**(400)**	**96 914 947**

Investments by type	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 30 April 2016
General Account	26 241 099	137 670 683	2 399 989	106 278 391	400	60 032 981
Collateral	295 393	-	16 596	-	-	311 989
Conditional Grants	8 270 347	39 506 998	826 018	22 880 499	-	25 722 863
Housing Funds	87 839	18 716 198	315 195	10 253 633	-	8 865 599
Investment FNB	1 891 706	200 000	89 809	200 000	-	1 981 515
Total	**36 786 383**	**196 093 878**	**3 647 608**	**(139 612 523)**	**(400)**	**96 914 947**
Bank	2 895 796	2 215 065				5 110 861
Total	**39 682 179**	**198 308 943**	**3 647 608**	**(139 612 523)**	**(400)**	**102 025 808**

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M10 April 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	85 629	–	85 629	85 629	–		85 629
Local Government Equitable Share	66 129	82 099	82 099	–	82 099	82 099	–		82 099
Finance Management	1 600	1 600	1 600	–	1 600	1 600			1 600
Municipal Systems Improvement	934	930	930	–	930	930			930
EPWP Incentive	1 285	1 000	1 000	–	1 000	1 000			1 000
Total Operating Transfers and Grants	69 948	85 629	85 629	–	85 629	85 629	–		85 629
Capital Transfers and Grants									
National Government:	44 067	34 900	34 900	–	34 900	34 900	–		34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	–	30 800	30 800	–		30 800
Integrated National Electrification Programme	3 991	4 100	4 100	–	4 100	4 100	–		4 100
Total Capital Transfers and Grants	44 067	34 900	34 900	–	34 900	34 900	–		34 900
TOTAL RECEIPTS OF TRANSFERS & GRANTS	114 015	120 529	120 529	–	120 529	120 529	–		120 529

Below is an analysis of the spending associated with the grants as at 30 April 2016:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M10 April 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	85 629	180	83 368	85 041	(1 672)	-2.0%	85 629
Local Government Equitable Share	66 129	82 099	82 099		82 099	82 099	–		82 099
Finance Management	1 600	1 600	1 600	58	269	1 333	(1 064)	-79.8%	1 600
Municipal Systems Improvement	934	930	930			775	(775)	-100.0%	930
EPWP Incentive	1 285	1 000	1 000	122	1 000	833	167	20.0%	1 000
Total operating expenditure of Transfers and Grants:	**69 948**	**85 629**	**85 629**	**180**	**83 368**	**85 041**	**(1 672)**	**-2.0%**	**85 629**
Capital expenditure of Transfers and Grants									
National Government:	44 067	34 900	34 900	3 927	23 134	29 083	(5 949)	-20.5%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	3 061	21 684	25 667	(3 983)	-15.5%	30 800
Integrated National Electrification Programme	3 991	4 100	4 100	865	1 451	3 417	(1 966)	-57.5%	4 100
Total capital expenditure of Transfers and Grants	**44 067**	**34 900**	**34 900**	**3 927**	**23 134**	**29 083**	**(5 949)**	**-20.5%**	**34 900**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**114 015**	**120 529**	**120 529**	**4 107**	**106 503**	**114 124**	**(7 621)**	**-6.7%**	**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 30 April 2016:	R 930,000

As at 30 April 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 269,457
Unspent as at 30 April 2016:	R 1,330,543

The spending of the grant amounted to 16.84% as at 30 April 2016. The Municipality has appointed four additional finance interns, as from 1 April 2016.

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

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

DORA Allocation:	R 1,000,000
Amount of Grant Received:	R 1,000,000
Expenditure to date:	R 1,000,000
Unspent as at 30 April 2016:	R 00.0

The spending of the grant amounted to 100% as at 30 April 2016.

<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 30,800,000
Amount of Grant Received:	R 30,800,000
Expenditure to date:	R 21,683,626
Unspent as at 30 April 2016:	R 9,116,374

The spending of the grant amounted to 70.40% as at 30 April 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 1,450,714
Unspent as at 31 March 2016:	R 2,649,286

The spending of the grant amounted to 35.38% as at 30 April 2016.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M10 April 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	7 180	598	6 012	5 983	29	0%	7 180
Pension and UIF Contributions	186	7					–		
Medical Aid Contributions		1 952					–		
Motor Vehicle Allowance			2 393	199	1 989	1 994	(5)	0%	2 393
Cellphone Allowance			710	59	591	591	–		710
Housing Allowances							–		
Other benefits and allowances	2 991	3 153		15	147	–	147		
Sub Total - Councillors	**9 757**	**11 678**	**10 283**	**872**	**8 740**	**8 569**	**171**	**2%**	**10 283**
% increase		19.7%	5.4%						5.4%
Senior Managers of the Municipality									
Basic Salaries and Wages	5 404	5 836	5 649	527	5 271	4 708	563	12%	5 649
Pension and UIF Contributions	103						–		
Medical Aid Contributions							–		
Overtime							–		
Performance Bonus							–		
Motor Vehicle Allowance	686		676	56	563	563	–		676
Cellphone Allowance							–		
Housing Allowances							–		
Other benefits and allowances							–		
Payments in lieu of leave							–		
Long service awards							–		
Post-retirement benefit obligations							–		
Sub Total - Senior Managers of Municipality	**6 193**	**5 836**	**6 325**	**583**	**5 834**	**5 271**	**563**	**11%**	**6 325**
% increase		-5.8%	2.1%						2.1%
Other Municipal Staff									
Basic Salaries and Wages	125 195	129 196	132 550	10 619	107 394	110 458	(3 064)	-3%	132 550
Pension and UIF Contributions	27 930	21 705	23 721	1 786	18 504	19 768	(1 263)	-6%	23 721
Medical Aid Contributions	18 300	11 208	11 033	971	9 482	9 194	287	3%	11 033
Overtime	8 491	10 912	9 454	1 075	9 874	7 878	1 996	25%	9 454
Performance Bonus			9 853	58	9 926	8 211	1 715	21%	9 853
Motor Vehicle Allowance			6 793	592	6 226	5 661	565	10%	6 793
Cellphone Allowance							–		
Housing Allowances	472	505	561	41	459	468	(9)	-2%	561
Other benefits and allowances	25 309	32 190	15 931	1 695	15 221	13 276	1 945	15%	15 931
Payments in lieu of leave			815			679	(679)	-100%	815
Long service awards	937	886	550	102	676	459	218	47%	550
Post-retirement benefit obligations			–			–	–		–
Sub Total - Other Municipal Staff	**206 633**	**206 601**	**211 262**	**16 940**	**177 762**	**176 052**	**1 710**	**1%**	**211 262**
% increase		0.0%	2.2%						2.2%
Total Parent Municipality	**222 583**	**224 115**	**227 870**	**18 396**	**192 336**	**189 892**	**2 444**	**1%**	**227 870**
		0.7%	2.4%						2.4%
TOTAL SALARY, ALLOWANCES & BENEFITS	**222 583**	**224 115**	**227 870**	**18 396**	**192 336**	**189 892**	**2 444**	**1%**	**227 870**
% increase		0.7%	2.4%						2.4%
TOTAL MANAGERS AND STAFF	**212 826**	**212 437**	**217 587**	**17 524**	**183 596**	**181 323**	**2 274**	**1%**	**217 587**

6. Key performance indicators

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

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	Adjustments Budget 2015/16	Actuals as at 30 April 2016
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	3.26%	3.68%
Borrowed funding of "own"capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.05	0.06	0.06	0.04	0.04
Liquidity							
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.86	0.83	1.07
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.19	0.71
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	94.39%	96.80%
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	0.61	1.86
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	36.77%	33.80%	44.75%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	95.00%	74.34%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	5.45%	6.35%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	1.45%	1.07%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	89.98%	87.04%	87.21%	85.72%	84.55%	81.96%

The above table is discussed in details below.

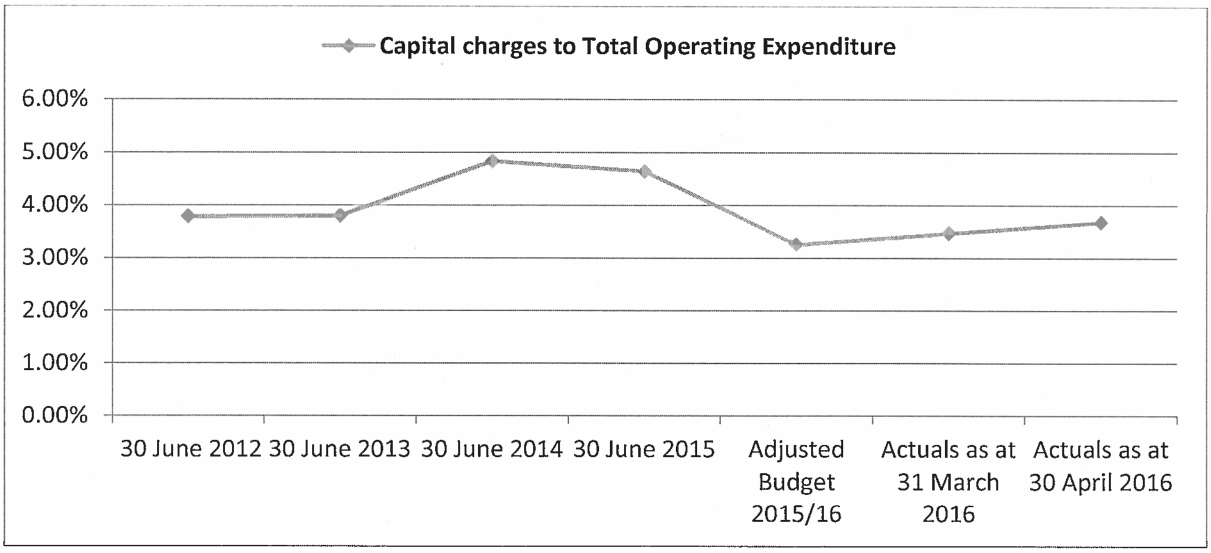
6.1. Borrowing Management

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 3.68% of the Total Operating Expenditure was utilised for capital charges as at 30 April 2016, compared to the adjustments budgeted ratio of 3.26%. The Municipality's audited ratio as at 30 June 2015 was 4.64%.



6.1.2. Borrowed funding of capital expenditure

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

The ratio is determined as follows:

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

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

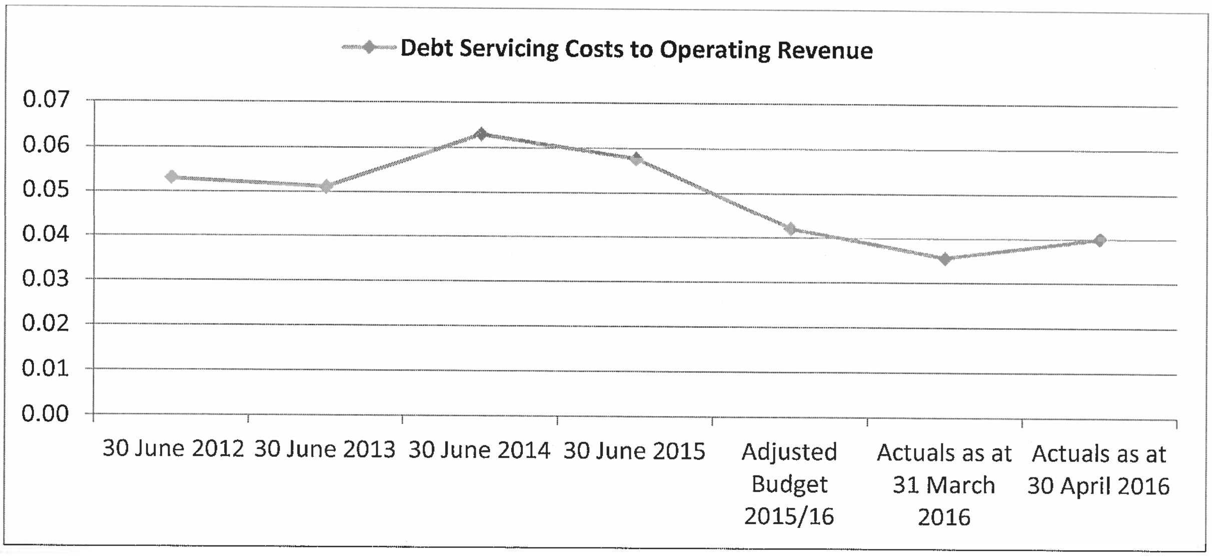
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

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



6.2. Liquidity

6.2.1. Current ratio

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

The ratio is determined as follows:

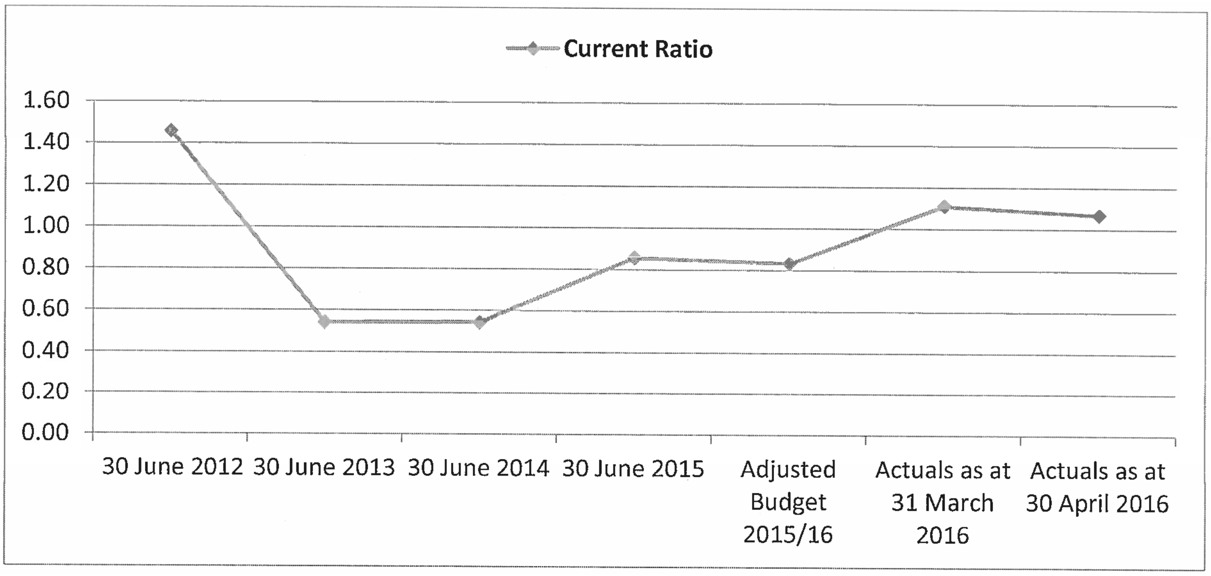
Current assets/Current liabilities

The ratio as at 30 April 2016 was 1.07:1, compared to the adjustments budgeted ratio of 0.83:1. The Municipality's audited ratio as at 30 June 2015 was 0.86:1.

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

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

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



6.2.2. Liquidity Ratio

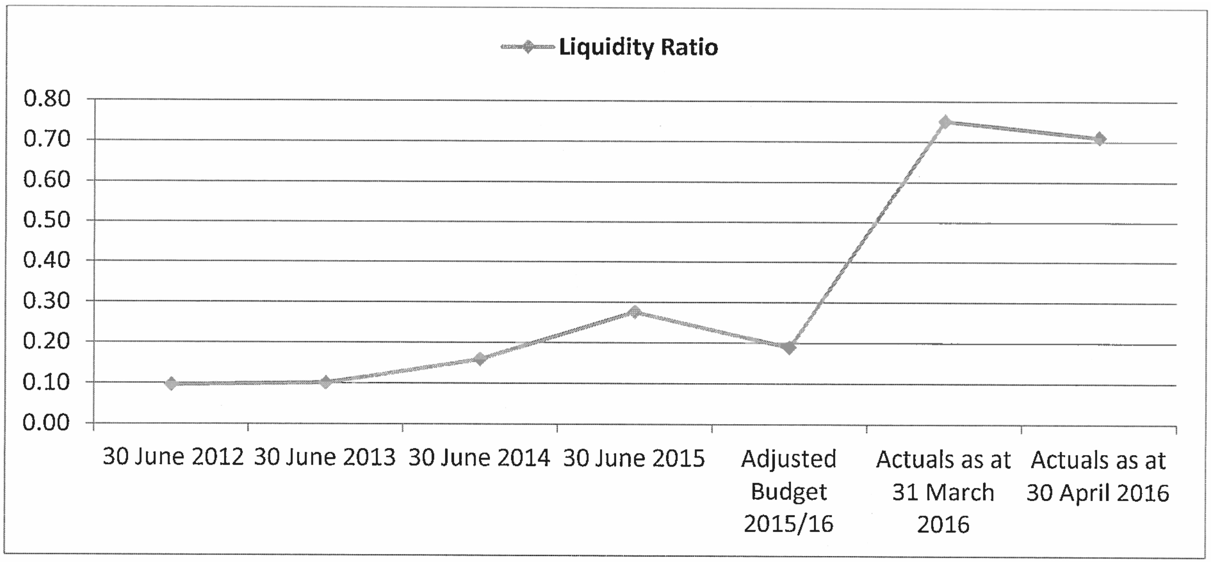
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

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 30 April 2016 was 0.71:1, compared to the adjustments budgeted ratio of 0.19:1. 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

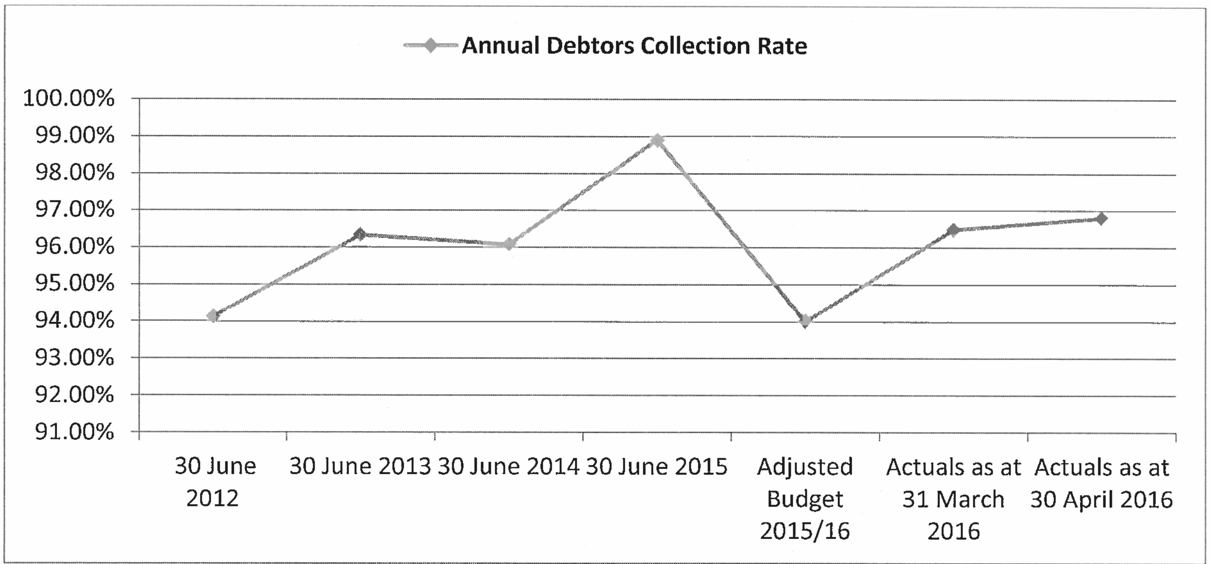
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 30 April 2016 was 96.80%, compared to the adjustments budgeted collection rate of 94%. The average collection rate for the 2014/15 financial year was 98.91%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



6.4. Other indicators

6.4.1. Cost coverage

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

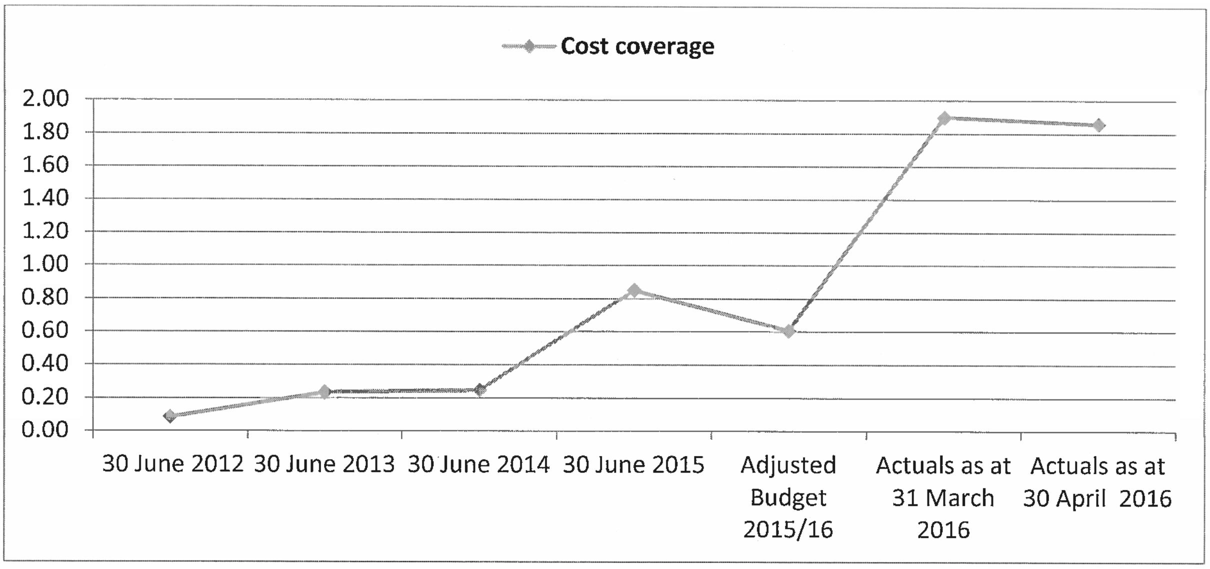
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 30 April 2016, the Ratio was 1.86 months, compared to the adjustments budgeted ratio of 0.61 moths. The Municipality's audited ratio as at 30 June 2015 was 0.85 months.

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



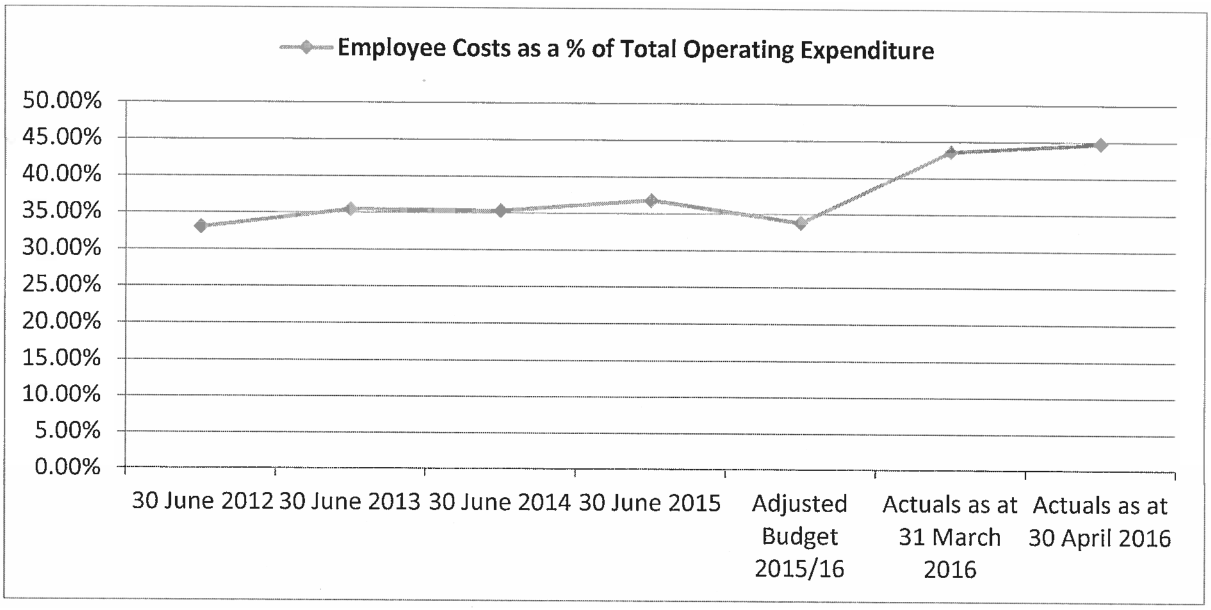
6.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 30 April 2016, Employee Related Costs constituted 44.75% of the Total Operating Expenditure, compared to the adjustments budgeted ratio of 33.80%. The Municipality's audited ratio as at 30 June 2015 was 36.77%.



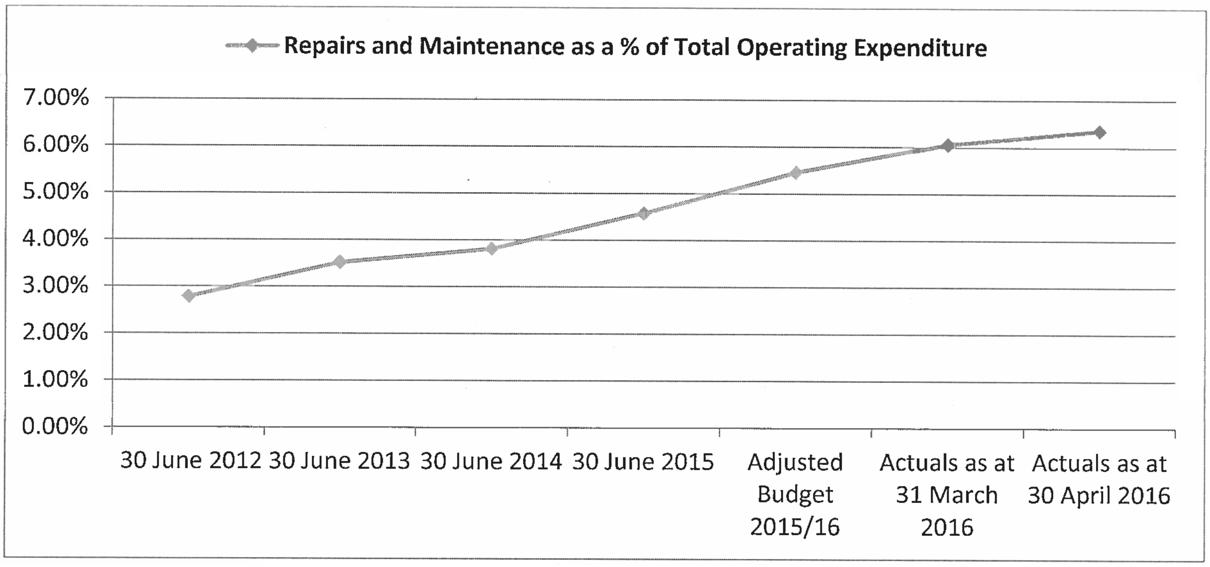
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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

The ratio is determined as follows:

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

As at 30 April 2016, the ratio was 6.35%, compared to the adjustments budgeted ratio of 5.45%. The Municipality's audited ratio as at 30 June 2015 was 4.58%.



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

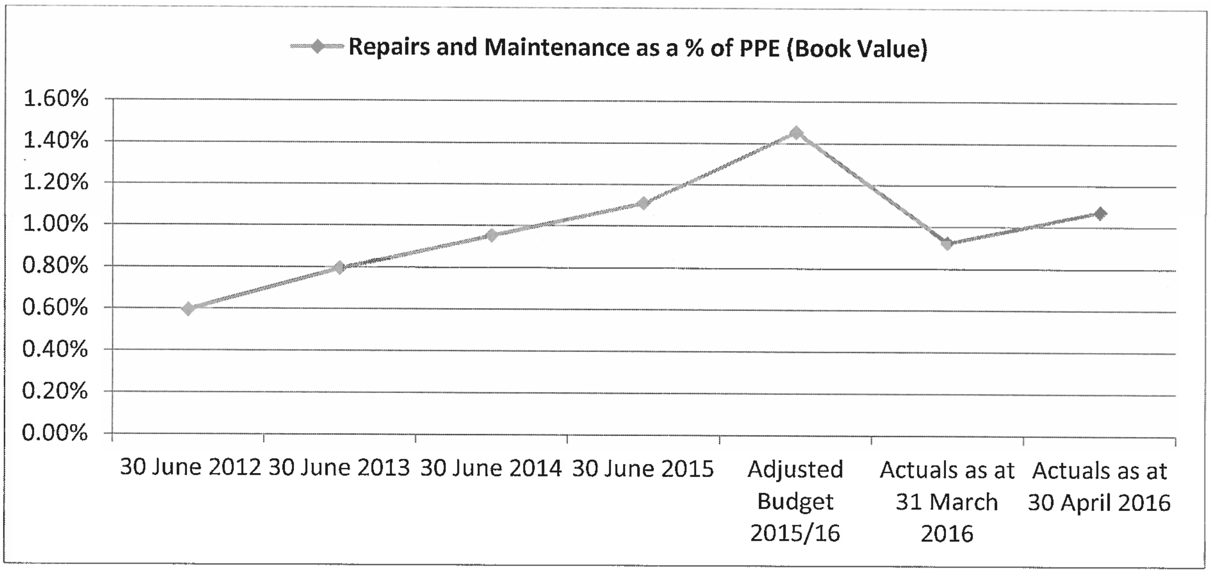
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 April 2016, repairs and maintenance expenditure constituted 1.07% of the book value of PPE, compared to the adjustments budgeted ratio of 1.45%.
The Municipality's audited ratio as at 30 June 2015 was 1.11%.

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



6.4.5. Own Revenue Generation

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

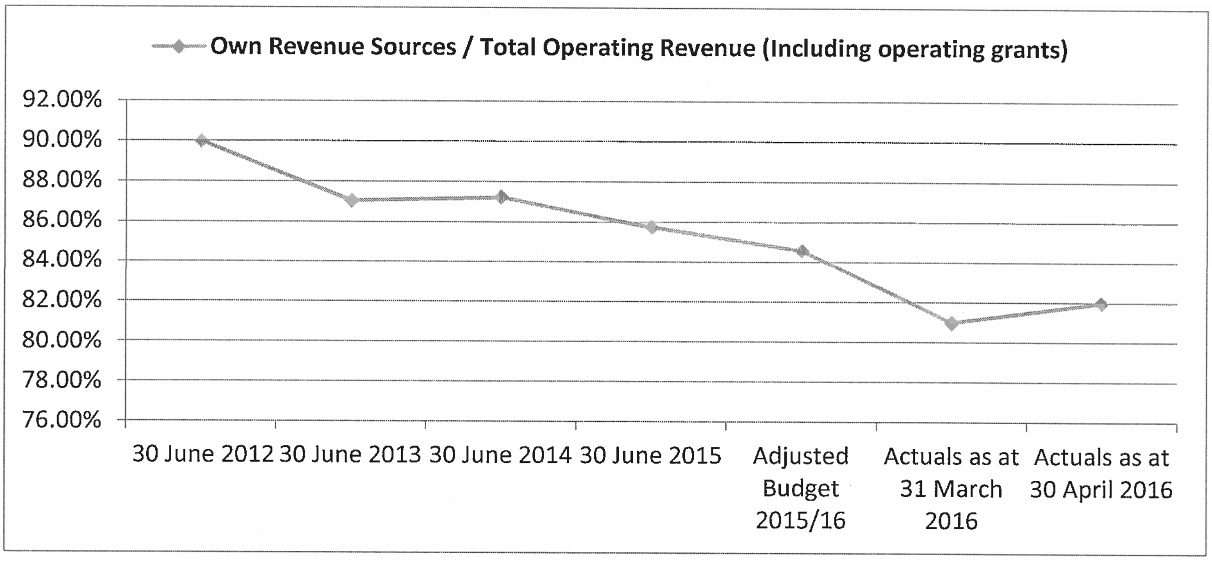
The ratio is determined as follows:

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

As at 30 April 2016, the Municipality's own revenue sources constituted 81.96% of its total Operating Income, compared to the adjustments budgeted ratio of 84.55%.
The Municipality's audited ratio as at 30 June 2015 was 85.72%.

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

The equitable share, for example is greatly assists the Municipality to cover the subsidies for the registered indigent households. Although the Municipality would like to become sufficient by not having to rely on Government support via Grants and Subsidies, it has become very clear that without increased Government funding the Municipality will not be able to meet its service delivery mandate from its limited revenue base.



6.4.6. Capital Budget Spending

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

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of April 2016 amounted to 74.34%, compared to the adjustments budgeted ratio of 95%. The Municipality's audited ratio as at 30 June 2015 was 241.30%.