KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE, ADMINISTRATION, MONITORING & EVALUATION

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2015 TO MARCH 2016 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 MARCH 2016 (2015/16 FINANCIAL YEAR)

1.1. PURPOSE

This report is submitted in compliance with Sections 71(1) and 52(d) of the Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

1.2. LEGISLATIVE REQUIREMENTS

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

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

In accordance with Section 52(d) of the MFMA, the Executive Mayor must within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

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

1.3 EXECUTIVE SUMMARY

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2015 to March 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 458,018 million, whilst operating expenditure amounted to R 381,076 million, resulting in an operating surplus of R 76,942 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.
- Capital expenditure constituted 65.06% of the approved 2015/16 Capital Adjustments Budget.
- Overdue consumer debts increased by R 12,689 million (13.58%) since June 2015.
- An amount of R 33,474 million is owing to creditors, of which R 13,845 million (41.36%) represents current creditors.
- The municipality's investment portfolio has increased by R 70,082,941 (176.61%) since June 2015, from R 39,682,179 to R 109,765,120.

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 February 2016	Actual as at March 2016	2015/16 Adjustments Budget
Current Ratio	0.54:1	0.54:1	0.86:1	1.04:1	1.11:1	0.83:1
Liquidity Ratio	0.10:1	0.16:1	0.28:1	0.55:1	0.75:1	0.19:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.85 months	1.35 months	1.90 months	0.61 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.06:1	0.02:1	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 31 March 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 Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Section 52(d) of the MFMA be noted.

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

Report submitted by

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Mr S.S. Fadi (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2015 to March 2016

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

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Executive Mayor

1.5. Municipal Manager's Quality Certificate

I 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 P.P GORDON DIXIE

Date 13 April 2016

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY 2015 TO MARCH 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 29 February 2016	% of Budget	Actuals as at 31 March 2016	% of Budget
OPERATING REVENUE		R			
Propert Rates	136 785 831	106 607 555	77.94%	113 656 000	83.09%
Total Service Charges	335 215 036	210 962 558	62.93%	236 793 553	70.64%
Service charges - electricity	211 140 954	130 942 618	62.02%	146 826 250	69.54%
Service charges - water	50 964 229	31 497 731	61.80%	35 806 918	70.26%
Service charges - sewerage & sanitation	37 489 942	25 060 435	66.85%	27 977 807	74.63%
Service charges - refuse	22 930 496	15 295 373	66.70%	17 213 462	75.07%
Service charges - environmental management	12 689 415	8 166 402	64.36%	8 969 116	70.68%
Rental of Facilities and Equipment	551 260	339 698	61.62%	374 522	67.94%
Interest Earned - External Investments	2 984 460	2 308 938	77.37%	3 070 903	102.90%
Interest Earned - Outstanding Debtors	3 714 979	1 456 575	39.21%	2 106 341	56.70%
Fines	2 396 451	1 943 113	81.08%	2 367 737	98.80%
Licences and Permits	8 522 423	5 443 929	63.88%	5 932 456	69.61%
Grants & Subsidies Received - Operating	91 083 000	66 354 810	72.85%	87 065 699	95.59%
Other Revenue	8 369 536	6 164 129	73.65%	6 650 589	79.46%
Total Direct Operating Revenue	**589 622 977**	**401 581 305**	**68.11%**	**458 017 800**	**77.68%**
OPERATING EXPENDITURE					
Employee Related Costs	217 587 074	148 901 241	68.43%	166 085 561	76.33%
Remuneration of Councillors	10 283 155	6 994 706	68.02%	7 867 676	76.51%
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	20 901 663	59.54%	23 081 222	65.75%
Finance Charges - External Borrowings	5 554 604	4 657 625	83.85%	3 874 170	69.75%
Total Bulk Purchases	189 634 439	128 906 527	67.98%	142 655 529	75.23%
Bulk purchases - electricity	173 063 024	118 327 379	68.37%	130 093 548	75.17%
Bulk purchases - water	16 571 415	10 579 148	63.84%	12 561 980	75.81%
Contracted Services	13 393 444	4 194 926	31.32%	6 875 940	51.34%
General Expenses - Other	63 511 425	26 380 997	41.54%	30 635 937	48.24%
Total Direct Operating Expenditure	**643 764 262**	**340 937 686**	**52.96%**	**381 076 036**	**59.19%**
Surplus/(Deficit)	**-54 141 285**	**60 643 619**		**76 941 765**	

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

The statement of financial performance indicates a surplus of R 76,941,765. This is influenced by the accounting treatment of the bad debts provision and the depreciation and asset impairment.

Revenue Variations

Property Rates

As at 31 March 2016, the Municipality has recognised 83.09% 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 31 March 2016 were R 106,153,204.

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 29 February 2016	% of Budget	Actuals as at 31 March 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	770,744	352,239	45.70%	379,714	49.27%
Finance	612,162	125,691	20.53%	141,063	23.04%
Social Services	9,025,353	4,458,620	49.40%	5,083,678	56.33%
Infrastructure, Planning & Development	24,294,110	15,614,235	64.27%	17,125,890	70.49%
LED, Tourism & Industries	402,898	350,877	87.09%	350,877	87.09%
Total	**35,105,267**	**20,901,663**	**59.54%**	**23,081,222**	**65.75%**

It is to be noted that actual repairs and maintenance expenditure constituted 65.75% 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.

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 29 February 2016	% of Budget	Actuals as at 31 March 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	4,053,749	39.19%	4,756,925	45.99%
Infrastructure, Planning & Development	92,894,000	58,153,349	62.60%	62,968,991	67.79%
LED, Tourism & Industries	174,000	107,163	61.59%	107,163	61.59%
Total	**104,506,300**	**62,476,367**	**59.78%**	**67,995,186**	**65.06%**
Source of Funding	**Adjustments Budget 2015/16**	**Actuals as at 29 February 2016**	**% of Budget**	**Actuals as at 31 March 2016**	**% of Budget**
	R	R		R	
Internally Generated Funding	23,706,300	6,651,157	28.06%	8,511,187	8.14%
Government Grants	80,800,000	55,825,210	69.09%	59,483,999	56.92%
Total	**104,506,300**	**62,476,367**	**59.78%**	**67,995,186**	**65.06%**

It is to be noted that an amount of R 67,995,186 has been spent as at 31 March 2016, compared to the approved capital adjustments budget of R 104,506,300. This represents a spending performance of 65.06% relating to the approved Capital Adjustments Budget.

PROJECTED CASH FLOW STATEMENT FOR THE 2015/16 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 March 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 – M09 March 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	7 258	108 068	100 767	7 301	7%	134 356
Service charges		293 108	320 439	308 977	24 404	215 971	231 733	(15 762)	-7%	308 977
Other revenue		17 296	23 210	24 241	18 451	144 690	18 181	126 510	696%	24 241
Government - operating		147 214	92 151	91 083	20 525	85 795	68 312	17 483	26%	91 083
Government - capital		44 067	33 360	80 800	11 341	40 190	60 600	(20 410)	-34%	80 800
Interest		2 430	8 324	2 984	416	3 227	2 238	989	44%	2 984
Dividends								-		-
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(45 570)	(482 989)	(397 136)	85 853	-22%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(444)	(4 284)	(4 166)	118	-3%	(5 555)
Transfers and Grants								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		144 279	63 570	107 372	36 381	110 668	80 529	(30 139)	-37%	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)	(5 905)	(31 215)	(78 380)	(47 165)	60%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(116 484)	(63 570)	(104 506)	(5 905)	(31 215)	(78 380)	(47 165)	60%	(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)	(1 016)	(9 370)	(11 592)	(2 222)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(16 864)	-	(15 456)	(1 016)	(9 370)	(11 592)	(2 222)	19%	(15 456)
NET INCREASE/ (DECREASE) IN CASH HELD		10 931	(0)	(12 590)	29 459	70 083	(9 443)			(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		109 765	30 239			27 092

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

Table C1 Monthly Budget Statement Summary – M09 March 2016

Description	2014/15	Budget Year 2015/16							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	128 580	146 960	136 786	7 048	113 656	102 589	11 067	11%	136 786
Service charges	301 052	368 095	335 215	25 831	236 794	251 411	(14 618)	-6%	335 215
Investment revenue	2 430	2 078	2 984	762	3 071	2 238	833	37%	2 984
Transfers recognised - operational	77 540	92 151	91 083	20 711	87 066	68 312	18 753	27%	91 083
Other own revenue	33 407	29 456	23 554	2 092	17 432	17 666	(234)	-1%	23 554
Total Revenue (excluding capital transfers and contributions)	**543 009**	**638 741**	**589 623**	**56 444**	**458 018**	**442 217**	**15 801**	**4%**	**589 623**
Employee costs	212 826	212 437	217 587	17 184	166 086	163 190	2 895	2%	217 587
Remuneration of Councillors	9 757	11 678	10 283	873	7 868	7 712	155	2%	10 283
Depreciation & asset impairment	81 944	80 714	80 714	–	–	60 535	(60 535)	-100%	80 714
Finance charges	7 131	16 112	5 555	1 130	3 874	4 166	(292)	-7%	5 555
Materials and bulk purchases	170 528	200 868	224 740	4 123	165 737	168 555	(2 818)	-2%	224 740
Transfers and grants	–	–	–	–	–	–	–		–
Other expenditure	96 669	167 435	104 886	4 957	37 512	78 664	(41 153)	-52%	104 886
Total Expenditure	**578 855**	**689 244**	**643 764**	**28 268**	**381 076**	**482 823**	**(101 747)**	**-21%**	**643 764**
Surplus/(Deficit)	**(35 847)**	**(50 504)**	**(54 141)**	**28 176**	**76 942**	**(40 606)**	**117 548**	**-289%**	**(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**	**28 176**	**76 942**	**(40 606)**	**117 548**	**-289%**	**26 659**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**28 176**	**76 942**	**(40 606)**	**117 548**	**-289%**	**26 659**
Capital expenditure & funds sources									
Capital expenditure	**116 735**	**63 570**	**104 506**	**5 905**	**67 995**	**78 380**	**(10 385)**	**-13%**	**104 506**
Capital transfers recognised	110 055	33 360	80 800	4 777	59 484	60 600	(1 116)	-2%	80 800
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**6 680**	**30 210**	**23 706**	**1 128**	**8 511**	**17 780**	**(9 269)**	**-52%**	**23 706**
Total sources of capital funds	**116 735**	**63 570**	**104 506**	**5 905**	**67 995**	**78 380**	**(10 385)**	**-13%**	**104 506**
Financial position									
Total current assets	123 256	86 234	119 730		162 572				119 730
Total non current assets	2 452 493	2 649 759	2 476 713		2 565 237				2 476 713
Total current liabilities	143 818	144 257	143 732		146 306				143 732
Total non current liabilities	160 792	159 543	148 325		146 507				148 325
Community wealth/Equity	**2 271 139**	**2 432 193**	**2 304 386**		**2 434 996**				**2 304 386**
Cash flows									
Net cash from (used) operating	144 279	63 570	107 372	36 381	110 668	80 529	(30 139)	-37%	107 372
Net cash from (used) investing	(116 484)	(63 570)	(104 506)	(5 905)	(31 215)	(78 380)	(47 165)	60%	(104 506)
Net cash from (used) financing	(16 864)	–	(15 456)	(1 016)	(9 370)	(11 592)	(2 222)	19%	(15 456)
Cash/cash equivalents at the month/year end	**39 682**	**(0)**	**27 092**	**–**	**109 765**	**30 239**	**(79 526)**	**-263%**	**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	25 167	4 080	3 064	2 899	12 244	9 544	12 645	61 677	131 320
Creditors Age Analysis									
Total Creditors	13 845	381	496	164	865	609	2 762	14 351	33 474

Explanatory notes to Table C 1 – Monthly Budget Summary

The aim of the Budget Summary is to provide a concise overview of the actual budget performance from all of the major financial perspective (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the actual amounts spent compared to the monthly budget projections within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M09 March 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								%	
Revenue - Standard										
Governance and administration		**210 531**	**241 451**	**227 398**	**29 277**	**202 394**	**170 549**	31 845	19%	**227 398**
Executive and council		468	–	100	–	34	75	(41)	-55%	100
Budget and treasury office		209 162	240 876	226 518	29 055	201 724	169 889	31 836	19%	226 518
Corporate services		900	575	780	222	635	585	50	9%	780
Community and public safety		**16 527**	**20 413**	**18 261**	**1 222**	**14 896**	**13 696**	1 200	9%	**18 261**
Community and social services		7 373	8 829	8 135	279	6 994	6 101	893	15%	8 135
Sport and recreation		4	669	13	13	21	10	11	112%	13
Public safety		9 150	10 914	10 113	929	7 880	7 585	295	4%	10 113
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**17 772**	**21 471**	**18 804**	**1 192**	**15 353**	**14 103**	1 251	9%	**18 804**
Planning and development		4 364	7 014	4 347	125	2 395	3 260	(865)	-27%	4 347
Road transport		–	–	–	–	–	–	–		–
Environmental protection		13 407	14 457	14 456	1 066	12 958	10 842	2 116	20%	14 456
Trading services		**425 251**	**355 406**	**405 959**	**27 869**	**252 832**	**304 470**	(51 637)	-17%	**405 959**
Electricity		193 801	232 429	217 875	16 197	149 255	163 406	(14 151)	-9%	217 875
Water		127 761	54 836	98 404	5 334	44 970	73 803	(28 833)	-39%	98 404
Waste water management		81 954	40 236	66 750	3 472	32 938	50 062	(17 125)	-34%	66 750
Waste management		21 736	27 905	22 930	2 866	25 670	17 198	8 472	49%	22 930
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Standard	2	**670 080**	**638 741**	**670 423**	**59 559**	**485 475**	**502 817**	**(17 342)**	**-3%**	**670 423**
Expenditure - Standard										
Governance and administration		**130 624**	**124 367**	**127 831**	**7 060**	**66 342**	**95 873**	(29 531)	-31%	**127 831**
Executive and council		23 803	30 530	29 729	1 652	16 340	22 297	(5 957)	-27%	29 729
Budget and treasury office		66 651	53 820	51 379	2 508	23 961	38 534	(14 573)	-38%	51 379
Corporate services		40 170	40 016	46 723	2 900	26 042	35 042	(9 001)	-26%	46 723
Community and public safety		**81 887**	**88 352**	**82 706**	**6 430**	**61 468**	**62 029**	(562)	-1%	**82 706**
Community and social services		48 635	49 705	44 070	3 485	33 795	33 052	742	2%	44 070
Sport and recreation		522	593	630	42	422	473	(51)	-11%	630
Public safety		29 074	33 897	34 626	2 692	25 056	25 970	(913)	-4%	34 626
Housing		3 656	4 156	3 380	211	2 195	2 535	(340)	-13%	3 380
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**96 843**	**100 935**	**96 807**	**4 951**	**41 050**	**72 606**	(31 555)	-43%	**96 807**
Planning and development		90 551	88 132	86 275	3 333	32 736	64 706	(31 970)	-49%	86 275
Road transport		–	–	–	–	–	–	–		–
Environmental protection		6 292	12 803	10 533	1 618	8 314	7 899	415	5%	10 533
Trading services		**269 500**	**375 590**	**336 420**	**12 942**	**239 673**	**252 315**	(12 642)	-5%	**336 420**
Electricity		179 017	234 329	209 495	2 378	147 935	157 122	(9 187)	-6%	209 495
Water		35 450	61 681	56 200	4 868	39 136	42 150	(3 014)	-7%	56 200
Waste water management		31 045	42 709	37 987	2 582	23 978	28 490	(4 512)	-16%	37 987
Waste management		23 988	36 871	32 738	3 114	28 624	24 554	4 071	17%	32 738
Other		–	–	–	–	–	–	–		–
Total Expenditure - Standard	3	**578 855**	**689 244**	**643 764**	**31 383**	**408 533**	**482 823**	**(74 290)**	**-15%**	**643 764**
Surplus/ (Deficit) for the year		**91 225**	**(50 504)**	**26 659**	**28 176**	**76 942**	**19 994**	**56 948**	**285%**	**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 – M09 March 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	75	(41)	-54.5%	100
Vote 2 - Financial Services	209 078	240 876	226 526	29 055	201 740	169 895	31 846	18.7%	226 526
Vote 3 - Administration, Monitoring & Evaluation	511	1 455	227	188	257	170	87	51.2%	227
Vote 4 - Led, Tourism & Creative Industries	–	(60)	100	–	100	75	25	33.3%	100
Vote 5 - Infrastructure, Planning & Development 1	198 638	238 622	222 667	16 356	151 912	167 000	(15 088)	-9.0%	222 667
Vote 6 - Infrastructure, Planning & Development 2	209 715	95 072	165 154	8 807	77 908	123 866	(45 958)	-37.1%	165 154
Vote 7 - Social Services 1	7 362	7 117	6 491	212	6 058	4 868	1 190	24.4%	6 491
Vote 8 - Social Services 2	44 307	55 659	49 158	4 941	47 466	36 868	10 598	28.7%	49 158
Vote 9 - Social Services 3	–	–	–	–	–	–	–		–
Total Revenue by Vote	**670 080**	**638 741**	**670 423**	**59 559**	**485 475**	**502 817**	**(17 342)**	**-3.4%**	**670 423**
Expenditure by Vote									
Vote 1 - Executive & Council	23 803	30 530	29 729	1 652	16 340	22 297	(5 957)	-26.7%	29 729
Vote 2 - Financial Services	70 914	59 716	58 163	2 941	28 234	43 622	(15 388)	-35.3%	58 163
Vote 3 - Administration, Monitoring & Evaluation	28 873	28 886	31 559	2 215	19 417	23 669	(4 252)	-18.0%	31 559
Vote 4 - Led, Tourism & Creative Industries	14 901	8 890	9 443	758	6 199	7 082	(883)	-12.5%	9 443
Vote 5 - Infrastructure, Planning & Development 1	265 356	324 742	298 087	5 415	179 017	223 565	(44 548)	-19.9%	298 087
Vote 6 - Infrastructure, Planning & Development 2	66 495	104 391	94 186	7 450	63 114	70 640	(7 526)	-10.7%	94 186
Vote 7 - Social Services 1	26 684	33 436	32 829	2 559	23 845	24 622	(777)	-3.2%	32 829
Vote 8 - Social Services 2	81 828	98 413	89 408	8 393	72 348	67 056	5 292	7.9%	89 408
Vote 9 - Social Services 3	–	240	360	–	18	270	(252)	-93.2%	360
Total Expenditure by Vote	**578 855**	**689 244**	**643 764**	**31 383**	**408 533**	**482 823**	**(74 290)**	**-15.4%**	**643 764**
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**28 176**	**76 942**	**19 994**	**56 948**	**284.8%**	**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) – M09 March 2016

Description R thousands	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
Revenue By Source										
Property rates		128 580	146 960	136 786	7 048	113 656	102 589	11 067	11%	136 786
Property rates - penalties & collection charges			–					–		–
Service charges - electricity revenue		188 971	232 429	211 141	15 884	146 826	158 356	(11 529)	-7%	211 141
Service charges - water revenue		44 341	54 836	50 964	4 309	35 807	38 223	(2 416)	-6%	50 964
Service charges - sanitation revenue		33 783	40 236	37 490	2 917	27 978	28 117	(140)	0%	37 490
Service charges - refuse revenue		21 637	27 905	22 930	1 918	17 213	17 198	16	0%	22 930
Service charges - other		12 320	12 689	12 689	803	8 969	9 517	(548)	-6%	12 689
Rental of facilities and equipment		1 395	1 398	551	35	375	413	(39)	-9%	551
Interest earned - external investments		2 430	2 078	2 984	762	3 071	2 238	833	37%	2 984
Interest earned - outstanding debtors		3 926	6 246	3 715	650	2 106	2 786	(680)	-24%	3 715
Dividends received								–		–
Fines		1 737	1 655	2 396	425	2 368	1 797	570	32%	2 396
Licences and permits		6 503	10 302	8 522	496	5 932	6 392	(459)	-7%	8 522
Agency services								–		–
Transfers recognised - operational		77 540	92 151	91 083	20 711	87 066	68 312	18 753	27%	91 083
Other revenue		19 710	9 855	8 370	486	6 651	6 277	373	6%	8 370
Gains on disposal of PPE		137						–		–
Total Revenue (excluding capital transfers and contributions)		**543 009**	**638 741**	**589 623**	**56 444**	**458 018**	**442 217**	**15 801**	**4%**	**589 623**
Expenditure By Type										
Employee related costs		212 826	212 437	217 587	17 184	166 086	163 190	2 895	2%	217 587
Remuneration of councillors		9 757	11 678	10 283	873	7 868	7 712	155	2%	10 283
Debt impairment		17 308	52 021	27 981			20 986	(20 986)	-100%	27 981
Depreciation & asset impairment		81 944	80 714	80 714			60 535	(60 535)	-100%	80 714
Finance charges		7 131	16 112	5 555	1 130	3 874	4 166	(292)	-7%	5 555
Bulk purchases		170 528	200 868	189 634	2 136	142 656	142 226	430	0%	189 634
Other materials				35 105	1 987	23 081	26 329	(3 248)	-12%	35 105
Contracted services			11 069	13 393	688	6 876	10 045	(3 169)	-32%	13 393
Transfers and grants								–		
Other expenditure		79 361	104 346	63 511	4 269	30 636	47 634	(16 998)	-36%	63 511
Loss on disposal of PPE								–		–
Total Expenditure		**578 855**	**689 244**	**643 764**	**28 268**	**381 076**	**482 823**	**(101 747)**	**-21%**	**643 764**
Surplus/(Deficit)		**(35 847)**	**(50 504)**	**(54 141)**	**28 176**	**76 942**	**(40 606)**	**117 548**	**(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**	**28 176**	**76 942**	**(40 606)**			**26 659**
Taxation								–		
Surplus/(Deficit) after taxation		**91 225**	**(50 504)**	**26 659**	**28 176**	**76 942**	**(40 606)**			**26 659**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**91 225**	**(50 504)**	**26 659**	**28 176**	**76 942**	**(40 606)**			**26 659**
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		**91 225**	**(50 504)**	**26 659**	**28 176**	**76 942**	**(40 606)**			**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) – M09 March 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	375	(345)	-92%	500
Vote 2 - Financial Services	1 647	145	415	–	84	311	(227)	-73%	415
Vote 3 - Administration, Monitoring & Evaluation	394	–	179	–	49	134	(86)	-64%	179
Vote 4 - Led, Tourism & Creative Industries	175	1 563	174	–	107	131	(23)	-18%	174
Vote 5 - Infrastructure, Planning & Development 1	1 211	10 100	9 910	356	2 483	7 432	(4 950)	-67%	9 910
Vote 6 - Infrastructure, Planning & Development 2	104 027	32 508	82 984	4 441	60 486	62 238	(1 752)	-3%	82 984
Vote 7 - Social Services 1	893	3 515	2 911	243	1 031	2 183	(1 152)	-53%	2 911
Vote 8 - Social Services 2	6 690	15 209	7 403	866	3 725	5 552	(1 827)	-33%	7 403
Vote 9 - Social Services 3	–	30	30	–	–	23	(23)	-100%	30
Total Capital single-year expenditure	116 735	63 570	104 506	5 905	67 995	78 380	**(10 385)**	**-13%**	104 506
Total Capital Expenditure	**116 735**	**63 570**	**104 506**	**5 905**	**67 995**	**78 380**	**(10 385)**	**-13%**	**104 506**
Capital Expenditure - Standard Classification									
Governance and administration	**3 838**	**645**	**1 094**	**–**	**162**	**821**	(658)	-80%	**1 094**
Executive and council	1 698	500	500	–	30	375	(345)	-92%	500
Budget and treasury office	1 456	115	385	–	81	289	(208)	-72%	385
Corporate services	684	30	209	–	52	157	(105)	-67%	209
Community and public safety	**7 517**	**15 689**	**9 469**	**1 108**	**4 308**	**7 102**	(2 794)	-39%	**9 469**
Community and social services	776	2 115	2 045	416	1 228	1 534	(306)	-20%	2 045
Sport and recreation	6 157	11 149	5 649	693	2 856	4 237	(1 381)	-33%	5 649
Public safety	487	2 425	1 775	–	225	1 331	(1 107)	-83%	1 775
Housing	97	–	–	–	–	–	–		–
Health	–	–	–	–	–	–	–		–
Economic and environmental services	**849**	**4 628**	**1 052**	**–**	**556**	**789**	(233)	-30%	**1 052**
Planning and development	754	1 463	77	–	107	58	49	86%	77
Road transport	–	–	–	–	–	–	–		–
Environmental protection	96	3 165	975	–	449	731	(283)	-39%	975
Trading services	**104 530**	**42 608**	**92 891**	**4 797**	**62 969**	**69 668**	(6 699)	-10%	**92 891**
Electricity	436	10 100	9 907	356	2 483	7 430	(4 947)	-67%	9 907
Water	30 008	–	29 057	467	21 378	21 792	(415)	-2%	29 057
Waste water management	74 020	32 508	53 928	3 974	39 109	40 446	(1 337)	-3%	53 928
Waste management	67	–	–	–	–	–	–		–
Other		–	–	–	–	–	–		–
Total Capital Expenditure - Standard Classification	**116 735**	**63 570**	**104 506**	**5 905**	**67 995**	**78 380**	**(10 385)**	**-13%**	**104 506**
Funded by:									
National Government	110 055	33 360	33 360	4 777	23 484	25 020	(1 536)	-6%	33 360
Provincial Government		–	47 440	–	36 000	35 580	420	1%	47 440
District Municipality		–					–		
Other transfers and grants		–					–		–
Transfers recognised - capital	**110 055**	**33 360**	**80 800**	**4 777**	**59 484**	**60 600**	**(1 116)**	**-2%**	**80 800**
Public contributions & donations							–		
Borrowing							–		
Internally generated funds	6 680	30 210	23 706	1 128	8 511	17 780	(9 269)	-52%	23 706
Total Capital Funding	**116 735**	**63 570**	**104 506**	**5 905**	**67 995**	**78 380**	**(10 385)**	**-13%**	**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 – M09 March 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	25 430	–
Call investment deposits		36 786	10 000	24 092	84 335	10 000
Consumer debtors		43 579	59 006	46 863	29 633	59 006
Other debtors		35 671	12 658	41 196	16 698	12 658
Current portion of long-term receivables		8	–	8		–
Inventory		4 317	4 571	4 571	6 476	4 571
Total current assets		**123 256**	**86 234**	**119 730**	**162 572**	**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	2 503 205	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**	**2 565 237**	**2 649 759**
TOTAL ASSETS		**2 575 749**	**2 735 993**	**2 596 443**	**2 727 809**	**2 735 993**
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing		10 870	3 379	11 185	10 344	3 379
Consumer deposits		8 593	8 551	8 802	9 371	8 551
Trade and other payables		94 474	100 231	95 449	91 218	100 231
Provisions		29 882	32 095	28 297	35 373	32 095
Total current liabilities		**143 818**	**144 257**	**143 732**	**146 306**	**144 257**
Non current liabilities						
Borrowing		49 637	53 963	49 637	40 844	53 963
Provisions		111 155	105 580	98 688	105 663	105 580
Total non current liabilities		**160 792**	**159 543**	**148 325**	**146 507**	**159 543**
TOTAL LIABILITIES		**304 610**	**303 800**	**292 057**	**292 813**	**303 800**
NET ASSETS	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 434 996**	**2 432 193**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 271 139	2 432 193	2 304 386	2 434 996	2 432 193
Reserves			–			–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 434 996**	**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 – M09 March 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	7 258	108 068	100 767	7 301	7%	134 356
Service charges		293 108	320 439	308 977	24 404	215 971	231 733	(15 762)	-7%	308 977
Other revenue		17 296	23 210	24 241	18 451	144 690	18 181	126 510	696%	24 241
Government - operating		147 214	92 151	91 083	20 525	85 795	68 312	17 483	26%	91 083
Government - capital		44 067	33 360	80 800	11 341	40 190	60 600	(20 410)	-34%	80 800
Interest		2 430	8 324	2 984	416	3 227	2 238	989	44%	2 984
Dividends								–		–
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(45 570)	(482 989)	(397 136)	85 853	-22%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(444)	(4 284)	(4 166)	118	-3%	(5 555)
Transfers and Grants								–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		**144 279**	**63 570**	**107 372**	**36 381**	**110 668**	**80 529**	**(30 139)**	**-37%**	**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)	(5 905)	(31 215)	(78 380)	(47 165)	60%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(116 484)**	**(63 570)**	**(104 506)**	**(5 905)**	**(31 215)**	**(78 380)**	**(47 165)**	**60%**	**(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)	(1 016)	(9 370)	(11 592)	(2 222)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(16 864)**	**–**	**(15 456)**	**(1 016)**	**(9 370)**	**(11 592)**	**(2 222)**	**19%**	**(15 456)**
NET INCREASE/ (DECREASE) IN CASH HELD		**10 931**	**(0)**	**(12 590)**	**29 459**	**70 083**	**(9 443)**			**(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		109 765	30 239			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 31 March 2016, compared to the position as at 30 June 2015.

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2015

R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	4 641	861	803	711	591	494	3 178	12 347	23 627
Trade and Other Receivables from Exchange Transactions - Electricity	14 443	1 157	738	349	252	200	1 726	5 271	24 137
Receivables from Non-exchange Transactions - Property Rates	7 062	652	455	456	334	272	6 953	15 018	31 201
Receivables from Exchange Transactions - Waste Water Management	3 467	516	440	346	285	254	1 565	5 586	12 459
Receivables from Exchange Transactions - Waste Management	2 394	455	372	327	302	286	1 572	8 141	13 851
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1
Interest on Arrear Debtor Accounts	35	41	42	45	47	49	687	11 064	12 009
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	(9 711)	260	213	285	129	224	2 369	4 741	(1 490)
Total By Income Source	**22 330**	**3 943**	**3 063**	**2 519**	**1 940**	**1 779**	**18 050**	**62 170**	**115 794**
									-
Debtors Age Analysis By Customer Group									
Organs of State	358	30	37	17	18	11	29	4	504
Commercial	103	14	12	11	4	4	89	117	353
Households	21 908	3 876	2 988	2 417	1 904	1 743	16 990	60 259	112 086
Other	(38)	23	26	75	15	21	942	1 789	2 851
Total By Customer Group	**22 330**	**3 943**	**3 063**	**2 519**	**1 940**	**1 779**	**18 050**	**62 170**	**115 794**

Debtors' Age Analysis (Inclusive of VAT) as at 31 March 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	6 231	1 041	1 096	721	3 047	2 375	3 147	15 348	33 007
Trade and Other Receivables from Exchange Transactions - Electricity	16 412	1 205	572	309	1 305	1 017	1 348	6 575	28 744
Receivables from Non-exchange Transactions - Property Rates	7 492	632	468	844	3 563	2 778	3 680	17 949	37 405
Receivables from Exchange Transactions - Waste Water Management	4 083	545	385	332	1 402	1 093	1 448	7 064	16 353
Receivables from Exchange Transactions - Waste Management	2 671	451	369	415	1 753	1 366	1 810	8 829	17 663
Receivables from Exchange Transactions - Property Rental Debtors									-
Interest on Arrear Debtor Accounts									-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-
Other	(11 722)	206	173	278	1 174	915	1 212	5 913	(1 852)
Total By Income Source	**25 167**	**4 080**	**3 064**	**2 899**	**12 244**	**9 544**	**12 645**	**61 677**	**131 320**
									-
Debtors Age Analysis By Customer Group									
Organs of State	700	101	73	57	241	188	249	1 213	2 821
Commercial	5 981	481	291	102	431	336	445	2 172	10 240
Households	18 486	3 497	2 700	2 740	11 572	9 021	11 951	58 292	118 259
Other									-
Total By Customer Group	**25 167**	**4 080**	**3 064**	**2 899**	**12 244**	**9 544**	**12 645**	**61 677**	**131 320**

The aforementioned analysis indicates that from 30 June 2015 to 31 March 2016, the overdue debts have increased from R 93,464 million to R 106,153 million as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-15**	**31-Mar-16**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	18 986	26 776	7 789
Trade and Other Receivables from Exchange Transactions - Electricity	9 694	12 332	2 638
Receivables from Non-exchange Transactions - Property Rates	24 139	29 913	5 773
Receivables from Exchange Transactions - Waste Water Management	8 992	12 270	3 279
Receivables from Exchange Transactions - Waste Management	11 457	14 992	3 536
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	9 870	1 649
Total By Income Source	**93 464**	**106 153**	**12 689**
		–	
Debtors Age Analysis By Customer Group			
Organs of State	146	2 121	1 975
Commercial	250	4 259	4 009
Households	90 178	99 773	9 595
Other	2 890	–	(2 890)
Total By Customer Group	**93 464**	**106 153**	**12 689**

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	13 189								13 189
Bulk Water	–	1	–	–	–	74	(68)	145	153
PAYE deductions									–
VAT (output less input)									–
Pensions / Retirement deductions									–
Loan repayments									–
Trade Creditors	656	380	440	164	129	(57)	1 385	14 206	17 304
Auditor General	–	–	56	–	736	592	1 445	–	2 828
Other									–
Total By Customer Type	13 845	381	496	164	865	609	2 762	14 351	33 474

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

Department of Transport	R 15,146 million
Eskom	R 13,189 million
Office of the Auditor – General	R 2,828 million
Other Creditors	R 2,311 million
Total	**R 33,474 million**

It is to be noted that the Eskom amount of R 13,189 million, represents the current account for March 2016.

3. Investment Portfolio

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

	As at 30 June 2015	Invested	Interest	Withdrawn	Adjustmet	As at 31 March 2016
Absa	809 097	413 512	24 496	413 512	320	833 274
Nedbank	222 722	-	13 099	-	-	235 820
RMB	35 754 564	175 680 367	3 091 141	131 260 426	-	83 265 646
Total	**36 786 383**	**176 093 878**	**3 128 736**	**-131 673 938**	**-320**	**84 334 740**
Invesments by type	**As at 30 June 2015**	**Invested**	**Interest**	**Withdrawn**	**Adjustmet**	**As at 31 March 2016**
General Account	26 241 099	117 670 683	2 076 110	102 078 391	320	43 909 181
Collateral	295 393	-	16 146	-	-	311 538
Conditional Grants	8 270 347	39 506 998	686 913	19 141 914	-	29 322 343
Housing Funds	87 839	18 716 198	269 885	10 253 633	-	8 820 289
Investment FNB	1 891 706	200 000	79 682	200 000	-	1 971 388
Total	**36 786 383**	**176 093 878**	**3 128 736**	**-131 673 938**	**-320**	**84 334 740**
Bank	2 895 796	22 534 584				25 430 380
Total	**39 682 179**	**198 628 462**	**3 128 736**	**-131 673 938**	**-320**	**109 765 120**

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M09 March 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	20 525	85 629	85 629			85 629
Local Government Equitable Share	66 129	82 099	82 099	20 525	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	20 525	85 629	85 629			85 629
Capital Transfers and Grants									
National Government:	44 067	34 900	34 900	11 341	34 900	34 900			34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	11 341	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	11 341	34 900	34 900			34 900
TOTAL RECEIPTS OF TRANSFERS & GRANTS	114 015	120 529	120 529	31 866	120 529	120 529			120 529

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M09 March 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	7 076	83 189	84 747	(1 558)	-1.8%	85 629
Local Government Equitable Share	66 129	82 099	82 099	6 841	82 099	82 099	-		82 099
Finance Management	1 600	1 600	1 600	37	212	1 200	(988)	-82.4%	1 600
Municipal Systems Improvement	934	930	930	-	-	698	(698)	-100.0%	930
EPWP Incentive	1 285	1 000	1 000	198	878	750	128	17.0%	1 000
Total operating expenditure of Transfers and Grants:	69 948	85 629	85 629	7 076	83 189	84 747	(1 558)	-1.8%	85 629
Capital expenditure of Transfers and Grants									
National Government:	40 077	34 900	34 900	3 595	19 208	26 175	(6 967)	-26.6%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	3 246	18 622	23 100	(4 478)	-19.4%	30 800
Integrated National Electrification Programme		4 100	4 100	350	585	3 075	(2 490)	-81.0%	4 100
Total capital expenditure of Transfers and Grants	40 077	34 900	34 900	3 595	19 208	26 175	(6 967)	-26.6%	34 900
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	110 025	120 529	120 529	10 671	102 396	110 922	(8 525)	-7.7%	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 31 March 2016:	R 930,000

As at 31 March 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 211,749
Unspent as at 31 March 2016:	R 1,388,251

The spending of the grant amounted to 13.23% as at 31 March 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 877,816
Unspent as at 31 March 2016:	R 122,184

The spending of the grant amounted to 87.78% as at 31 March 2016.

DORA Capital Grants

Municipal Infrastructure Grant (MIG)
The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 30,800,000
Amount of Grant Received:	R 30,800,000
Expenditure to date:	R 18,622,270
Unspent as at 31 March 2016:	R 12,177,730

The spending of the grant amounted to 60.46% as at 31 March 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 585,303
Unspent as at 31 March 2016:	R 3,514,697

The spending of the grant amounted to 14.28% as at 31 March 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 – M09 March 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	5 414	5 385	29	1%	7 180
Pension and UIF Contributions	186	7				–	–		–
Medical Aid Contributions		1 952				–	–		–
Motor Vehicle Allowance			2 393	199	1 790	1 795	(5)	0%	2 393
Cellphone Allowance			710	59	532	532	–		710
Housing Allowances						–	–		–
Other benefits and allowances	2 991	3 153		16	132	–	132	#DIV/0!	–
Sub Total - Councillors	**9 757**	**11 678**	**10 283**	**873**	**7 868**	**7 712**	**155**	**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	4 744	4 237	507	12%	5 649
Pension and UIF Contributions	103						–		
Medical Aid Contributions							–		
Overtime							–		
Performance Bonus							–		
Motor Vehicle Allowance	686		676	56	507	507	–		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**	**5 251**	**4 744**	**507**	**11%**	**6 325**
% increase		**-5.8%**	**2.1%**						**2.1%**
Other Municipal Staff									
Basic Salaries and Wages	125 195	129 196	132 550	10 412	96 788	99 412	(2 624)	-3%	132 550
Pension and UIF Contributions	27 930	21 705	23 721	1 796	16 718	17 791	(1 073)	-6%	23 721
Medical Aid Contributions	18 300	11 208	11 033	981	8 511	8 275	236	3%	11 033
Overtime	8 491	10 912	9 454	1 005	8 799	7 090	1 708	24%	9 454
Performance Bonus			9 853	41	9 868	7 390	2 478	34%	9 853
Motor Vehicle Allowance			6 793	617	5 634	5 095	540	11%	6 793
Cellphone Allowance			–			–	–		–
Housing Allowances	472	505	561	43	417	421	(4)	-1%	561
Other benefits and allowances	25 309	32 190	15 931	1 621	13 525	11 949	1 577	13%	15 931
Payments in lieu of leave			815			612	(612)	-100%	815
Long service awards	937	886	550	84	575	413	162	39%	550
Post-retirement benefit obligations			–			–	–		–
Sub Total - Other Municipal Staff	**206 633**	**206 601**	**211 262**	**16 601**	**160 835**	**158 446**	**2 388**	**2%**	**211 262**
% increase		**0.0%**	**2.2%**						**2.2%**
Total Parent Municipality	**222 583**	**224 115**	**227 870**	**18 057**	**173 953**	**170 903**	**3 051**	**2%**	**227 870**
		0.7%	**2.4%**						**2.4%**
TOTAL SALARY, ALLOWANCES & BENEFITS	**222 583**	**224 115**	**227 870**	**18 057**	**173 953**	**170 903**	**3 051**	**2%**	**227 870**
% increase		**0.7%**	**2.4%**						**2.4%**
TOTAL MANAGERS AND STAFF	**212 826**	**212 437**	**217 587**	**17 184**	**166 086**	**163 190**	**2 895**	**2%**	**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 31 March 2016
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	3.26%	3.48%
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	1.11
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.19	0.75
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	94.39%	96.48%
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	1.90
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	36.77%	33.80%	43.58%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	95.00%	65.06%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	5.45%	6.06%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	1.45%	0.92%
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%	80.99%

The above table is discussed in details below.

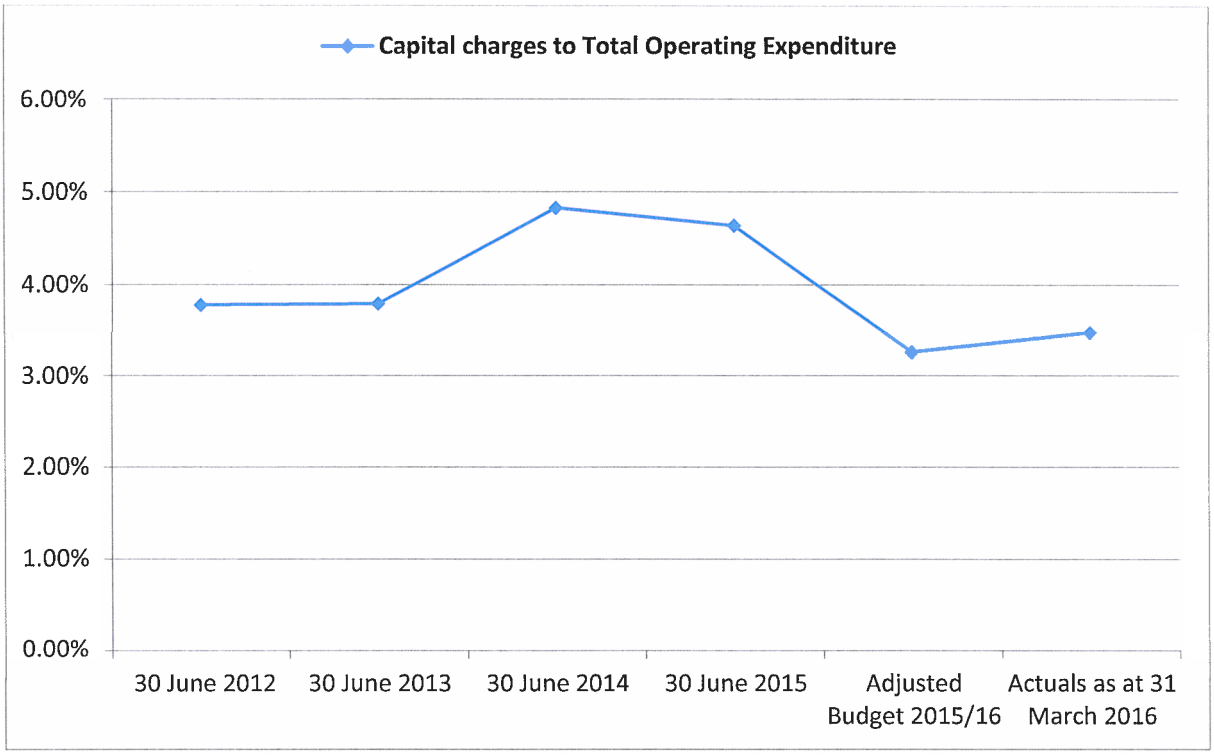
6.1. Borrowing Management

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 3.48% of the Total Operating Expenditure was utilised for capital charges as at 31 March 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.

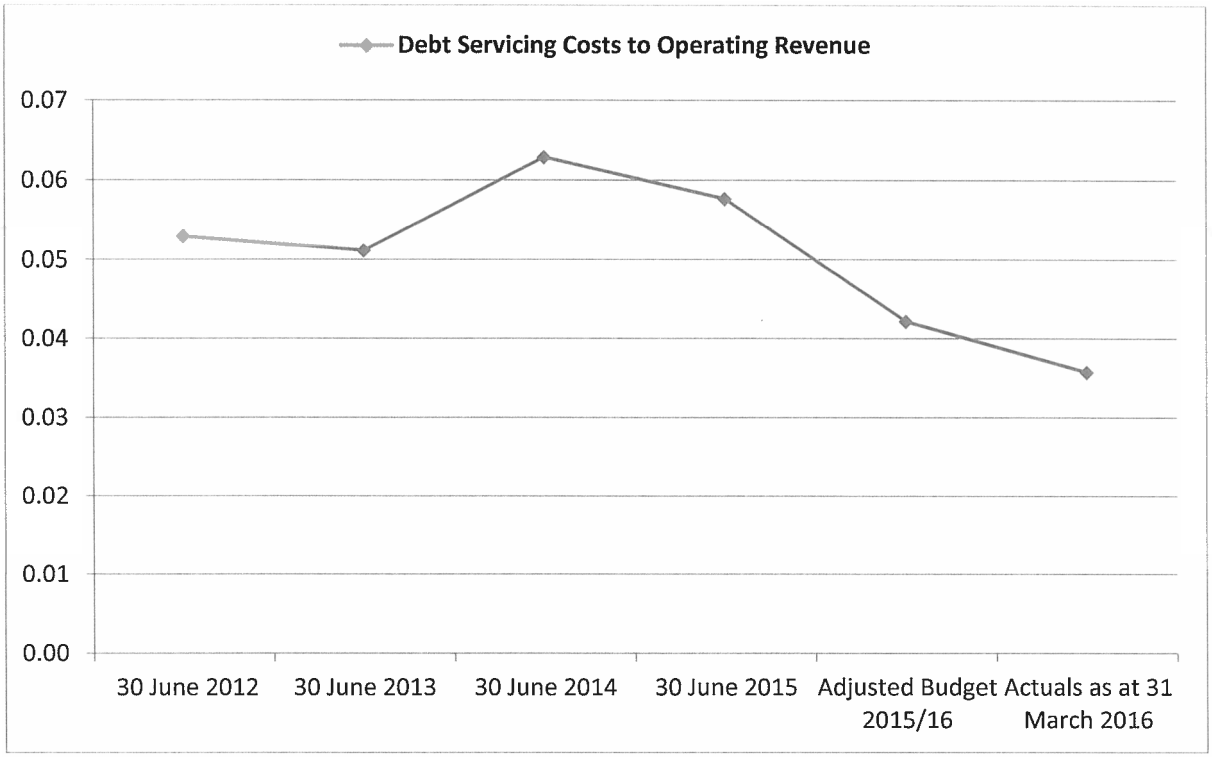
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 31 March 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:

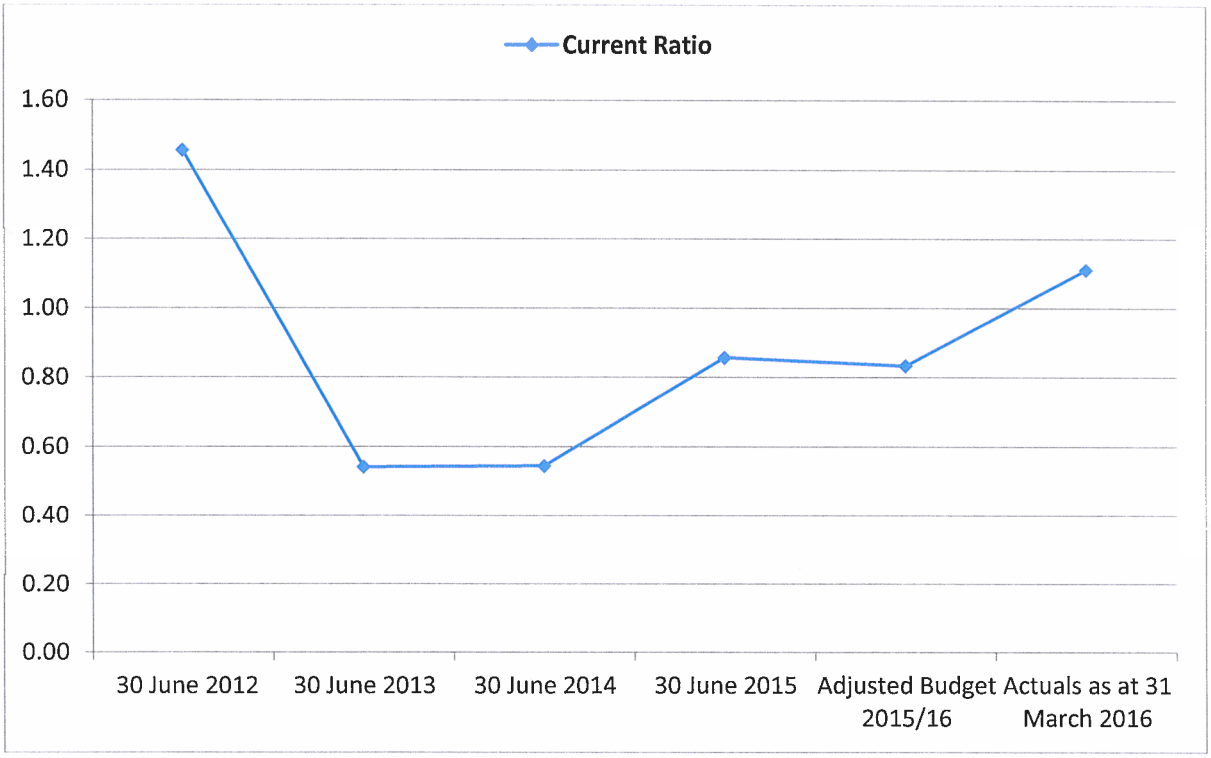
Current assets/Current liabilities

The ratio as at 31 March 2016 was 1.11:1, 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

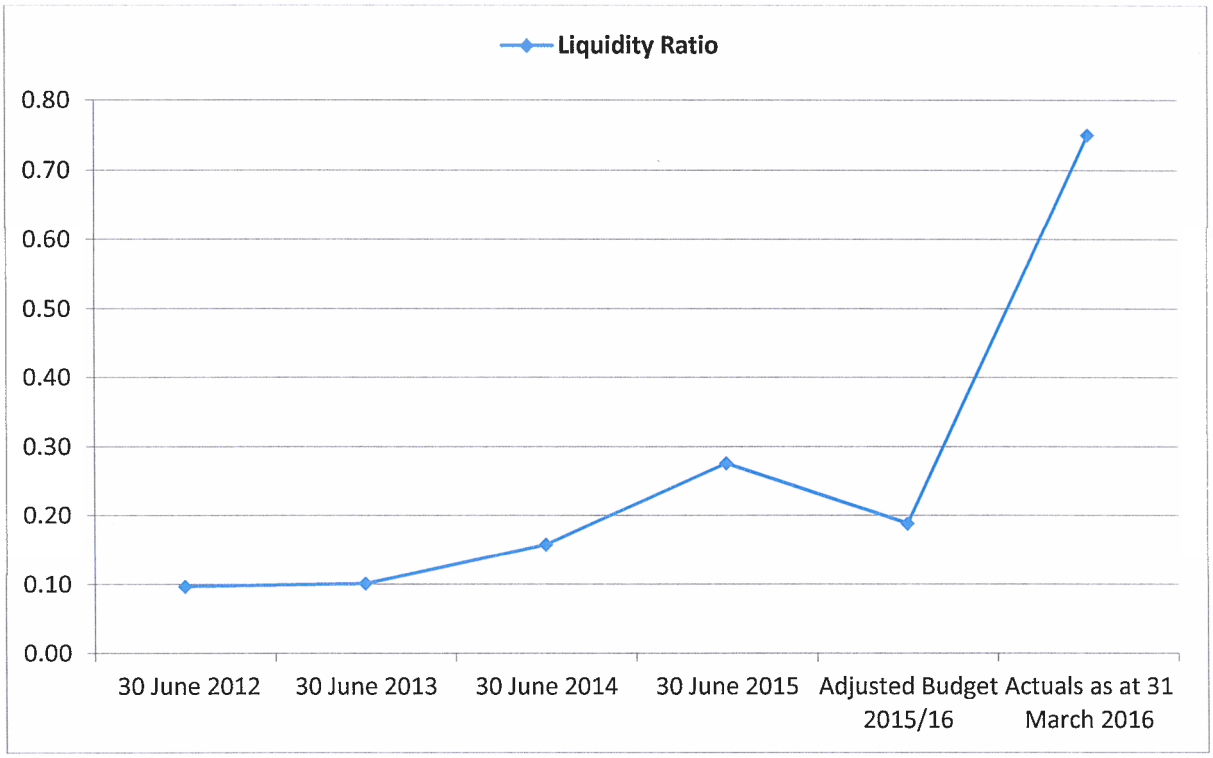
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 31 March 2016 was 0.75:1, 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

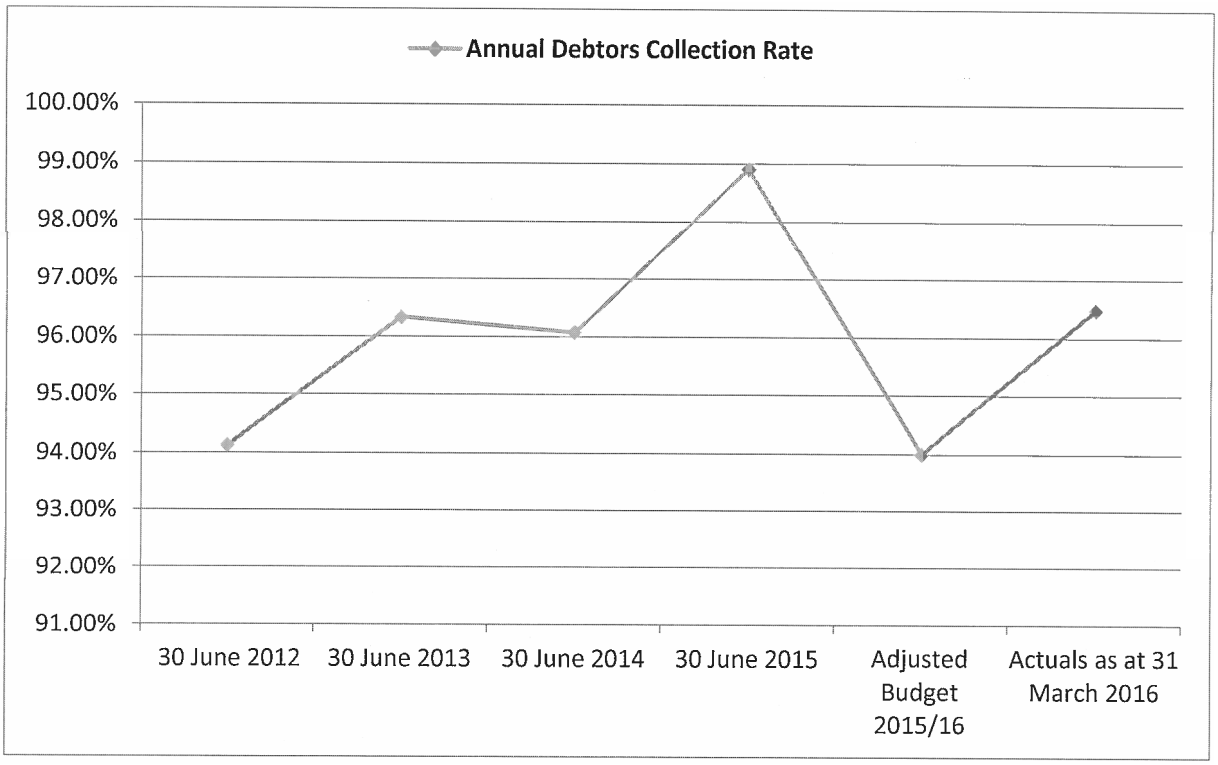
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 31 March 2016 was 96.48%, 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.

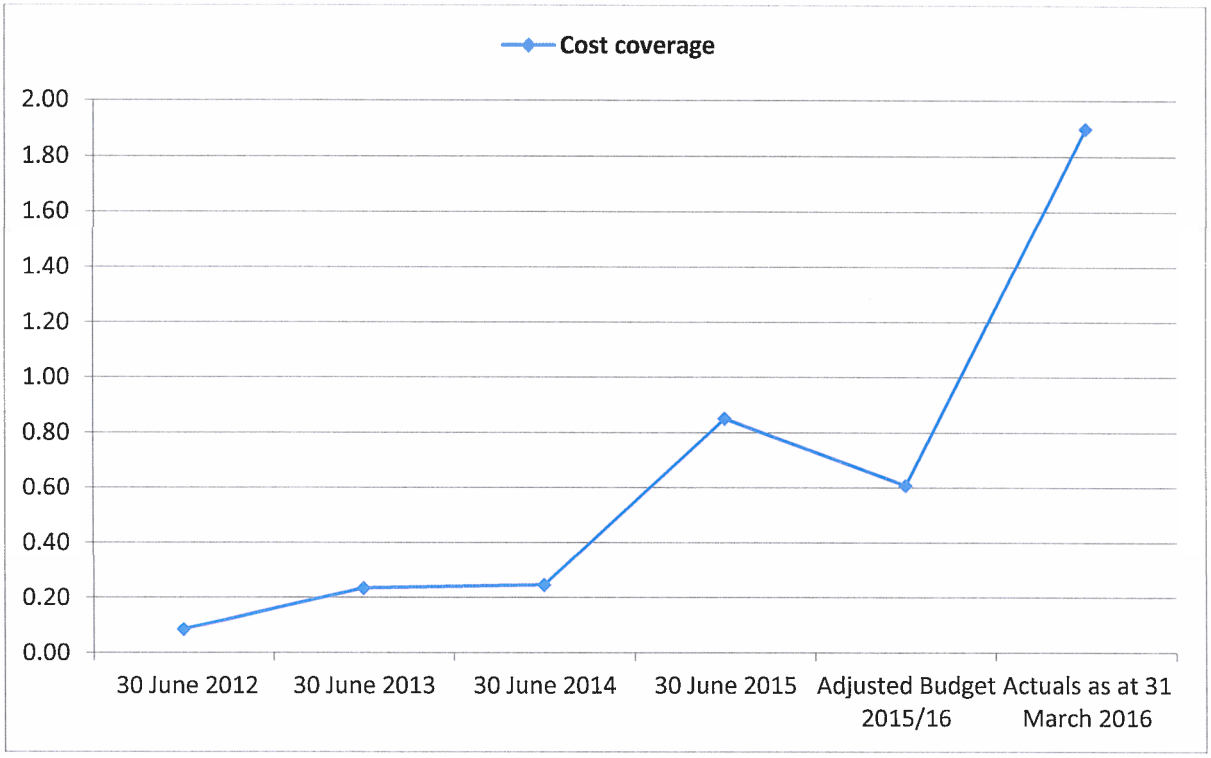
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 31 March 2016, the Ratio was 1.90 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



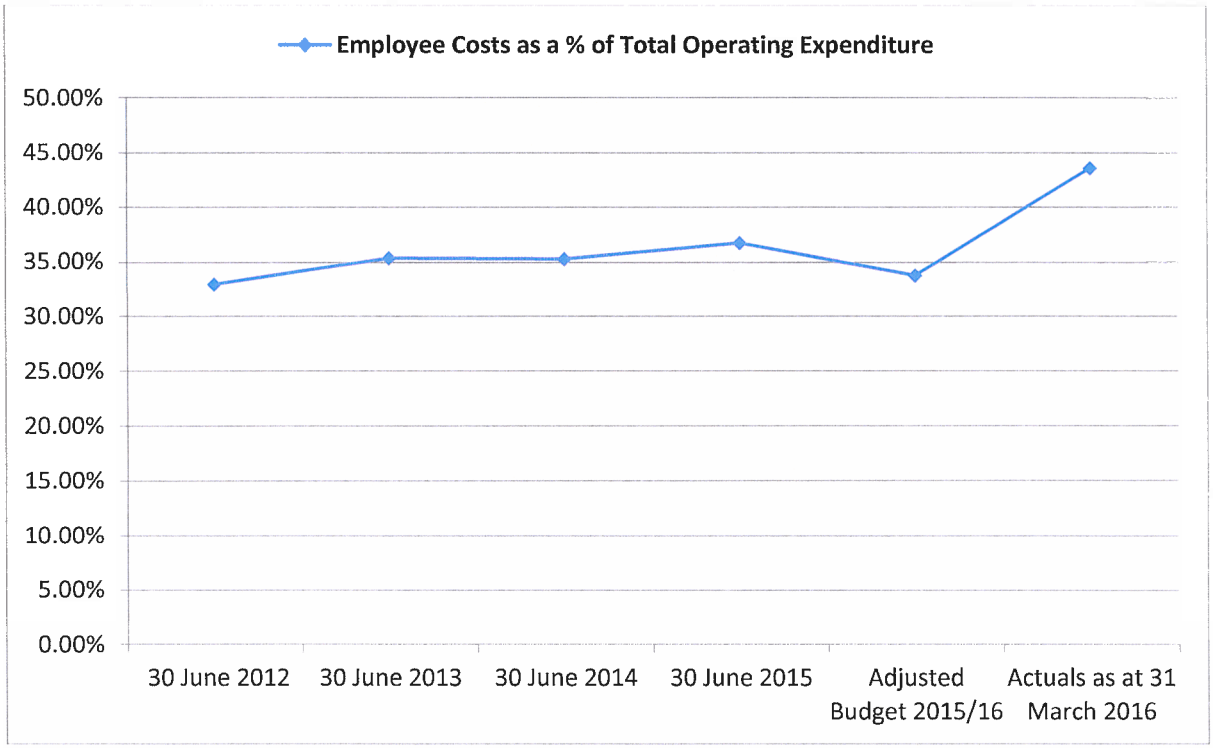
6.4.2. Employee costs as a % of Total Operating Expenditure

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 31 March 2016, Employee Related Costs constituted 43.58% 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%.



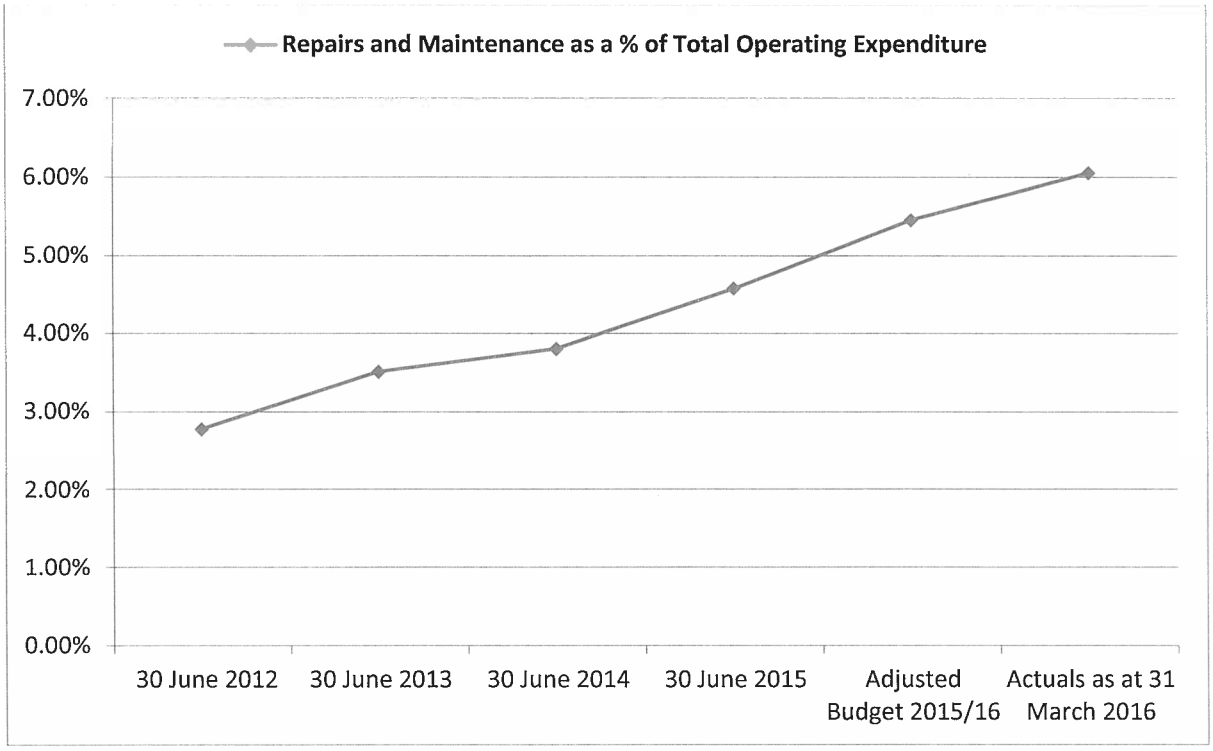
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 31 March 2016, the ratio was 6.06%, 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)

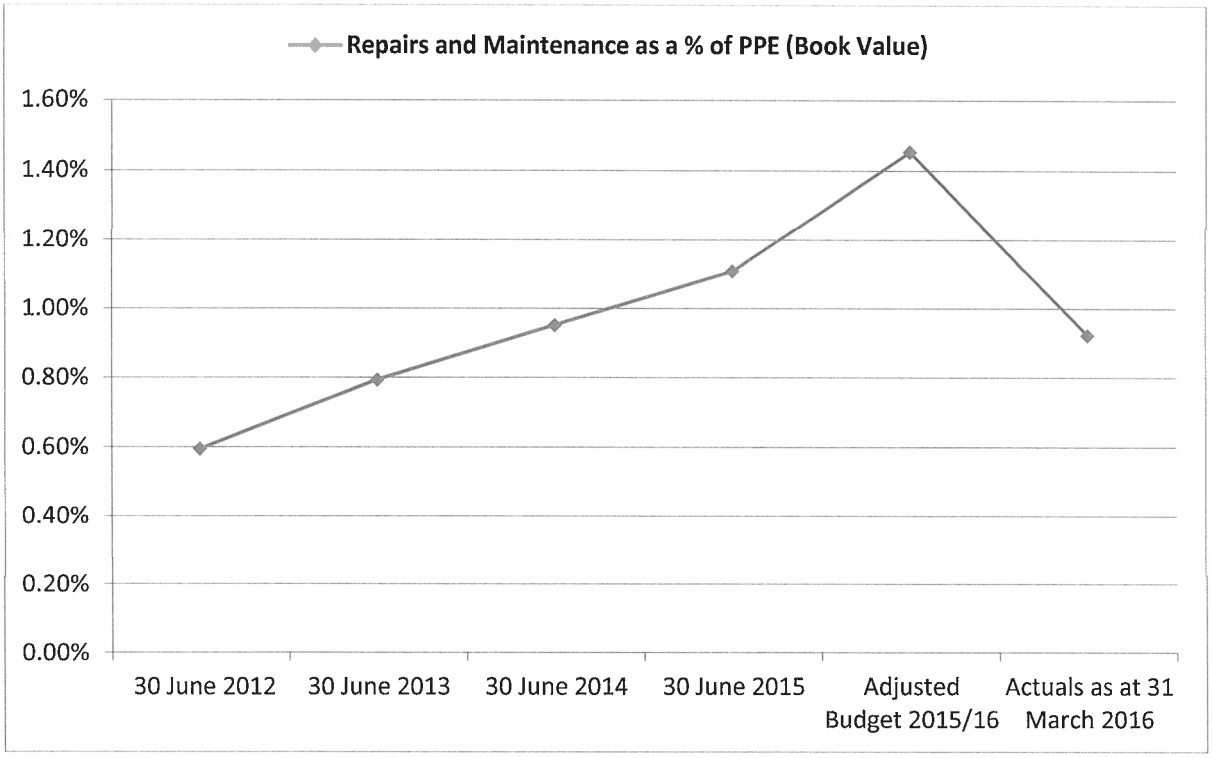
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 March 2016, repairs and maintenance expenditure constituted 0.92% 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.

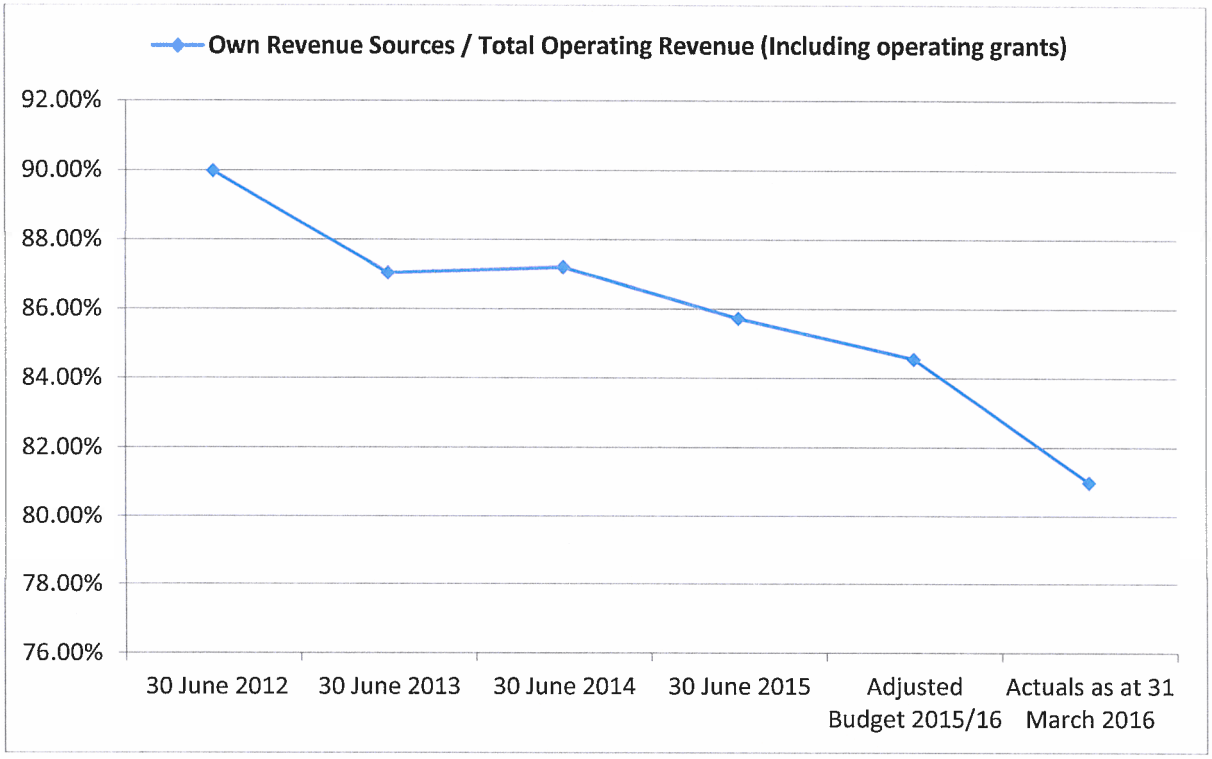
The ratio is determined as follows:

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

As at 31 March 2016, the Municipality's own revenue sources constituted 80.99% 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 March 2016 amounted to 65.06%, compared to the adjustments budgeted ratio of 95%. The Municipality's audited ratio as at 30 June 2015 was 241.30%.

