KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTTEE

FINANCE

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2016 TO FEBRUARY 2017 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 28 FEBRUARY 2017 (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 2016 to February 2017, 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 447,821 million, whilst operating expenditure amounted to R 426,203 million, resulting in an operating surplus of R 21,618 million. This is influenced by the accounting treatment of the bad debts provision.

- Capital expenditure constituted 27.46% of the approved 2016/17 Capital Budget.
- Overdue consumer debts increased by R 14,027 million (13.23%) since June 2016.
- An amount of R 75,715 million is owing to creditors, of which R 19,695 million (26.01%) represents current creditors.
- The municipality's investment portfolio has increased by R 42,438,165 (54.16%) since June 2016, from R 78,361,271 to R 120,799,437.

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 February 2017	2016/17 Approved Budget
Current Ratio	0.54:1	0.54:1	0.72:1	0.85:1	1.42:1	0.90:1
Liquidity Ratio	0.10:1	0.16:1	0.22:1	0.40:1	0.84:1	0.21:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.82 months	1.60 months	2.21 months	0.61 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.06:1	0.05:1	0.04:1	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 28 February 2017:

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 2016 to February 2017

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

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Executive Mayor

1.5. Municipal Manager's Quality Certificate

I SIDNEY FADI, Municipal Manager of Kouga Local Municipality, hereby certify that the monthly budget statements have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the monthly budget statements are consistent with the Integrated Development Plan of the municipality.

Print Name SIDNEY FADI

Municipal Manager of Kouga Local Municipality

Signature

Date 14 MARCH 2017

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY 2016 TO FEBRUARY 2017

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 28 February 2017	% of Budget
OPERATING REVENUE			
Propert Rates	148 563 488	116 291 983	78.28%
Total Service Charges	356 823 910	232 707 888	65.22%
Service charges - electricity	224 482 368	146 456 363	65.24%
Service charges - water	53 124 403	35 410 075	66.66%
Service charges - sewerage & sanitation	40 787 081	25 455 293	62.41%
Service charges - refuse	24 979 278	16 763 320	67.11%
Service charges - environmental management	13 450 780	8 622 837	64.11%
Rental of Facilities and Equipment	590 630	993 988	168.29%
Interest Earned - External Investments	3 000 000	4 091 931	136.40%
Interest Earned - Outstanding Debtors	4 500 000	5 733 324	127.41%
Fines	3 085 695	2 062 399	66.84%
Licences and Permits	9 086 136	5 840 146	64.28%
Grants & Subsidies Received - Operating	100 681 408	72 077 683	71.59%
Other Revenue	10 842 980	8 021 977	73.98%
Total Direct Operating Revenue	**637 174 247**	**447 821 318**	**70.28%**
OPERATING EXPENDITURE			
Employee Related Costs	233 201 498	153 241 534	65.71%
Remuneration of Councillors	11 003 887	6 922 708	62.91%
Bad Debts	30 323 244	-	0.00%
Depreciation & Asset Impairment	83 123 169	55 820 103	67.15%
Repairs & Maintenance - Municipal Assets	35 999 395	18 841 549	52.34%
Finance Charges - External Borrowings	4 462 808	3 103 789	69.55%
Total Bulk Purchases	207 393 791	149 512 178	72.09%
Bulk purchases - electricity	186 660 586	128 810 838	69.01%
Bulk purchases - water	20 733 205	20 701 340	99.85%
Contracted Services	12 536 751	7 568 903	60.37%
Transfers and Grants	580 000	290 000	50.00%
General Expenses - Other	67 731 981	30 902 133	45.62%
Total Direct Operating Expenditure	**686 356 523**	**426 202 897**	**62.10%**
Surplus/(Deficit)	**-49 182 275**	**21 618 421**	

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

The statement of financial performance indicates a surplus of R 21,618,421. This is influenced by the accounting treatment of the bad debts provision.

Revenue Variations

Property Rates

As at 28 February 2017, the Municipality has recognised 78.28% 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.

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 28 February 2017 amounted to R 120,069 million.

Expenditure Variations

Bad Debts

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

Repairs and Maintenance

The slightly low spending on repairs and maintenance is mainly attributable to certain budget allocations being transferred to the capital budget to replace and upgrade assets, instead of repairing it.

Bulk Purchases – Water

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 current financial year, based on the relevant meter readings.

Transfers and Grants

Transfers and grants relate to allocations to Kouga Local Tourism, Arts Council and Sports Council in terms of memorandum of agreement.

General expenses – other

Other expenditure relates to various general expenses, relating to the running costs of the municipality, such as printing and stationery, telephone accounts, etc.

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 28 February 2017	% of Budget
	R	R	
Administration, Monitoring & Evaluation	382,722	483,709	126.39%
Finance	638,437	168,111	26.33%
Social Services	9,477,468	5,153,268	54.37%
Infrastructure, Planning & Development	24,730,767	12,990,248	52.53%
LED, Tourism & Creative Industries	770,000	46,213	6%
Total	**35,999,394**	**18,841,549**	**52.34%**

It is to be noted that actual repairs and maintenance expenditure constituted 52.34% of the approved 2016/17 Budget.

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

ADMINISTRATION, MONITORING & EVALUATION	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	300 000	3 548	1.18%
R&M Furniture and Office Equipment	-	420 907	
R&M Vehicles (Non-VAT)	82 722	59 254	71.63%
Total	**382 722**	**483 709**	**126.39%**

FINANCIAL SERVICES	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	105 009	16 441	15.66%
R&M Equipment	44 444	-	0.00%
R&M Plant/Machinery	2 858	-	0.00%
R&M Furniture and Office Equipment	-	88 617	
R&M Tools and Equipment	200 000	-	0.00%
R&M Vehicles	254 251	63 053	24.80%
R&M Vehicles (Non-VAT)	31 875	-	0.00%
Total	**638 437**	**168 111**	**26.33%**

SOCIAL SERVICES	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	809 200	329 930	40.77%
R&M Bush Clearing	1 480	1 212	81.90%
R&M Canals	2 251 391	1 908 934	84.79%
R&M Equipment	149 000	16 879	11.33%
R&M Erosion	100 000	-	
R&M Fire Extinguishers	45 000	10 370	23.04%
R&M Furniture and Office Equipment	85 549	155 213	181.43%
R&M Grounds	60 000	-	0.00%
R&M Plant/Machinery	388 013	129 032	33.25%
R&M Radio Equipment	80 000	9 342	11.68%
R&M Rehabilitation of Refuse Sites	400 000	-	0.00%
R&M Replace Crockery	10 000	-	
R&M Road Painting	200 000	139 663	69.83%
R&M Signboards	103 109	22 162	21.49%
R&M Swimming Pool	300 000	-	
R&M Tools and Equipment	21 310	8 411	39.47%
R&M Traffic Road Signs	200 000	81 652	40.83%
R&M Vehicles	3 559 720	2 143 703	60.22%
R&M Vehicles (Non-VAT)	213 696	196 764	92.08%
R&M Waste Sites	500 000	-	0.00%
Total	**9 477 468**	**5 153 268**	**54.37%**

INFRASTRUCTURE, PLANNING & DEVELOPMENT	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Buildings and Properties	649 100	114 974	17.71%
R&M Electrical Installations	570 800	239 798	42.01%
R&M Fencing	1 890 000	1 163 470	61.56%
R&M Hankey/Patensie	150 000	39 354	26.24%
R&M Plant/Machinery	361 454	91 014	25.18%
R&M Pumpstations and Boreholes	455 800	126 896	27.84%
R&M Radio Equipment	19 718	-	0.00%
R&M Reseal Roads	2 120 000	905 313	42.70%
R&M Reticulation electricity	3 978 040	2 872 916	72.22%
R&M Reticulation sewerage	3 500 000	1 602 010	45.77%
R&M Reticulation water	2 650 000	1 458 966	55.06%
R&M Sewerage Pump Stations	820 000	573 310	69.92%
R&M Signboards	1 645	127	7.73%
R&M Stormwater	318 000	33 532	10.54%
R&M Street Lights	185 113	179 847	97.16%
R&M Street Nameplates	45 000	-	0.00%
R&M Streets	2 332 000	1 593 644	68.34%
R&M Sub Stations	1 000 000	25 480	2.55%
R&M Furniture and Office Equipment	-	39 996	
R&M Tools and Equipment	12 900	1 822	14.13%
R&M Treatment Works - Sewerage	350 000	147 595	42.17%
R&M Vehicles	3 302 117	1 775 127	53.76%
R&M Vehicles (Non-VAT)	19 080	5 057	26.51%
Total	**24 730 767**	**12 990 248**	**52.53%**

LED, TOURISM & INDUSTRIES	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
R&M Furniture and Office Equipment	30 000	-	0.00%
R&M Buildings and Properties	740 000	46 213	6.24%
Total	**770 000**	**46 213**	**6.00%**

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	Proposed Adjustments	Proposed Adjusted Budget 2016/17	Actuals as at 28 February 2017	% of Budget
	R	R	R	R	
Administration, Monitoring & Evaluation	735,000	-	-	46,508	6.33%
Finance	640,200	-	-	-	-
Social Services	20,641,455	(4,300,910)	16,340,545	172,419	1.06%
Infrastructure, Planning & Development	39,581,407	5,761,940	45,343,347	17,042,560	37.59%
LED, Tourism & Creative Industries	1,470,485	(1,382,985)	87,500	81,492	93.13%
Total	**63,068,547**	**78,045**	**63,146,592**	**17,342,980**	**27.46%**
Source of Funding	**Approved Budget 2016/17**	**Proposed Adjustments**	**Proposed Adjusted Budget 2016/17**	**Actuals as at 28 February 2017**	**% of Budget**
	R	R	R	R	
Internally Generated Funding	24,685,200	78,045	24,763,245	1,351,540	5.46%
Government Grants	38,383,347	-	-	15,991,440	41.66%
Total	**63,068,547**	**78,045**	**63,146,592**	**17,342,980**	**27.46%**

It is to be noted that an amount of R 17,342,980 has been spent as at 28 February 2017, compared to the approved adjusted capital budget of R 63,146,592.
This represents a spending performance of 27.46% relating to the approved Capital Budget.

Below is an analysis of actual capital expenditure by Directorate and by project, compared to the approved 2016/17 Budget.

ADMINISTRATION, MONITORING & EVALUATION	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
Equipment	735 000	46 508	6.33%
Total	**735 000**	**46 508**	**6.33%**

FINANCIAL SERVICES	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
Equipment	640 200	-	-
Total	**640 200**	**-**	**-**

SOCIAL SERVICES	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
Furniture and equipment	970 000	9 331	0.96%
Fencing of existing cemeteries	500 000	70 175	14.04%
Chairs - Community halls	200 000	-	-
Acquisition for wheel chairs	150 000	72 368	48.25%
Upgrade of fire hydrants	240 000	-	-
Acquisition of fire fighting equipment	20 545	20 545	100.00%
Satellite fire station (Oyster Bay)	400 000	-	-
Celling of Weston library building	110 000	-	-
Mesh Truck	1 000 000	-	-
Transfer station Patensie	2 000 000	-	-
Thornhill Mini Transfer Station	350 000	-	-
Skip Truck	1 000 000	-	-
Skip bins	400 000	-	-
Oyster Bay Mini Transfer Station	350 000	-	-
Weston Transfer Station	350 000	-	-
Kwanomzamo - New Community Hall	5 500 000	-	-
2 x Compactor Trucks	2 800 000	-	-
Total	**16 340 545**	**172 419**	**1.06%**

INFRASTRUCTURE, PLANNING AND DEVELOPMENT	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
Upgrading Melkhout to Jeffreys Bay Main 66kv line	1 573 647	124 617	7.92%
Electrification of Donkerhoek	6 000 000	303 756	5.06%
Generator	500 000	-	
Upgrade Kruisfontein WWTW & Outfall Sewer	20 441 074	8 870 383	43.39%
Patensie Replacement of Digesters Ph 1	8 368 626	5 432 923	64.92%
Patensie Upgrade of WWTW	500 000	-	
New sewer pump at Cormorant Sewer Pump Station - Aston Bay	1 480 000	-	
Wavecrest Internal Sewer	3 730 000	1 604 882	43.03%
Pressure fifters at Jeffreys Bay Water Treatment Works	750 000	-	
Community water supply	2 000 000	706 000	35.30%
Total	**45 343 347**	**17 042 560**	**37.59%**

LED, TOURISM & CREATIVE INDUSTRIES	Approved Budget 2016/17	Actuals as at 28 February 2017	% of Budget
Office Equipment	30 000	23 992	79.97%
Fencing-Cultural Centre	57 500	57 500	100.00%
Total	**87 500**	**81 492**	**93.13%**

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2016/17 FINANCIAL YEAR

Projected Cash Flow Statement as at 28 February 2017

The purpose of the cash flow statement is to compare the cash inflows (receipts) with the cash outflows (payments), so as to ascertain the adequacy of the cash inflows to cover the cash outflows.

Table C7 Monthly Budget Statement – Cash Flow – M08 February 2017

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates, penalties & collection charges	139 650	8 949	113 462	81 462	32 000	39%	139 650
Service charges	335 414	25 766	199 343	195 658	3 684	2%	335 414
Other revenue	23 605	9 364	88 557	13 770	74 787	543%	23 605
Government - operating	100 681	317	70 154	58 731	11 423	19%	100 681
Government - capital	38 383		36 648	22 390	14 258	64%	38 383
Interest	7 500	1 378	10 800	4 375	6 425	147%	7 500
Dividends	–		–	–	–		–
Payments							
Suppliers and employees	(567 867)	(61 002)	(448 335)	(331 256)	117 079	-35%	(567 867)
Finance charges	(4 463)	(337)	(3 043)	(2 603)	439	-17%	(4 463)
Transfers and Grants	(580)		–	(338)	(338)	100%	(580)
NET CASH FROM/(USED) OPERATING ACTIVITIES	72 324	(15 564)	67 586	42 189	(25 397)	-60%	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)	(2 828)	(21 379)	(36 790)	(15 411)	42%	(63 069)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(63 069)	(2 828)	(21 379)	(36 790)	(15 411)	42%	(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)	(515)	(3 769)	(4 260)	(491)	12%	(7 303)

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 303)	(515)	(3 769)	(4 260)	(491)	12%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	1 953	(18 907)	42 438	1 139			1 953
Cash/cash equivalents at beginning:	27 092		78 361	27 092			78 361
Cash/cash equivalents at month/year end:	29 045		120 799	28 231			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 2016 to February 2017 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M08 February 2017

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
Financial Performance							
Property rates	148 563	8 141	116 292	99 042	17 250	17%	148 563
Service charges	356 824	28 569	232 708	237 883	(5 175)	-2%	356 824
Investment revenue	3 000	1 199	4 092	2 000	2 092	105%	3 000
Transfers recognised - operational	100 681	900	72 078	67 121	4 957	7%	100 681
Other own revenue	28 105	2 466	22 652	18 737	3 915	21%	28 105
Total Revenue (excluding capital transfers and contributions)	**637 174**	**41 276**	**447 821**	**424 783**	**23 038**	**5%**	**637 174**
Employee costs	233 201	18 219	153 242	155 468	(2 226)	-1%	233 201
Remuneration of Councillors	11 004	869	6 923	7 336	(413)	-6%	11 004
Depreciation & asset impairment	83 123	55 820	55 820	55 415	405	1%	83 123
Finance charges	4 463	768	3 104	2 975	129	4%	4 463
Materials and bulk purchases	243 393	19 856	168 354	162 262	6 092	4%	243 393
Transfers and grants	580	145	290	387	(97)	-25%	580
Other expenditure	110 592	13 883	38 471	73 728	(35 257)	-48%	110 592
Total Expenditure	**686 357**	**109 561**	**426 203**	**457 571**	**(31 368)**	**-7%**	**686 357**
Surplus/(Deficit)	**(49 182)**	**(68 285)**	**21 618**	**(32 788)**	**54 407**	**-166%**	**(49 182)**
Transfers recognised - capital	38 383	–	5 497	25 589	(20 092)	-79%	38 383
Contributions & Contributed assets	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**	**34 315**	**-477%**	**(10 799)**
Share of surplus/ (deficit) of associate	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**	**34 315**	**-477%**	**(10 799)**
Capital expenditure & funds sources							
Capital expenditure	**63 069**	**2 828**	**17 343**	**42 046**	**(24 703)**	**-59%**	**63 069**
Capital transfers recognised	38 383	2 828	15 991	25 589	(9 597)	-38%	38 383
Public contributions & donations	–	–	–	–	–		–
Borrowing	–	–	–	–	–		–
Internally generated funds	**24 685**	–	**1 352**	**16 457**	**(15 105)**	**-92%**	**24 685**
Total sources of capital funds	**63 069**	**2 828**	**17 343**	**42 046**	**(24 703)**	**-59%**	**63 069**
Financial position							
Total current assets	127 241		204 944				127 241
Total non current assets	2 712 925		2 528 753				2 712 925
Total current liabilities	140 740		144 284				140 740
Total non current liabilities	137 395		150 862				137 395
Community wealth/Equity	**2 562 031**		**2 438 551**				**2 562 031**

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Cash flows							
Net cash from (used) operating	72 324	(15 564)	67 586	42 189	(25 397)	-60%	72 324
Net cash from (used) investing	(63 069)	(2 828)	(21 379)	(36 790)	(15 411)	42%	(63 069)
Net cash from (used) financing	(7 303)	(515)	(3 769)	(4 260)	(491)	12%	(7 303)
Cash/cash equivalents at the month/year end	**29 045**	**–**	**120 799**	**28 231**	**(92 568)**	**-328%**	**80 314**
Debtors & creditors analysis	**31-60 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis							
Total By Income Source	3 887	2 667	2 649	2 152	20 940	83 998	149 098
Creditors Age Analysis							
Total Creditors	1 009	82	(715)	24	46 001	9 624	75 715

Explanatory notes to Table C 1 – Monthly Budget Summary

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

Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M08 February 2017

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
Revenue - Standard							
Governance and administration	**247 403**	**10 163**	**194 107**	**164 935**	29 172	18%	**247 403**
Executive and council	–	–	4	–	4		–
Budget and treasury office	246 308	10 124	194 050	164 205	29 845	18%	246 308
Corporate services	1 096	38	54	730	(677)	-93%	1 096
Community and public safety	**24 181**	**1 130**	**13 920**	**16 121**	(2 201)	-14%	**24 181**
Community and social services	8 613	233	6 942	5 742	1 200	21%	8 613
Sport and recreation	4 321	–	1	2 881	(2 880)	-100%	4 321
Public safety	11 247	897	6 977	7 498	(521)	-7%	11 247
Economic and environmental services	**21 848**	**2 012**	**14 129**	**14 565**	(436)	-3%	**21 848**
Planning and development	5 881	564	3 343	3 920	(577)	-15%	5 881
Environmental protection	15 967	1 448	10 786	10 645	141	1%	15 967
Trading services	**382 126**	**27 970**	**234 677**	**254 750**	(20 074)	-8%	**382 126**
Electricity	237 721	17 247	148 570	158 481	(9 910)	-6%	237 721
Water	55 533	5 432	37 003	37 022	(19)	0%	55 533
Waste water management	63 878	3 195	31 291	42 585	(11 295)	-27%	63 878
Waste management	24 994	2 097	17 812	16 663	1 150	7%	24 994
Total Revenue - Standard	**675 558**	**41 276**	**456 833**	**450 372**	**6 461**	**1%**	**675 558**
Expenditure - Standard							
Governance and administration	**131 745**	**24 873**	**76 858**	**87 830**	(10 972)	-12%	**131 745**
Executive and council	31 358	3 826	19 539	20 906	(1 367)	-7%	31 358
Budget and treasury office	52 808	9 616	25 932	35 205	(9 273)	-26%	52 808
Corporate services	47 578	11 430	31 386	31 719	(332)	-1%	47 578
Community and public safety	**89 446**	**15 207**	**64 576**	**59 631**	4 945	8%	**89 446**
Community and social services	47 341	11 172	37 548	31 561	5 987	19%	47 341
Sport and recreation	666	38	506	444	63	14%	666
Public safety	37 718	3 745	24 081	25 145	(1 065)	-4%	37 718
Housing	3 722	253	2 442	2 481	(39)	-2%	3 722
Economic and environmental services	**107 064**	**31 902**	**60 304**	**71 376**	(11 072)	-16%	**107 064**
Planning and development	96 295	31 086	55 210	64 196	(8 987)	-14%	96 295
Environmental protection	10 770	816	5 094	7 180	(2 085)	-29%	10 770

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Trading services	**358 101**	**37 578**	**227 979**	**238 734**	(10 755)	-5%	**358 101**
Electricity	229 594	19 562	147 380	153 062	(5 682)	-4%	229 594
Water	55 826	5 079	36 490	37 217	(728)	-2%	55 826
Waste water management	41 421	10 054	24 750	27 614	(2 864)	-10%	41 421
Waste management	31 260	2 883	19 360	20 840	(1 480)	-7%	31 260
Total Expenditure - Standard	**686 357**	**109 561**	**429 718**	**457 571**	**(27 853)**	**-6%**	**686 357**
Surplus/ (Deficit) for the year	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**	**34 315**	**-477%**	**(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 – M08 February 2017

Vote Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
Revenue by Vote							
Vote 1 - Executive & Council	–	–	4	–	4		–
Vote 2 - Financial Services	246 308	10 124	194 050	164 205	29 845	18.2%	246 308
Vote 3 - Administration, Monitoring & Evaluation	508	–	14	339	(324)	-95.8%	508
Vote 4 - Led, Tourism & Creative Industries	1 440	–	–	960	(960)	-100.0%	1 440
Vote 5 - Infrastructure, Planning & Development 1	242 748	17 850	151 953	161 832	(9 879)	-6.1%	242 748
Vote 6 - Infrastructure, Planning & Development 2	119 411	8 627	68 294	79 607	(11 313)	-14.2%	119 411
Vote 7 - Social Services 1	7 435	705	5 711	4 957	754	15.2%	7 435
Vote 8 - Social Services 2	57 707	3 969	36 807	38 471	(1 664)	-4.3%	57 707
Total Revenue by Vote	**675 558**	**41 276**	**456 833**	**450 372**	**6 461**	**1.4%**	**675 558**
Expenditure by Vote							
Vote 1 - Executive & Council	31 358	3 826	19 539	20 906	(1 367)	-6.5%	31 358
Vote 2 - Financial Services	59 197	11 127	29 950	39 465	(9 514)	-24.1%	59 197
Vote 3 - Administration, Monitoring & Evaluation	33 253	5 170	21 056	22 169	(1 113)	-5.0%	33 253
Vote 4 - Led, Tourism & Creative Industries	11 081	900	5 785	7 387	(1 602)	-21.7%	11 081
Vote 5 - Infrastructure, Planning & Development 1	326 705	54 763	205 661	217 803	(12 142)	-5.6%	326 705
Vote 6 - Infrastructure, Planning & Development 2	97 248	15 133	61 240	64 832	(3 592)	-5.5%	97 248
Vote 7 - Social Services 1	35 317	3 555	23 048	23 545	(496)	-2.1%	35 317
Vote 8 - Social Services 2	92 199	15 087	63 437	61 466	1 972	3.2%	92 199
Total Expenditure by Vote	**686 357**	**109 561**	**429 718**	**457 571**	**(27 853)**	**-6.1%**	**686 357**
Surplus/ (Deficit) for the year	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**	**34 315**	**-476.6%**	**(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) – M08 February 2017

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
Revenue By Source							
Property rates	148 563	8 141	116 292	99 042	17 250	17%	148 563
Property rates - penalties & collection charges	–		–	–	–		–
Service charges - electricity revenue	224 482	17 098	146 456	149 655	(3 199)	-2%	224 482
Service charges - water revenue	53 124	5 339	35 410	35 416	(6)	0%	53 124
Service charges - sanitation revenue	40 787	3 179	25 455	27 191	(1 736)	-6%	40 787
Service charges - refuse revenue	24 979	2 095	16 763	16 653	110	1%	24 979
Service charges - other	13 451	858	8 623	8 967	(344)	-4%	13 451
Rental of facilities and equipment	591	39	994	394	600	152%	591
Interest earned - external investments	3 000	1 199	4 092	2 000	2 092	105%	3 000
Interest earned - outstanding debtors	4 500	727	5 733	3 000	2 733	91%	4 500
Dividends received	–		–	–	–		–
Fines	3 086	274	2 062	2 057	5	0%	3 086
Licences and permits	9 086	694	5 840	6 057	(217)	-4%	9 086
Agency services	–		–	–	–		–
Transfers recognised - operational	100 681	900	72 078	67 121	4 957	7%	100 681
Other revenue	10 843	731	8 022	7 229	793	11%	10 843
Gains on disposal of PPE	–		–	–	–		–
Total Revenue (excluding capital transfers and contributions)	**637 174**	**41 276**	**447 821**	**424 783**	**23 038**	**5%**	**637 174**
Expenditure By Type							
Employee related costs	233 201	18 219	153 242	155 468	(2 226)	-1%	233 201
Remuneration of councillors	11 004	869	6 923	7 336	(413)	-6%	11 004
Debt impairment	30 323		–	20 215	(20 215)	-100%	30 323
Depreciation & asset impairment	83 123	55 820	55 820	55 415	405	1%	83 123
Finance charges	4 463	768	3 104	2 975	129	4%	4 463
Bulk purchases	207 394	16 806	149 512	138 263	11 250	8%	207 394
Other materials	35 999	3 050	18 842	24 000	(5 158)	-21%	35 999
Contracted services	12 537	4 381	7 569	8 358	(789)	-9%	12 537
Transfers and grants	580	145	290	387	(97)	-25%	580
Other expenditure	67 732	9 502	30 902	45 155	(14 253)	-32%	67 732
Loss on disposal of PPE	–		–	–	–		–
Total Expenditure	**686 357**	**109 561**	**426 203**	**457 571**	**(31 368)**	**-7%**	**686 357**

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Surplus/(Deficit)	**(49 182)**	**(68 285)**	**21 618**	**(32 788)**	**54 407**	**(0)**	**(49 182)**
Transfers recognised - capital	38 383	–	5 497	25 589	(20 092)	**(0)**	38 383
Contributions recognised - capital	–			–	–		
Contributed assets	–			–	–		
Surplus/(Deficit) after capital transfers & contributions	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**			**(10 799)**
Taxation	–			–	–		–
Surplus/(Deficit) after taxation	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**			**(10 799)**
Attributable to minorities	–			–			
Surplus/(Deficit) attributable to municipality	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**			**(10 799)**
Share of surplus/ (deficit) of associate	–			–			–
Surplus/ (Deficit) for the year	**(10 799)**	**(68 285)**	**27 115**	**(7 199)**			**(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) – M07 January 2017

Vote Description	Budget Year 2016/17						
	Original 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	–	–	20	(20)	-100%	30
Vote 2 - Financial Services	670	–	–	447	(447)	-100%	670
Vote 3 - Administration, Monitoring & Evaluation	675	–	22	450	(428)	-95%	675
Vote 4 - Led, Tourism & Creative Industries	1 470	–	81	980	(899)	-92%	1 470
Vote 5 - Infrastructure, Planning & Development 1	8 074	–	428	5 382	(4 954)	-92%	8 074
Vote 6 - Infrastructure, Planning & Development 2	31 508	2 828	16 614	21 005	(4 391)	-21%	31 508
Vote 7 - Social Services 1	2 535	–	196	1 690	(1 494)	-88%	2 535
Vote 8 - Social Services 2	18 106	–	0	12 071	(12 071)	-100%	18 106
Total Capital single-year expenditure	63 069	2 828	17 343	42 046	**(24 703)**	**-59%**	63 069
Total Capital Expenditure	**63 069**	**2 828**	**17 343**	**42 046**	**(24 703)**	**-59%**	**63 069**
Capital Expenditure - Standard Classification							
Governance and administration	**1 375**	–	**22**	**917**	(894)	-98%	**1 375**
Executive and council	30		–	20	(20)	-100%	30
Budget and treasury office	640		–	427	(427)	-100%	640
Corporate services	705		22	470	(448)	-95%	705
Community and public safety	**13 186**	–	**115**	**8 791**	(8 676)	-99%	**13 186**
Community and social services	2 500		71	1 667	(1 596)	-96%	2 500
Sport and recreation	9 821		–	6 548	(6 548)	-100%	9 821
Public safety	865		45	577	(532)	-92%	865
Economic and environmental services	**5 425**	–	**163**	**3 617**	(3 454)	-95%	**5 425**
Planning and development	1 470		81	980	(899)	-92%	1 470
Environmental protection	3 955		81	2 637	(2 555)	-97%	3 955
Trading services	**43 081**	**2 828**	**17 043**	**28 721**	(11 678)	-41%	**43 081**
Electricity	8 074		428	5 382	(4 954)	-92%	8 074
Water	2 750		706	1 833	(1 127)	-61%	2 750
Waste water management	28 758	2 828	15 908	19 172	(3 264)	-17%	28 758
Waste management	3 500		–	2 333	(2 333)	-100%	3 500
Total Capital Expenditure - Standard Classification	**63 069**	**2 828**	**17 343**	**42 046**	**(24 703)**	**-59%**	**63 069**
Funded by:							
National Government	34 810	2 828	15 991	23 206	(7 215)	-31%	34 810
Provincial Government	2 000		–	1 333	(1 333)	-100%	2 000
Other transfers and grants	1 574		–	1 049	(1 049)	-100%	1 574
Transfers recognised - capital	**38 383**	**2 828**	**15 991**	**25 589**	**(9 597)**	**-38%**	**38 383**
Internally generated funds	24 685		1 352	16 457	(15 105)	-92%	24 685
Total Capital Funding	63 069	2 828	17 343	42 046	**(24 703)**	**-59%**	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 – M08 February 2017

Description	Budget Year 2016/17		
	Original Budget	YearTD actual	Full Year Forecast
R thousands			
ASSETS			
Current assets			
Cash	3 000	7 852	3 000
Call investment deposits	26 045	112 948	26 045
Consumer debtors	49 675	49 516	49 675
Other debtors	43 668	28 302	43 668
Current portion of long-term receivables	8		8
Inventory	4 845	6 327	4 845
Total current assets	**127 241**	**204 944**	**127 241**
Non current assets			
Long-term receivables	113		113
Investments	–		–
Investment property	63 705	120	63 705
Investments in Associate	–		–
Property, plant and equipment	2 649 006	2 467 279	2 649 006
Agricultural	–		–
Biological assets	–		–
Intangible assets	101	61 354	101
Other non-current assets	–		–
Total non current assets	**2 712 925**	**2 528 753**	**2 712 925**
TOTAL ASSETS	**2 840 166**	**2 733 697**	**2 840 166**
LIABILITIES			
Current liabilities			
Bank overdraft	–		–
Borrowing	7 303	3 970	7 303
Consumer deposits	9 330	10 002	9 330
Trade and other payables	94 113	94 381	94 113
Provisions	29 995	35 930	29 995
Total current liabilities	**140 740**	**144 284**	**140 740**
Non current liabilities			
Borrowing	36 734	45 199	36 734
Provisions	100 662	105 663	100 662
Total non current liabilities	**137 395**	**150 862**	**137 395**
TOTAL LIABILITIES	**278 136**	**295 146**	**278 136**
NET ASSETS	**2 562 031**	**2 438 551**	**2 562 031**
COMMUNITY WEALTH/EQUITY			
Accumulated Surplus/(Deficit)	2 562 031	2 438 551	2 562 031
Reserves	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	**2 562 031**	**2 438 551**	**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 – M08 February 2017

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates, penalties & collection charges	139 650	8 949	113 462	81 462	32 000	39%	139 650
Service charges	335 414	25 766	199 343	195 658	3 684	2%	335 414
Other revenue	23 605	9 364	88 557	13 770	74 787	543%	23 605
Government - operating	100 681	317	70 154	58 731	11 423	19%	100 681
Government - capital	38 383		36 648	22 390	14 258	64%	38 383
Interest	7 500	1 378	10 800	4 375	6 425	147%	7 500
Dividends	–		–	–	–		–
Payments							
Suppliers and employees	(567 867)	(61 002)	(448 335)	(331 256)	117 079	-35%	(567 867)
Finance charges	(4 463)	(337)	(3 043)	(2 603)	439	-17%	(4 463)
Transfers and Grants	(580)		–	(338)	(338)	100%	(580)
NET CASH FROM/(USED) OPERATING ACTIVITIES	72 324	(15 564)	67 586	42 189	(25 397)	-60%	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)	(2 828)	(21 379)	(36 790)	(15 411)	42%	(63 069)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(63 069)	(2 828)	(21 379)	(36 790)	(15 411)	42%	(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)	(515)	(3 769)	(4 260)	(491)	12%	(7 303)

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 303)	(515)	(3 769)	(4 260)	(491)	12%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	1 953	(18 907)	42 438	1 139			1 953
Cash/cash equivalents at beginning:	27 092		78 361	27 092			78 361
Cash/cash equivalents at month/year end:	29 045		120 799	28 231			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 28 February 2017.

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 28 February 2017

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	7 469	956	951	746	653	572	4 053	19 120	34 521
Trade and Other Receivables from Exchange Transactions - Electricity	17 976	921	651	448	351	255	2 337	6 432	29 372
Receivables from Non-exchange Transactions - Property Rates	8 118	664	520	375	447	387	8 188	17 556	36 256
Receivables from Exchange Transactions - Waste Water Management	4 416	514	370	390	342	307	1 946	8 662	16 948
Receivables from Exchange Transactions - Waste Management	2 878	505	426	385	379	353	1 675	10 856	17 456
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	63	58	84	77	96	99	1 226	14 929	16 632
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(11 891)	269	771	246	381	179	1 515	6 442	(2 086)
Total By Income Source	**29 029**	**3 887**	**3 774**	**2 667**	**2 649**	**2 152**	**20 940**	**83 998**	**149 098**
									–
Debtors Age Analysis By Customer Group									
Organs of State	526	240	210	124	27	22	980	1 330	3 458
Commercial	5 044	200	167	107	109	93	1 095	2 144	8 960
Households	23 459	3 447	3 397	2 437	2 513	2 037	18 866	80 524	136 681
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**29 029**	**3 887**	**3 774**	**2 667**	**2 649**	**2 152**	**20 940**	**83 998**	**149 098**

The aforementioned analysis indicates that from 30 June 2016 to 28 February 2017, the overdue debts have increased from R 106,042 million to R 120,069 million, as follows:

R thousands	**OVERDUE AMOUNTS AS AT**		
Debtors Age Analysis By Income Source	**30-Jun-16**	**28-Feb-17**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	28 117	27 051	(1 066)
Trade and Other Receivables from Exchange Transactions - Electricity	11 930	11 395	(535)
Receivables from Non-exchange Transactions - Property Rates	27 460	28 138	678
Receivables from Exchange Transactions - Waste Water Management	12 788	12 532	(256)
Receivables from Exchange Transactions - Waste Management	15 675	14 578	(1 097)
Receivables from Exchange Transactions - Property Rental Debtors	–	1	1
Interest on Arrear Debtor Accounts	–	16 569	16 569
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 073	9 805	(268)
Total By Income Source	**106 042**	**120 069**	**14 027**
Debtors Age Analysis By Customer Group			
Organs of State	1 764	2 932	1 168
Commercial	4 271	3 915	(356)
Households	100 007	113 222	13 215
Other	–	–	–
Total By Customer Group	**106 042**	**120 069**	**14 027**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2016/17								
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	15 559	–	–	–	–	–	–	–	15 559
Bulk Water	1	1	(40)	–	(724)	–	46 010	–	45 249
PAYE deductions	–	–	–	–	–	–	–	–	–
VAT (output less input)	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	2 815	–	–	–	–	–	–	–	2 815
Loan repayments	–	–	–	–	–	–	–	–	–
Trade Creditors	1 320	1 008	35	82	9	24	(9)	9 624	12 093
Auditor General	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total By Customer Type	**19 695**	**1 009**	**(5)**	**82**	**(715)**	**24**	**46 001**	**9 624**	**75 715**

The above amounts represent invoices still to be paid. The major creditors as at 28 February 2017 are as follows:

Department of Transport	R 9,184 million
Eskom	R 15,559 million
NMBM (Bulk water)	R 45,249 million
Pension Fund Deductions	R 2,815 million
Other Creditors	R 2,908 million
TOTAL	**R 75,715 million**

It is to be noted that the Eskom amount of R 15,559 million, represents the current account for February 2017, which was fully paid on 10 March 2017.

The pension fund deductions represent employee related costs for the month of February 2017, with the amounts in question being paid on 7 March 2017 to the relevant service provider.

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 28 February 2017.

	Balance as at 30 June 2016	Invested	Interest	Withdrawal	Adjustments	Balance as at 28 February 2017
Standard Bank	-	20 000 000	784 145	-	-	20 784 145
ABSA	21 187 482	-	738 319	6 000 000	440	15 925 361
Nedbank	236 110	16 251 293	432 611	251 293	-	16 668 720
RMB	29 341 733	59 816 034	976 921	56 762 562	-	33 372 125
INVESTEC	25 032 842	-	1 164 437	-	-	26 197 279
Total	**75 798 167**	**96 067 327**	**4 096 432**	**(63 013 856)**	**(440)**	**112 947 631**
INVESTMENT BY TYPE	**Balance as at 30 June 2016**	**Invested**	**Interest**	**Withdrawal**	**Adjustments**	**Balance as at 28 February 2017**
General Account	50 402 544	43 456 475	3 266 985	10 008 218	440	94 281 683
Collateral	228 000	-	15 074	243 075	-	
Conditional Grants	16 016 310	52 288 552	659 445	43 726 968	-	18 665 948
Housing Funds	9 151 312	322 300	154 928	9 035 594	-	
Total	**75 798 167**	**96 067 327**	**4 096 432**	**(63 013 856)**	**(440)**	**112 947 631**
Bank	2 563 104	5 288 702				7 851 806
Total	**78 361 271**	**101 356 028**	**4 096 432**	**(63 013 856)**	**(440)**	**120 799 436**

The increase in the investment portfolio since 30 June 2016 amounts to R 42,438,165. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 7,851,806
Short-term Investment Deposits	R 112,947,631
	R 120,799,436

Application of Cash

Unspent Conditional Grants	18,665,948
Outstanding Creditors Liability	75,715,326
Internally Generated Funding	23,411,705
	R 117,792,979
Reserves in excess of Commitments	**R 3,006,457**

The cash backed reserves exceed the commitments at this stage by an amount of R 3,006,457. It should be noted that the excess of reserves over commitments as at 28 February 2017, is mainly due to an amount of R 29,297,000 in respect of the Equitable Share allocation being received on 1 December 2016, but not yet fully spent.

These funds are already committed towards spending in the 2016/17 Operating budget.

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M08 February 2017

Description	Budget Year 2016/17						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
RECEIPTS:							
Operating Transfers and Grants							
National Government:	95 820	317	71 670	71 670	–		95 820
Local Government Equitable Share	91 622	–	67 472	67 472	–		91 622
Finance Management	1 625	–	1 625	1 625			1 625
EPWP Incentive	1 057	317	1 057	1 057			1 057
MIG - Admin	1 516	–	1 516	1 516			1 516
Total Operating Transfers and Grants	95 820	317	71 670	71 670	–		95 820
Capital Transfers and Grants							
National Government:	34 810	–	34 810	34 810	–		34 810
Municipal Infrastructure Grant (MIG)	28 810	–	28 810	28 810	–		28 810
Integrated National Electrification Programme	6 000	–	6 000	6 000	–		6 000
Total Capital Transfers and Grants	34 810	–	34 810	34 810	–		34 810
TOTAL RECEIPTS OF TRANSFERS & GRANTS	130 630	317	106 480	106 480	–		130 630

Below is an analysis of the spending associated with the grants as at 28 February 2017:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M08 February 2017

Description	Budget Year 2016/17						
	Original 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:	95 820	54	70 404	70 993	(589)	-0.8%	95 820
Local Government Equitable Share	91 622		67 472	67 472	–		91 622
Finance Management	1 625	54	359	948	(589)	-62.2%	1 625
EPWP Incentive	1 057		1 057	1 057	–		1 057
MIG - Admin	1 516		1 516	1 516	–		1 516
Total operating expenditure of Transfers and Grants:	95 820	54	70 404	70 993	(589)	-0.8%	95 820
Capital expenditure of Transfers and Grants							
National Government:	34 810	3 224	17 410	20 564	(3 154)	-15.3%	34 810
Municipal Infrastructure Grant (MIG)	28 810	3 224	17 064	17 064	–		28 810
Integrated National Electrification Programme	6 000	–	346	3 500	(3 154)	-90.1%	6 000
Total capital expenditure of Transfers and Grants	34 810	3 224	17 410	20 564	(3 154)	-15.3%	34 810
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	130 630	3 278	87 814	91 557	(3 743)	-4.1%	130 630

Note: The equitable share allocation is utilised 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 358,554
Unspent as at 28 February 2017:	R 1,266,446

The spending of the grant amounted to 22.06% as at 28 February 2017, 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 1,057,000
Expenditure to date:	R 1,057,000
Unspent as at 28 February 2017:	R 0.00

The spending of the grant amounted to 100% as at 28 February 2017, 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 28,809,700
Expenditure to date:	R 17,063,916
Unspent as at 28 February 2017:	R 11,745,784

The spending of the grant amounted to 59.23% as at 28 February 2017, 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 28 February 2017: R 5,653,718

The spending of the grant amounted to 5.77% as at 28 February 2017, 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 – M08 February 2017

Summary of Employee and Councillor remuneration	Budget Year 2016/17						
	Original 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	598	4 746	5 122	(376)	-7%	7 683
Motor Vehicle Allowance	2 562	199	1 581	1 708	(127)	-7%	2 562
Cellphone Allowance	759	59	478	506	(28)	-6%	759
Other benefits and allowances		12	117	–	117		
Sub Total - Councillors	**11 004**	**869**	**6 923**	**7 336**	**(413)**	**-6%**	**11 004**
Senior Managers of the Municipality							
Basic Salaries and Wages	6 045	1 397	11 179	4 030	7 150	177%	6 045
Motor Vehicle Allowance	723	48	384	482	(98)	-20%	723
Sub Total - Senior Managers of Municipality	**6 768**	**1 445**	**11 563**	**4 512**	**7 051**	**156%**	**6 768**
Other Municipal Staff							
Basic Salaries and Wages	140 636	10 273	80 877	93 757	(12 880)	-14%	140 636
Pension and UIF Contributions	23 720	1 830	14 842	15 813	(971)	-6%	23 720
Medical Aid Contributions	12 734	1 070	7 993	8 489	(496)	-6%	12 734
Overtime	9 454	1 206	7 769	6 302	1 466	23%	9 454
Performance Bonus	11 764	82	10 735	7 843	2 892	37%	11 764
Motor Vehicle Allowance	7 938	589	4 741	5 292	(551)	-10%	7 938
Housing Allowances	584	157	1 286	389	12 656	3253%	584
Other benefits and allowances	18 796	1 532	13 046	12 531			18 796
Long service awards	809	35	390	540	(149)	-28%	809
Sub Total - Other Municipal Staff	**226 434**	**16 774**	**141 678**	**150 956**	**(9 277)**	**-6%**	**226 434**
Total Parent Municipality	**244 205**	**19 089**	**160 164**	**162 804**	**(2 639)**	**-2%**	**244 205**
TOTAL SALARY, ALLOWANCES & BENEFITS	**244 205**	**19 089**	**160 164**	**162 804**	**(2 639)**	**-2%**	**244 205**
TOTAL MANAGERS AND STAFF	**233 201**	**18 219**	**153 242**	**155 468**	**(2 226)**	**-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 28 February 2017**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.50%	3.67%	1,71%	1.60%
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	0.05	0.04	0.02	0.02
Liquidity								
Current Ratio	Current assets / current liabilities	1.46	0.54	0.54	0.72	0.85	0.90	1.42
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.22	0.40	0.21	0.84
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	97.60%	94.00%	96.57

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 28 February 2017
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	0.82	1.60	0.61	2.21
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	35.70%	35.62%	33.98%	35.96%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	81.97%	95.00%	27.46%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.46%	4.61%	5.24%	4.42%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.06%	1.17%	1.36%	0.76%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	89.98%	87.04%	87.21%	69.55%	74.74%	84.20%	83.90%

The above table is discussed in details below.

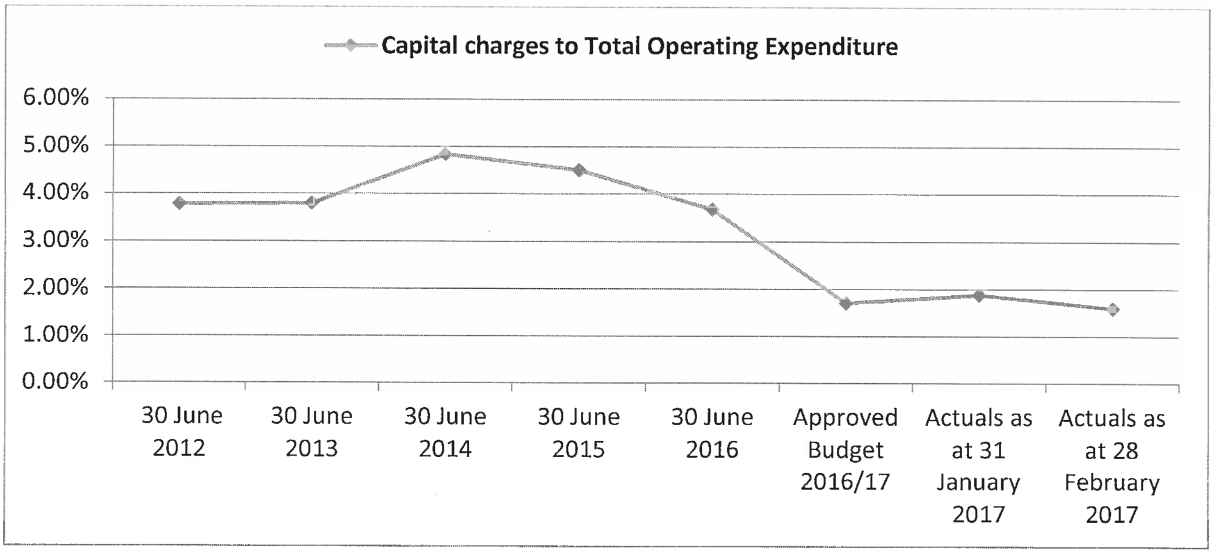
6.1. Borrowing Management

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 1.60% of the Total Operating Expenditure was utilised for capital charges as at 28 February 2017, 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.

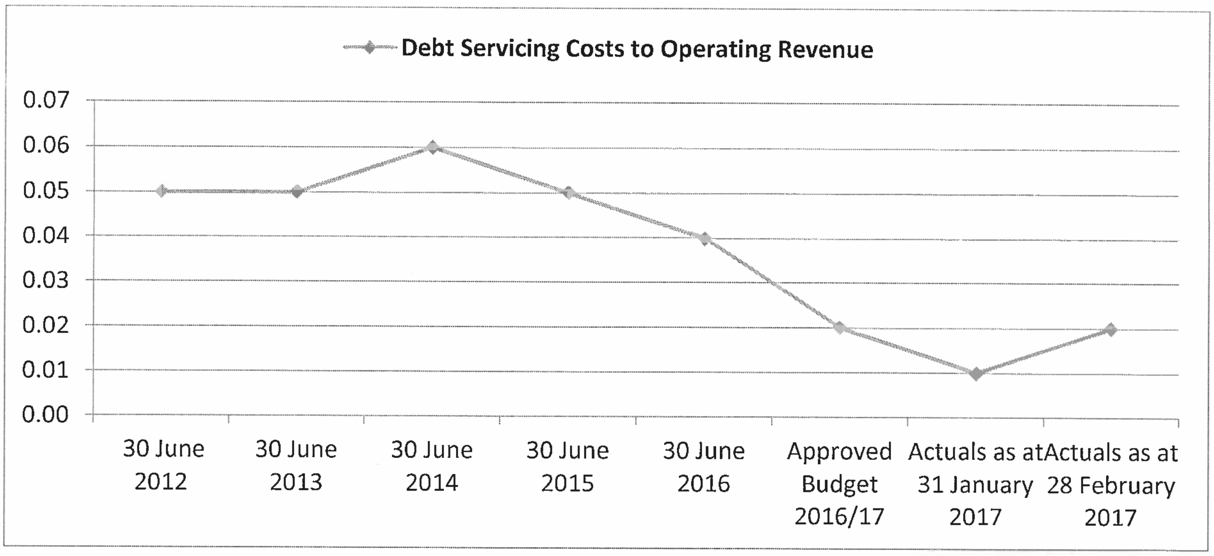
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 28 February 2017, 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:

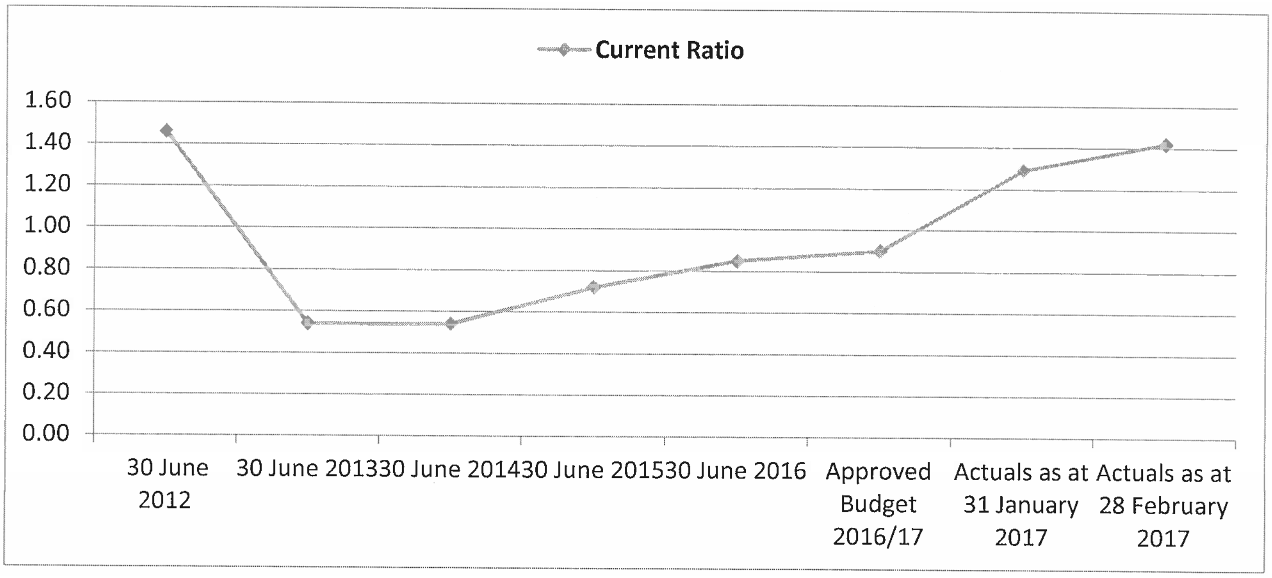
Current assets/Current liabilities

The ratio as at 28 February 2017 was 1.42:1, 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

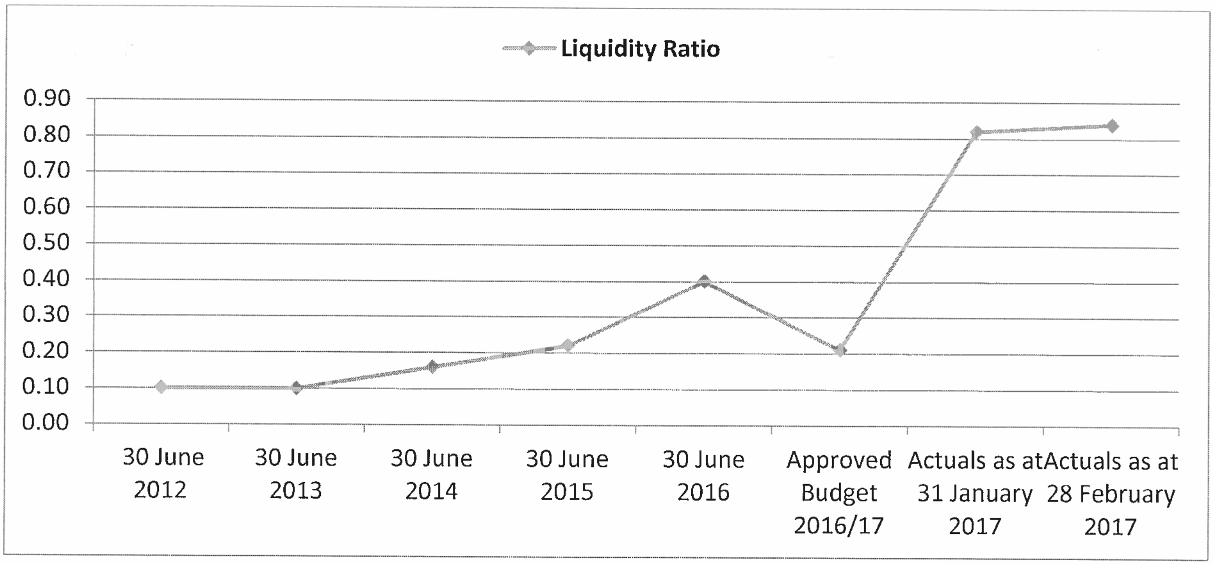
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 28 February 2017 was 0.84:1, 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

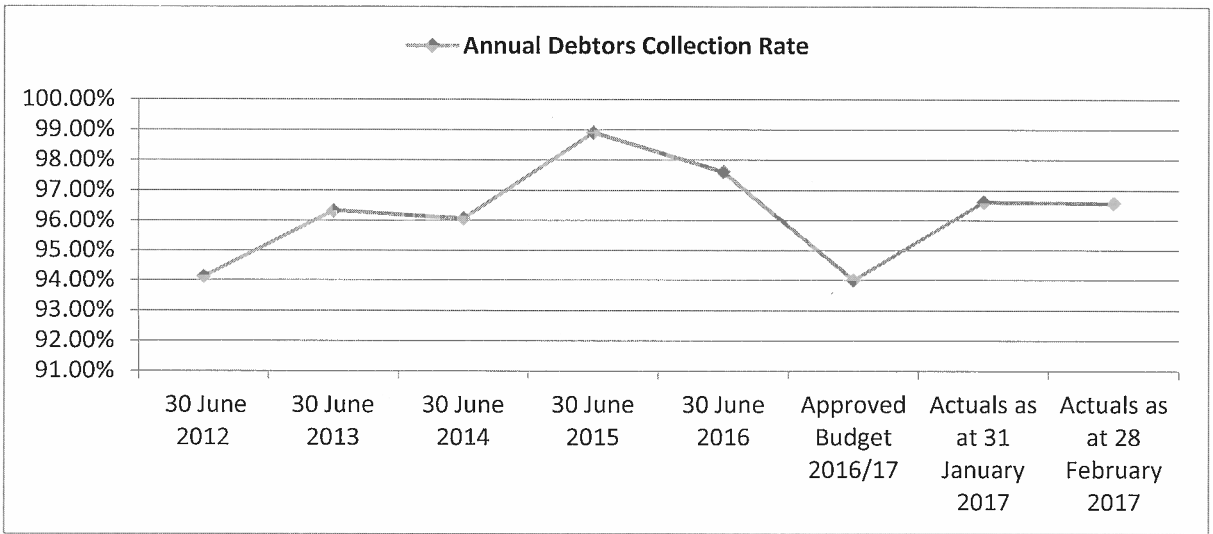
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 28 February 2017 was 96.57%, 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.

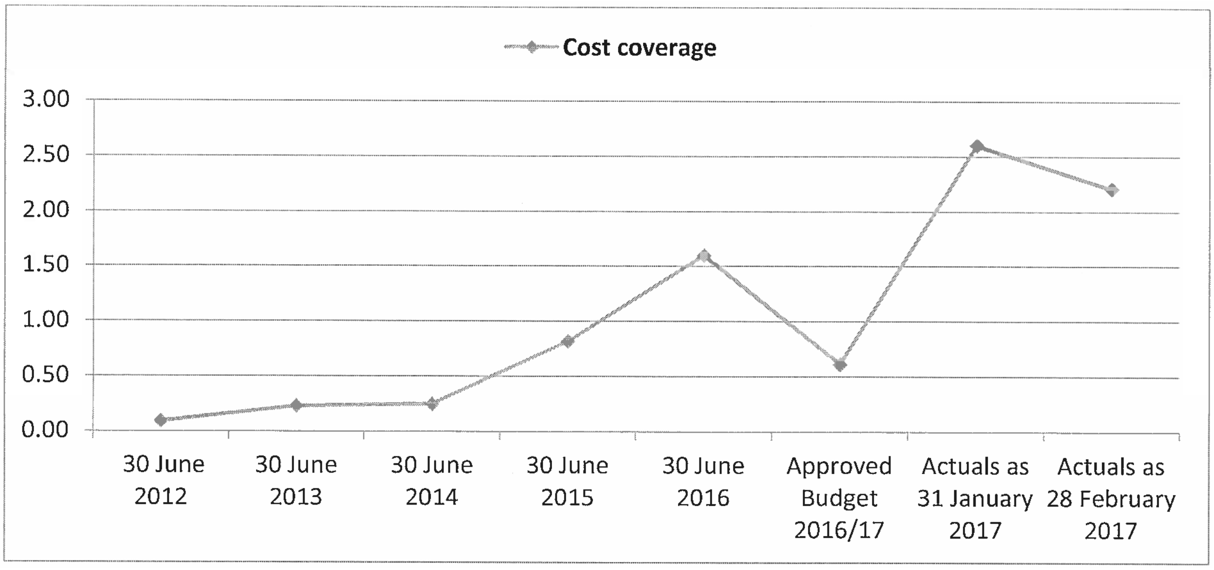
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 28 February 2017, the Ratio was 2.21 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



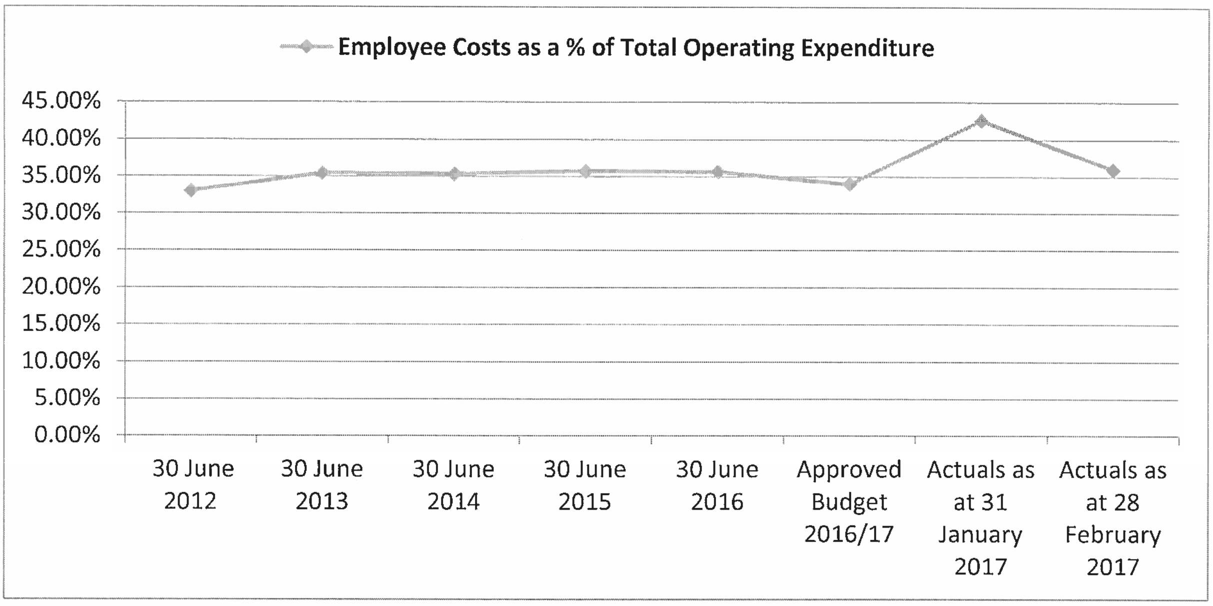
6.4.2. Employee costs as a % of Total Operating Expenditure

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 28 February 2017, Employee Related Costs constituted 35.96% of the Total Operating Expenditure, compared to the budgeted ratio of 33.98%.



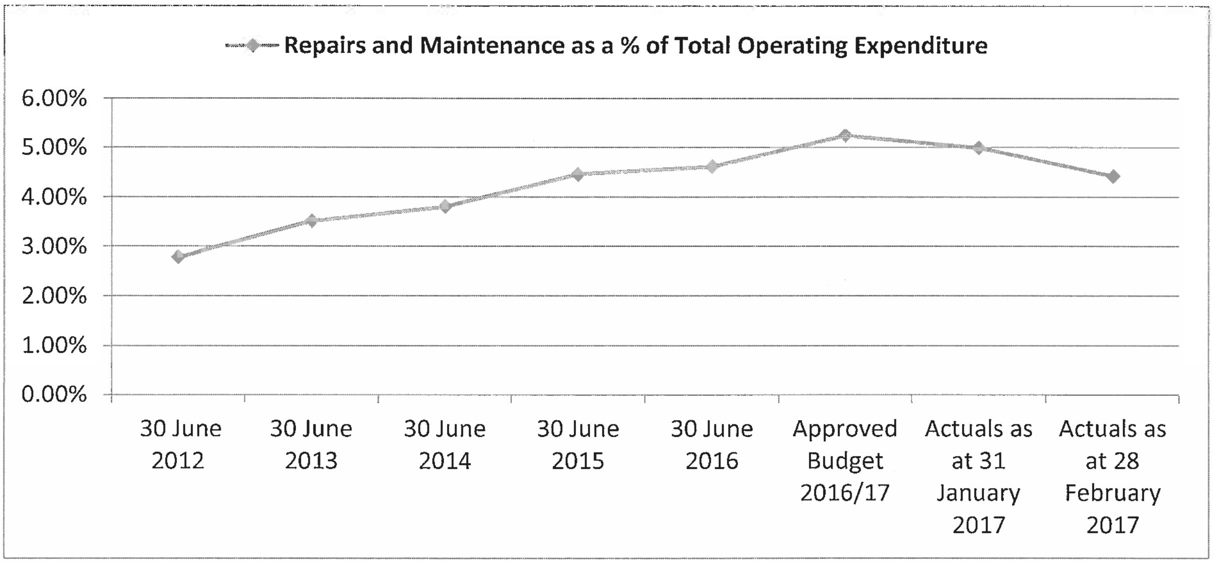
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 28 February 2017, the ratio was 4.42%, 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)

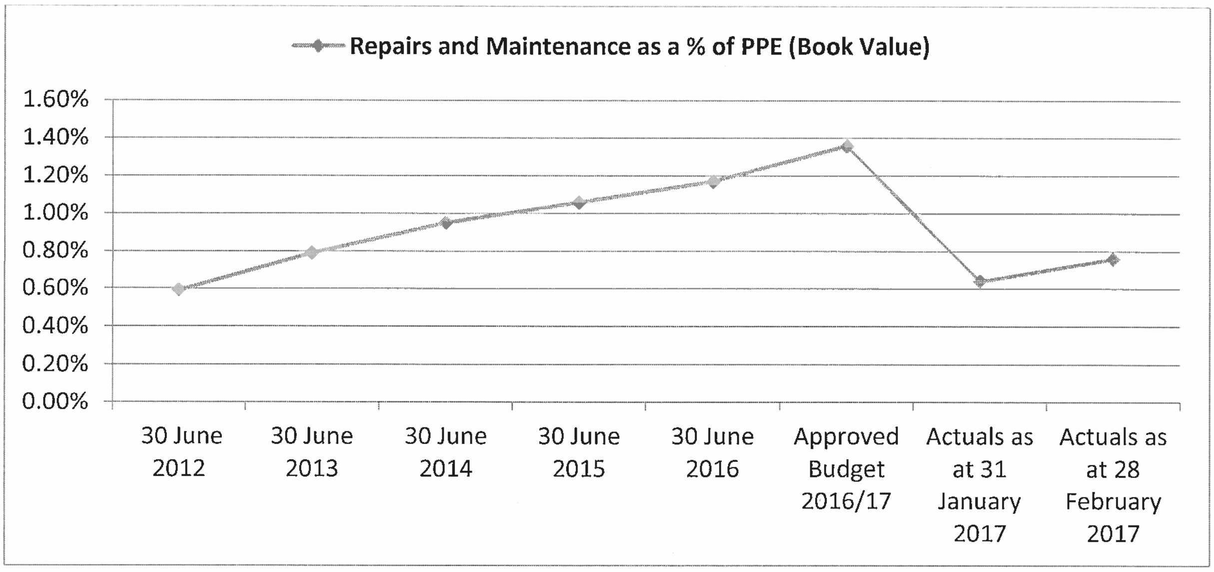
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 28 February 2017, repairs and maintenance expenditure constituted 0.76% 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%.



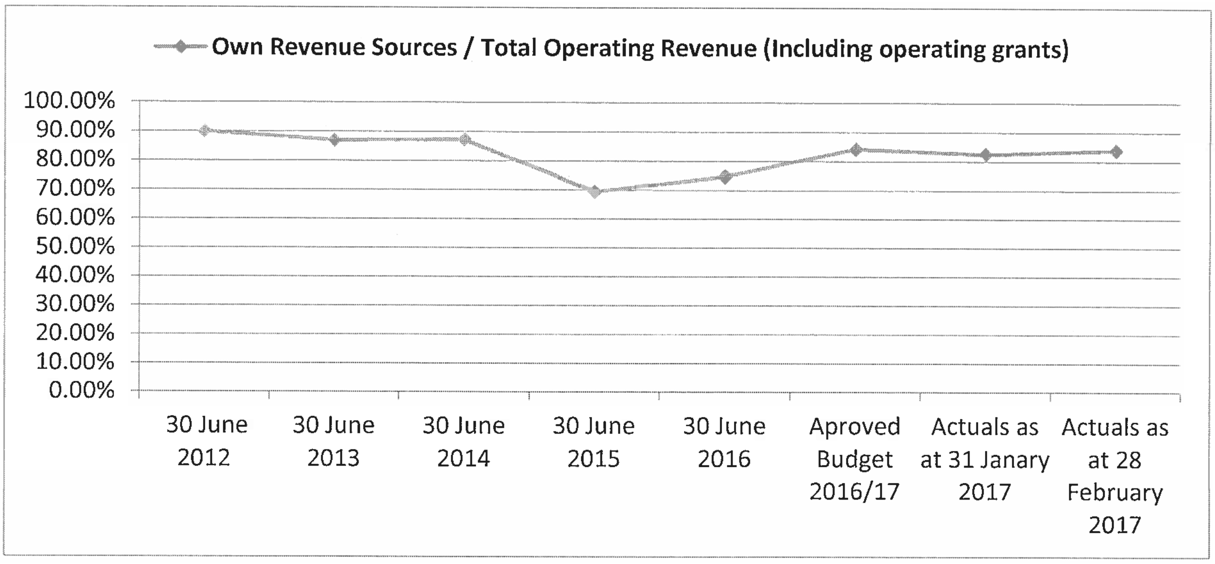
6.4.5. Own Revenue Generation

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 28 February 2017, the Municipality's own revenue sources constituted 83.90% 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 February 2017 amounted to 27.46%, compared to the budgeted ratio of 95%.