KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTEE

FINANCE, ADMINISTRATION, MONITORING & EVALUATION

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2015 TO FEBRUARY 2016 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 29 FEBRUARY 2016 (2015/16 FINANCIAL YEAR)

1.1. PURPOSE

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

1.2. LEGISLATIVE REQUIREMENTS

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

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

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

1.3 EXECUTIVE SUMMARY

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2015 to February 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 401,581 million, whilst operating expenditure amounted to R 340,938 million, resulting in an operating surplus of R 60,644 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.

- Capital expenditure constituted 59.78% of the approved 2015/16 Capital Adjustments Budget.
- Overdue consumer debts increased by R 19,789 million (21.17%) since June 2015.
- An amount of R 35,844 million is owing to creditors, of which R 14,346 million (40.02%) represents current creditors.
- The municipality's investment portfolio has increased by R 39,786,929 (100.26%) since June 2015, from R 39,682,179 to R 79,469,108.

  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 Jan 2016	Actual as at Feb 2016
Current Ratio	0.54:1	0.54:1	0.86:1	0.93:1	1.04:1
Liquidity Ratio	0.10:1	0.16:1	0.28:1	0.49:1	0.55:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.85 months	1.25 months	1.35 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.06:1	0.02:1	0.02:1

1.3. DETAILED REPORTS

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period ending 29 February 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 and Finance Committee note the monthly budget statements as submitted in terms of Section 71(1) of the Municipal Finance Management Act, and

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

Report submitted by

…………………………………………………………………

Mr S.S. Fadi (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2015 to February 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 …FADI SIDNEY S.…, 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 FADI S.S.

Municipal manager of Kouga Local Municipality

Signature

Date 14-03-2016

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY 2015 TO FEBRUARY 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 January 2016	% of Budget	Actuals as at 29 February 2016	% of Budget
OPERATING REVENUE		R			
Propert Rates	136 785 831	99 064 517	72.42%	106 607 555	77.94%
Total Service Charges	335 215 036	182 555 161	54.46%	210 962 558	62.93%
Service charges - electricity	211 140 954	113 813 288	53.90%	130 942 618	62.02%
Service charges - water	50 964 229	26 261 814	51.53%	31 497 731	61.80%
Service charges - sewerage & sanitation	37 489 942	21 725 967	57.95%	25 060 435	66.85%
Service charges - refuse	22 930 496	13 392 729	58.41%	15 295 373	66.70%
Service charges - environmental management	12 689 415	7 361 363	58.01%	8 166 402	64.36%
Rental of Facilities and Equipment	551 260	304 641	55.26%	339 698	61.62%
Interest Earned - External Investments	2 984 460	2 281 764	76.45%	2 308 938	77.37%
Interest Earned - Outstanding Debtors	3 714 979	1 460 642	39.32%	1 456 575	39.21%
Fines	2 396 451	1 560 778	65.13%	1 943 113	81.08%
Licences and Permits	8 522 423	4 584 370	53.79%	5 443 929	63.88%
Grants & Subsidies Received - Operating	91 083 000	65 253 172	71.64%	66 354 810	72.85%
Other Revenue	8 369 536	5 715 378	68.29%	6 164 129	73.65%
Total Direct Operating Revenue	**589 622 977**	**362 780 421**	**61.53%**	**401 581 305**	**68.11%**
OPERATING EXPENDITURE					
Employee Related Costs	217 587 074	131 078 562	60.24%	148 901 241	68.43%
Remuneration of Councillors	10 283 155	6 123 134	59.55%	6 994 706	68.02%
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	19 400 818	55.26%	20 901 663	59.54%
Finance Charges - External Borrowings	5 554 604	4 416 384	79.51%	4 657 625	83.85%
Total Bulk Purchases	189 634 439	114 623 310	60.44%	128 906 527	67.98%
Bulk purchases - electricity	173 063 024	106 093 852	61.30%	118 327 379	68.37%
Bulk purchases - water	16 571 415	8 529 458	51.47%	10 579 148	63.84%
Contracted Services	13 393 444	3 619 567	27.02%	4 194 926	31.32%
General Expenses - Other	63 511 425	23 333 001	36.74%	26 380 997	41.54%
Total Direct Operating Expenditure	**643 764 262**	**302 594 776**	**47.00%**	**340 937 686**	**52.96%**
Surplus/(Deficit)	**-54 141 285**	**60 185 645**		**60 643 619**	

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

The statement of financial performance indicates a surplus of R 60,643,619. This is influenced by the accounting treatment of the bad debts provision and the depreciation and asset impairment.

Revenue Variations

Property Rates

As at 29 February 2016, the Municipality has recognised 77.94% of its property rates revenue, compared to the adjustments 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.

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 29 February 2016 was R 113,253,092

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.

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 Adjustments Budget.

Directorate	Adjustments Budget 2015/16	Actuals as at 31 January 2016	% of Budget	Actuals as at 29 February 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	770,744	315,167	40.89%	352,239	45.70%
Finance	612,162	113,136	18.48%	125,691	20.53%
Social Services	9,025,353	4,224,274	46.80%	4,458,620	49.40%
Infrastructure, Planning & Development	24,294,110	14,397,364	59.26%	15,614,235	64.27%
LED, Tourism & Industries	402,898	350,877	87.09%	350,877	87.09%
Total	**35,105,267**	**19,400,818**	**55.26%**	**20,901,663**	**59.54%**

It is to be noted that actual repairs and maintenance expenditure constituted 59.54% 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 January 2016	% of Budget	Actuals as at 29 February 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	679,000	78,216	11.52%	78,216	11.52%
Finance	415,000	83,890	20.21%	83,890	20.21%
Social Services	10,344,300	3,792,181	36.66%	4,053,749	39.19%
Infrastructure, Planning & Development	92,894,000	20,134,588	21.67%	58,153,349	62.60%
LED, Tourism & Industries	174,000	17,362	9.98%	107,163	61.59%
Total	**104,506,300**	**24,106,238**	**23.07%**	**62,476,367**	**59.78%**
Source of Funding	**Adjustments Budget 2015/16**	**Actuals as at 31 January 2016**	**% of Budget**	**Actuals as at 29 February 2016**	**% of Budget**
	R	R		R	
Internally Generated Funding	23,706,300	6,026,877	25.42%	6,651,157	28.06%
Government Grants	80,800,000	18,079,361	22.38%	55,825,210	69.09%
Total	**104,506,300**	**24,106,238**	**23.07%**	**62,476,367**	**59.78%**

It is to be noted that an amount of R 62,476,367 has been spent as at 29 February 2016, compared to the approved capital adjustments budget of R 104,506,300. This represents a spending performance of 59.78% 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 29 February 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 – M08 February 2016

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595	134 356	8 695	100 809	89 571	11 239	13%	134 356
Service charges		293 108	320 439	308 977	25 495	191 567	205 985	(14 418)	-7%	308 977
Other revenue		17 296	23 210	24 241	15 248	94 746	16 161	78 585	486%	24 241
Government - operating		147 214	92 151	91 083	466	65 270	60 722	4 548	7%	91 083
Government - capital		44 067	33 360	80 800	3 622	58 671	53 867	4 804	9%	80 800
Interest		2 430	8 324	2 984		3 647	1 990	1 657	83%	2 984
Dividends						–		–		–
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(52 319)	(437 419)	(353 010)	84 409	-24%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(424)	(3 839)	(3 703)	136	-4%	(5 555)
Transfers and Grants						–		–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		**144 279**	**63 570**	**107 372**	**783**	**73 451**	**71 581**	**(1 869)**	**-3%**	**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)	(4 335)	(25 310)	(69 671)	(44 361)	64%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(116 484)**	**(63 570)**	**(104 506)**	**(4 335)**	**(25 310)**	**(69 671)**	**(44 361)**	**64%**	**(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)	(965)	(8 354)	(10 304)	(1 951)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(16 864)**	**–**	**(15 456)**	**(965)**	**(8 354)**	**(10 304)**	**(1 951)**	**19%**	**(15 456)**
NET INCREASE/ (DECREASE) IN CASH HELD		10 931	(0)	(12 590)	(4 517)	39 787	(8 394)			(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		79 469	31 289			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 February 2016 and are to be noted by Council. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M08 February 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	7 543	106 608	91 191	15 417	17%	136 786
Service charges	301 052	368 095	335 215	28 407	210 963	223 477	(12 514)	-6%	335 215
Investment revenue	2 430	2 078	2 984	27	2 309	1 990	319	16%	2 984
Transfers recognised - operational	77 540	92 151	91 083	1 102	66 355	60 722	5 633	9%	91 083
Other own revenue	33 407	29 456	23 554	1 721	15 347	15 703	(355)	-2%	23 554
Total Revenue (excluding capital transfers and contributions)	**543 009**	**638 741**	**589 623**	**38 800**	**401 581**	**393 082**	**8 499**	**2%**	**589 623**
Employee costs	212 826	212 437	217 587	17 810	148 901	145 058	3 843	3%	217 587
Remuneration of Councillors	9 757	11 678	10 283	872	6 995	6 855	139	2%	10 283
Depreciation & asset impairment	81 944	80 714	80 714	–	–	53 809	(53 809)	-100%	80 714
Finance charges	7 131	16 112	5 555	241	4 658	3 703	955	26%	5 555
Materials and bulk purchases	170 528	200 868	224 740	16 506	149 808	149 826	(18)	-0%	224 740
Transfers and grants	–	–	–	–	–	–	–		–
Other expenditure	96 669	167 435	104 886	3 523	30 576	69 924	(39 348)	-56%	104 886
Total Expenditure	**578 855**	**689 244**	**643 764**	**38 952**	**340 938**	**429 176**	**(88 238)**	**-21%**	**643 764**
Surplus/(Deficit)	**(35 847)**	**(50 504)**	**(54 141)**	**(152)**	**60 644**	**(36 094)**	**96 738**	**-268%**	**(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**	**(152)**	**60 644**	**(36 094)**	**96 738**	**-268%**	**26 659**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**(152)**	**60 644**	**(36 094)**	**96 738**	**-268%**	**26 659**
Capital expenditure & funds sources									
Capital expenditure	**116 735**	**63 570**	**104 506**	**39 126**	**62 476**	**69 671**	**(7 194)**	**-10%**	**104 506**
Capital transfers recognised	110 055	33 360	80 800	38 472	55 825	53 867	1 959	4%	80 800
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	6 680	30 210	23 706	654	6 651	15 804	(9 153)	-58%	23 706
Total sources of capital funds	**116 735**	**63 570**	**104 506**	**39 126**	**62 476**	**69 671**	**(7 194)**	**-10%**	**104 506**
Financial position									
Total current assets	123 256	86 234	119 730		149 264				86 234
Total non current assets	2 452 493	2 649 759	2 476 713		2 559 894				2 649 759
Total current liabilities	143 818	144 257	143 732		143 510				144 257
Total non current liabilities	160 792	159 543	148 325		149 413				159 543
Community wealth/Equity	**2 271 139**	**2 432 193**	**2 304 386**		**2 416 234**				**2 432 193**
Cash flows									
Net cash from (used) operating	144 279	63 570	107 372	783	73 451	71 581	(1 869)	-3%	107 372
Net cash from (used) investing	(116 484)	(63 570)	(104 506)	(4 335)	(25 310)	(69 671)	(44 361)	64%	(104 506)
Net cash from (used) financing	(16 864)	–	(15 456)	(965)	(8 354)	(10 304)	(1 951)	19%	(15 456)
Cash/cash equivalents at the month/year end	**39 682**	**(0)**	**27 092**	**–**	**79 469**	**31 289**	**(48 181)**	**-154%**	**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	20 819	7 546	4 000	2 978	12 578	9 804	12 989	63 358	134 072
Creditors Age Analysis									
Total Creditors	14 346	950	159	1 349	631	1 197	2 275	14 937	35 844

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) – M08 February 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**	**7 683**	**173 116**	**151 599**	21 518	14%	**227 398**
Executive and council		468	–	100	–	34	67	(33)	-49%	100
Budget and treasury office		209 162	240 876	226 518	7 648	172 669	151 012	21 657	14%	226 518
Corporate services		900	575	780	35	414	520	(106)	-20%	780
Community and public safety		**16 527**	**20 413**	**18 261**	**1 704**	**13 682**	**12 174**	1 507	12%	**18 261**
Community and social services		7 373	8 829	8 135	482	6 716	5 423	1 292	24%	8 135
Sport and recreation		4	669	13	1	7	9	(1)	-15%	13
Public safety		9 150	10 914	10 113	1 221	6 959	6 742	216	3%	10 113
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**17 772**	**21 471**	**18 804**	**2 084**	**14 162**	**12 536**	1 626	13%	**18 804**
Planning and development		4 364	7 014	4 347	466	2 270	2 898	(628)	-22%	4 347
Road transport		–	–	–	–	–	–	–		–
Environmental protection		13 407	14 457	14 456	1 619	11 892	9 638	2 254	23%	14 456
Trading services		**425 251**	**355 406**	**405 959**	**30 441**	**224 963**	**270 640**	(45 677)	-17%	**405 959**
Electricity		193 801	232 429	217 875	17 441	133 058	145 250	(12 192)	-8%	217 875
Water		127 761	54 836	98 404	6 261	39 635	65 603	(25 967)	-40%	98 404
Waste water management		81 954	40 236	66 750	3 890	29 465	44 500	(15 034)	-34%	66 750
Waste management		21 736	27 905	22 930	2 848	22 804	15 287	7 517	49%	22 930
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Standard	2	**670 080**	**638 741**	**670 423**	**41 912**	**425 923**	**446 948**	**(21 025)**	**-5%**	**670 423**
Expenditure - Standard										
Governance and administration		**130 624**	**124 367**	**127 831**	**6 541**	**59 319**	**85 220**	(25 901)	-30%	**127 831**
Executive and council		23 803	30 530	29 729	1 489	14 713	19 819	(5 107)	-26%	29 729
Budget and treasury office		66 651	53 820	51 379	2 256	21 520	34 252	(12 732)	-37%	51 379
Corporate services		40 170	40 016	46 723	2 796	23 086	31 149	(8 062)	-26%	46 723
Community and public safety		**81 887**	**88 352**	**82 706**	**7 322**	**54 695**	**55 137**	(443)	-1%	**82 706**
Community and social services		48 635	49 705	44 070	4 305	30 328	29 380	949	3%	44 070
Sport and recreation		522	593	630	37	371	420	(49)	-12%	630
Public safety		29 074	33 897	34 626	2 759	22 146	23 084	(938)	-4%	34 626
Housing		3 656	4 156	3 380	221	1 849	2 253	(404)	-18%	3 380
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**96 843**	**100 935**	**96 807**	**3 985**	**35 937**	**64 538**	(28 602)	-44%	**96 807**
Planning and development		90 551	88 132	86 275	3 186	29 250	57 517	(28 267)	-49%	86 275
Road transport		–	–	–	–	–	–	–		–
Environmental protection		6 292	12 803	10 533	799	6 687	7 022	(335)	-5%	10 533
Trading services		**269 500**	**375 590**	**336 420**	**24 216**	**215 329**	**224 280**	(8 951)	-4%	**336 420**
Electricity		179 017	234 329	209 495	13 884	134 377	139 664	(5 286)	-4%	209 495
Water		35 450	61 681	56 200	4 878	34 214	37 466	(3 252)	-9%	56 200
Waste water management		31 045	42 709	37 987	2 222	21 116	25 324	(4 209)	-17%	37 987
Waste management		23 988	36 871	32 738	3 232	25 622	21 825	3 797	17%	32 738
Other		–	–	–	–	–	–	–		–
Total Expenditure - Standard	3	**578 855**	**689 244**	**643 764**	**42 064**	**365 280**	**429 176**	**(63 896)**	**-15%**	**643 764**
Surplus/ (Deficit) for the year		**91 225**	**(50 504)**	**26 659**	**(152)**	**60 644**	**17 772**	**42 871**	**241%**	**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 – M08 February 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	67	(33)	-48.8%	100
Vote 2 - Financial Services	209 078	240 876	226 526	7 648	172 685	151 017	21 667	14.3%	226 526
Vote 3 - Administration, Monitoring & Evaluation	511	1 455	227	3	69	151	(82)	-54.5%	227
Vote 4 - Led, Tourism & Creative Industries	–	(60)	100	–	100	67	33	50.0%	100
Vote 5 - Infrastructure, Planning & Development 1	198 638	238 622	222 667	17 938	135 556	148 445	(12 888)	-8.7%	222 667
Vote 6 - Infrastructure, Planning & Development 2	209 715	95 072	165 154	10 152	69 101	110 103	(41 002)	-37.2%	165 154
Vote 7 - Social Services 1	7 362	7 117	6 491	937	5 846	4 327	1 519	35.1%	6 491
Vote 8 - Social Services 2	44 307	55 659	49 158	5 234	42 532	32 772	9 761	29.8%	49 158
Total Revenue by Vote	**670 080**	**638 741**	**670 423**	**41 912**	**425 923**	**446 948**	**(21 025)**	**-4.7%**	**670 423**
Expenditure by Vote									
Vote 1 - Executive & Council	23 803	30 530	29 729	1 489	14 713	19 496	(4 784)	-24.5%	29 729
Vote 2 - Financial Services	70 914	59 716	58 163	2 813	25 393	34 834	(9 442)	-27.1%	58 163
Vote 3 - Administration, Monitoring & Evaluation	28 873	28 886	31 559	1 961	17 096	16 850	245	1.5%	31 559
Vote 4 - Led, Tourism & Creative Industries	14 901	8 890	9 443	551	5 592	5 186	406	7.8%	9 443
Vote 5 - Infrastructure, Planning & Development 1	265 356	324 742	298 087	17 019	162 002	189 433	(27 430)	-14.5%	298 087
Vote 6 - Infrastructure, Planning & Development 2	66 495	104 391	94 186	7 100	55 330	60 895	(5 565)	-9.1%	94 186
Vote 7 - Social Services 1	26 684	33 436	32 829	2 910	21 283	19 504	1 779	9.1%	32 829
Vote 8 - Social Services 2	81 828	98 413	89 408	8 222	63 862	57 408	6 455	11.2%	89 408
Vote 9 - Social Services 3	–	240	360	–	9	140	(131)	-93.5%	360
Total Expenditure by Vote	**578 855**	**689 244**	**643 764**	**42 064**	**365 280**	**403 746**	**(38 467)**	**-9.5%**	**643 764**
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**(152)**	**60 644**	**43 202**	**17 441**	**40.4%**	**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.

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Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M08 February 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	7 543	106 608	91 191	15 417	17%	136 786
Property rates - penalties & collection charges			–					–		–
Service charges - electricity revenue		188 971	232 429	211 141	17 129	130 943	140 761	(9 818)	-7%	211 141
Service charges - water revenue		44 341	54 836	50 964	5 236	31 498	33 976	(2 478)	-7%	50 964
Service charges - sanitation revenue		33 783	40 236	37 490	3 334	25 060	24 993	67	0%	37 490
Service charges - refuse revenue		21 637	27 905	22 930	1 903	15 295	15 287	8	0%	22 930
Service charges - other		12 320	12 689	12 689	805	8 166	8 460	(293)	-3%	12 689
Rental of facilities and equipment		1 395	1 398	551	35	340	368	(28)	-8%	551
Interest earned - external investments		2 430	2 078	2 984	27	2 309	1 990	319	16%	2 984
Interest earned - outstanding debtors		3 926	6 246	3 715	(4)	1 457	2 477	(1 020)	-41%	3 715
Dividends received							–	–		–
Fines		1 737	1 655	2 396	382	1 943	1 598	345	22%	2 396
Licences and permits		6 503	10 302	8 522	859	5 444	5 681	(237)	-4%	8 522
Agency services				–			–	–		–
Transfers recognised - operational		77 540	92 151	91 083	1 102	66 355	60 722	5 633	9%	91 083
Other revenue		19 710	9 855	8 370	449	6 164	5 580	584	10%	8 370
Gains on disposal of PPE		137		–			–	–		–
Total Revenue (excluding capital transfers and contributions)		**543 009**	**638 741**	**589 623**	**38 800**	**401 581**	**393 082**	**8 499**	**2%**	**589 623**
Expenditure By Type										
Employee related costs		212 826	212 437	217 587	17 810	148 901	145 058	3 843	3%	217 587
Remuneration of councillors		9 757	11 678	10 283	872	6 995	6 855	139	2%	10 283
Debt impairment		17 308	52 021	27 981			18 654	(18 654)	-100%	27 981
Depreciation & asset impairment		81 944	80 714	80 714			53 809	(53 809)	-100%	80 714
Finance charges		7 131	16 112	5 555	241	4 658	3 703	955	26%	5 555
Bulk purchases		170 528	200 868	189 634	13 983	128 907	126 423	2 484	2%	189 634
Other materials				35 105	2 523	20 902	23 404	(2 502)	-11%	35 105
Contracted services			11 069	13 393	603	4 195	8 929	(4 734)	-53%	13 393
Transfers and grants								–		
Other expenditure		79 361	104 346	63 511	2 920	26 381	42 341	(15 960)	-38%	63 511
Loss on disposal of PPE				–			–	–		–
Total Expenditure		**578 855**	**689 244**	**643 764**	**38 952**	**340 938**	**429 176**	**(88 238)**	**-21%**	**643 764**
Surplus/(Deficit)		**(35 847)**	**(50 504)**	**(54 141)**	**(152)**	**60 644**	**(36 094)**	**96 738**	**(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**	**(152)**	**60 644**	**(36 094)**			**26 659**
Taxation								–		
Surplus/(Deficit) after taxation		**91 225**	**(50 504)**	**26 659**	**(152)**	**60 644**	**(36 094)**			**26 659**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**91 225**	**(50 504)**	**26 659**	**(152)**	**60 644**	**(36 094)**			**26 659**
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		**91 225**	**(50 504)**	**26 659**	**(152)**	**60 644**	**(36 094)**			**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) – M08 February 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	333	(304)	-91%	500
Vote 2 - Financial Services	1 647	145	415	–	84	277	(193)	-70%	415
Vote 3 - Administration, Monitoring & Evaluation	394	–	179	–	49	119	(71)	-59%	179
Vote 4 - Led, Tourism & Creative Industries	175	1 563	174	–	107	116	(9)	-8%	174
Vote 5 - Infrastructure, Planning & Development	105 238	42 608	92 894	38 396	58 153	61 929	(3 776)	-82%	92 894
Vote 6 - Social Services	7 583	18 754	10 344	730	4 054	6 896	(2 842)	-186%	10 344
Total Capital single-year expenditure	116 735	63 570	104 506	39 126	62 476	69 671	**(7 194)**	**-10%**	104 506
Total Capital Expenditure	**116 735**	**63 570**	**104 506**	**39 126**	**62 476**	**69 671**	**(7 194)**	**-10%**	**104 506**
Capital Expenditure - Standard Classification									
Governance and administration	**3 838**	**645**	**1 094**	–	**162**	**729**	(567)	-78%	**1 094**
Executive and council	1 698	500	500	–	30	333	(304)	-91%	500
Budget and treasury office	1 456	115	385	–	81	257	(176)	-69%	385
Corporate services	684	30	209	–	52	139	(87)	-63%	209
Community and public safety	**7 517**	**15 689**	**9 469**	**730**	**3 605**	**6 313**	(2 708)	-43%	**9 469**
Community and social services	776	2 115	2 045	361	1 228	1 364	(136)	-10%	2 045
Sport and recreation	6 157	11 149	5 649	370	2 169	3 766	(1 597)	-42%	5 649
Public safety	487	2 425	1 775	–	208	1 183	(975)	-82%	1 775
Housing	97	–	–	–	–	–	–		–
Health	–	–	–	–	–	–	–		–
Economic and environmental services	**849**	**4 628**	**1 052**	–	**556**	**701**	(145)	-21%	**1 052**
Planning and development	754	1 463	77	–	107	51	56	109%	77
Road transport	–	–	–	–	–	–	–		–
Environmental protection	96	3 165	975	–	449	650	(201)	-31%	975
Trading services	**104 530**	**42 608**	**92 891**	**38 396**	**58 153**	**61 927**	(3 774)	-6%	**92 891**
Electricity	436	10 100	9 907	207	996	6 604	(5 609)	-85%	9 907
Water	30 008	–	29 057	18 036	20 910	19 371	1 539	8%	29 057
Waste water management	74 020	32 508	53 928	20 153	36 247	35 952	296	1%	53 928
Waste management	67	–	–	–	–	–	–		–
Other		–	–	–	–	–	–		–
Total Capital Expenditure - Standard Classification	**116 735**	**63 570**	**104 506**	**39 126**	**62 476**	**69 671**	**(7 194)**	**-10%**	**104 506**
Funded by:									
National Government	110 055	33 360	33 360	2 472	19 825	22 240	(2 415)	-11%	33 360
Provincial Government		–	47 440	36 000	36 000	31 627	4 373	14%	47 440
District Municipality		–					–		
Other transfers and grants		–					–		–
Transfers recognised - capital	**110 055**	**33 360**	**80 800**	**38 472**	**55 825**	**53 867**	**1 959**	**4%**	**80 800**
Public contributions & donations							–		
Borrowing							–		
Internally generated funds	6 680	30 210	23 706	654	6 651	15 804	(9 153)	-58%	23 706
Total Capital Funding	**116 735**	**63 570**	**104 506**	**39 126**	**62 476**	**69 671**	**(7 194)**	**-10%**	**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 – M08 February 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	3 137	–
Call investment deposits		36 786	10 000	24 092	76 332	10 000
Consumer debtors		43 579	59 006	46 863	31 252	59 006
Other debtors		35 671	12 658	41 196	31 434	12 658
Current portion of long-term receivables		8	–	8		–
Inventory		4 317	4 571	4 571	7 108	4 571
Total current assets		**123 256**	**86 234**	**119 730**	**149 264**	**86 234**
Non current assets						
Long-term receivables		171	192	153		192
Investments			–			–
Investment property		61 824	64 175	61 824	61 824	64 175
Investments in Associate			–			–
Property, plant and equipment		2 390 315	2 585 217	2 414 541	2 497 861	2 585 217
Agricultural			–			–
Biological assets			–			–
Intangible assets		183	175	195	209	175
Other non-current assets			–			–
Total non current assets		**2 452 493**	**2 649 759**	**2 476 713**	**2 559 894**	**2 649 759**
TOTAL ASSETS		**2 575 749**	**2 735 993**	**2 596 443**	**2 709 158**	**2 735 993**
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing		10 870	3 379	11 185	9 327	3 379
Consumer deposits		8 593	8 551	8 802	9 312	8 551
Trade and other payables		94 474	100 231	95 449	89 498	100 231
Provisions		29 882	32 095	28 297	35 373	32 095
Total current liabilities		**143 818**	**144 257**	**143 732**	**143 510**	**144 257**
Non current liabilities						
Borrowing		49 637	53 963	49 637	43 750	53 963
Provisions		111 155	105 580	98 688	105 663	105 580
Total non current liabilities		**160 792**	**159 543**	**148 325**	**149 413**	**159 543**
TOTAL LIABILITIES		**304 610**	**303 800**	**292 057**	**292 924**	**303 800**
NET ASSETS	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 416 234**	**2 432 193**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 271 139	2 432 193	2 304 386	2 416 234	2 432 193
Reserves			–			–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 416 234**	**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 – M08 February 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	8 695	100 809	89 571	11 239	13%	134 356
Service charges		293 108	320 439	308 977	25 495	191 567	205 985	(14 418)	-7%	308 977
Other revenue		17 296	23 210	24 241	15 248	94 746	16 161	78 585	486%	24 241
Government - operating		147 214	92 151	91 083	466	65 270	60 722	4 548	7%	91 083
Government - capital		44 067	33 360	80 800	3 622	58 671	53 867	4 804	9%	80 800
Interest		2 430	8 324	2 984		3 647	1 990	1 657	83%	2 984
Dividends						–		–		–
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(52 319)	(437 419)	(353 010)	84 409	-24%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(424)	(3 839)	(3 703)	136	-4%	(5 555)
Transfers and Grants						–		–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		**144 279**	**63 570**	**107 372**	**783**	**73 451**	**71 581**	**(1 869)**	**-3%**	**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)	(4 335)	(25 310)	(69 671)	(44 361)	64%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(116 484)**	**(63 570)**	**(104 506)**	**(4 335)**	**(25 310)**	**(69 671)**	**(44 361)**	**64%**	**(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)	(965)	(8 354)	(10 304)	(1 951)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(16 864)**	**–**	**(15 456)**	**(965)**	**(8 354)**	**(10 304)**	**(1 951)**	**19%**	**(15 456)**
NET INCREASE/ (DECREASE) IN CASH HELD		**10 931**	**(0)**	**(12 590)**	**(4 517)**	**39 787**	**(8 394)**			**(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		79 469	31 289			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.

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 29 February 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 29 February 2016

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	5 382	1 604	1 255	781	1 032	2 503	3 520	17 397	33 474
Trade and Other Receivables from Exchange Transactions - Electricity	15 032	2 874	889	689	812	1 590	974	7 075	29 936
Receivables from Non-exchange Transactions - Property Rates	6 454	1 249	688	505	1 317	4 337	3 460	19 867	37 877
Receivables from Exchange Transactions - Waste Water Management	3 342	866	495	462	1 262	454	1 664	7 846	16 389
Receivables from Exchange Transactions - Waste Management	1 887	647	458	371	1 715	469	2 019	9 957	17 523
Receivables from Exchange Transactions - Property Rental Debtors									–
Interest on Arrear Debtor Accounts									–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									–
Other	(11 278)	305	216	170	6 440	451	1 352	1 217	(1 127)
Total By Income Source	**20 819**	**7 546**	**4 000**	**2 978**	**12 578**	**9 804**	**12 989**	**63 358**	**134 072**
									–
Debtors Age Analysis By Customer Group									
Organs of State	322	110	91	69	926	153	424	413	2 508
Commercial	5 243	1 303	374	324	1 153	872	1 132	791	11 191
Households	15 254	6 133	3 536	2 585	10 498	8 780	11 434	62 154	120 373
Other									–
Total By Customer Group	**20 819**	**7 546**	**4 000**	**2 978**	**12 578**	**9 804**	**12 989**	**63 358**	**134 072**

The aforementioned analysis indicates that from 30 June 2015 to 29 February 2016, the overdue debts have increased from R 93,464 million to R 113,253 million as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-15**	**29-Feb-16**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	18 986	28 092	9 106
Trade and Other Receivables from Exchange Transactions - Electricity	9 694	14 903	5 209
Receivables from Non-exchange Transactions - Property Rates	24 139	31 424	7 284
Receivables from Exchange Transactions - Waste Water Management	8 992	13 047	4 056
Receivables from Exchange Transactions - Waste Management	11 457	15 636	4 180
Receivables from Exchange Transactions - Property Rental Debtors	1	–	(1)
Interest on Arrear Debtor Accounts	11 975	–	(11 975)
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	8 221	10 151	1 930
Total By Income Source	**93 464**	**113 253**	**19 789**
		–	
Debtors Age Analysis By Customer Group			
Organs of State	146	2 186	2 040
Commercial	250	5 947	5 697
Households	90 178	105 119	14 941
Other	2 890	–	(2 890)
Total By Customer Group	**93 464**	**113 253**	**19 789**

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	13 457								13 457
Bulk Water					(74)		78	(155)	(151)
PAYE deductions									–
VAT (output less input)									–
Pensions / Retirement deductions									–
Loan repayments									–
Trade Creditors	889	866	159	590	90	577	1 052	15 013	19 236
Auditor General		84	–	759	615	619	1 146	80	3 302
Other									–
Total By Customer Type	14 346	950	159	1 349	631	1 197	2 275	14 937	35 844

The above amounts represent invoices still to be paid. The major creditors as at 29 February 2016 are as follows:

Department of Transport	R 15,663 million
Eskom	R 13,457 million
Office of the Auditor – General	R 3,303 million
Other Creditors	R 3,421 million
Total	**R 35,844 million**

It is to be noted that the Eskom amount of R 13,457 million, represents the current account for February 2016.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 29 February 2016.

	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 29 February 2016
	R	R	R	R	R	R
Absa	809 097	-	16 954	-	320	825 731
Nedbank	222 722	-	12 292	-	-	235 013
RMB	35 754 564	143 814 367	2 707 634	107 005 072	-	75 271 493
Total	**36 786 383**	**143 814 367**	**2 736 880**	**107 005 072**	**320**	**76 332 238**

Investments by Type	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustment	As at 29 February 2016
	R	R	R	R	R	R
General Account	26 241 098.69	96 732 171.64	1 845 504.02	78 113 173.38	320.02	46 705 280.95
Collateral	295 392.61	-	14 285.03	-	-	309 677.64
Conditional Grants	8 270 346.62	28 165 997.57	583 400.74	18 438 265.24	-	18 581 479.69
Housing Funds	87 839.06	18 716 197.71	224 189.79	10 253 632.96	-	8 774 593.60
Investment FNB	1 891 705.99	200 000.00	69 500.26	200 000.00	-	1 961 206.25
Total	**36 786 383**	**143 814 367**	**2 736 880**	**107 005 072**	**320**	**76 332 238**
Bank balance	2 895 796	241 074	-	-	-	3 136 870
Total	**39 682 179**	**144 055 441**	**2 736 880**	**107 005 072**	**320**	**79 469 108**

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M08 February 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	300	65 104	57 086	6 841	12.0%	85 629
Local Government Equitable Share	66 129	82 099	82 099		61 574	54 733	6 841	12.5%	82 099
Finance Management	1 600	1 600	1 600		1 600	1 067			1 600
Municipal Systems Improvement	934	930	930		930	620			930
EPWP Incentive	1 285	1 000	1 000	300	1 000	667			1 000
Total Operating Transfers and Grants	69 948	85 629	85 629	300	65 104	57 086	6 841	12.0%	85 629
Capital Transfers and Grants									
National Government:	44 067	34 900	34 900	–	23 559	23 267	292	1.3%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800		19 459	20 533	(1 074)	-5.2%	30 800
Integrated National Electrification Programme	3 991	4 100	4 100		4 100	2 733	1 367	50.0%	4 100
Total Capital Transfers and Grants	44 067	34 900	34 900	–	23 559	23 267	292	1.3%	34 900
TOTAL RECEIPTS OF TRANSFERS & GRANTS	114 015	120 529	120 529	300	88 663	80 353	7 134	8.9%	120 529

Below is an analysis of the spending associated with the grants as at 29 February 2016:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M08 February 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	200	76 112	78 455	(2 342)	-3.0%	85 629
Local Government Equitable Share	66 129	82 099	82 099		75 258	75 258	–		82 099
Finance Management	1 600	1 600	1 600	18	175	1 600	(1 425)	-89.1%	1 600
Municipal Systems Improvement	934	930	930		–	930	(930)	-100.0%	930
EPWP Incentive	1 285	1 000	1 000	182	680	667	13	1.9%	1 000
Total operating expenditure of Transfers and Grants:	69 948	85 629	85 629	200	76 112	78 455	(2 342)	-3.0%	85 629
Capital expenditure of Transfers and Grants									
National Government:	40 077	34 900	34 900	2 468	15 613	23 267	(7 654)	-32.9%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	2 232	15 377	20 533	(5 157)	-25.1%	30 800
Integrated National Electrification Programme		4 100	4 100	236	236	2 733	(2 498)	-91.4%	4 100
Total capital expenditure of Transfers and Grants	40 077	34 900	34 900	2 468	15 613	23 267	(7 654)	-32.9%	34 900
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	110 025	120 529	120 529	2 668	91 725	101 721	(9 996)	-9.8%	120 529

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

<u>Grants received from National Government</u>

<u>DORA Operating Grants</u>

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 29 February 2016:	R 930,000

As at 29 February 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 174,776
Unspent as at 29 February 2016:	R 1,425,224

The spending of the grant amounted to 10,92% as at 29 February 2016. The Municipality currently has one finance intern as the others were permanently appointed in July 2015. The Municipality is in the process of appointing four (4) new interns as the grant conditions require the municipality, to have at least five interns.

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

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

DORA Allocation:	R 1,000,000
Amount of Grant Received:	R 1,000,000
Expenditure to date:	R 679,631
Unspent as at 29 February 2016:	R 320,369

The spending of the grant amounted to 67,66% as at 29 February 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 38,800,000
Amount of Grant Received:	R 19,459,000
Expenditure to date:	R 15,376,760
Unspent as at 29 February 2016:	R 23,423,240

The spending of the grant amounted to 39,63% as at 29 February 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 235,794
Unspent as at 29 February 2016:	R 3,864,206

The spending of the grant amounted to 5,75% as at 29 February 2016.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Supporting Table SC8 Monthly Budget Statement – Councillor and staff benefits – M08 February 2016

Summary of Employee and Councillor remuneration 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
	A	B	C						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	6 580	6 566	7 180	599	4 815	4 787	29	1%	7 180
Pension and UIF Contributions	186	7				–	–		–
Medical Aid Contributions		1 952				–	–		–
Motor Vehicle Allowance			2 393	199	1 591	1 596	(5)	0%	2 393
Cellphone Allowance			710	59	473	473	–		710
Housing Allowances						–	–		–
Other benefits and allowances	2 991	3 153		14	116	–	116	#DIV/0!	–
Sub Total - Councillors	9 757	11 678	10 283	872	6 995	6 855	139	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	4 217	3 766	451	12%	5 649
Pension and UIF Contributions	103						–		
Medical Aid Contributions							–		
Overtime							–		
Performance Bonus							–		
Motor Vehicle Allowance	686		676	56	451	451	–		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	4 667	4 217	451	11%	6 325
% increase		-5.8%	2.1%						2.1%
Other Municipal Staff									
Basic Salaries and Wages	125 195	129 196	132 550	10 745	86 376	88 367	(1 991)	-2%	132 550
Pension and UIF Contributions	27 930	21 705	23 721	1 938	15 802	15 814	(12)	0%	23 721
Medical Aid Contributions	18 300	11 208	11 033	1 000	7 529	7 355	174	2%	11 033
Overtime	8 491	10 912	9 454	1 503	7 793	6 302	1 491	24%	9 454
Performance Bonus			9 853	7	9 827	6 569	3 258	50%	9 853
Motor Vehicle Allowance			6 793	614	5 017	4 529	489	11%	6 793
Cellphone Allowance			–			–	–		–
Housing Allowances	472	505	561	44	375	374	0	0%	561
Other benefits and allowances	25 309	32 190	15 931	1 334	11 024	10 621	403	4%	15 931
Payments in lieu of leave			815			544	(544)	-100%	815
Long service awards	937	886	550	40	491	367	124	34%	550
Post-retirement benefit obligations			–			–	–		–
Sub Total - Other Municipal Staff	206 633	206 601	211 262	17 226	144 234	140 841	3 393	2%	211 262
% increase		0.0%	2.2%						2.2%
Total Parent Municipality	222 583	224 115	227 870	18 681	155 896	151 913	3 982	3%	227 870
		0.7%	2.4%						2.4%
Unpaid salary, allowances & benefits in arrears:									
TOTAL SALARY, ALLOWANCES & BENEFITS	222 583	224 115	227 870	18 681	155 896	151 913	3 982	3%	227 870
% increase		0.7%	2.4%						2.4%
TOTAL MANAGERS AND STAFF	212 826	212 437	217 587	17 810	148 901	145 058	3 843	3%	217 587

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 February 2016
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	1.65%
Borrowed funding of "own"capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.05	0.06	0.06	0.02
Liquidity						
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.86	1.04
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.55
Revenue Management						
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	96.61%
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	1.35
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	36.77%	43.67%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	59.78%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	6.13%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	0.84%
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%	83%

The above table is discussed in details below.

6.1. Borrowing Management

6.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.65% of the Total Operating Expenditure was utilised for capital charges as at 29 February 2016, compared to the audited ratio of 4.64% as at 30 June 2015.

6.1.2. Borrowed funding of capital expenditure

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

The ratio is determined as follows:

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

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

6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 29 February 2016, the ratio was 0.02:1, compared to the audited ratio of 0.06:1 as at 30 June 2015.

6.2. Liquidity

6.2.1. Current ratio

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

The ratio is determined as follows:

Current assets/Current liabilities

The ratio as at 29 February 2016 was 1.04:1, whilst the Municipality's audited ratio as at 30 June 2015 was 0.86:1

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

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

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

6.2.2. Liquidity Ratio

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

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 29 February 2016 was 0.55:1, 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 29 February 2016 was 96.61%, 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 29 February 2016, the Ratio was 1.35 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 29 February 2016, Employee Related Costs constituted 43.67% 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 29 February 2016, the ratio was 6.13%, 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 29 February 2016, repairs and maintenance expenditure constituted 0.84% 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 29 February 2016, the Municipality's own revenue sources constituted 83% 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 February 2016 amounted to 59.78%, compared to the 2015/16 Capital Adjustments Budget.