KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTTEE

FINANCE

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY TO NOVEMBER 2016 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 NOVEMBER 2016 (2016/17 FINANCIAL YEAR)

1.1. PURPOSE

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

1.2. LEGISLATIVE REQUIREMENTS

The Municipality is required to assess on an 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 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 to November 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 294,715 million, whilst operating expenditure amounted to R 227,888 million, resulting in an operating surplus of R 66,827 million. This is influenced by the accounting treatment of the bad debts provision and depreciation and asset impairment.

- Capital expenditure constituted 18.24% of the approved 2016/17 Capital Budget.
- Overdue consumer debts increased by R 15,852 million (14.95%) since June 2016.
- An amount of R 82,242 million is owing to creditors, of which R 22,881 million (27.82%) represents current creditors.
- The municipality's investment portfolio has increased by R 15,316,301 (19.55%) since June 2016, from R 78,361,271 to R 93,677,572.

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 June 2016	Actual as at November 2016	2016/17 Approved Budget
Current Ratio	0.54:1	0.54:1	0.86:1	0.85:1	1.25:1	0.90:1
Liquidity Ratio	0.10:1	0.16:1	0.28:1	0.40:1	0.65:1	0.21:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.85 months	1.60 months	1.82 months	0.61 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.06:1	0.05:1	0.02:1	0.02:1

1.3. DETAILED REPORTS

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

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

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

i. Overview of Outstanding Consumer Debtors

ii. Overview of Creditors position

iii. Investment portfolio

iv. Grants receipts and Expenditure

v. Councillors & Employee benefits

vi. Key performance Indicators

1.4. RECOMMENDATIONS

It is recommended that:

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

II. The monthly budget statements 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 to November 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 (MR), 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 December 2016

Annexure “A1”

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

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2016/17 Budget.

Item Description	Approved Budget 2016/17	Actuals as at 31 November 2016	% of Budget
OPERATING REVENUE			
Propert Rates	148 563 488	91 817 488	61.80%
Total Service Charges	356 823 910	144 524 576	40.50%
Service charges - electricity	224 482 368	91 306 187	40.67%
Service charges - water	53 124 403	20 854 700	39.26%
Service charges - sewerage & sanitation	40 787 081	15 837 039	38.83%
Service charges - refuse	24 979 278	10 479 770	41.95%
Service charges - environmental management	13 450 780	6 046 879	44.96%
Rental of Facilities and Equipment	590 630	878 681	148.77%
Interest Earned - External Investments	3 000 000	2 064 173	68.81%
Interest Earned - Outstanding Debtors	4 500 000	3 621 882	80.49%
Fines	3 085 695	1 364 138	44.21%
Licences and Permits	9 086 136	3 876 046	42.66%
Grants & Subsidies Received - Operating	100 681 408	41 880 416	41.60%
Other Revenue	10 842 980	4 687 169	43.23%
Total Direct Operating Revenue	**637 174 247**	**294 714 569**	**46.25%**
OPERATING EXPENDITURE			
Employee Related Costs	233 201 498	97 851 637	41.96%
Remuneration of Councillors	11 003 887	4 307 672	39.15%
Bad Debts	30 323 244	-	0.00%
Depreciation & Asset Impairment	83 123 169	-	0.00%
Repairs & Maintenance - Municipal Assets	35 999 395	11 406 160	31.68%
Finance Charges - External Borrowings	4 462 808	1 572 887	35.24%
Total Bulk Purchases	207 393 791	96 784 642	46.67%
Bulk purchases - electricity	186 660 586	85 700 738	45.91%
Bulk purchases - water	20 733 205	11 083 905	53.46%
Contracted Services	12 536 751	1 314 846	10.49%
Transfers and Grants	580 000	25 000	4.31%
General Expenses - Other	67 731 981	14 624 881	21.59%
Total Direct Operating Expenditure	**686 356 523**	**227 887 724**	**33.20%**
Surplus/(Deficit)	**-49 182 275**	**66 826 845**	

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

The statement of financial performance indicates a surplus of R 66,826,845.
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 November 2016, the Municipality has recognised 61.80% of its property rates revenue, compared to the budget.

Approximately 30% of total property rates revenue was raised in July 2016. This represents property rates payable on an annual basis, instead of a monthly basis.

Service Charges – Environmental Management

The revenue recognised is influenced by charges raised on an annual basis, instead of a monthly basis.

Rental of Facilities and Equipment

Rental of facilities and equipment relate to rental of municipal buildings, community halls and other municipal facilities.

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 November 2016 amounted to R 121,894 million.

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 2016/17 Budget.

Directorate	Approved Budget 2016/17	Actuals as at 30 November 2016	% of Budget
	R	R	
Administration, Monitoring & Evaluation	382,722	52,126	13.62%
Finance	638,437	38,576	6.04%
Social Services	9,477,468	2,811,856	29.67%
Infrastructure, Planning & Development	24,730,767	8,457,818	34.20%
LED, Tourism & Creative Industries	770,000	45,784	5.95%
Total	**35,999,394**	**11,406,160**	**31.68%**

It is to be noted that actual repairs and maintenance expenditure constituted 31.68% of the approved 2016/17 Budget.

Below is an analysis of actual repairs and maintenance expenditure by type, compared to the approved 2016/17 Budget.

Repairs & Maintenance by Type	Approved Budget 2016/17	Actuals as at 30 November 2016	% of Budget
R&M Buildings and Properties	2 603 309	379 975	14.60%
R&M Bush Clearing	1 480	1 212	81.90%
R&M Canals	2 251 391	1 074 070	47.71%
R&M Electrical Installations	570 800	152 673	26.75%
R&M Equipment	543 203	13 582	2.50%
R&M Erosion	100 000	-	0.00%
R&M Fencing	1 890 000	532 440	28.17%
R&M Fire Extinguishers	45 000	6 679	14.84%
R&M Grounds	60 000	-	0.00%
R&M Hankey/Patensie	150 000	37 600	25.07%
R&M Plant/Machinery	752 326	129 168	17.17%
R&M Pumpstations and Boreholes	455 800	102 207	22.42%
R&M Radio Equipment	99 718	2 997	3.01%

Repairs & Maintenance by Type	Approved Budget 2016/17	Actuals as at 30 November 2016	% of Budget
R&M Rehabilitation of Refuse Sites	400 000	-	0.00%
R&M Replace Crockery	10 000	-	0.00%
R&M Reseal Roads	2 120 000	249 794	11.78%
R&M Reticulation	10 128 040	4 283 129	42.29%
R&M Road Painting	200 000	88 535	44.27%
R&M Signboards	104 754	16 347	15.60%
R&M Stormwater	318 000	33 532	10.54%
R&M Street Lights	185 113	164 652	88.95%
R&M Street Nameplates	45 000	-	0.00%
R&M Streets	2 332 000	1 074 862	46.09%
R&M Sub Stations	1 000 000	-	0.00%
R&M Swimming Pool	300 000	-	0.00%
R&M Traffic Road Signs	200 000	81 652	40.83%
R&M Treatment Works	350 000	119 687	34.20%
R&M Vehicles	7 463 461	2 496 583	33.45%
R&M Waste Sites	500 000	-	0.00%
R&M Sewerage Pump Stations	820 000	364 782	44.49%
Total	**35 999 395**	**11 406 160**	**31.68%**

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

Below is an analysis of the capital expenditure compared to the approved 2016/17 Capital Budget.

Directorate	Approved Budget 2016/17	Actuals as at 30 November 2016	% of Budget
	R	R	
Administration, Monitoring & Evaluation	735,000	35,433	4.82%
Finance	640,200	0.00	0%
Social Services	20,641,455	149,114	0.72%
Infrastructure, Planning & Development	39,581,407	11,254,064	28.43%
LED, Tourism & Creative Industries	1,470,485	63,992	4.35%
Total	**63,068,547**	**11,502,603**	**18.24%**
Source of Funding	**Approved Budget 2016/17**	**Actuals as at 30 November 2016**	**% of Budget**
	R	R	
Internally Generated Funding	24,685,200	1,275,721	5.17%
Government Grants	38,383,347	10,226,882	26.64%
Total	**63,068,547**	**11,502,603**	**18.24%**

It is to be noted that an amount of R 11,502,603 has been spent as at 30 November 2016, compared to the approved capital budget of R 63,068,547. This represents a spending performance of 18.24% relating to the approved Capital Budget.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2016/17 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 November 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 – M05 November 2016

Description	Ref	2015/16	Budget Year 2016/17							
		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			139 650		10 947	85 118	58 187	26 930	46%	139 650
Service charges			335 414		23 585	124 943	139 756	(14 813)	-11%	335 414
Other revenue			23 605		11 130	54 416	9 836	44 580	453%	23 605
Government - operating			100 681		476	40 540	41 951	(1 411)	-3%	100 681
Government - capital			38 383		–	11 466	15 993	(4 527)	-28%	38 383
Interest			7 500		1 329	6 609	3 125	3 484	111%	7 500
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(567 867)		(36 757)	(212 041)	(236 611)	(24 570)	10%	(567 867)
Finance charges			(4 463)		(374)	(1 948)	(1 860)	88	-5%	(4 463)
Transfers and Grants			(580)		(29 029)	(75 938)	(242)	75 697	-31323%	(580)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	72 324	–	(18 693)	33 164	30 135	(3 029)	-10%	72 324
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			–				–	–		–
Decrease (Increase) in non-current debtors			–				–	–		–
Decrease (increase) other non-current receivables			–				–	–		–
Decrease (increase) in non-current investments			–				–	–		–
Payments										
Capital assets			(63 069)		(1 588)	(15 538)	(26 279)	(10 740)	41%	(63 069)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(63 069)	–	(1 588)	(15 538)	(26 279)	(10 740)	41%	(63 069)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			–					–		–
Borrowing long term/refinancing			–					–		–
Increase (decrease) in consumer deposits			–					–		–
Payments										
Repayment of borrowing			(7 303)		(478)	(2 309)	(3 043)	(733)	24%	(7 303)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(7 303)	–	(478)	(2 309)	(3 043)	(733)	24%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD		–	1 953	–	(20 759)	15 316	814			1 953
Cash/cash equivalents at beginning:			27 092			78 361	27 092			78 361
Cash/cash equivalents at month/year end:		–	29 045	–		93 678	27 906			80 314

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 2016/17 budget performance for the period July to November 2016 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M05 November 2016

Description	2015/16	Budget Year 2016/17							
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	–	148 563	–	8 244	91 817	61 901	29 916	48%	148 563
Service charges	–	356 824	–	24 892	144 525	148 677	(4 152)	-3%	356 824
Investment revenue	–	3 000	–	593	2 064	1 250	814	65%	3 000
Transfers recognised - operational	–	100 681	–	1 643	41 880	41 951	(70)	-0%	100 681
Other own revenue	–	28 105	–	3 049	14 428	11 711	2 717	23%	28 105
Total Revenue (excluding capital transfers and contributions)	**–**	**637 174**	**–**	**38 421**	**294 715**	**265 489**	**29 225**	**11%**	**637 174**
Employee costs	–	233 201	–	28 675	97 852	97 167	684	1%	233 201
Remuneration of Councillors	–	11 004	–	886	4 308	4 585	(277)	-6%	11 004
Depreciation & asset impairment	–	83 123	–	–	–	34 635	(34 635)	-100%	83 123
Finance charges	–	4 463	–	–	1 573	1 860	(287)	-15%	4 463
Materials and bulk purchases	–	243 393	–	18 634	108 191	101 414	6 777	7%	243 393
Transfers and grants	–	580	–	25	25	242	(217)	-90%	580
Other expenditure	–	110 592	–	3 732	15 940	46 080	(30 140)	-65%	110 592
Total Expenditure	**–**	**686 357**	**–**	**51 951**	**227 888**	**285 982**	**(58 094)**	**-20%**	**686 357**
Surplus/(Deficit)	**–**	**(49 182)**	**–**	**(13 530)**	**66 827**	**(20 493)**	**87 319**	**-426%**	**(49 182)**
Transfers recognised - capital	–	38 383	–	–	5 497	15 993	(10 496)	-66%	38 383
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**–**	**(10 799)**	**–**	**(13 530)**	**72 324**	**(4 500)**	**76 823**	**-1707%**	**(10 799)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**–**	**(10 799)**	**–**	**(13 530)**	**72 324**	**(4 500)**	**76 823**	**-1707%**	**(10 799)**
Capital expenditure & funds sources									
Capital expenditure	**–**	**63 069**	**–**	**1 588**	**11 503**	**26 279**	**(14 776)**	**-56%**	**63 069**
Capital transfers recognised	–	38 383	–	1 564	10 227	15 993	(5 766)	-36%	38 383
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	24 685	–	24	1 276	10 286	(9 010)	-88%	24 685
Total sources of capital funds	**–**	**63 069**	**–**	**1 588**	**11 503**	**26 279**	**(14 776)**	**-56%**	**63 069**
Financial position									
Total current assets	–	127 241	–		180 936				127 241
Total non current assets	–	2 712 925	–		2 516 916				2 712 925
Total current liabilities	–	140 740	–		144 277				140 740
Total non current liabilities	–	137 395	–		143 168				137 395
Community wealth/Equity	**–**	**2 562 031**	**–**		**2 410 408**				**2 562 031**
Cash flows									
Net cash from (used) operating	–	72 324	–	(18 693)	33 164	30 135	(3 029)	-10%	72 324
Net cash from (used) investing	–	(63 069)	–	(1 588)	(15 538)	(26 279)	(10 740)	41%	(63 069)
Net cash from (used) financing	–	(7 303)	–	(478)	(2 309)	(3 043)	(733)	24%	(7 303)
Cash/cash equivalents at the month/year end	**–**	**29 045**	**–**	**–**	**93 678**	**27 906**	**(65 772)**	**-236%**	**80 314**

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	23 593	4 599	3 130	16 296	2 317	2 462	10 664	82 426	145 487
Creditors Age Analysis									
Total Creditors	22 881	2 155	(160)	66	55	46 010	100	11 135	82 242

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) – M05 November 2016

Description	Ref	2015/16	Budget Year 2016/17							
		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		–	**247 403**	–	**9 221**	**135 928**	**103 085**	32 844	32%	**247 403**
Executive and council		–	–	–	–	–	–	–		–
Budget and treasury office		–	246 308	–	9 530	135 989	102 628	33 361	33%	246 308
Corporate services		–	1 096	–	(309)	(61)	457	(517)	-113%	1 096
Community and public safety		–	**24 181**	–	**1 630**	**9 359**	**10 075**	(717)	-7%	**24 181**
Community and social services		–	8 613	–	431	4 463	3 589	874	24%	8 613
Sport and recreation		–	4 321	–	0	0	1 801	(1 800)	-100%	4 321
Public safety		–	11 247	–	1 199	4 896	4 686	209	4%	11 247
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		–	**21 848**	–	**3 374**	**10 056**	**9 103**	953	10%	**21 848**
Planning and development		–	5 881	–	1 337	2 529	2 450	79	3%	5 881
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	15 967	–	2 037	7 527	6 653	874	13%	15 967
Trading services		–	**382 126**	–	**24 196**	**148 383**	**159 219**	(10 836)	-7%	**382 126**
Electricity		–	237 721	–	15 041	92 956	99 050	(6 094)	-6%	237 721
Water		–	55 533	–	4 055	22 257	23 139	(881)	-4%	55 533
Waste water management		–	63 878	–	3 002	21 643	26 616	(4 973)	-19%	63 878
Waste management		–	24 994	–	2 098	11 527	10 414	1 113	11%	24 994
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Standard	2	–	675 558	–	38 421	303 726	281 482	22 244	8%	675 558
Expenditure - Standard										
Governance and administration		–	**131 745**	–	**10 084**	**38 256**	**54 894**	(16 638)	-30%	**131 745**
Executive and council		–	31 358	–	2 654	11 872	13 066	(1 194)	-9%	31 358
Budget and treasury office		–	52 808	–	3 649	11 894	22 003	(10 110)	-46%	52 808
Corporate services		–	47 578	–	3 780	14 490	19 824	(5 334)	-27%	47 578
Community and public safety		–	**89 446**	–	**10 488**	**35 363**	**37 269**	(1 907)	-5%	**89 446**
Community and social services		–	47 341	–	5 754	19 237	19 725	(489)	-2%	47 341
Sport and recreation		–	666	–	110	382	277	104	38%	666
Public safety		–	37 718	–	4 238	14 017	15 716	(1 699)	-11%	37 718
Housing		–	3 722	–	386	1 727	1 551	177	11%	3 722
Health		–	–	–	–	–	–	–		–
Economic and environmental services		–	**107 064**	–	**5 460**	**20 011**	**44 610**	(24 599)	-55%	**107 064**
Planning and development		–	96 295	–	4 659	16 807	40 123	(23 316)	-58%	96 295
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	10 770	–	801	3 204	4 487	(1 283)	-29%	10 770
Trading services		–	**358 101**	–	**25 920**	**137 773**	**149 209**	(11 436)	-8%	**358 101**
Electricity		–	229 594	–	15 189	94 181	95 664	(1 483)	-2%	229 594
Water		–	55 826	–	4 740	21 352	23 261	(1 909)	-8%	55 826
Waste water management		–	41 421	–	2 651	10 150	17 259	(7 109)	-41%	41 421
Waste management		–	31 260	–	3 339	12 090	13 025	(935)	-7%	31 260
Other		–	–	–	–	–	–	–		–
Total Expenditure - Standard	3	–	686 357	–	51 951	231 402	285 982	(54 579)	-19%	686 357
Surplus/ (Deficit) for the year		–	(10 799)	–	(13 530)	72 324	(4 500)	76 823	-1707%	(10 799)

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 – M05 November 2016

Vote Description	2015/16	Budget Year 2016/17							
	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	–	–	–	–	–	–	–		–
Vote 2 - Financial Services	–	246 308	–	9 530	135 989	102 628	33 361	32.5%	246 308
Vote 3 - Administration, Monitoring & Evaluation	–	508	–	3	13	212	(199)	-94.1%	508
Vote 4 - Led, Tourism & Creative Industries	–	1 440	–	–	–	600	(600)	-100.0%	1 440
Vote 5 - Infrastructure, Planning & Development 1	–	242 748	–	16 066	95 412	101 145	(5 733)	-5.7%	242 748
Vote 6 - Infrastructure, Planning & Development 2	–	119 411	–	7 057	43 900	49 754	(5 854)	-11.8%	119 411
Vote 7 - Social Services 1	–	7 435	–	1 315	3 922	3 098	824	26.6%	7 435
Vote 8 - Social Services 2	–	57 707	–	4 450	24 490	24 045	445	1.9%	57 707
Total Revenue by Vote	**–**	**675 558**	**–**	**38 421**	**303 726**	**281 482**	**22 244**	**7.9%**	**675 558**
Expenditure by Vote									
Vote 1 - Executive & Council	–	31 358	–	2 654	11 872	13 066	(1 194)	-9.1%	31 358
Vote 2 - Financial Services	–	59 197	–	3 949	13 869	24 665	(10 796)	-43.8%	59 197
Vote 3 - Administration, Monitoring & Evaluation	–	33 253	–	3 145	11 393	13 855	(2 462)	-17.8%	33 253
Vote 4 - Led, Tourism & Creative Industries	–	11 081	–	858	3 291	4 617	(1 326)	-28.7%	11 081
Vote 5 - Infrastructure, Planning & Development 1	–	326 705	–	19 730	110 614	136 127	(25 513)	-18.7%	326 705
Vote 6 - Infrastructure, Planning & Development 2	–	97 248	–	7 392	31 502	40 520	(9 018)	-22.3%	97 248
Vote 7 - Social Services 1	–	35 317	–	4 399	13 694	14 715	(1 021)	-6.9%	35 317
Vote 8 - Social Services 2	–	92 199	–	9 824	35 167	38 416	(3 249)	-8.5%	92 199
Total Expenditure by Vote	**–**	**686 357**	**–**	**51 951**	**231 402**	**285 982**	**(54 579)**	**-19.1%**	**686 357**
Surplus/ (Deficit) for the year	**–**	**(10 799)**	**–**	**(13 530)**	**72 324**	**(4 500)**	**76 823**	**-1707.4%**	**(10 799)**

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) – M04 November 2016

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			148 563		8 244	91 817	61 901	29 916	48%	148 563
Property rates - penalties & collection charges			–		–	–	–	–		–
Service charges - electricity revenue			224 482		14 929	91 306	93 534	(2 228)	-2%	224 482
Service charges - water revenue			53 124		4 017	20 855	22 135	(1 280)	-6%	53 124
Service charges - sanitation revenue			40 787		2 993	15 837	16 995	(1 158)	-7%	40 787
Service charges - refuse revenue			24 979		2 097	10 480	10 408	72	1%	24 979
Service charges - other			13 451		856	6 047	5 604	442	8%	13 451
Rental of facilities and equipment			591		638	879	246	633	257%	591
Interest earned - external investments			3 000		593	2 064	1 250	814	65%	3 000
Interest earned - outstanding debtors			4 500		635	3 622	1 875	1 747	93%	4 500
Dividends received			–		–	–	–	–		–
Fines			3 086		363	1 364	1 286	78	6%	3 086
Licences and permits			9 086		955	3 876	3 786	90	2%	9 086
Agency services			–		–	–	–	–		–
Transfers recognised - operational			100 681		1 643	41 880	41 951	(70)	0%	100 681
Other revenue			10 843		457	4 687	4 518	169	4%	10 843
Gains on disposal of PPE			–		–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	637 174	–	38 421	294 715	265 489	29 225	11%	637 174
Expenditure By Type										
Employee related costs			233 201		28 675	97 852	97 167	684	1%	233 201
Remuneration of councillors			11 004		886	4 308	4 585	(277)	-6%	11 004
Debt impairment			30 323		–	–	12 635	(12 635)	-100%	30 323
Depreciation & asset impairment			83 123		–	–	34 635	(34 635)	-100%	83 123
Finance charges			4 463		–	1 573	1 860	(287)	-15%	4 463
Bulk purchases			207 394		15 582	96 785	86 414	10 371	12%	207 394
Other materials			35 999		3 052	11 406	15 000	(3 594)	-24%	35 999
Contracted services			12 537		413	1 315	5 224	(3 909)	-75%	12 537
Transfers and grants			580		25	25	242	(217)	-90%	580
Other expenditure			67 732		3 319	14 625	28 222	(13 597)	-48%	67 732
Loss on disposal of PPE			–		–	–	–	–		–
Total Expenditure		–	686 357	–	51 951	227 888	285 982	(58 094)	-20%	686 357
Surplus/(Deficit)		–	(49 182)	–	(13 530)	66 827	(20 493)	87 319	(0)	(49 182)
Transfers recognised - capital			38 383		–	5 497	15 993	(10 496)	(0)	38 383
Contributions recognised - capital			–				–	–		
Contributed assets			–				–	–		
Surplus/(Deficit) after capital transfers & contributions		–	(10 799)	–	(13 530)	72 324	(4 500)			(10 799)
Taxation			–				–	–		–
Surplus/(Deficit) after taxation		–	(10 799)	–	(13 530)	72 324	(4 500)			(10 799)
Attributable to minorities			–				–			
Surplus/(Deficit) attributable to municipality		–	(10 799)	–	(13 530)	72 324	(4 500)			(10 799)
Share of surplus/ (deficit) of associate			–				–			–
Surplus/ (Deficit) for the year		–	(10 799)	–	(13 530)	72 324	(4 500)			(10 799)

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) – M05 November 2016

Vote Description	2015/16	Budget Year 2016/17							
	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	–	30	–	–	–	13	(13)	-100%	30
Vote 2 - Financial Services	–	670	–	–	–	279	(279)	-100%	670
Vote 3 - Administration, Monitoring & Evaluation	–	675	–	–	11	281	(270)	-96%	675
Vote 4 - Led, Tourism & Creative Industries	–	1 470	–	–	64	613	(549)	-90%	1 470
Vote 5 - Infrastructure, Planning & Development 1	–	8 074	–	–	383	3 364	(2 981)	-89%	8 074
Vote 6 - Infrastructure, Planning & Development 2	–	31 508	–	1 564	10 871	13 128	(2 257)	-17%	31 508
Vote 7 - Social Services 1	–	2 535	–	24	173	1 056	(883)	-84%	2 535
Vote 8 - Social Services 2	–	18 106	–	–	–	7 544	(7 544)	-100%	18 106
Total Capital single-year expenditure	–	63 069	–	1 588	11 503	26 279	**(14 776)**	**-56%**	63 069
Total Capital Expenditure	**–**	**63 069**	**–**	**1 588**	**11 503**	**26 279**	**(14 776)**	**-56%**	**63 069**
Capital Expenditure - Standard Classification									
Governance and administration	–	1 375	–	–	11	573	(562)	-98%	1 375
Executive and council		30		–	–	13	(13)	-100%	30
Budget and treasury office		640		–	–	267	(267)	-100%	640
Corporate services		705		–	11	294	(282)	-96%	705
Community and public safety	–	**13 186**	–	24	**94**	**5 494**	(5 400)	-98%	**13 186**
Community and social services		2 500		–	70	1 042	(971)	-93%	2 500
Sport and recreation		9 821		–	–	4 092	(4 092)	-100%	9 821
Public safety		865		24	24	360	(336)	-93%	865
Housing		–		–	–	–	–		–
Health		–		–	–	–	–		–
Economic and environmental services	–	**5 425**	–	–	**143**	**2 261**	(2 118)	-94%	5 425
Planning and development		1 470		–	64	613	(549)	-90%	1 470
Road transport		–		–	–	–	–		–
Environmental protection		3 955		–	79	1 648	(1 569)	-95%	3 955
Trading services	–	43 081	–	1 564	11 254	17 951	(6 697)	-37%	43 081
Electricity		8 074		–	383	3 364	(2 981)	-89%	8 074
Water		2 750		–	–	1 146	(1 146)	-100%	2 750
Waste water management		28 758		1 564	10 871	11 982	(1 111)	-9%	28 758
Waste management		3 500		–	–	1 458	(1 458)	-100%	3 500
Other		–		–	–	–	–		–
Total Capital Expenditure - Standard Classification	**–**	**63 069**	**–**	**1 588**	**11 503**	**26 279**	**(14 776)**	**-56%**	**63 069**
Funded by:									
National Government		34 810		1 564	10 227	14 504	(4 277)	-29%	34 810
Provincial Government		2 000		–	–	833	(833)	-100%	2 000
District Municipality		–		–	–	–	–		–
Other transfers and grants		1 574		–	–	656	(656)	-100%	1 574
Transfers recognised - capital	**–**	**38 383**	**–**	**1 564**	**10 227**	**15 993**	**(5 766)**	**-36%**	**38 383**
Public contributions & donations		–		–	–	–	–		–
Borrowing		–		–	–	–	–		–
Internally generated funds		24 685		24	1 276	10 286	(9 010)	-88%	24 685
Total Capital Funding	**–**	**63 069**	**–**	**1 588**	**11 503**	**26 279**	**(14 776)**	**-56%**	**63 069**

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 – M05 November 2016

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash			3 000		4 400	3 000
Call investment deposits			26 045		89 277	26 045
Consumer debtors			49 675		54 366	49 675
Other debtors			43 668		26 453	43 668
Current portion of long-term receivables			8		–	8
Inventory			4 845		6 439	4 845
Total current assets		–	**127 241**	–	**180 936**	**127 241**
Non current assets						
Long-term receivables			113		–	113
Investments			–		–	–
Investment property			63 705		85 382	63 705
Investments in Associate			–		–	–
Property, plant and equipment			2 649 006		2 431 376	2 649 006
Agricultural			–		–	–
Biological assets			–		–	–
Intangible assets			101		159	101
Other non-current assets			–		–	–
Total non current assets		–	**2 712 925**	–	**2 516 916**	**2 712 925**
TOTAL ASSETS		–	**2 840 166**	–	**2 697 852**	**2 840 166**
LIABILITIES						
Current liabilities						
Bank overdraft			–		–	–
Borrowing			7 303		5 430	7 303
Consumer deposits			9 330		9 879	9 330
Trade and other payables			94 113		93 037	94 113
Provisions			29 995		35 930	29 995
Total current liabilities		–	**140 740**	–	**144 277**	**140 740**
Non current liabilities						
Borrowing			36 734		37 504	36 734
Provisions			100 662		105 663	100 662
Total non current liabilities		–	**137 395**	–	**143 168**	**137 395**
TOTAL LIABILITIES		–	**278 136**	–	**287 444**	**278 136**
NET ASSETS	2	–	**2 562 031**	–	**2 410 408**	**2 562 031**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)			2 562 031		2 410 408	2 562 031
Reserves			–		–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**2 562 031**	–	**2 410 408**	**2 562 031**

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 – M05 November 2016

Description	Ref	2015/16	Budget Year 2016/17							
		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			139 650		10 947	85 118	58 187	26 930	46%	139 650
Service charges			335 414		23 585	124 943	139 756	(14 813)	-11%	335 414
Other revenue			23 605		11 130	54 416	9 836	44 580	453%	23 605
Government - operating			100 681		476	40 540	41 951	(1 411)	-3%	100 681
Government - capital			38 383		–	11 466	15 993	(4 527)	-28%	38 383
Interest			7 500		1 329	6 609	3 125	3 484	111%	7 500
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(567 867)		(36 757)	(212 041)	(236 611)	(24 570)	10%	(567 867)
Finance charges			(4 463)		(374)	(1 948)	(1 860)	88	-5%	(4 463)
Transfers and Grants			(580)		(29 029)	(75 938)	(242)	75 697	-31323%	(580)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	72 324	–	(18 693)	33 164	30 135	(3 029)	-10%	72 324
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			–				–	–		–
Decrease (Increase) in non-current debtors			–				–	–		–
Decrease (increase) other non-current receivables			–				–	–		–
Decrease (increase) in non-current investments			–				–	–		–
Payments										
Capital assets			(63 069)		(1 588)	(15 538)	(26 279)	(10 740)	41%	(63 069)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(63 069)	–	(1 588)	(15 538)	(26 279)	(10 740)	41%	(63 069)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			–					–		–
Borrowing long term/refinancing			–					–		–
Increase (decrease) in consumer deposits			–					–		–
Payments										
Repayment of borrowing			(7 303)		(478)	(2 309)	(3 043)	(733)	24%	(7 303)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(7 303)	–	(478)	(2 309)	(3 043)	(733)	24%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD		–	1 953	–	(20 759)	15 316	814			1 953
Cash/cash equivalents at beginning:			27 092			78 361	27 092			78 361
Cash/cash equivalents at month/year end:		–	29 045	–		93 678	27 906			80 314

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 November 2016.

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**
2014/15 - totals only									–
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**

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

Description	Budget Year 2016/17								
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	5 723	956	743	1 846	594	562	3 674	17 930	32 028
Trade and Other Receivables from Exchange Transactions - Electricity	14 726	1 194	612	2 178	351	249	1 095	6 614	27 019
Receivables from Non-exchange Transactions - Property Rates	7 948	816	597	9 377	438	742	1 270	18 712	39 900
Receivables from Exchange Transactions - Waste Water Management	3 864	556	427	915	294	311	1 667	8 215	16 249
Receivables from Exchange Transactions - Waste Management	2 712	536	449	404	325	318	1 564	10 424	16 732
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	54	66	72	468	83	119	643	13 887	15 391
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(11 434)	475	231	1 108	232	162	749	6 644	(1 834)
Total By Income Source	**23 593**	**4 599**	**3 130**	**16 296**	**2 317**	**2 462**	**10 664**	**82 426**	**145 487**
									–
Debtors Age Analysis By Customer Group									
Organs of State	696	323	115	801	231	29	119	1 314	3 628
Commercial	3 723	289	175	864	159	131	557	2 570	8 468
Households	19 174	3 987	2 840	14 631	1 927	2 302	9 988	78 542	133 391
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**23 593**	**4 599**	**3 130**	**16 296**	**2 317**	**2 462**	**10 664**	**82 426**	**145 487**

The aforementioned analysis indicates that from 30 June 2016 to 30 Novenber 2016, the overdue debts have increased from R 106,042 million to R 121,894 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	30-Jun-16	30-Nov-16	Difference
Trade and Other Receivables from Exchange Transactions - Water	28 117	26 305	(1 812)
Trade and Other Receivables from Exchange Transactions - Electricity	11 930	12 293	363
Receivables from Non-exchange Transactions - Property Rates	27 460	31 952	4 492
Receivables from Exchange Transactions - Waste Water Management	12 788	12 385	(402)
Receivables from Exchange Transactions - Waste Management	15 675	14 020	(1 655)
Receivables from Exchange Transactions - Property Rental Debtors	–	1	1
Interest on Arrear Debtor Accounts	–	15 338	15 338
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 073	9 600	(472)
Total By Income Source	**106 042**	**121 894**	**15 852**
		–	
Debtors Age Analysis By Customer Group			
Organs of State	1 764	2 932	1 168
Commercial	4 271	4 745	474
Households	100 007	114 217	14 210
Other	–	–	–
Total By Customer Group	**106 042**	**121 894**	**15 852**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description R thousands	Budget Year 2016/17								
	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	15 236	–	–	–	–	–	–	–	15 236
Bulk Water	–	–	(724)	–	–	46 010	–	–	45 286
PAYE deductions	2 620	–	–	–	–	–	–	–	2 620
VAT (output less input)	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	3 018	–	–	–	–	–	–	–	3 018
Loan repay ments	–	–	–	–	–	–	–	–	–
Trade Creditors	2 006	1 106	264	66	55	–	100	11 135	14 732
Auditor General	–	1 049	300	–	–	–	–	–	1 349
Other	–	–	–	–	–	–	–	–	–
Total By Customer Type	22 881	2 155	(160)	66	55	46 010	100	11 135	82 242

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

Department of Transport	R 10,778 million
Eskom	R 15,236 million
Office of the Auditor – General	R 1,349 million
NMBM (Bulk water)	R 45,286 million
Pension Fund Deductions	R 3,018 million
SARS (PAYE)	R 2,620 million
Other Creditors	R 3,955 million
TOTAL	**R 82,242 million**

It is to be noted that the Eskom amount of R 15,236 million, represents the current account for November 2016, this account was fully paid on 9 December 2016. The pension fund deductions and SARS (pay as you earn) represent employee related costs for the month of November 2016, with the amounts in question being paid on 5 December 2016 to the relevant service providers.

The municipality received a significant bulk water account in May 2016. According to the Nelson Mandela Bay Municipality, the Kouga municipality was incorrectly billed from December 2012 to April 2016.

The Kouga municipality's bulk water account was accordingly adjusted to reflect the correct billing for the aforementioned period, based on the relevant meter readings. The municipality has verified the accuracy of the account and engagements are underway between Kouga and Nelson Mandela Bay Municipality in respect of this matter.

3. Investment Portfolio

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

	BALANCE AS AT 30 JUNE 2016	INVESTED	INTEREST	WITHDRAWN	ADJUSTMENT	BALANCE AS AT 30 NOVEMBER 2016
Standard Bank	-	20 000 000	439 516	-	-	20 439 516
ABSA	21 187 482	-	475 873	6 000 000	305	15 663 051
Nedbank	236 110	16 251 293	154 211	251 293	-	16 390 321
RMB	29 341 733	23 991 452	587 510	42 896 184	-	11 024 511
INVESTEC	25 032 842	-	726 893	-	-	25 759 735
Total	**75 798 167**	**60 242 745**	**2 384 004**	**-49 147 477**	**-305**	**89 277 134**
INVESTMENT BY TYPE	**BALANCE AS AT 30 JUNE 2016**	**INVESTED**	**INTEREST**	**WITHDRAWN**	**ADJUSTMENT**	**BALANCE AS AT 30 NOVEMBER 2016**
General Account	50 402 544	36 251 293	1 836 581	10 008 218	305	78 481 895
Collateral	228 000	-	15 074	243 075	-	-0
Conditional Grants	16 016 310	23 669 152	386 465	29 860 589	-	10 211 338
Housing Funds	9 151 312	322 300	145 883	9 035 594	-	583 901
Total	**75 798 167**	**60 242 745**	**2 384 004**	**-49 147 477**	**-305**	**89 277 134**
Bank	2 563 104	1 837 334				4 400 438
Total	**78 361 271**	**62 080 079**	**2 384 004**	**-49 147 477**	**-305**	**93 677 572**

The increase in the investment portfolio since 30 June 2016 amounts to R 15,316,301.

4. Allocation and Grants receipts and expenditure for the 2016/2017 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M05 November 2016

Description	2015/16	Budget Year 2016/17							
	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:	–	94 304	–	476	40 540	39 293	(1)	0.0%	94 304
Local Government Equitable Share		91 622			38 175	38 176	(1)	0.0%	91 622
Finance Management		1 625			1 625	677			1 625
EPWP Incentive		1 057		476	740	440			1 057
Total Operating Transfers and Grants	–	94 304	–	476	40 540	39 293	(1)	0.0%	94 304
Capital Transfers and Grants									
National Government:	–	34 810	–	–	11 144	14 504	(3 360)	-23.2%	34 810
Municipal Infrastructure Grant (MIG)		28 810			5 144	12 004	(6 860)	-57.1%	28 810
Integrated National Electrification Programme		6 000			6 000	2 500	3 500	140.0%	6 000
Total Capital Transfers and Grants	–	34 810	–	–	11 144	14 504	(3 360)	-23.2%	34 810
TOTAL RECEIPTS OF TRANSFERS & GRANTS	–	129 114	–	476	51 684	53 797	(3 361)	-6.2%	129 114

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M05 November 2016

Description	2015/16	Budget Year 2016/17							
	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:	–	94 304	–	57	38 749	31 435	7 314	23.3%	94 304
Local Government Equitable Share		91 622			38 175	30 541	7 634	25.0%	91 622
Finance Management		1 625		57	259	542	(283)	-52.3%	1 625
EPWP Incentive		1 057			315	352	(37)	-10.6%	1 057
Total operating expenditure of Transfers and Grants:	–	94 304	–	57	38 749	31 435	7 314	23.3%	94 304
Capital expenditure of Transfers and Grants									
National Government:	–	34 810	–	1 909	12 290	11 603	687	5.9%	34 810
Municipal Infrastructure Grant (MIG)		28 810		1 909	11 944	9 603	2 341	24.4%	28 810
Integrated National Electrification Programme		6 000		–	346	2 000	(1 654)	-82.7%	6 000
Total capital expenditure of Transfers and Grants	–	34 810	–	1 909	12 290	11 603	687	5.9%	34 810
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	–	129 114	–	1 966	51 039	43 038	8 001	18.6%	129 114

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

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 1,625,000
Amount of Grant Received:	R 1,625,000
Expenditure to date:	R 258,511
Unspent as at 30 November 2016:	R 1,366,489

The spending of the grant amounted to 15.91% as at 30 November 2016, compared to the amount of grant received.

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 1,057,000
Amount of Grant Received:	R 740,000
Expenditure to date:	R 315,021
Unspent as at 30 November 2016:	R 424,979

The spending of the grant amounted to 42.57% as at 30 November 2016, compared to the amount of grant received.

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 28,809,700
Amount of Grant Received:	R 5,144,000
Expenditure to date:	R 11,944,153
Overspent as at 30 November 2016:	R 5,800,153

The spending of the grant amounted to 232.20% as at 30 November 2016, compared the amount of grant received.

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 6,000,000
Amount of Grant Received:	R 6,000,000
Expenditure to date:	R 346,282
Unspent as at 30 November 2016:	R 5,653,718

The spending of the grant amounted to 5.77% as at 30 November 2016, compared to the amount of grant received.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M05 November 2016

Summary of Employee and Councillor remuneration	2015/16	Budget Year 2016/17							
	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		7 683		607	2 951	3 201	(250)	-8%	7 683
Pension and UIF Contributions		–				–	–		–
Medical Aid Contributions		–				–	–		–
Motor Vehicle Allowance		2 562		202	982	1 067	(85)	-8%	2 562
Cellphone Allowance		759		60	298	316	(18)	-6%	759
Housing Allowances						–	–		
Other benefits and allowances				16	76	–	76		
Sub Total - Councillors	**–**	**11 004**	**–**	**886**	**4 308**	**4 585**	**(277)**	**-6%**	**11 004**
Senior Managers of the Municipality									
Basic Salaries and Wages		6 045		1 397	6 987	2 519	4 468	177%	6 045
Pension and UIF Contributions							–		
Medical Aid Contributions							–		
Overtime							–		
Performance Bonus							–		
Motor Vehicle Allowance		723		48	240	301	(61)	-20%	723
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	**–**	**6 768**	**–**	**1 445**	**7 227**	**2 820**	**4 407**	**156%**	**6 768**
Other Municipal Staff									
Basic Salaries and Wages		140 636		10 605	50 209	58 598	(8 389)	-14%	140 636
Pension and UIF Contributions		23 720		1 971	9 308	9 883	(575)	-6%	23 720
Medical Aid Contributions		12 734		997	4 882	5 306	(424)	-8%	12 734
Overtime		9 454		802	3 753	3 939	(186)	-5%	9 454
Performance Bonus		11 764		10 184	10 318	4 902	5 416	110%	11 764
Motor Vehicle Allowance		7 938		596	2 964	3 307	(344)	-10%	7 938
Cellphone Allowance							–		
Housing Allowances		584		156	813	243	570	234%	584
Other benefits and allowances		18 796		1 880	8 128	7 832	297	4%	18 796
Payments in lieu of leave							–		
Long service awards		809		39	250	337	(87)	-26%	809
Post-retirement benefit obligations							–		
Sub Total - Other Municipal Staff	**–**	**226 434**	**–**	**27 229**	**90 625**	**94 347**	**(3 723)**	**-4%**	**226 434**
Total Parent Municipality	**–**	**244 205**	**–**	**29 561**	**102 159**	**101 752**	**407**	**0%**	**244 205**
TOTAL SALARY, ALLOWANCES & BENEFITS	**–**	**244 205**	**–**	**29 561**	**102 159**	**101 752**	**407**	**0%**	**244 205**
TOTAL MANAGERS AND STAFF	**–**	**233 201**	**–**	**28 675**	**97 852**	**97 167**	**684**	**1%**	**233 201**

6. Key performance indicators

The table below reflects the key performance indicators as per the 2016/17 Approved Budget and the associated performance to date.

Borrowing Management		**Actuals as at 30 June 2012**	**Actuals as at 30 June 2013**	**Actuals as at 30 June 2014**	**Actuals as at 30 June 2015**	**Actuals as at 30 June 2016**	**Approved Budget 2016/17**	**Actuals as at 30 November 2016**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.64%	3.85%	1,71%	1.87%
Borrowed funding of "own"capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	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	0.05	0.02	0.02
Liquidity								
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.86	0.85	0.90	1.25
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.28	0.40	0.21	0.65
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	97.60%	94.00%	94.43%

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	Actuals as at 30 June 2016	Approved Budget 2016/17	Actuals as at 30 November 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	1.60	0.61	1.82
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	36.77%	36.11%	33.98%	42.94%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	81.97%	95.00%	18.24%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.58%	4.67%	5.24%	5.01%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.11%	1.22%	1.36%	0.47%
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%	74.74%	84.20%	85.79%

The above table is discussed in details below.

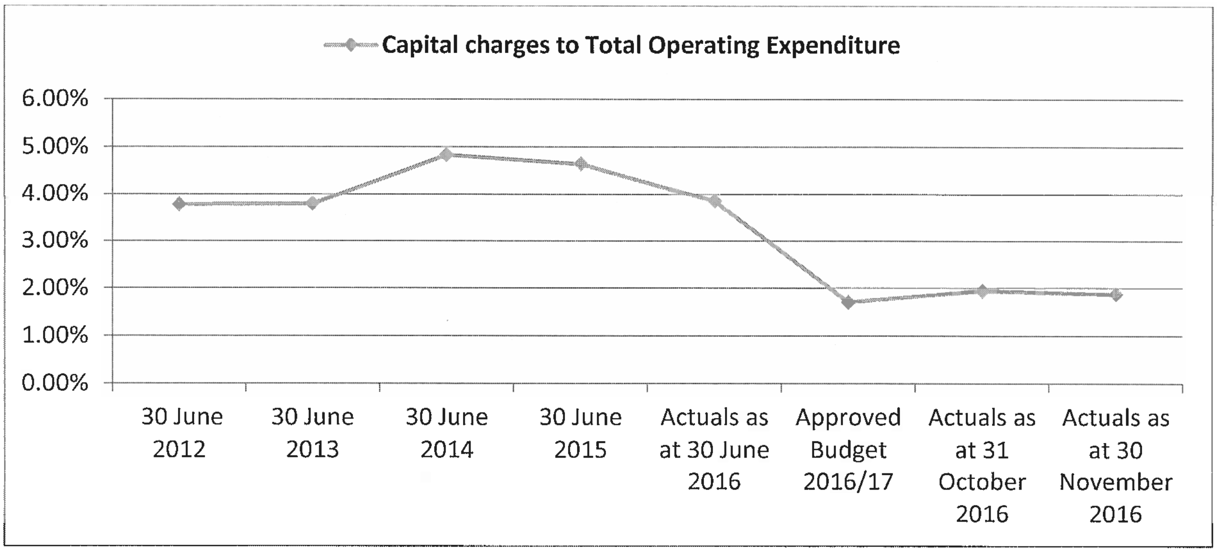
6.1. Borrowing Management

6.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.87% of the Total Operating Expenditure was utilised for capital charges as at 30 November 2016, compared to the budgeted ratio of 1.71%.



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 2016/17 Operating Budget as no borrowing is planned for the 2016/17 to 2018/19 financial years.

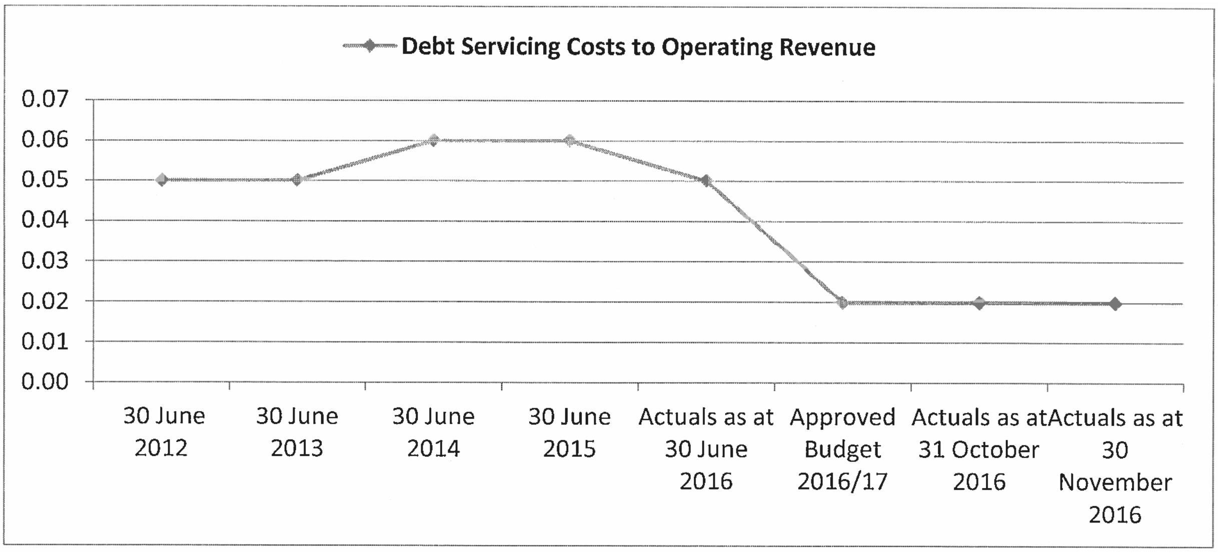
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 November 2016, the ratio was 0.02:1, compared to the budgeted ratio of 0.02:1.



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:

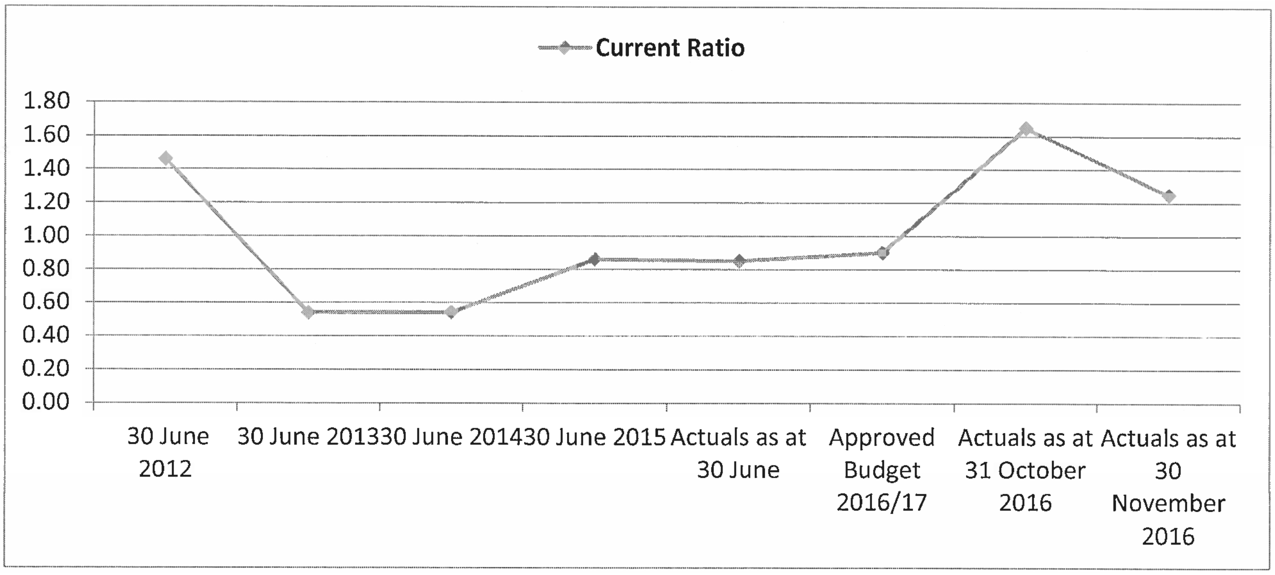
Current assets/Current liabilities

The ratio as at 30 November 2016 was 1.25:1, compared to the budgeted ratio of 0.90:1.

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

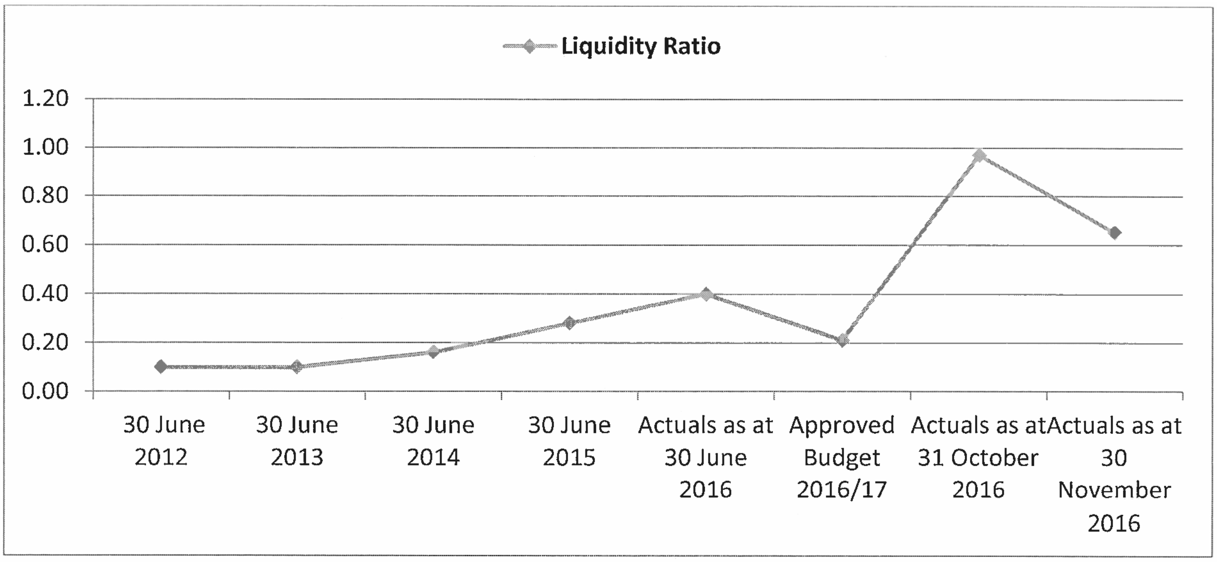
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 November 2016 was 0.65:1, compared to the budgeted ratio of 0.21:1.

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

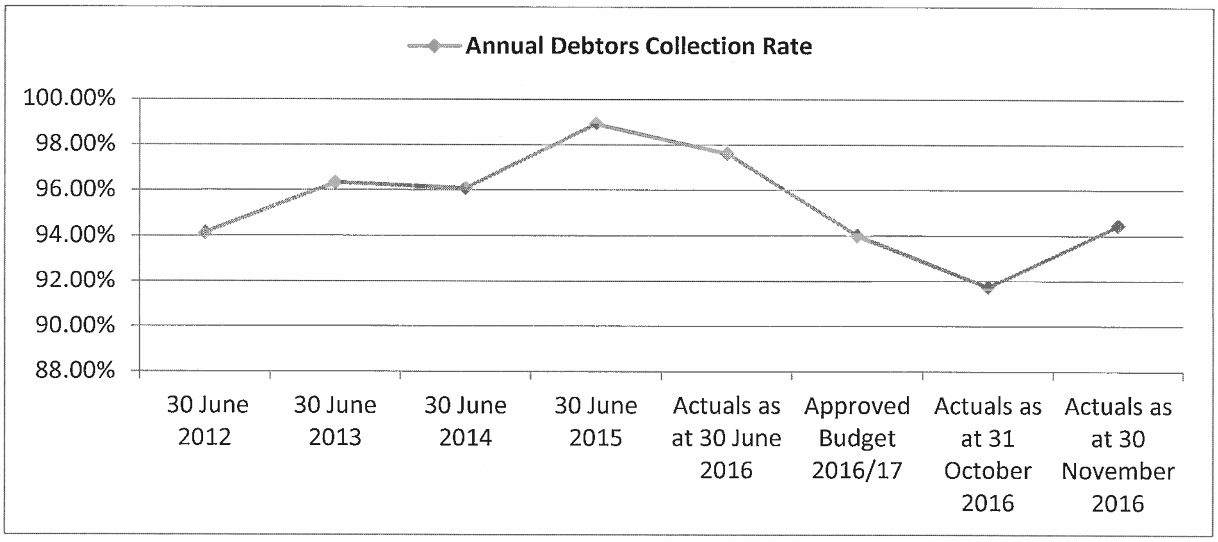
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 November 2016 was 94.43%, compared to the budgeted collection rate of 94%. The collection rate is influenced by annual rates raised in July 2016, which are still due and payable. 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.

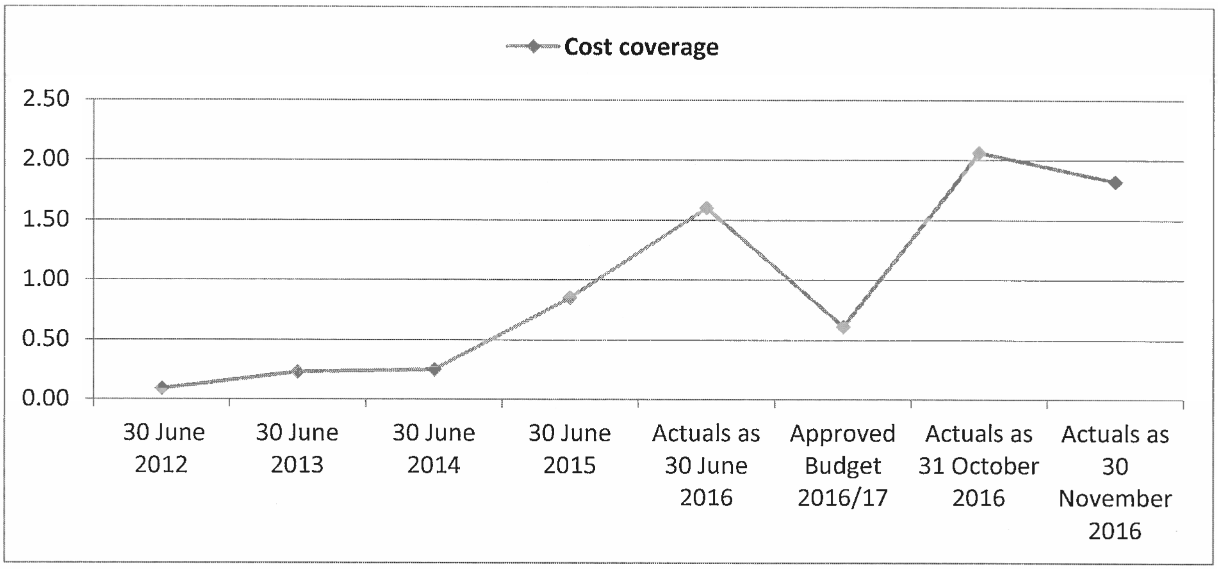
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 November 2016, the Ratio was 1.82 months, compared to the budgeted ratio of 0.61 months.

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



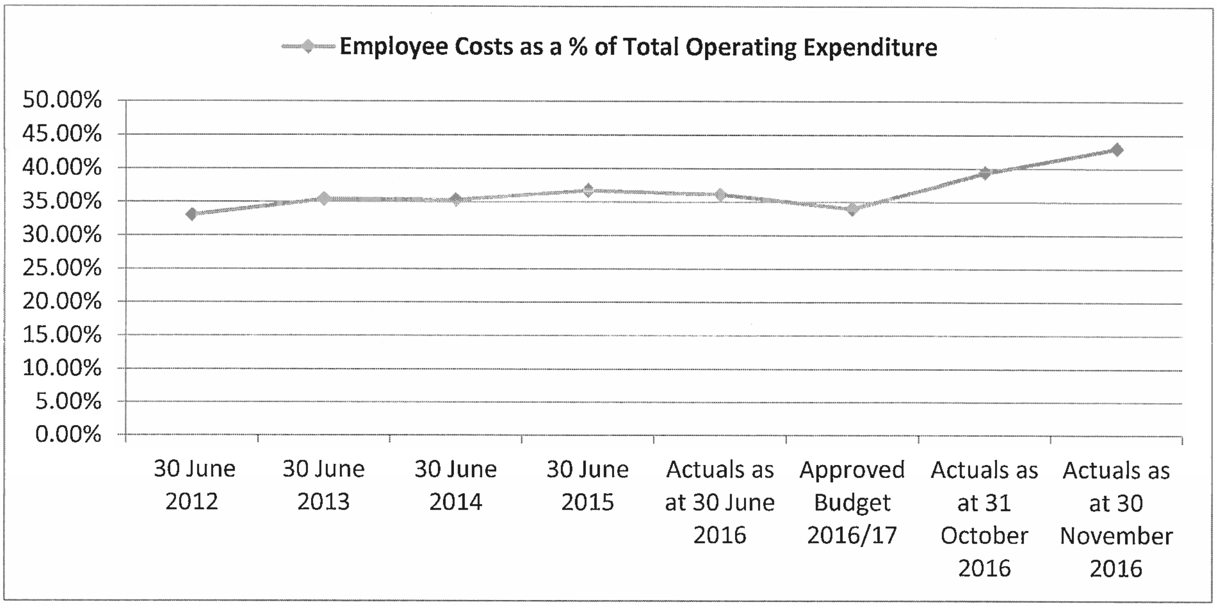
6.4.2. Employee costs as a % of Total Operating Expenditure

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 November 2016, Employee Related Costs constituted 42.94% of the Total Operating Expenditure, compared to the budgeted ratio of 33.98%.



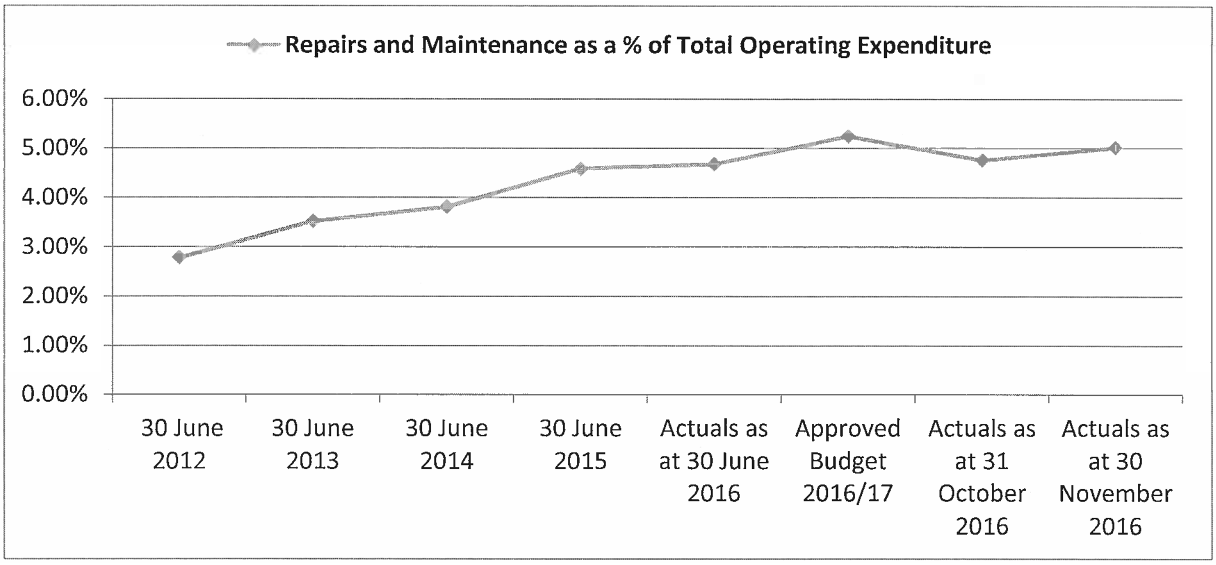
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 November 2016, the ratio was 5.01%, compared to the budgeted ratio of 5.24%.



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

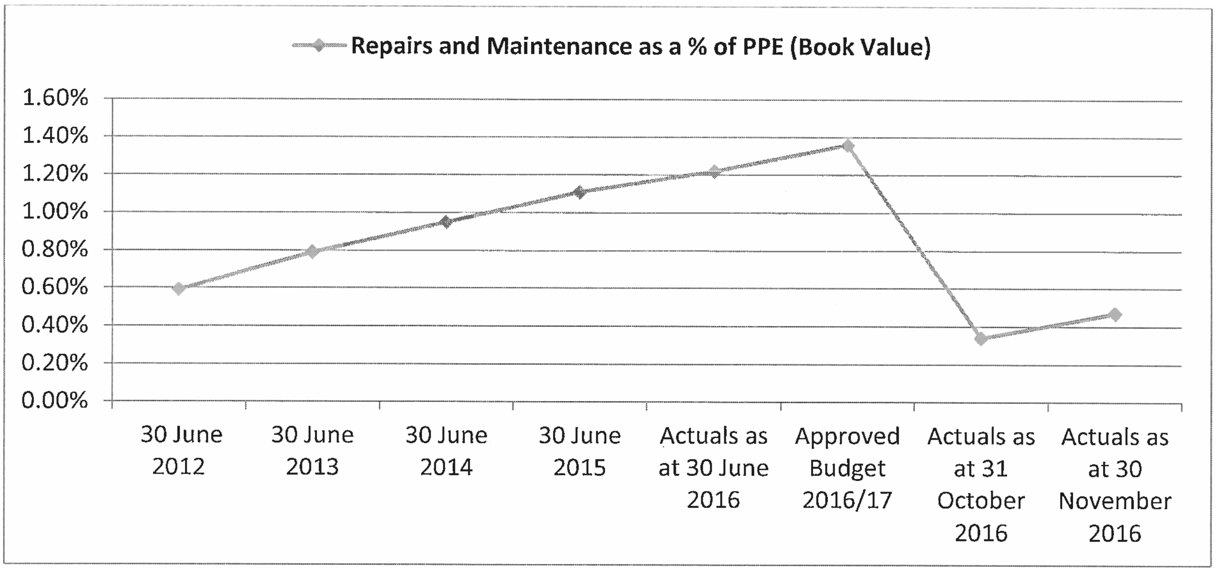
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 November 2016, repairs and maintenance expenditure constituted 0.47% of the book value of PPE, compared to the budgeted ratio of 1.36.

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



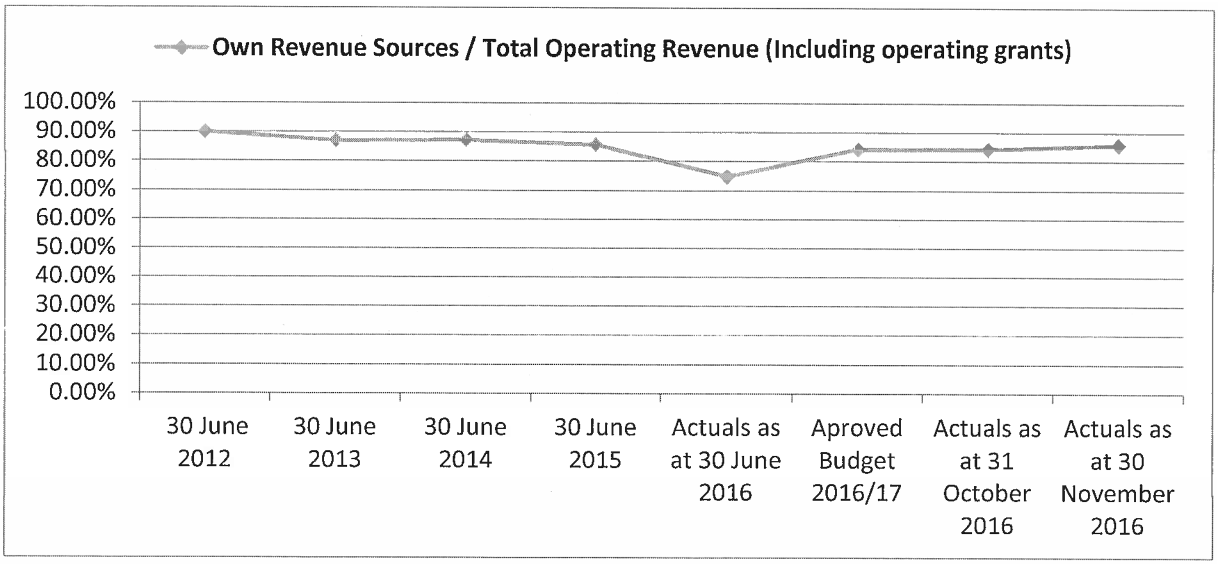
6.4.5. Own Revenue Generation

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 November 2016, the Municipality's own revenue sources constituted 85.79% of its total Operating Income, compared to the budgeted ratio of 84.20%.



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 November 2016 amounted to 18.24%, compared to the budgeted ratio of 95%.