KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTTEE

FINANCE, ADMINISTRATION, MONITORING & EVALUATION

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2015 TO JUNE 2016 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 JUNE 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 on-going 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 June 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 565,000 million, whilst operating expenditure amounted to R 501,455 million, resulting in an operating surplus of R 63,545 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.
- Capital expenditure constituted 82.5% of the approved 2015/16 Capital Adjustments Budget.
- Overdue consumer debts increased by R 12,578 million (13.46%) since June 2015.
- An amount of R 44,460 million is owing to creditors, of which R 25,869 million (58.19%) represents current creditors.
- The municipality's investment portfolio has increased by R 38,679,092 (97.47%) since June 2015, from R 39,682,179 to R 78,361,271.

The following key financial ratios are monitored on an on-going basis:

Ratio	Actual as at June 2013	Actual as at June 2014	Actual as at June 2015	Actual as at May 2016	Actual as at June 2016	2015/16 Adjustments Budget
Current Ratio	0.54:1	0.54:1	0.86:1	1.09:1	0.99:1	0.83:1
Liquidity Ratio	0.10:1	0.16:1	0.28:1	0.70:1	0.60:1	0.19:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.85 months	1.81 months	1.49 months	0.61 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.06:1	0.04:1	0.04:1	0.04:1

1.3. DETAILED REPORTS

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period ending 30 June 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 be accordingly 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 June 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 ...FADI SIDNEY......., 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 SIDNEY

Municipal manager of Kouga Local Municipality

Signature

Date 14 JULY 2016

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY 2015 TO JUNE 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 May 2016	% of Budget	Actuals as at 30 June 2016	% of Budget
OPERATING REVENUE		R			
Propert Rates	136 785 831	128 344 843	93.83%	135 566 690	99.11%
Total Service Charges	335 215 036	286 663 591	85.52%	312 588 644	93.25%
Service charges - electricity	211 140 954	178 331 165	84.46%	195 019 746	92.36%
Service charges - water	50 964 229	43 200 912	84.77%	46 839 595	91.91%
Service charges - sewerage & sanitation	37 489 942	33 466 311	89.27%	36 323 256	96.89%
Service charges - refuse	22 930 496	21 072 791	91.90%	23 002 542	100.31%
Service charges - environmental management	12 689 415	10 592 413	83.47%	11 403 506	89.87%
Rental of Facilities and Equipment	551 260	435 816	79.06%	709 042	128.62%
Interest Earned - External Investments	2 984 460	4 089 218	137.02%	4 618 218	154.74%
Interest Earned - Outstanding Debtors	3 714 979	2 615 854	70.41%	3 266 912	87.94%
Fines	2 396 451	3 203 411	133.67%	3 424 473	142.90%
Licences and Permits	8 522 423	6 924 516	81.25%	7 077 624	83.05%
Grants & Subsidies Received - Operating	91 083 000	89 599 700	98.37%	89 872 950	98.67%
Other Revenue	8 369 536	7 516 515	89.81%	7 875 942	94.10%
Total Direct Operating Revenue	**589 622 977**	**529 393 464**	**89.79%**	**565 000 496**	**95.82%**
OPERATING EXPENDITURE					
Employee Related Costs	217 587 074	200 352 327	92.08%	218 517 521	100.43%
Remuneration of Councillors	10 283 155	9 612 417	93.48%	10 484 811	101.96%
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	27 630 674	78.71%	28 454 043	81.05%
Finance Charges - External Borrowings	5 554 604	4 976 047	89.58%	5 220 898	93.99%
Total Bulk Purchases	189 634 439	169 208 972	89.23%	188 345 545	99.32%
Bulk purchases - electricity	173 063 024	154 454 594	89.25%	171 717 835	99.22%
Bulk purchases - water	16 571 415	14 754 379	89.04%	16 627 710	100.34%
Contracted Services	13 393 444	8 914 718	66.56%	9 437 966	70.47%
General Expenses - Other	63 511 425	38 467 881	60.57%	40 994 463	64.55%
Total Direct Operating Expenditure	**643 764 262**	**459 163 038**	**71.32%**	**501 455 245**	**77.89%**
Surplus/(Deficit)	**-54 141 285**	**70 230 426**		**63 545 250**	

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

The statement of financial performance indicates a surplus of R 63,545,250.
This is influenced by the accounting treatment of the bad debts provision and the depreciation and asset impairment.

Revenue Variations

Property Rates

As at 30 June 2016, the Municipality has recognised 99.11% of its property rates revenue, compared to the adjustments budget.

Interest Earned – External Investments

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

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 30 June 2016 were R 106,042 million.

Fines

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

Expenditure Variations

Bad Debts

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

Depreciation and Asset Impairment

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

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 May 2016	% of Budget	Actuals as at 30 June 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	770,744	451,392	58.57%	550,663	71.45%
Finance	612,162	181,583	29.66%	199,194	32.54%
Social Services	9,025,353	5,825,045	64.54%	6,342,439	70.27%
Infrastructure, Planning & Development	24,294,110	20,821,622	85.71	21,010,714	86.48
LED, Tourism & Industries	402,898	351,032	87.13%	351,032	87.13%
Total	**35,105,267**	**27,630,674**	**78.71%**	**28 454 043**	**81.05%**

It is to be noted that actual repairs and maintenance expenditure constituted 81.05% of the approved 2015/16 Adjustments Budget. Repairs and maintenance expenditure has increased significantly, year-over-year.

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 May 2016	% of Budget	Actuals as at 30 June 2016	% of Budget
	R	R		R	
Administration, Monitoring & Evaluation	679,000	116,521	17.16%	130,025	19.15%
Finance	415,000	153,727	37.04%	98,527	23.74%
Social Services	10,344,300	6,164,783	59.60%	6,021,378	58.21%
Infrastructure, Planning & Development	92,894,000	73,904,993	79.56%	79,917,764	86.03%
LED, Tourism & Industries	174,000	109,374	62.86%	47,481	27.29%
Total	**104,506,300**	**80,449,398**	**76.98%**	**86,215,175**	**82.5%**
Source of Funding	**Adjustments Budget 2015/16**	**Actuals as at 31 May 2016**	**% of Budget**	**Actuals as at 30 June 2016**	**% of Budget**
	R	R		R	
Internally Generated Funding	23,706,300	11,456,210	48.33%	10,958,630	48.33%
Government Grants	80,800,000	68,993,188	85.39%	75,256,545	85.39%
Total	**104,506,300**	**80,449,398**	**76.98%**	**86,215,175**	**82.5%**

It is to be noted that an amount of R 86,215,175 has been spent as at 30 June 2016, compared to the approved capital adjustments budget of R 104,506,300. This represents a spending performance of 82.5% relating to the approved Capital Adjustments Budget.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2015/16 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 June 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 – M12 June 2016

Description	Ref	2014/15	Budget Year 2015/16							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595	134 356	7 461	131 282	134 356	(3 074)	-2%	134 356
Service charges		293 108	320 439	308 977	21 903	283 210	308 977	(25 767)	-8%	308 977
Other revenue		17 296	23 210	24 241	9 460	181 385	24 241	157 144	648%	24 241
Government - operating		147 214	92 151	91 083		85 795	91 083	(5 288)	-6%	91 083
Government - capital		44 067	33 360	80 800		40 190	80 800	(40 610)	-50%	80 800
Interest		2 430	8 324	2 984		4 641	2 984	1 656	55%	2 984
Dividends								–		–
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(56 621)	(618 368)	(529 515)	88 853	-17%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(401)	(5 542)	(5 555)	(12)	0%	(5 555)
Transfers and Grants								–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		**144 279**	**63 570**	**107 372**	**(18 198)**	**102 592**	**107 372**	**4 780**	**4%**	**107 372**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		234						–		–
Decrease (Increase) in non-current debtors								–		–
Decrease (increase) other non-current receivables		17						–		–
Decrease (increase) in non-current investments								–		–
Payments										
Capital assets		(116 735)	(63 570)	(104 506)	(7 628)	(51 420)	(104 506)	(53 086)	51%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(116 484)**	**(63 570)**	**(104 506)**	**(7 628)**	**(51 420)**	**(104 506)**	**(53 086)**	**51%**	**(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)	(1 060)	(12 493)	(15 456)	(2 963)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(16 864)**	**–**	**(15 456)**	**(1 060)**	**(12 493)**	**(15 456)**	**(2 963)**	**19%**	**(15 456)**
NET INCREASE/ (DECREASE) IN CASH HELD		**10 931**	**(0)**	**(12 590)**	**(26 886)**	**38 679**	**(12 590)**			**(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		78 361	27 092			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 June 2016 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M12 June 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	7 222	135 567	136 786	(1 219)	-1%	136 786
Service charges	301 052	368 095	335 215	25 925	312 589	335 215	(22 626)	-7%	335 215
Investment revenue	2 430	2 078	2 984	529	4 618	2 984	1 634	55%	2 984
Transfers recognised - operational	77 540	92 151	91 083	273	89 873	91 083	(1 210)	-1%	91 083
Other own revenue	33 407	29 456	23 554	1 632	22 354	23 554	(1 200)	-5%	23 554
Total Revenue (excluding capital transfers and contributions)	**543 009**	**638 741**	**589 623**	**35 581**	**565 000**	**589 623**	**(24 622)**	**-4%**	**589 623**
Employee costs	212 826	212 437	217 587	18 165	218 518	217 587	930	0%	217 587
Remuneration of Councillors	9 757	11 678	10 283	872	10 485	10 283	202	2%	10 283
Depreciation & asset impairment	81 944	80 714	80 714	–	–	80 714	(80 714)	-100%	80 714
Finance charges	7 131	16 112	5 555	245	5 221	5 555	(334)	-6%	5 555
Materials and bulk purchases	170 528	200 868	224 740	23 440	216 800	224 740	(7 940)	-4%	224 740
Transfers and grants	–	–	–	–	–	–	–		–
Other expenditure	96 669	167 435	104 886	6 370	50 432	104 886	(54 454)	-52%	104 886
Total Expenditure	**578 855**	**689 244**	**643 764**	**49 092**	**501 455**	**643 764**	**(142 309)**	**-22%**	**643 764**
Surplus/(Deficit)	**(35 847)**	**(50 504)**	**(54 141)**	**(13 511)**	**63 545**	**(54 141)**	**117 687**	**-217%**	**(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**	**(13 511)**	**63 545**	**(54 141)**	**117 687**	**-217%**	**26 659**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**(13 511)**	**63 545**	**(54 141)**	**117 687**	**-217%**	**26 659**
Capital expenditure & funds sources									
Capital expenditure	**116 735**	**63 570**	**104 506**	**7 628**	**86 215**	**104 506**	**(18 291)**	**-18%**	**104 506**
Capital transfers recognised	110 055	33 360	80 800	6 278	75 257	80 800	(5 543)	-7%	80 800
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	6 680	30 210	23 706	1 350	10 959	23 706	(12 748)	-54%	23 706
Total sources of capital funds	**116 735**	**63 570**	**104 506**	**7 628**	**86 215**	**104 506**	**(18 291)**	**-18%**	**104 506**
Financial position									
Total current assets	123 256	86 234	119 730		128 854				119 730
Total non current assets	2 452 493	2 649 759	2 476 713		2 502 549				2 476 713
Total current liabilities	143 818	144 257	143 732		129 664				143 732
Total non current liabilities	160 792	159 543	148 325		141 307				148 325
Community wealth/Equity	**2 271 139**	**2 432 193**	**2 304 386**		**2 360 431**				**2 304 386**
Cash flows									
Net cash from (used) operating	144 279	63 570	107 372	(18 198)	102 592	107 372	4 780	4%	107 372
Net cash from (used) investing	(116 484)	(63 570)	(104 506)	(7 628)	(51 420)	(104 506)	(53 086)	51%	(104 506)
Net cash from (used) financing	(16 864)	–	(15 456)	(1 060)	(12 493)	(15 456)	(2 963)	19%	(15 456)
Cash/cash equivalents at the month/year end	**39 682**	**(0)**	**27 092**	**–**	**78 361**	**27 092**	**(51 269)**	**-189%**	**27 092**

Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	23 099	4 050	3 040	2 897	12 237	9 539	12 637	61 641	129 141
Creditors Age Analysis									
Total Creditors	25 869	1 252	1 082	235	448	255	1 925	13 391	44 460

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) – M12 June 2016

Description	Ref	2014/15	Budget Year 2015/16							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Standard										
Governance and administration		210 531	241 451	227 398	8 502	227 119	227 398	(279)	0%	227 398
Executive and council		468	–	100	–	34	100	(66)	-66%	100
Budget and treasury office		209 162	240 876	226 518	8 451	226 294	226 518	(224)	0%	226 518
Corporate services		900	575	780	51	791	780	11	1%	780
Community and public safety		16 527	20 413	18 261	454	18 150	18 261	(112)	-1%	18 261
Community and social services		7 373	8 829	8 135	114	7 455	8 135	(680)	-8%	8 135
Sport and recreation		4	669	13	(18)	6	13	(7)	-53%	13
Public safety		9 150	10 914	10 113	358	10 689	10 113	575	6%	10 113
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		17 772	21 471	18 804	1 511	18 547	18 804	(257)	-1%	18 804
Planning and development		4 364	7 014	4 347	696	4 353	4 347	6	0%	4 347
Road transport		–	–	–	–	–	–	–		–
Environmental protection		13 407	14 457	14 456	815	14 194	14 456	(263)	-2%	14 456
Trading services		425 251	355 406	405 959	25 114	301 185	405 959	(104 774)	-26%	405 959
Electricity		193 801	232 429	217 875	16 689	195 020	217 875	(22 855)	-10%	217 875
Water		127 761	54 836	98 404	3 639	46 840	98 404	(51 565)	-52%	98 404
Waste water management		81 954	40 236	66 750	2 857	36 323	66 750	(30 427)	-46%	66 750
Waste management		21 736	27 905	22 930	1 930	23 003	22 930	72	0%	22 930
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Standard	2	670 080	638 741	670 423	35 581	565 000	670 423	(105 422)	-16%	670 423
Expenditure - Standard										
Governance and administration		130 624	124 367	127 831	7 819	89 750	127 831	(38 081)	-30%	127 831
Executive and council		23 803	30 530	29 729	2 103	22 313	29 729	(7 416)	-25%	29 729
Budget and treasury office		66 651	53 820	51 379	2 340	30 345	51 379	(21 033)	-41%	51 379
Corporate services		40 170	40 016	46 723	3 375	37 092	46 723	(9 631)	-21%	46 723
Community and public safety		81 887	88 352	82 706	7 444	79 477	82 706	(3 229)	-4%	82 706
Community and social services		48 635	49 705	44 070	4 084	43 401	44 070	(668)	-2%	44 070
Sport and recreation		522	593	630	48	549	630	(81)	-13%	630
Public safety		29 074	33 897	34 626	2 895	32 648	34 626	(1 979)	-6%	34 626
Housing		3 656	4 156	3 380	417	2 879	3 380	(501)	-15%	3 380
Health		–	–	–	–	–	–	–		–
Economic and environmental services		96 843	100 935	96 807	5 501	51 613	96 807	(45 195)	-47%	96 807
Planning and development		90 551	88 132	86 275	4 570	43 265	86 275	(43 010)	-50%	86 275
Road transport		–	–	–	–	–	–	–		–
Environmental protection		6 292	12 803	10 533	932	8 348	10 533	(2 185)	-21%	10 533
Trading services		269 500	375 590	336 420	28 328	280 615	336 420	(55 805)	-17%	336 420
Electricity		179 017	234 329	209 495	20 014	192 194	209 495	(17 302)	-8%	209 495
Water		35 450	61 681	56 200	3 937	38 139	56 200	(18 061)	-32%	56 200
Waste water management		31 045	42 709	37 987	2 221	23 969	37 987	(14 018)	-37%	37 987
Waste management		23 988	36 871	32 738	2 156	26 314	32 738	(6 425)	-20%	32 738
Other		–	–	–	–	–	–	–		–
Total Expenditure - Standard	3	578 855	689 244	643 764	49 092	501 455	643 764	(142 309)	-22%	643 764
Surplus/ (Deficit) for the year		91 225	(50 504)	26 659	(13 511)	63 545	26 659	36 887	138%	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 – M12 June 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	100	(66)	-65.9%	100
Vote 2 - Financial Services	209 078	240 876	226 526	8 451	226 310	226 526	(216)	-0.1%	226 526
Vote 3 - Administration, Monitoring & Evaluation	511	1 455	227	2	305	227	78	34.3%	227
Vote 4 - Led, Tourism & Creative Industries	–	(60)	100	273	1 223	100	1 123	1122.9%	100
Vote 5 - Infrastructure, Planning & Development 1	198 638	238 622	222 667	17 160	198 620	222 667	(24 047)	-10.8%	222 667
Vote 6 - Infrastructure, Planning & Development 2	209 715	95 072	165 154	6 496	83 163	165 154	(81 991)	-49.6%	165 154
Vote 7 - Social Services 1	7 362	7 117	6 491	59	7 939	6 491	1 449	22.3%	6 491
Vote 8 - Social Services 2	44 307	55 659	49 158	3 140	47 406	49 158	(1 751)	-3.6%	49 158
Vote 9 - Social Services 3	–	–	–	–	–	–	–		–
Total Revenue by Vote	**670 080**	**638 741**	**670 423**	**35 581**	**565 000**	**670 423**	**(105 422)**	**-15.7%**	**670 423**
Expenditure by Vote									
Vote 1 - Executive & Council	23 803	30 530	29 729	2 103	22 313	29 729	(7 416)	-24.9%	29 729
Vote 2 - Financial Services	70 914	59 716	58 163	2 736	35 696	58 163	(22 467)	-38.6%	58 163
Vote 3 - Administration, Monitoring & Evaluation	28 873	28 886	31 559	2 685	28 667	31 559	(2 891)	-9.2%	31 559
Vote 4 - Led, Tourism & Creative Industries	14 901	8 890	9 443	1 201	9 139	9 443	(305)	-3.2%	9 443
Vote 5 - Infrastructure, Planning & Development 1	265 356	324 742	298 087	24 094	232 272	298 087	(65 815)	-22.1%	298 087
Vote 6 - Infrastructure, Planning & Development 2	66 495	104 391	94 186	6 158	62 108	94 186	(32 079)	-34.1%	94 186
Vote 7 - Social Services 1	26 684	33 436	32 829	2 665	30 934	32 829	(1 895)	-5.8%	32 829
Vote 8 - Social Services 2	81 828	98 413	89 408	7 450	80 324	89 408	(9 084)	-10.2%	89 408
Vote 9 - Social Services 3	–	240	360	–	2	360	(358)	-99.4%	360
Total Expenditure by Vote	**578 855**	**689 244**	**643 764**	**49 092**	**501 455**	**643 764**	**(142 309)**	**-22.1%**	**643 764**
Surplus/ (Deficit) for the year	**91 225**	**(50 504)**	**26 659**	**(13 511)**	**63 545**	**26 659**	**36 887**	**138.4%**	**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.

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M12 June 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	7 222	135 567	136 786	(1 219)	-1%	136 786
Property rates - penalties & collection charges			–					–		–
Service charges - electricity revenue		188 971	232 429	211 141	16 689	195 020	211 141	(16 121)	-8%	211 141
Service charges - water revenue		44 341	54 836	50 964	3 639	46 840	50 964	(4 125)	-8%	50 964
Service charges - sanitation revenue		33 783	40 236	37 490	2 857	36 323	37 490	(1 167)	-3%	37 490
Service charges - refuse revenue		21 637	27 905	22 930	1 930	23 003	22 930	72	0%	22 930
Service charges - other		12 320	12 689	12 689	811	11 404	12 689	(1 286)	-10%	12 689
Rental of facilities and equipment		1 395	1 398	551	273	709	551	158	29%	551
Interest earned - external investments		2 430	2 078	2 984	529	4 618	2 984	1 634	55%	2 984
Interest earned - outstanding debtors		3 926	6 246	3 715	651	3 267	3 715	(448)	-12%	3 715
Dividends received								–		–
Fines		1 737	1 655	2 396	221	3 424	2 396	1 028	43%	2 396
Licences and permits		6 503	10 302	8 522	127	7 078	8 522	(1 444)	-17%	8 522
Agency services								–		–
Transfers recognised - operational		77 540	92 151	91 083	273	89 873	91 083	(1 210)	-1%	91 083
Other revenue		19 710	9 855	8 370	359	7 876	8 370	(494)	-6%	8 370
Gains on disposal of PPE		137						–		–
Total Revenue (excluding capital transfers and contributions)		**543 009**	**638 741**	**589 623**	**35 581**	**565 000**	**589 623**	**(24 622)**	**-4%**	**589 623**
Expenditure By Type										
Employee related costs		212 826	212 437	217 587	18 165	218 518	217 587	930	0%	217 587
Remuneration of councillors		9 757	11 678	10 283	872	10 485	10 283	202	2%	10 283
Debt impairment		17 308	52 021	27 981			27 981	(27 981)	-100%	27 981
Depreciation & asset impairment		81 944	80 714	80 714			80 714	(80 714)	-100%	80 714
Finance charges		7 131	16 112	5 555	245	5 221	5 555	(334)	-6%	5 555
Bulk purchases		170 528	200 868	189 634	19 168	188 346	189 634	(1 289)	-1%	189 634
Other materials				35 105	4 272	28 454	35 105	(6 651)	-19%	35 105
Contracted services			11 069	13 393	838	9 438	13 393	(3 955)	-30%	13 393
Transfers and grants								–		
Other expenditure		79 361	104 346	63 511	5 531	40 994	63 511	(22 517)	-35%	63 511
Loss on disposal of PPE								–		–
Total Expenditure		**578 855**	**689 244**	**643 764**	**49 092**	**501 455**	**643 764**	**(142 309)**	**-22%**	**643 764**
Surplus/(Deficit)		**(35 847)**	**(50 504)**	**(54 141)**	**(13 511)**	**63 545**	**(54 141)**	**117 687**	**(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**	**(13 511)**	**63 545**	**(54 141)**			**26 659**
Taxation								–		
Surplus/(Deficit) after taxation		**91 225**	**(50 504)**	**26 659**	**(13 511)**	**63 545**	**(54 141)**			**26 659**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**91 225**	**(50 504)**	**26 659**	**(13 511)**	**63 545**	**(54 141)**			**26 659**
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		**91 225**	**(50 504)**	**26 659**	**(13 511)**	**63 545**	**(54 141)**			**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) – M12 June 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	500	(470)	-94%	500
Vote 2 - Financial Services	1 647	145	415	9	99	415	(316)	-76%	415
Vote 3 - Administration, Monitoring & Evaluation	394	–	179	45	101	179	(78)	-44%	179
Vote 4 - Led, Tourism & Creative Industries	175	1 563	174	11	47	174	(127)	-73%	174
Vote 5 - Infrastructure, Planning & Development 1	1 211	10 100	9 910	2 103	7 192	9 910	(2 718)	-27%	9 910
Vote 6 - Infrastructure, Planning & Development 2	104 027	32 508	82 984	5 115	72 726	82 984	(10 258)	-12%	82 984
Vote 7 - Social Services 1	893	3 515	2 911	25	1 435	2 911	(1 476)	-51%	2 911
Vote 8 - Social Services 2	6 690	15 209	7 403	320	4 585	7 403	(2 819)	-38%	7 403
Vote 9 - Social Services 3	–	30	30	–	1	30	(29)	-95%	30
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–		–
Total Capital single-year expenditure	116 735	63 570	104 506	7 628	86 215	104 506	(18 291)	-18%	104 506
Total Capital Expenditure	**116 735**	**63 570**	**104 506**	**7 628**	**86 215**	**104 506**	**(18 291)**	**-18%**	**104 506**
Capital Expenditure - Standard Classification									
Governance and administration	**3 838**	**645**	**1 094**	**53**	**229**	**1 094**	(865)	-79%	**1 094**
Executive and council	1 698	500	500	–	30	500	(470)	-94%	500
Budget and treasury office	1 456	115	385	9	95	385	(290)	-75%	385
Corporate services	684	30	209	45	104	209	(105)	-50%	209
Community and public safety	**7 517**	**15 689**	**9 469**	**342**	**5 570**	**9 469**	(3 900)	-41%	**9 469**
Community and social services	776	2 115	2 045	–	1 275	2 045	(770)	-38%	2 045
Sport and recreation	6 157	11 149	5 649	57	3 690	5 649	(1 959)	-35%	5 649
Public safety	487	2 425	1 775	285	605	1 775	(1 170)	-66%	1 775
Housing	97	–	–	–	–	–	–		–
Health	–	–	–	–	–	–	–		–
Economic and environmental services	**849**	**4 628**	**1 052**	**14**	**499**	**1 052**	(553)	-53%	**1 052**
Planning and development	754	1 463	77	11	47	77	(30)	-38%	77
Road transport	–	–	–	–	–	–	–		–
Environmental protection	96	3 165	975	3	452	975	(523)	-54%	975
Trading services	**104 530**	**42 608**	**92 891**	**7 218**	**79 918**	**92 891**	(12 973)	-14%	**92 891**
Electricity	436	10 100	9 907	2 103	7 192	9 907	(2 715)	-27%	9 907
Water	30 008	–	29 057	351	21 962	29 057	(7 094)	-24%	29 057
Waste water management	74 020	32 508	53 928	4 764	50 764	53 928	(3 164)	-6%	53 928
Waste management	67	–	–	–	–	–	–		–
Other		–	–	–	–	–	–		–
Total Capital Expenditure - Standard Classification	116 735	63 570	104 506	7 628	86 215	104 506	(18 291)	-18%	104 506
Funded by:									
National Government	110 055	33 360	33 360	5 109	28 851	33 360	(4 509)	-14%	33 360
Provincial Government		–	47 440	1 169	46 406	47 440	(1 034)	-2%	47 440
District Municipality		–		–	–	–	–		
Other transfers and grants		–		–	–	–	–		–
Transfers recognised - capital	110 055	33 360	80 800	6 278	75 257	80 800	(5 543)	-7%	80 800
Public contributions & donations							–		
Borrowing							–		
Internally generated funds	6 680	30 210	23 706	1 350	10 959	23 706	(12 748)	-54%	23 706
Total Capital Funding	116 735	63 570	104 506	7 628	86 215	104 506	(18 291)	-18%	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 – M12 June 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	2 563	3 000
Call investment deposits		36 786	10 000	24 092	75 798	24 092
Consumer debtors		43 579	59 006	46 863	30 201	46 863
Other debtors		35 671	12 658	41 196	14 897	41 196
Current portion of long-term receivables		8	–	8		8
Inventory		4 317	4 571	4 571	5 395	4 571
Total current assets		**123 256**	**86 234**	**119 730**	**128 854**	**119 730**
Non current assets						
Long-term receivables		171	192	153		153
Investments			–			–
Investment property		61 824	64 175	61 824	61 824	61 824
Investments in Associate			–			–
Property, plant and equipment		2 390 315	2 585 217	2 414 541	2 440 516	2 414 541
Agricultural			–			–
Biological assets			–			–
Intangible assets		183	175	195	209	195
Other non-current assets			–			–
Total non current assets		**2 452 493**	**2 649 759**	**2 476 713**	**2 502 549**	**2 476 713**
TOTAL ASSETS		**2 575 749**	**2 735 993**	**2 596 443**	**2 631 403**	**2 596 443**
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing		10 870	3 379	11 185	13 480	11 185
Consumer deposits		8 593	8 551	8 802	9 590	8 802
Trade and other payables		94 474	100 231	95 449	71 220	95 449
Provisions		29 882	32 095	28 297	35 373	28 297
Total current liabilities		**143 818**	**144 257**	**143 732**	**129 664**	**143 732**
Non current liabilities						
Borrowing		49 637	53 963	49 637	35 644	49 637
Provisions		111 155	105 580	98 688	105 663	98 688
Total non current liabilities		**160 792**	**159 543**	**148 325**	**141 307**	**148 325**
TOTAL LIABILITIES		**304 610**	**303 800**	**292 057**	**270 972**	**292 057**
NET ASSETS	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 360 431**	**2 304 386**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 271 139	2 432 193	2 304 386	2 360 431	2 304 386
Reserves			–			–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 271 139**	**2 432 193**	**2 304 386**	**2 360 431**	**2 304 386**

Explanatory notes to Table C6 – Budgeted Financial Position

i. The table represents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

ii. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.

   Similarly, the collection rate assumption informs the budget provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Monthly Budget Statement – Cash Flow – M12 June 2016

Description	Ref	2014/15	Budget Year 2015/16							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		122 196	142 595	134 356	7 461	131 282	134 356	(3 074)	-2%	134 356
Service charges		293 108	320 439	308 977	21 903	283 210	308 977	(25 767)	-8%	308 977
Other revenue		17 296	23 210	24 241	9 460	181 385	24 241	157 144	648%	24 241
Government - operating		147 214	92 151	91 083		85 795	91 083	(5 288)	-6%	91 083
Government - capital		44 067	33 360	80 800		40 190	80 800	(40 610)	-50%	80 800
Interest		2 430	8 324	2 984		4 641	2 984	1 656	55%	2 984
Dividends								–		–
Payments										
Suppliers and employees		(474 900)	(540 398)	(529 515)	(56 621)	(618 368)	(529 515)	88 853	-17%	(529 515)
Finance charges		(7 131)	(16 112)	(5 555)	(401)	(5 542)	(5 555)	(12)	0%	(5 555)
Transfers and Grants								–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		**144 279**	**63 570**	**107 372**	**(18 198)**	**102 592**	**107 372**	**4 780**	**4%**	**107 372**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		234						–		–
Decrease (Increase) in non-current debtors								–		–
Decrease (increase) other non-current receivables		17						–		–
Decrease (increase) in non-current investments								–		–
Payments										
Capital assets		(116 735)	(63 570)	(104 506)	(7 628)	(51 420)	(104 506)	(53 086)	51%	(104 506)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(116 484)**	**(63 570)**	**(104 506)**	**(7 628)**	**(51 420)**	**(104 506)**	**(53 086)**	**51%**	**(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)	(1 060)	(12 493)	(15 456)	(2 963)	19%	(15 456)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(16 864)**	**–**	**(15 456)**	**(1 060)**	**(12 493)**	**(15 456)**	**(2 963)**	**19%**	**(15 456)**
NET INCREASE/ (DECREASE) IN CASH HELD		**10 931**	**(0)**	**(12 590)**	**(26 886)**	**38 679**	**(12 590)**			**(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		78 361	27 092			27 092

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

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

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

Annexure "A5"

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

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

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

Below is an analysis of the outstanding consumer debtors as at 30 June 2016, compared to the position as at 30 June 2015.

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

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

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2016

Description	Budget Year 2015/16								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	5 185	1 013	806	770	3 252	2 535	3 359	16 382	33 302
Trade and Other Receivables from Exchange Transactions - Electricity	15 569	1 063	671	299	1 261	983	1 302	6 352	27 499
Receivables from Non-exchange Transactions - Property Rates	8 113	709	493	769	3 247	2 531	3 353	16 357	35 572
Receivables from Exchange Transactions - Waste Water Management	3 736	541	397	347	1 466	1 142	1 513	7 382	16 523
Receivables from Exchange Transactions - Waste Management	2 624	480	402	433	1 829	1 426	1 889	9 215	18 298
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	–	–	–	–	–	–	–	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(12 127)	244	272	280	1 182	921	1 220	5 953	(2 055)
Total By Income Source	**23 099**	**4 050**	**3 040**	**2 897**	**12 237**	**9 539**	**12 637**	**61 641**	**129 141**
									–
Debtors Age Analysis By Customer Group									
Organs of State	723	148	77	45	190	148	197	958	2 487
Commercial	5 463	452	311	103	434	338	448	2 186	9 734
Households	16 913	3 450	2 652	2 749	11 613	9 052	11 993	58 497	116 920
Other									–
Total By Customer Group	**23 099**	**4 050**	**3 040**	**2 897**	**12 237**	**9 539**	**12 637**	**61 641**	**129 141**

The aforementioned analysis indicates that from 30 June 2015 to 30 June 2016, the overdue debts have increased from R 93,464 million to R 106,042 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-15**	**30-Jun-16**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	18 986	28 117	9 131
Trade and Other Receivables from Exchange Transactions - Electricity	9 694	11 930	2 236
Receivables from Non-exchange Transactions - Property Rates	24 139	27 460	3 321
Receivables from Exchange Transactions - Waste Water Management	8 992	12 788	3 796
Receivables from Exchange Transactions - Waste Management	11 457	15 675	4 218
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	10 073	1 852
Total By Income Source	**93 464**	**106 042**	**12 578**
		–	
Debtors Age Analysis By Customer Group			
Organs of State	146	1 764	1 618
Commercial	250	4 271	4 021
Households	90 178	100 007	9 829
Other	2 890	–	(2 890)
Total By Customer Group	**93 464**	**106 042**	**12 578**

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	19 346	15	–	–	–	–	–		19 360
Bulk Water	–	1	1	1	1	–	(33)	(118)	(147)
PAYE deductions	2 518	–	–	–	–	–	–	–	2 518
VAT (output less input)	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions		–	–	–	–	–	–	–	–
Loan repayments	–	–	–	–	–	–	–	–	–
Trade Creditors	4 007	1 078	603	40	447	200	493	13 509	20 377
Auditor General		159	477	194		56	1 465	–	2 350
Other		–	–	–	–	–	–	–	–
Total By Customer Type	**25 870**	**1 252**	**1 081**	**235**	**448**	**255**	**1 925**	**13 391**	**44 460**

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

Department of Transport	R 13,506 million
Eskom	R 19,360 million
Office of the Auditor – General	R 2,350 million
PAYE Deductions	R 2,518 million
Other Creditors	R 6,726 million
Total	**R 44,460 million**

It is to be noted that the Eskom amount of R 19,346 million, represents the current account for June 2016. The pay as you earn deductions was paid on 1 July 2016 to the South African Revenue Service (SARS).

3. Investment Portfolio

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

	AS AT 30 JUNE 2015	INVESTED	INTEREST	WITHDRAWN	ADJUSTMENT	AS AT 30 JUNE 2016
ABSA	809 097	20 498 003	378 983	498 003	320	21 187 760
NEDBANK	222 722	-	13 388	-	279	235 831
RMB	35 754 564	181 671 069	4 117 352	192 201 252	-	29 341 733
INVESTEC	-	25 000 000	32 842	-	-	25 032 842
Total	**36 786 383**	**227 169 072**	**4 542 565**	**(192 699 255)**	**(599)**	**75 798 167**

INVESTMENT BY TYPE	AS AT 30 JUNE 2015	INVESTED	INTEREST	WITHDRAWN	ADJUSTMENT	AS AT 30 JUNE 2016
General Account	26 241 099	162 755 175	2 982 993	143 578 391	599	48 400 277
Collateral	295 393	-	17 099	84 491	-	228 000
Conditional Grants	8 270 347	40 497 700	1 049 846	33 801 582	-	16 016 310
Housing Funds	87 839	23 716 198	382 066	15 034 791	-	9 151 312
Investment FNB	1 891 706	200 000	110 561	200 000	-	2 002 267
Total	**36 786 383**	**227 169 072**	**4 542 565**	**(192 699 255)**	**(599)**	**75 798 167**
Bank	2 895 796			(332 691)		2 563 105
Total	**39 682 179**	**227 169 072**	**4 542 565**	**(193 031 946)**	**(599)**	**78 361 271**

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M12 June 2016

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
RECEIPTS:									
Operating Transfers and Grants									
National Government:	69 948	85 629	85 629	–	85 629	85 629	–		85 629
Local Government Equitable Share	66 129	82 099	82 099	–	82 099	82 099	–		82 099
Finance Management	1 600	1 600	1 600	–	1 600	1 600			1 600
Municipal Systems Improvement	934	930	930	–	930	930			930
EPWP Incentive	1 285	1 000	1 000	–	1 000	1 000			1 000
Total Operating Transfers and Grants	69 948	85 629	85 629	–	85 629	85 629	–		85 629
Capital Transfers and Grants									
National Government:	44 067	34 900	34 900	–	34 900	34 900	–		34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	–	30 800	30 800	–		30 800
Integrated National Electrification Programme	3 991	4 100	4 100	–	4 100	4 100	–		4 100
Total Capital Transfers and Grants	44 067	34 900	34 900	–	34 900	34 900	–		34 900
TOTAL RECEIPTS OF TRANSFERS & GRANTS	114 015	120 529	120 529	–	120 529	120 529	–		120 529

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M12 June 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	111	83 577	85 629	(2 052)	-2.4%	85 629
Local Government Equitable Share	66 129	82 099	82 099		82 099	82 099	-		82 099
Finance Management	1 600	1 600	1 600	95	461	1 600	(1 139)	-71.2%	1 600
Municipal Systems Improvement	934	930	930	17	17	930	(913)	-98.2%	930
EPWP Incentive	1 285	1 000	1 000		1 000	1 000	-		1 000
Total operating expenditure of Transfers and Grants:	69 948	85 629	85 629	111	83 577	85 629	(2 052)	-2.4%	85 629
Capital expenditure of Transfers and Grants									
National Government:	44 067	34 900	34 900	6 218	34 688	34 900	(212)	-0.6%	34 900
Municipal Infrastructure Grant (MIG)	40 077	30 800	30 800	4 420	30 800	30 800	-		30 800
Integrated National Electrification Programme	3 991	4 100	4 100	1 798	3 888	4 100	(212)	-5.2%	4 100
Total capital expenditure of Transfers and Grants	44 067	34 900	34 900	6 218	34 688	34 900	(212)	-0.6%	34 900
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	114 015	120 529	120 529	6 329	118 265	120 529	(2 264)	-1.9%	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 16,530
Unspent as at 30 June 2016:	R 913,470

As at 30 June 2016, the spending of the grant amounted to R 16,530 (1.78%).

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 461,026
Unspent as at 30 June 2016:	R 1,138,974

The spending of the grant amounted to 28.81% as at 30 June 2016. The Municipality has appointed four additional finance interns, as from 1 April 2016. The municipality will apply to National Treasury for a rollover of the unspent balance of R 1,138,974.

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

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

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

<u>DORA Capital Grants</u>

Municipal Infrastructure Grant (MIG)

The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 30,800,000
Amount of Grant Received:	R 30,800,000
Expenditure to date:	R 30,800,000
Unspent as at 30 June 2016:	R 0, 00

The spending of the grant amounted to 100% as at 30 June 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 3,887,986
Unspent as at 30 June 2016:	R 212,014

The spending of the grant amounted to 99.32% as at 30 June 2016. The municipality will apply to National Treasury for a rollover of the unspent balance of R 212,014

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M12 June 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	7 209	7 180	29	0%	7 180
Pension and UIF Contributions	186	7					–		
Medical Aid Contributions		1 952					–		
Motor Vehicle Allowance			2 393	199	2 388	2 393	(5)	0%	2 393
Cellphone Allowance			710	59	710	710	–		710
Housing Allowances							–		
Other benefits and allowances	2 991	3 153		15	178	–	178		
Sub Total - Councillors	**9 757**	**11 678**	**10 283**	**872**	**10 485**	**10 283**	**202**	**2%**	**10 283**
% increase		**19.7%**	**5.4%**						**5.4%**
Senior Managers of the Municipality									
Basic Salaries and Wages	5 404	5 836	5 649	527	5 798	5 649	149	3%	5 649
Pension and UIF Contributions	103						–		
Medical Aid Contributions							–		
Overtime							–		
Performance Bonus							–		
Motor Vehicle Allowance	686		676	56	620	676	(56)	-8%	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**	**6 418**	**6 325**	**93**	**1%**	**6 325**
% increase		**-5.8%**	**2.1%**						**2.1%**
Other Municipal Staff									
Basic Salaries and Wages	125 195	129 196	132 550	10 776	128 437	132 550	(4 113)	-3%	132 550
Pension and UIF Contributions	27 930	21 705	23 721	1 766	22 037	23 721	(1 684)	-7%	23 721
Medical Aid Contributions	18 300	11 208	11 033	961	11 422	11 033	389	4%	11 033
Overtime	8 491	10 912	9 454	651	11 489	9 454	2 035	22%	9 454
Performance Bonus			9 853	7	9 936	9 853	83	1%	9 853
Motor Vehicle Allowance			6 793	599	7 433	6 793	640	9%	6 793
Cellphone Allowance							–		
Housing Allowances	472	505	561	1 807	2 311	561	1 749	312%	561
Other benefits and allowances	25 309	32 190	15 931	1 530	18 138	15 931	2 206	14%	15 931
Payments in lieu of leave			815			815	(815)	-100%	815
Long service awards	937	886	550	69	899	550	349	63%	550
Post-retirement benefit obligations			–			–	–		–
Sub Total - Other Municipal Staff	**206 633**	**206 601**	**211 262**	**18 165**	**212 100**	**211 262**	**838**	**0%**	**211 262**
% increase		**0.0%**	**2.2%**						**2.2%**
Total Parent Municipality	**222 583**	**224 115**	**227 870**	**19 621**	**229 002**	**227 870**	**1 132**	**0%**	**227 870**
		0.7%	**2.4%**						**2.4%**
TOTAL SALARY, ALLOWANCES & BENEFITS	**222 583**	**224 115**	**227 870**	**19 621**	**229 002**	**227 870**	**1 132**	**0%**	**227 870**
% increase		**0.7%**	**2.4%**						**2.4%**
TOTAL MANAGERS AND STAFF	**212 826**	**212 437**	**217 587**	**18 749**	**218 518**	**217 587**	**930**	**0%**	**217 587**

6. Key performance indicators

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

Borrowing Management		**Actuals as at 30 June 2012**	**Actuals as at 30 June 2013**	**Actuals as at 30 June 2014**	**Actuals as at 30 June 2015**	**Adjustments Budget 2015/16**	**Actuals as at 30 June 2016**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	3.26%	3.60%
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	0.99
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.19	0.60
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	94.39%	97.60%

Other indicators		**Actuals as at 30 June 2012**	**Actuals as at 30 June 2013**	**Actuals as at 30 June 2014**	**Actuals as at 30 June 2015**	**Adjustments Budget 2015/16**	**Actuals as at 30 June 2016**
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	1.49
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%	82.50%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	5.45%	5.67%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	1.45%	1.17%
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%	84.09%

The above table is discussed in details below.

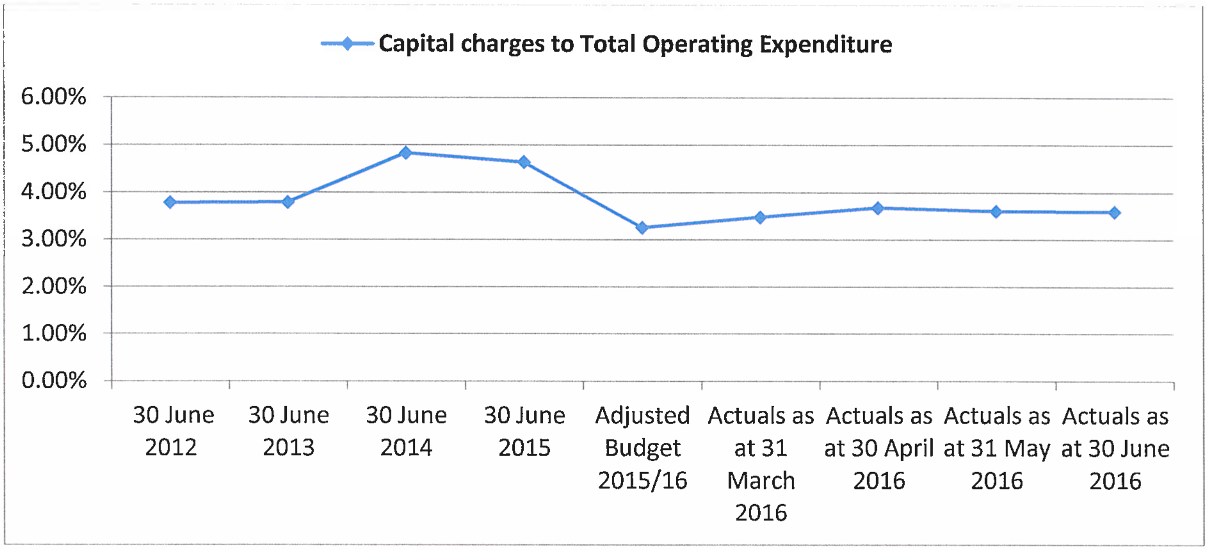
6.1. Borrowing Management

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 3.60% of the Total Operating Expenditure was utilised for capital charges as at 30 June 2016, compared to the adjustments budgeted ratio of 3.26%. The Municipality's audited ratio as at 30 June 2015 was 4.64%.



6.1.2. Borrowed funding of capital expenditure

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

The ratio is determined as follows:

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

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

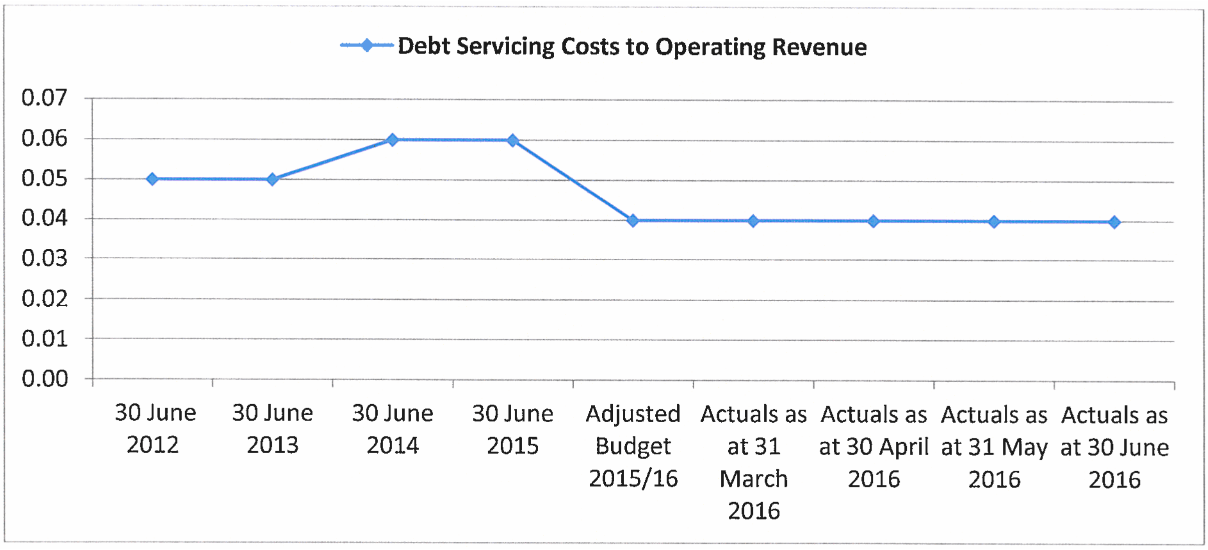
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

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



6.2. Liquidity

6.2.1. Current ratio

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

The ratio is determined as follows:

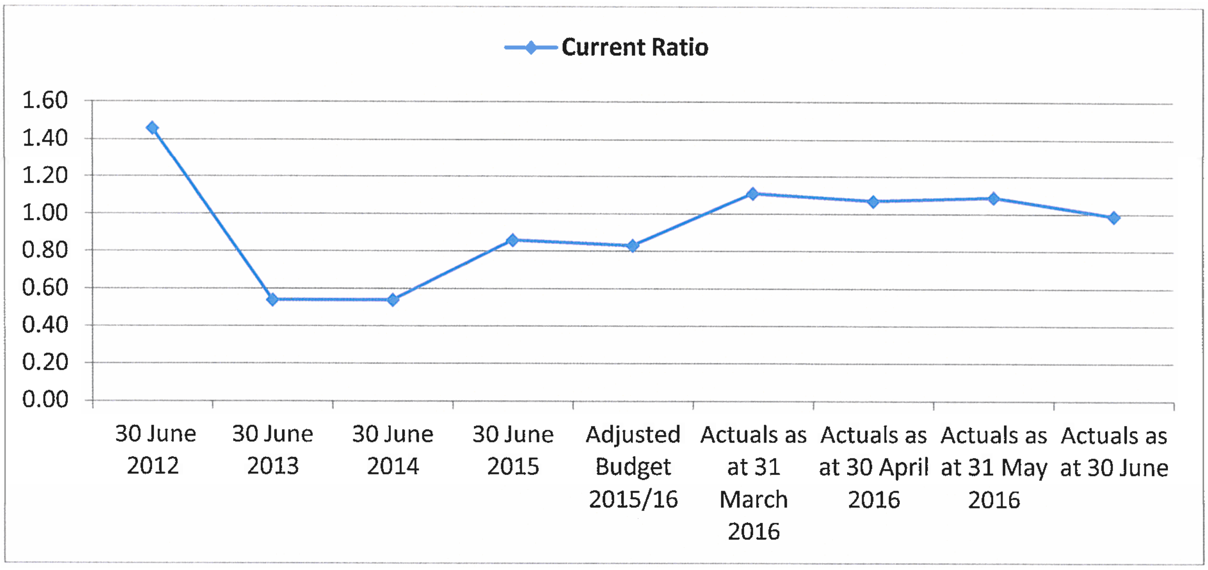
Current assets/Current liabilities

The ratio as at 30 June 2016 was 0.99:1, compared to the adjustments budgeted ratio of 0.83:1. The Municipality's audited ratio as at 30 June 2015 was 0.86:1.

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

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

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



6.2.2. Liquidity Ratio

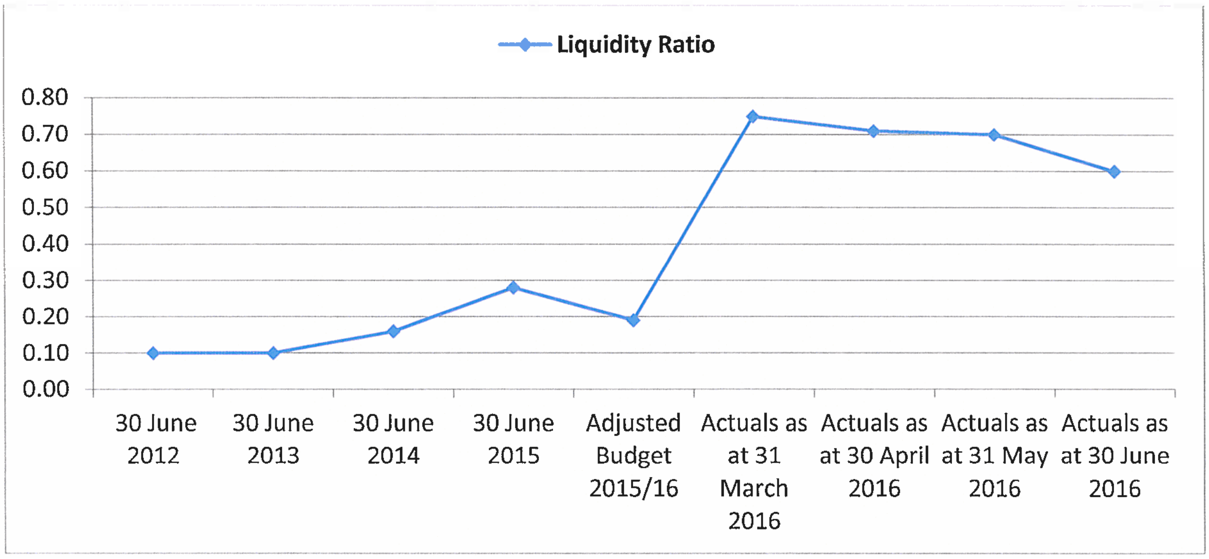
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 30 June 2016 was 0.60:1, compared to the adjustments budgeted ratio of 0.19:1. The Municipality's audited ratio as at 30 June 2015 was 0.0.28:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



6.3. Revenue Management

6.3.1. Annual Debtors Collection Rate

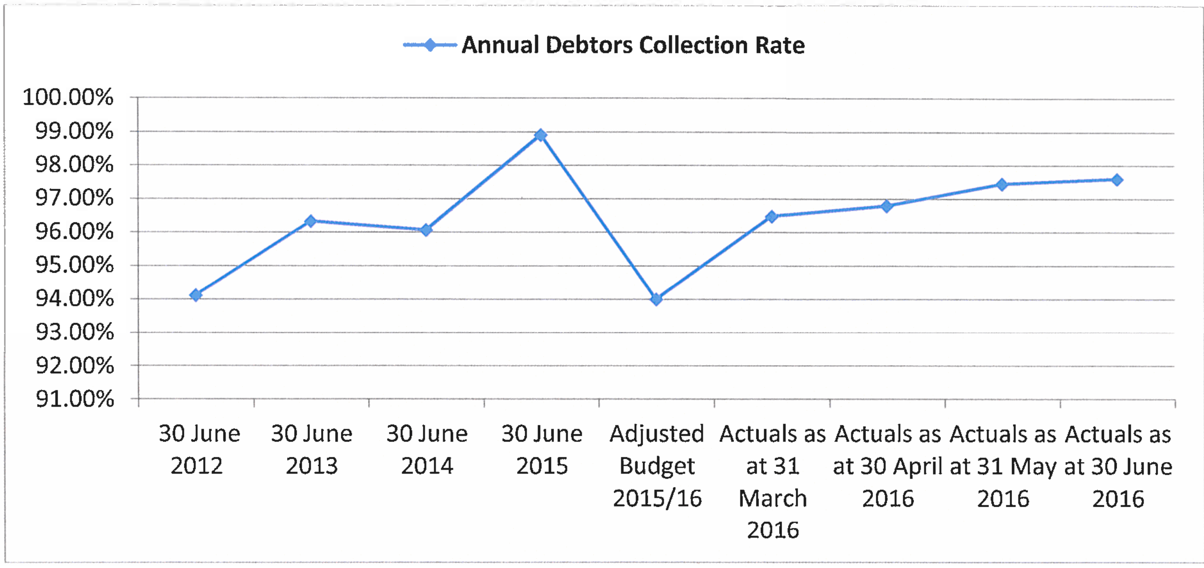
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

Total Payments Received in Current month/Total Value of Accounts Rendered in the Previous Month X 100

Note: the reason for using the previous month's billing is due to the accounts only being payable the following month (i.e. account-holders are given one calendar month to pay their current accounts).

The average collection rate as at 30 June 2016 was 97.60%, compared to the adjustments budgeted collection rate of 94%. The average collection rate for the 2014/15 financial year was 98.91%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



6.4. Other indicators

6.4.1. Cost coverage

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

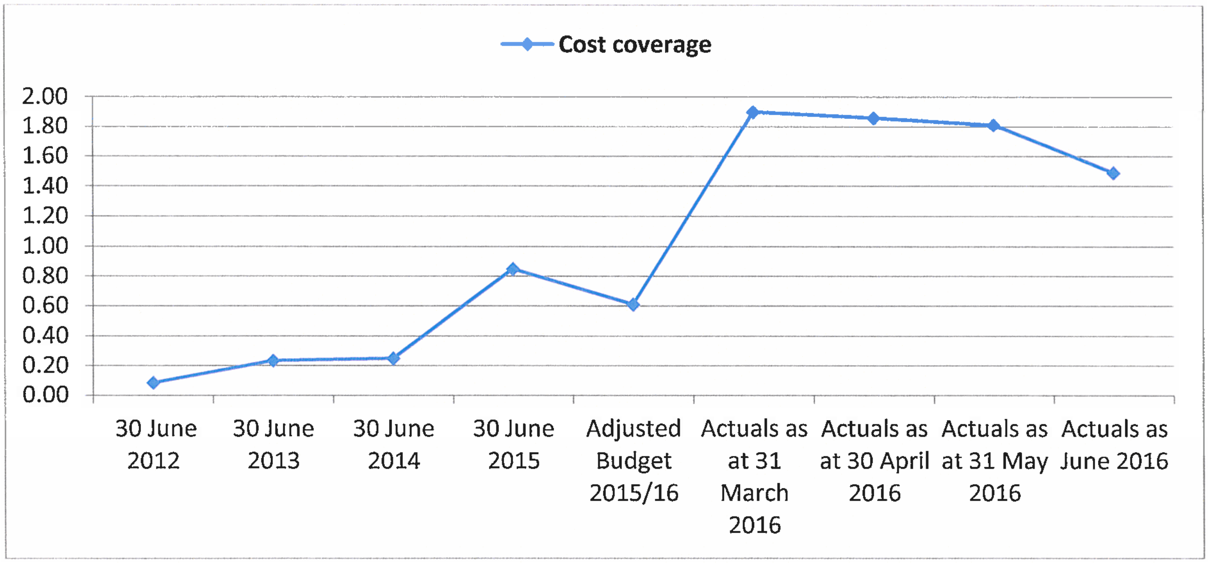
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 30 June 2016, the Ratio was 1.49 months, compared to the adjustments budgeted ratio of 0.61 moths. The Municipality's audited ratio as at 30 June 2015 was 0.85 months.

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



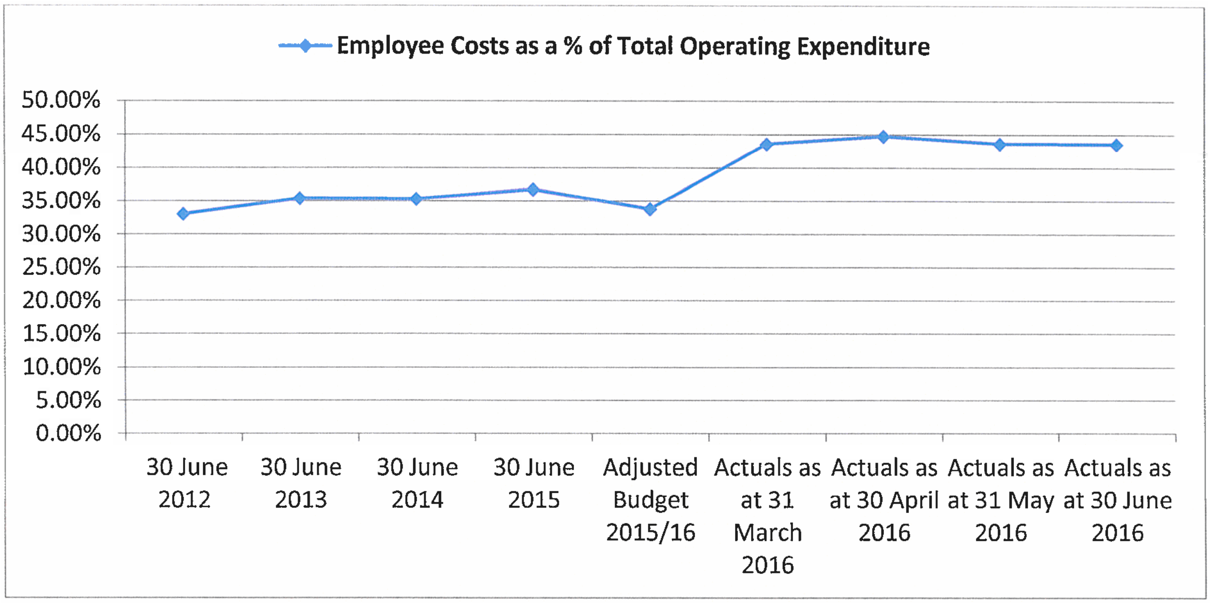
6.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 30 June 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%.



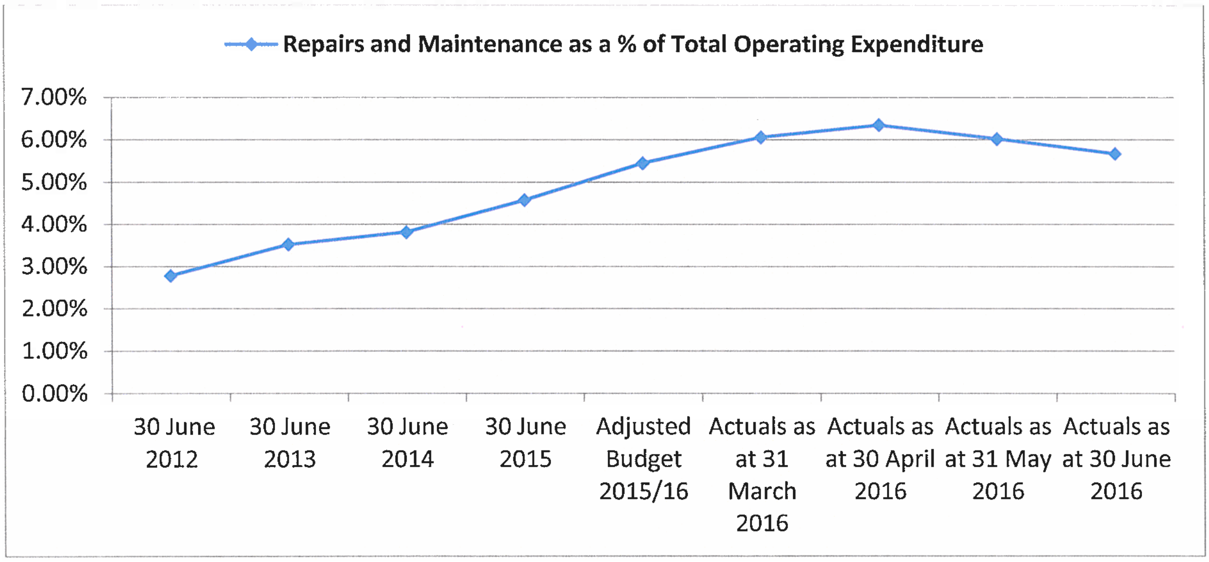
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 30 June 2016, the ratio was 5.67%, compared to the adjustments budgeted ratio of 5.45%. The Municipality's audited ratio as at 30 June 2015 was 4.58%.



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

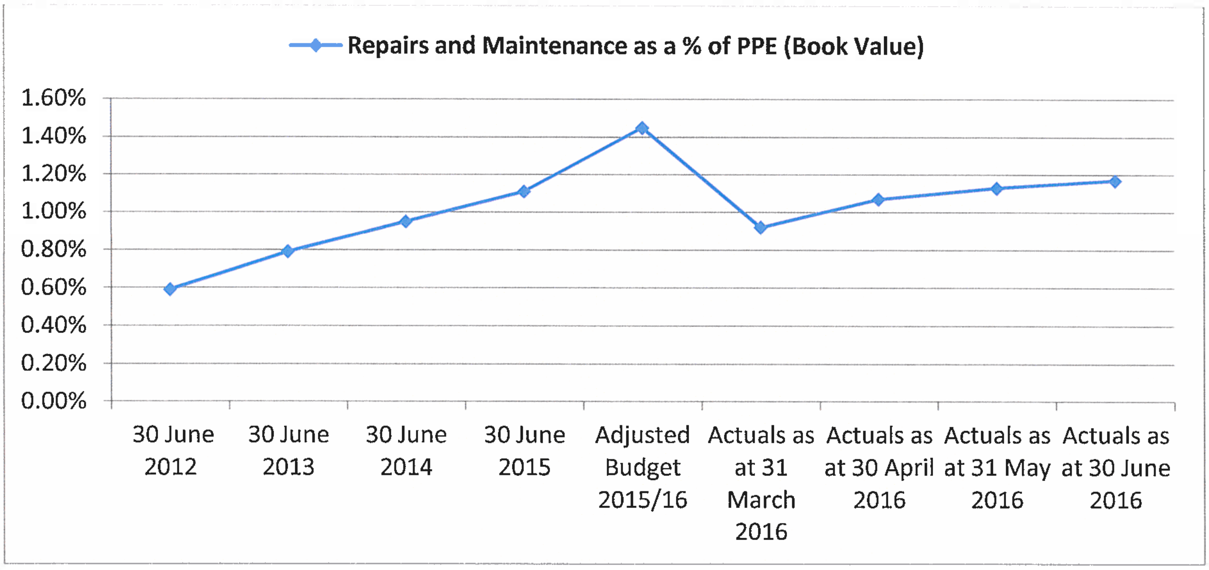
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 June 2016, repairs and maintenance expenditure constituted 1.17% of the book value of PPE, compared to the adjustments budgeted ratio of 1.45%.
The Municipality's audited ratio as at 30 June 2015 was 1.11%.

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



6.4.5. Own Revenue Generation

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

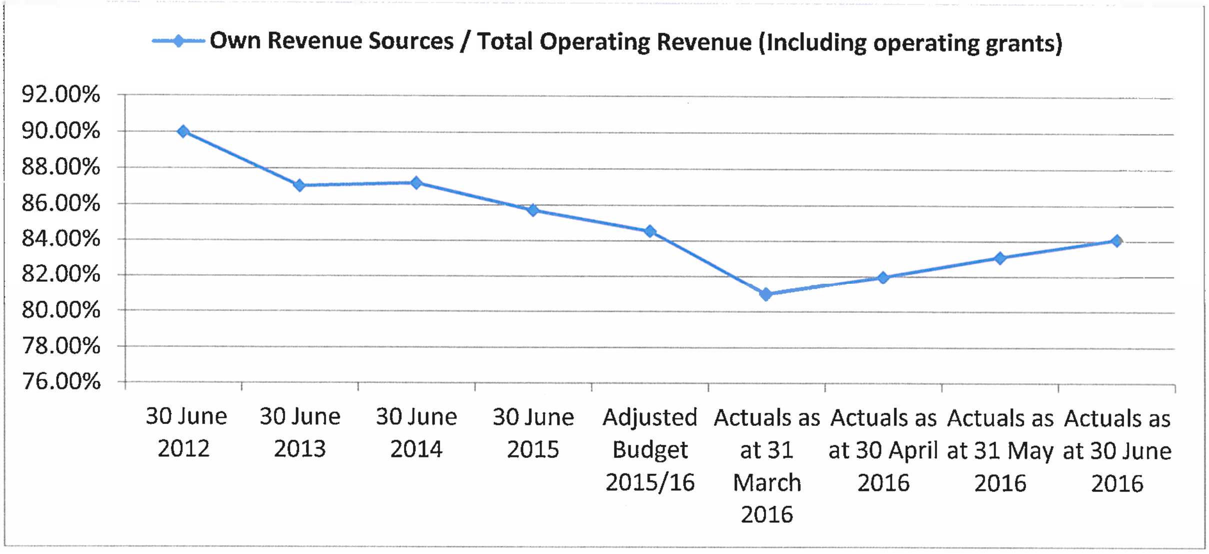
The ratio is determined as follows:

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

As at 30 June 2016, the Municipality's own revenue sources constituted 84.09% 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 June 2016 amounted to 82.50%, compared to the adjustments budgeted ratio of 95%. The Municipality's audited ratio as at 30 June 2015 was 241.30%.