KOUGA MUNICIPALITY (EC108)

FINANCE

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2016 TO MAY 2017 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 MAY 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 ongoing basis whether it collects sufficient revenue to meet its commitments, such as paying Employees, Councillors, Eskom, Nelson Mandela Bay Municipality, service providers etc.

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

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

1.3 EXECUTIVE SUMMARY

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2016 to May 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 585,526 million, whilst operating expenditure amounted to R 576,020 million, resulting in an operating surplus of R 9,506 million. This is influenced by the accounting treatment of the bad debts provision.

- Capital expenditure constituted 38.87% of the approved 2016/17 Adjusted Capital Budget.
- Overdue consumer debts increased by R 13,120 million (12.37%) since June 2016.
- An amount of R 75,710 million is owing to creditors, of which R 21,752 million (28.73%) represents current creditors.
- The municipality's investment portfolio has increased by R 49,866,376 (63.64%) since June 2016, from R 78,361,271 to R 128,227,647.

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 31 May 2017	2016/17 Adjusted Budget
Current Ratio	0.54:1	0.54:1	0.72:1	0.85:1	1.48:1	0.98:1
Liquidity Ratio	0.10:1	0.16:1	0.22:1	0.40:1	0.89:1	0.44:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.82 months	1.60 months	2.43 months	1.41 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 31 May 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. RECOMMENDATION

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

Report submitted by

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Mr. Charl Du Plessis (Municipal Manager)

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

1.1. Municipal Manager's Quality Certificate

I CHARL DU PLESSIS, 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 CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipality

Signature ______________________

Date 14 JUNE 2017

Annexure "A1"

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

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

Item Description	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
OPERATING REVENUE			
Propert Rates	148 671 261	140 526 994	94.52%
Total Service Charges	351 454 658	311 887 156	88.74%
Service charges - electricity	223 745 356	195 677 558	87.46%
Service charges - water	53 284 419	47 734 456	89.58%
Service charges - sewerage & sanitation	37 217 215	34 309 251	92.19%
Service charges - refuse	25 148 958	22 990 269	91.42%
Service charges - environmental management	12 058 710	11 175 622	92.68%
Rental of Facilities and Equipment	1 200 364	1 097 554	91.44%
Interest Earned - External Investments	6 787 662	6 153 018	90.65%
Interest Earned - Outstanding Debtors	7 536 296	7 572 241	100.48%
Fines	3 459 377	2 970 427	85.87%
Licences and Permits	8 050 017	7 153 467	88.86%
Grants & Subsidies Received - Operating	101 003 708	97 339 549	96.37%
Other Revenue	11 232 805	10 825 416	96.37%
Total Direct Operating Revenue	**639 396 148**	**585 525 823**	**91.57%**
OPERATING EXPENDITURE			
Employee Related Costs	229 366 288	206 416 357	89.99%
Remuneration of Councillors	10 917 309	10 120 986	92.71%
Bad Debts	30 007 555	-	0.00%
Depreciation & Asset Impairment	83 123 168	76 752 641	92.34%
Repairs & Maintenance - Municipal Assets	33 193 202	27 037 057	81.45%
Finance Charges - External Borrowings	4 462 808	3 421 675	76.67%
Total Bulk Purchases	221 875 282	195 408 876	88.07%
Bulk purchases - electricity	186 660 586	165 357 919	88.59%
Bulk purchases - water	35 214 696	30 050 957	85.34%
Contracted Services	14 530 925	12 159 214	83.68%
Transfers and Grants	1 080 000	435 000	40.28%
General Expenses - Other	66 982 982	44 267 816	66.09%
Total Direct Operating Expenditure	**695 539 518**	**576 019 623**	**82.82%**
Surplus/(Deficit)	**-56 143 370**	**9 506 200**	

The statement of financial performance indicates a surplus of R 9,506,200. This is influenced by the accounting treatment of the bad debts provision.

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

Revenue Variations

Property Rates

As at 30 April 2017, the Municipality has recognised 94.52% 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 31 May 2017 amounted to R 119,163 million.

Expenditure Variations

Bad Debts

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

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 Adjusted Budget.

Directorate	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
Administration, Monitoring & Evaluation	414,680	873,863	210.73%
Finance	370,136	212,210	57.33%
Social Services	9,736,693	7,132,990	73.26%
Infrastructure, Planning & Development	22,551,693	18,731,739	83.06%
LED, Tourism & Creative Industries	120,000	86,255	71.88%
Total	**33,193,202**	**27,037,057**	**81.45%**

It is to be noted that actual repairs and maintenance expenditure constituted 81.45% of the approved 2016/17 Adjusted Budget.

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

ADMINISTRATION, MONITORING & EVALUATION	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
R&M Buildings and Properties	300 000	5 478	1.83%
R&M Furniture and Office Equipment	-	798 264	
R&M Vehicles (Non-VAT)	114 680	70 122	61.15%
Total	**414 680**	**873 863**	**210.73%**

FINANCIAL SERVICES	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
R&M Buildings and Properties	105 009	19 251	18.33%
R&M Equipment	44 444	-	0.00%
R&M Plant/Machinery	2 858	-	0.00%
R&M Furniture and Office Equipment	-	115 413	
R&M Tools and Equipment	28 009	-	0.00%
R&M Vehicles	173 878	74 033	42.58%
R&M Vehicles (Non-VAT)	15 938	3 513	22.05%
Total	**370 136**	**212 210**	**57.33%**

SOCIAL SERVICES	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
R&M Buildings and Properties	939 200	513 015	54.62%
R&M Bush Clearing	1 480	1 212	81.90%
R&M Canals	2 251 391	2 250 131	99.94%
R&M Equipment	144 000	34 954	24.27%
R&M Erosion	100 000	-	0.00%
R&M Fire Extinguishers	20 000	16 300	81.50%
R&M Furniture and Office Equipment	60 549	212 637	351.18%
R&M Grounds	60 000	840	1.40%
R&M Plant/Machinery	364 873	280 596	76.90%
R&M Radio Equipment	110 000	10 922	9.93%
R&M Rehabilitation of Refuse Sites	400 000	-	0.00%
R&M Replace Crockery	10 000	-	0.00%
R&M Road Painting	200 000	162 553	81.28%
R&M Signboards	103 109	22 162	21.49%
R&M Tools and Equipment	21 310	9 095	42.68%
R&M Traffic Road Signs	200 000	144 898	72.45%
R&M Vehicles	3 931 787	2 939 261	74.76%
R&M Vehicles (Non-VAT)	318 995	273 918	85.87%
R&M Waste Sites	500 000	260 495	52.10%
Total	**9 736 693**	**7 132 990**	**73.26%**

INFRASTRUCTURE, PLANNING & DEVELOPMENT	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
R&M Furniture and Office Equipment	-	62 589	0.00%
R&M Buildings and Properties	649 100	183 681	28.30%
R&M Vehicles	3 286 339	2 365 272	71.97%
R&M Sub Stations	1 000 000	46 142	4.61%
R&M Hankey/Patensie	100 000	50 851	50.85%
R&M Plant/Machinery	231 746	124 379	53.67%
R&M Fencing	40 000	1 186 440	2966.10%
Repair and Rehabilitation of Roads and Walkways	710 000	679 747	95.74%
R&M Street Lights	415 113	390 523	94.08%
R&M Vehicles (Non-VAT)	12 609	5 555	44.06%
R&M Reseal Roads	2 120 000	1 939 851	91.50%
R&M Signboards	1 645	127	7.73%
R&M Storm water	218 000	72 769	33.38%
R&M Street Nameplates	45 000	-	0.00%
R&M Streets	2 644 600	2 460 011	93.02%
R&M Tools and Equipment	12 900	3 537	27.42%
R&M Electrical Installations	570 800	354 070	62.03%
R&M Reticulation sewerage	1 900 000	1 758 780	92.57%
R&M Sewerage Pump Stations	920 000	829 867	90.20%
R&M Treatment Works - Sewerage	350 000	266 184	76.05%
R&M Pump stations and Boreholes	455 800	162 951	35.75%
R&M Reticulation water	2 390 000	2 225 282	93.11%
Total	**22 551 693**	**18 731 739**	**83.06%**

LED, TOURISM & INDUSTRIES	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
R&M Furniture and Office Equipment	30 000	-	0.00%
R&M Buildings and Properties	90 000	86 255	95.84%
Total	**120 000**	**86 255**	**71.88%**

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

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

Directorate	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
	R	R	
Administration, Monitoring & Evaluation	735,000	70,845	9.64%
Finance	1,023,970	2,760	0.27%
Social Services	15,480,000	565,345	3.65%
Infrastructure, Planning & Development	50,350,875	25,860,944	51.36%
LED, Tourism & Creative Industries	795,420	81,492	10.25%
Total	**68,385,265**	**26,581,387**	**38.87%**
Source of Funding	**Adjusted Budget 2016/17**	**Actuals as at 31 May 2017**	**% of Budget**
	R	R	
Internally Generated Funding	30,001,918	4,125,238	13.75%
Government Grants	38,383,347	22,456,149	58.50%
Total	**68,385,265**	**26,581,387**	**38.87%**

It is to be noted that an amount of R 26,581,387 has been spent as at 31 May 2017, compared to the approved adjusted capital budget of R 68,385,265.
This represents a spending performance of 38.87% relating to the approved Capital Adjusted Budget.

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

ADMINISTRATION, MONITORING & EVALUATION	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
Equipment	735 000	70 845	9.64%
Total	**735 000**	**70 845**	**9.64%**

FINANCIAL SERVICES	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
Equipment	1 023 970	2 760	0.27%
Total	**1 023 970**	**2 760**	**0.27%**

INFRASTRUCTURE, PLANNING AND DEVELOPMENT	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
Upgrading Melkhout to Jeffrey's Bay Main 66kv line	3 113 684	1 072 194	34.43%
Electrification of Donkerhoek	6 000 000	902 580	15.04%
Generator	450 000	392 350	87.19%
Upgrade Kruisfontein WWTW & Outfall Sewer	21 719 398	14 314 172	65.91%
Patensie Replacement of Digesters Ph 1	7 090 302	5 855 019	82.58%
Patensie Upgrade of WWTW	500 000	35 091	7.02%
New sewer pump at Cormorant Sewer Pump Station - Aston Bay	1 900 000	-	
Wavecrest Internal Sewer	4 877 490	2 159 724	44.28%
Pressure filters at Jeffrey's Bay Water Treatment Works	750 000	29 971	4.00%
Community water supply	2 000 000	706 000	35.30%
Fencing of Electricity Sub-Stations	500 000	-	
Fencing of Sewer Pump Stations	750 000	-	
Fencing of Water Reservoir	600 000	273 060	45.51%
Pressed Steel Reservoir-Hankey	-	120 785	
Equipment	100 000	-	
Total	**50 350 875**	**25 860 944**	**51.36%**

SOCIAL SERVICES	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
Furniture and equipment	1 570 000	298 966	19.04%
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	100 000	-	-
Acquisition of firefighting equipment	200 000	31 545	15.77%
Satellite fire station (Oyster Bay)	1 000 000	92 291	0.09
Celling of Weston library building	110 000	-	-
Mesh Truck	1 900 000	-	-
Transfer station Patensie	500 000	-	-
Thornhill Mini Transfer Station	350 000	-	-
Skip Truck	2 000 000	-	-
Skip bins	400 000	-	-
Oyster Bay Mini Transfer Station	450 000	-	-
Weston Transfer Station	350 000	-	-
2 x Compactor Trucks	4 900 000	-	-
Acquisition of grass cutting equipment	800 000	-	-
Total	**15 480 000**	**565 345**	**3.65%**

LED, TOURISM & CREATIVE INDUSTRIES	Adjusted Budget 2016/17	Actuals as at 31 May 2017	% of Budget
Office Equipment	90 000	23 992	26.66%
Buildings and Properties	631 420	-	
Fencing-Cultural Centre	74 000	57 500	77.70%
Total	**795 420**	**81 492**	**10.25%**

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2016/17 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 May 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 – M11 2017

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								%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	135 407	139 650	139 751	8 628	137 958	128 105	9 853	8%	139 751
Service charges	315 175	335 414	330 367	23 571	273 040	302 837	(29 797)	-10%	330 367
Other revenue	17 581	23 605	23 943	11 841	120 011	21 947	98 064	447%	23 943
Government - operating	170 188	100 681	101 004	–	93 061	93 061	–		101 004
Government - capital	–	38 383	38 383	–	43 648	43 648	–		38 383
Interest	8 338	7 500	14 324	1 206	14 852	13 130	1 722	13%	14 324
Dividends		–			–	–	–		–
Payments									
Suppliers and employees	(493 604)	(567 867)	(576 866)	(50 441)	(592 721)	(528 794)	63 927	-12%	(576 866)
Finance charges	(864)	(4 463)	(4 463)	(381)	(4 119)	(4 091)	29	-1%	(4 463)
Transfers and Grants		(580)	(1 080)		–	(990)	(990)	100%	(1 080)
NET CASH FROM/(USED) OPERATING ACTIVITIES	152 222	72 324	65 363	(5 577)	85 730	68 854	(16 876)	-25%	65 363
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	77	–				–	–		–
Decrease (Increase) in non-current debtors	–	–				–	–		–
Decrease (increase) other non-current receivables	8	–				–	–		–
Decrease (increase) in non-current investments		–				–	–		–
Payments									
Capital assets	(85 660)	(63 069)	(68 385)	(3 918)	(30 617)	(62 686)	(32 070)	51%	(68 385)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 575)	(63 069)	(68 385)	(3 918)	(30 617)	(62 686)	(32 070)	51%	(68 385)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–					–		–
Borrowing long term/refinancing		–					–		–
Increase (decrease) in consumer deposits		–					–		–
Payments									
Repayment of borrowing	(27 755)	(7 303)	(7 303)	(470)	(5 247)	(6 694)	(1 447)	22%	(7 303)

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								%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 755)	(7 303)	(7 303)	(470)	(5 247)	(6 694)	(1 447)	22%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	38 891	1 953	(10 325)	(9 964)	49 866	(526)			(10 325)
Cash/cash equivalents at beginning:	39 682	27 092	78 573		78 361	78 573			78 361
Cash/cash equivalents at month/year end:	78 573	29 045	68 249		128 228	78 047			68 037

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 May 2017 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M11 May 2017

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								%	
Financial Performance									
Property rates	135 339	148 563	148 671	8 012	140 527	136 282	4 245	3%	148 671
Service charges	326 546	356 824	351 455	40 110	311 887	322 167	(10 280)	-3%	351 455
Investment revenue	5 031	3 000	6 788	761	6 153	6 222	(69)	-1%	6 788
Transfers recognised - operational	137 377	100 681	101 004	–	97 340	97 340	–		101 004
Other own revenue	30 742	28 105	31 479	1 750	29 619	28 856	763	3%	31 479
Total Revenue (excluding capital transfers and contributions)	**635 036**	**637 174**	**639 396**	**50 634**	**585 526**	**590 866**	**(5 340)**	**-1%**	**639 396**
Employee costs	228 679	233 201	229 366	18 292	206 416	210 252	(3 836)	-2%	229 366
Remuneration of Councillors	10 514	11 004	10 917	927	10 121	10 008	113	1%	10 917
Depreciation & asset impairment	87 292	83 123	83 123	13 955	76 753	76 196	556	1%	83 123
Finance charges	9 128	4 463	4 463	3	3 422	4 091	(669)	-16%	4 463
Materials and bulk purchases	204 008	243 393	255 068	17 823	222 446	233 813	(11 367)	-5%	255 068
Transfers and grants	–	580	1 080	24	435	990	(555)	-56%	1 080
Other expenditure	102 336	110 592	111 521	8 608	56 427	102 228	(45 801)	-45%	111 521
Total Expenditure	**641 956**	**686 357**	**695 540**	**59 631**	**576 020**	**637 578**	**(61 558)**	**-10%**	**695 540**
Surplus/(Deficit)	**(6 920)**	**(49 182)**	**(56 143)**	**(8 997)**	**9 506**	**(46 712)**	**56 218**	**-120%**	**(56 143)**
Transfers recognised - capital	30 800	38 383	38 383	–	20 490	35 185	(14 695)	-42%	38 383
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**23 880**	**(10 799)**	**(17 760)**	**(8 997)**	**29 996**	**(11 527)**	**41 523**	**-360%**	**(17 760)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**23 880**	**(10 799)**	**(17 760)**	**(8 997)**	**29 996**	**(11 527)**	**41 523**	**-360%**	**(17 760)**
Capital expenditure & funds sources									
Capital expenditure	**85 660**	**63 069**	**68 385**	**3 918**	**26 581**	**62 686**	**(36 105)**	**-58%**	**68 385**
Capital transfers recognised	36 105	38 383	38 383	2 817	22 456	35 185	(12 729)	-36%	38 383
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**49 555**	**24 685**	**30 002**	**1 100**	**4 125**	**27 502**	**(23 377)**	**-85%**	**30 002**
Total sources of capital funds	**85 660**	**63 069**	**68 385**	**3 918**	**26 581**	**62 686**	**(36 105)**	**-58%**	**68 385**
Financial position									
Total current assets	166 562	127 241	152 993		212 952				152 993
Total non current assets	2 617 923	2 712 925	2 718 293		2 576 013				2 718 293
Total current liabilities	196 003	140 740	155 747		143 510				155 747
Total non current liabilities	177 825	137 395	137 395		171 536				137 395
Community wealth/Equity	**2 410 656**	**2 562 031**	**2 578 144**		**2 473 919**				**2 578 144**

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								%	
Cash flows									
Net cash from (used) operating	152 222	72 324	65 363	(5 577)	85 730	68 854	(16 876)	-25%	65 363
Net cash from (used) investing	(85 575)	(63 069)	(68 385)	(3 918)	(30 617)	(62 686)	(32 070)	51%	(68 385)
Net cash from (used) financing	(27 755)	(7 303)	(7 303)	(470)	(5 247)	(6 694)	(1 447)	22%	(7 303)
Cash/cash equivalents at the month/year end	**78 573**	**29 045**	**68 249**	**–**	**128 228**	**78 047**	**(50 181)**	**-64%**	**68 037**
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	24 155	4 680	3 336	2 930	2 182	2 770	20 241	83 024	143 317
Creditors Age Analysis									
Total Creditors	21 752	87	142	130	252	1	45 279	8 068	75 710

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) – M11 May 2017

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 - Standard									
Governance and administration	**228 032**	**247 403**	**254 219**	**9 350**	**245 431**	**233 034**	12 397	5%	**254 219**
Executive and council	34	–	–	–	4	–	4	#DIV/0!	–
Budget and treasury office	227 365	246 308	253 123	9 312	245 267	232 030	13 237	6%	253 123
Corporate services	633	1 096	1 096	38	160	1 004	(844)	-84%	1 096
Community and public safety	**23 638**	**24 181**	**23 267**	**814**	**18 771**	**21 328**	(2 557)	-12%	**23 267**
Community and social services	6 754	8 613	8 809	902	8 290	8 075	216	3%	8 809
Sport and recreation	3	4 321	4 322	–	1	3 962	(3 961)	-100%	4 322
Public safety	16 882	11 247	10 135	(88)	10 479	9 291	1 188	13%	10 135
Housing	–	–	–	–	–	–	–		–
Health	–	–	–	–	–	–	–		–
Economic and environmental services	**(25 133)**	**21 848**	**21 186**	**1 063**	**18 451**	**19 421**	(970)	-5%	**21 186**
Planning and development	6 232	5 881	6 610	205	5 090	6 059	(969)	-16%	6 610
Road transport	–	–	–	–	–	–	–		–
Environmental protection	(31 365)	15 967	14 577	858	13 361	13 362	(1)	0%	14 577
Trading services	**439 299**	**382 126**	**379 107**	**39 406**	**326 878**	**347 515**	(20 637)	-6%	**379 107**
Electricity	238 877	237 721	237 539	28 047	198 173	217 744	(19 571)	-9%	237 539
Water	80 288	55 533	55 766	6 479	51 432	51 119	313	1%	55 766
Waste water management	71 394	63 878	60 638	2 805	53 233	55 585	(2 352)	-4%	60 638
Waste management	48 740	24 994	25 164	2 075	24 040	23 067	973	4%	25 164
Other	–	–	–	–	–	–	–		–
Total Revenue - Standard	**665 836**	**675 558**	**677 779**	**50 634**	**609 530**	**621 298**	**(11 768)**	**-2%**	**677 779**
Expenditure - Standard									
Governance and administration	**121 856**	**131 745**	**127 292**	**13 712**	**107 710**	**116 685**	(8 974)	-8%	**127 292**
Executive and council	24 171	31 358	30 060	3 378	26 928	27 555	(628)	-2%	30 060
Budget and treasury office	50 744	52 808	50 587	5 925	38 472	46 372	(7 899)	-17%	50 587
Corporate services	46 941	47 578	46 645	4 409	42 310	42 758	(448)	-1%	46 645
Community and public safety	**89 303**	**89 446**	**93 659**	**8 950**	**87 583**	**85 854**	1 729	2%	**93 659**
Community and social services	52 601	47 341	49 255	5 300	50 520	45 150	5 370	12%	49 255
Sport and recreation	562	666	969	68	693	888	(195)	-22%	969
Public safety	33 228	37 718	39 527	3 372	33 317	36 233	(2 916)	-8%	39 527
Housing	2 912	3 722	3 909	209	3 053	3 583	(530)	-15%	3 909
Health	–	–	–	–	–	–	–		–
Economic and environmental services	**97 158**	**107 064**	**106 137**	**10 380**	**82 705**	**97 292**	(14 587)	-15%	**106 137**
Planning and development	86 704	96 295	95 213	9 787	75 688	87 278	(11 590)	-13%	95 213
Road transport	–	–	–	–	–	–	–		–

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								%	
Environmental protection	10 454	10 770	10 924	593	7 017	10 014	(2 997)	-30%	10 924
Trading services	**333 639**	**358 101**	**368 451**	**26 590**	**301 536**	**337 747**	(36 211)	-11%	**368 451**
Electricity	201 448	229 594	228 913	16 323	191 053	209 837	(18 784)	-9%	228 913
Water	61 936	55 826	69 099	3 976	51 500	63 340	(11 840)	-19%	69 099
Waste water management	40 244	41 421	39 804	4 151	33 667	36 487	(2 820)	-8%	39 804
Waste management	30 011	31 260	30 636	2 140	25 316	28 083	(2 767)	-10%	30 636
Other	–	–	–	–	–	–	–		–
Total Expenditure - Standard	**641 956**	**686 357**	**695 540**	**59 631**	**579 534**	**637 578**	**(58 044)**	**-9%**	**695 540**
Surplus/ (Deficit) for the year	**23 880**	**(10 799)**	**(17 760)**	**(8 997)**	**29 996**	**(16 280)**	**46 276**	**-284%**	**(17 760)**

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 – M11 May 2017

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	34	–	–	–	4	–	4		–
Vote 2 - Financial Services	227 299	246 308	253 123	9 312	245 267	232 030	13 237	5.7%	253 123
Vote 3 - Administration, Monitoring & Evaluation	305	508	508	4	20	466	(446)	-95.7%	508
Vote 4 - Led, Tourism & Creative Industries	1 523	1 440	1 440	–	–	1 320	(1 320)	-100.0%	1 440
Vote 5 - Infrastructure, Planning & Development 1	214 459	242 748	243 296	28 287	203 404	223 021	(19 617)	-8.8%	243 296
Vote 6 - Infrastructure, Planning & Development 2	159 848	119 411	116 404	9 284	104 665	106 704	(2 039)	-1.9%	116 404
Vote 7 - Social Services 1	8 769	7 435	7 437	800	8 168	6 818	1 350	19.8%	7 437
Vote 8 - Social Services 2	53 600	57 707	55 570	2 948	48 003	50 939	(2 936)	-5.8%	55 570
Total Revenue by Vote	**665 836**	**675 558**	**677 779**	**50 634**	**609 530**	**621 298**	**(11 768)**	**-1.9%**	**677 779**
Expenditure by Vote									
Vote 1 - Executive & Council	24 171	31 358	30 060	3 378	26 928	27 555	(628)	-2.3%	30 060
Vote 2 - Financial Services	55 567	59 197	55 113	6 153	42 147	50 521	(8 374)	-16.6%	55 113
Vote 3 - Administration, Monitoring & Evaluation	31 108	33 253	34 529	3 427	30 622	31 651	(1 029)	-3.3%	34 529
Vote 4 - Led, Tourism & Creative Industries	9 173	11 081	11 081	607	7 998	10 157	(2 159)	-21.3%	11 081
Vote 5 - Infrastructure, Planning & Development 1	293 047	326 705	324 817	26 487	269 997	297 749	(27 752)	-9.3%	324 817
Vote 6 - Infrastructure, Planning & Development 2	102 181	97 248	108 902	8 127	85 167	99 827	(14 660)	-14.7%	108 902
Vote 7 - Social Services 1	30 929	35 317	38 633	3 099	31 411	35 414	(4 003)	-11.3%	38 633
Vote 8 - Social Services 2	95 780	92 199	92 404	8 354	85 264	84 704	560	0.7%	92 404
Total Expenditure by Vote	**641 956**	**686 357**	**695 540**	**59 631**	**579 534**	**637 578**	**(58 044)**	**-9.1%**	**695 540**
Surplus/ (Deficit) for the year	**23 880**	**(10 799)**	**(17 760)**	**(8 997)**	**29 996**	**(16 280)**	**46 276**	**-284.2%**	**(17 760)**

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) – M11 May 2017

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 Source									
Property rates	135 339	148 563	148 671	8 012	140 527	136 282	4 245	3%	148 671
Property rates - penalties & collection charges		–	–	–	–	–	–		–
Service charges - electricity revenue	234 162	224 482	223 745	27 954	195 678	205 100	(9 422)	-5%	223 745
Service charges - water revenue	37 380	53 124	53 284	6 425	47 734	48 844	(1 110)	-2%	53 284
Service charges - sanitation revenue	40 541	40 787	37 217	2 805	34 309	34 116	193	1%	37 217
Service charges - refuse revenue	48 735	24 979	25 149	2 075	22 990	23 053	(63)	0%	25 149
Service charges - other	(34 273)	13 451	12 059	852	11 176	11 054	122	1%	12 059
Rental of facilities and equipment	744	591	1 200	36	1 098	1 100	(3)	0%	1 200
Interest earned - external investments	5 031	3 000	6 788	761	6 153	6 222	(69)	-1%	6 788
Interest earned - outstanding debtors	3 307	4 500	7 536	480	7 572	6 908	664	10%	7 536
Dividends received	–	–	–	–	–	–	–		–
Fines	9 798	3 086	3 459	302	2 970	3 171	(201)	-6%	3 459
Licences and permits	6 066	9 086	8 050	(363)	7 153	7 379	(226)	-3%	8 050
Agency services	–	–	–	–	–	–	–		–
Transfers recognised - operational	137 377	100 681	101 004	–	97 340	97 340	–		101 004
Other revenue	10 801	10 843	11 233	1 296	10 825	10 297	529	5%	11 233
Gains on disposal of PPE	27	–				–	–		–
Total Revenue (excluding capital transfers and contributions)	**635 036**	**637 174**	**639 396**	**50 634**	**585 526**	**590 866**	**(5 340)**	**-1%**	**639 396**
Expenditure By Type									
Employee related costs	228 679	233 201	229 366	18 292	206 416	210 252	(3 836)	-2%	229 366
Remuneration of councillors	10 514	11 004	10 917	927	10 121	10 008	113	1%	10 917
Debt impairment	22 593	30 323	30 008	–	–	27 507	(27 507)	-100%	30 008
Depreciation & asset impairment	87 292	83 123	83 123	13 955	76 753	76 196	556	1%	83 123
Finance charges	9 128	4 463	4 463	3	3 422	4 091	(669)	-16%	4 463
Bulk purchases	204 008	207 394	221 875	15 177	195 409	203 386	(7 977)	-4%	221 875
Other materials		35 999	33 193	2 646	27 037	30 427	(3 390)	-11%	33 193
Contracted services	–	12 537	14 531	1 715	12 159	13 320	(1 161)	-9%	14 531
Transfers and grants	–	580	1 080	24	435	990	(555)	-56%	1 080
Other expenditure	79 742	67 732	66 983	6 892	44 268	61 401	(17 133)	-28%	66 983
Loss on disposal of PPE	–	–	–	–	–	–	–		–
Total Expenditure	**641 956**	**686 357**	**695 540**	**59 631**	**576 020**	**637 578**	**(61 558)**	**-10%**	**695 540**

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								%	
Surplus/(Deficit)	(6 920)	(49 182)	(56 143)	(8 997)	9 506	(46 712)	56 218	(0)	(56 143)
Transfers recognised - capital	30 800	38 383	38 383	–	20 490	35 185	(14 695)	(0)	38 383
Contributions recognised - capital		–					–		
Contributed assets		–					–		
Surplus/(Deficit) after capital transfers & contributions	23 880	(10 799)	(17 760)	(8 997)	29 996	(11 527)			(17 760)
Taxation		–					–		–
Surplus/(Deficit) after taxation	23 880	(10 799)	(17 760)	(8 997)	29 996	(11 527)			(17 760)
Attributable to minorities		–							
Surplus/(Deficit) attributable to municipality	23 880	(10 799)	(17 760)	(8 997)	29 996	(11 527)			(17 760)
Share of surplus/ (deficit) of associate		–							–
Surplus/ (Deficit) for the year	23 880	(10 799)	(17 760)	(8 997)	29 996	(11 527)			(17 760)

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) – M11 May 2017

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	53	30	30	–	1	28	(26)	-96%	30
Vote 2 - Financial Services	137	670	896	–	4	822	(818)	-100%	896
Vote 3 - Administration, Monitoring & Evaluation	334	675	675	–	44	619	(574)	-93%	675
Vote 4 - Led, Tourism & Creative Industries	429	1 470	795	–	81	729	(648)	-89%	795
Vote 5 - Infrastructure, Planning & Development 1	7 750	8 074	10 271	991	2 367	9 415	(7 048)	-75%	10 271
Vote 6 - Infrastructure, Planning & Development 2	40 142	31 508	40 237	2 591	23 494	36 884	(13 390)	-36%	40 237
Vote 7 - Social Services 1	1 878	2 535	3 445	98	344	3 158	(2 813)	-89%	3 445
Vote 8 - Social Services 2	34 936	18 106	12 035	237	245	11 032	(10 787)	-98%	12 035
Total Capital single-year expenditure	85 660	63 069	68 385	3 918	26 581	62 686	**(36 105)**	-58%	68 385
Total Capital Expenditure	**85 660**	**63 069**	**68 385**	**3 918**	**26 581**	**62 686**	**(36 105)**	**-58%**	**68 385**
Capital Expenditure - Standard Classification									
Governance and administration	**292**	**1 375**	**1 601**	–	**49**	**1 468**	(1 418)	-97%	**1 601**
Executive and council	53	30	30		1	28	(26)	-96%	30
Budget and treasury office	108	640	866		3	794	(791)	-100%	866
Corporate services	130	705	705		46	646	(601)	-93%	705
Community and public safety	**512**	**13 186**	**6 325**	**335**	**495**	**5 798**	(5 303)	-91%	**6 325**
Community and social services	226	2 500	4 450	5	110	4 079	(3 969)	-97%	4 450
Sport and recreation	–	9 821	–		–	–	–		–
Public safety	275	865	1 875	330	385	1 719	(1 334)	-78%	1 875
Housing	11	–			–	–	–		–
Health	–	–			–	–	–		–
Economic and environmental services	**6 055**	**5 425**	**5 058**	–	**176**	**4 637**	(4 461)	-96%	**5 058**
Planning and development	5 911	1 470	1 003		81	920	(838)	-91%	1 003
Road transport	–	–	–		–	–	–		–
Environmental protection	144	3 955	4 055		94	3 717	(3 623)	-97%	4 055

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								%	
Trading services	78 801	43 081	55 401	3 583	25 861	50 784	(24 923)	-49%	55 401
Electricity	7 777	8 074	10 064	991	2 367	9 225	(6 858)	-74%	10 064
Water	30 626	2 750	3 400	373	1 130	3 117	(1 987)	-64%	3 400
Waste water management	39 967	28 758	36 837	2 218	22 364	33 767	(11 403)	-34%	36 837
Waste management	431	3 500	5 100		–	4 675	(4 675)	-100%	5 100
Other	–	–			–	–	–		–
Total Capital Expenditure - Standard Classificati	**85 660**	**63 069**	**68 385**	**3 918**	**26 581**	**62 686**	**(36 105)**	**-58%**	**68 385**
Funded by:									
National Government	25 699	34 810	34 810	2 817	22 456	31 909	(9 453)	-30%	34 810
Provincial Government	10 406	2 000	2 000		–	1 833	(1 833)	-100%	2 000
District Municipality	–	–	–		–	–	–		–
Other transfers and grants	–	1 574	1 574		–	1 443	(1 443)	-100%	1 574
Transfers recognised - capital	**36 105**	**38 383**	**38 383**	**2 817**	**22 456**	**35 185**	**(12 729)**	**-36%**	**38 383**
Public contributions & donations	–	–			–	–	–		–
Borrowing	–	–			–	–	–		–
Internally generated funds	49 555	24 685	30 002	1 100	4 125	27 502	(23 377)	-85%	30 002
Total Capital Funding	**85 660**	**63 069**	**68 385**	**3 918**	**26 581**	**62 686**	**(36 105)**	**-58%**	**68 385**

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 – M11 May 2017

Description	2015/16	Budget Year 2016/17			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		3 000	15 000	12 492	15 000
Call investment deposits	78 573	26 045	53 249	115 736	53 249
Consumer debtors	48 616	49 675	55 242	48 766	55 242
Other debtors	33 936	43 668	24 649	29 975	24 649
Current portion of long-term receivables	3	8	8		8
Inventory	5 434	4 845	4 845	5 983	4 845
Total current assets	**166 562**	**127 241**	**152 993**	**212 952**	**152 993**
Non current assets					
Long-term receivables	168	113	165		165
Investments	–	–	–		–
Investment property	85 382	63 705	63 705	85 382	63 705
Investments in Associate	–	–	–		–
Property, plant and equipment	2 532 215	2 649 006	2 654 323	2 490 473	2 654 323
Agricultural	–	–	–		–
Biological assets	–	–	–		–
Intangible assets	159	101	101	159	101
Other non-current assets		–	–		–
Total non current assets	**2 617 923**	**2 712 925**	**2 718 293**	**2 576 013**	**2 718 293**
TOTAL ASSETS	**2 784 485**	**2 840 166**	**2 871 286**	**2 788 965**	**2 871 286**
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing	7 736	7 303	7 303	508	7 303
Consumer deposits	9 590	9 330	9 330	10 117	9 330
Trade and other payables	146 961	94 113	109 120	93 794	109 120
Provisions	31 716	29 995	29 995	39 090	29 995
Total current liabilities	**196 003**	**140 740**	**155 747**	**143 510**	**155 747**
Non current liabilities					
Borrowing	37 504	36 734	36 734	36 707	36 734
Provisions	140 321	100 662	100 662	134 829	100 662
Total non current liabilities	**177 825**	**137 395**	**137 395**	**171 536**	**137 395**
TOTAL LIABILITIES	**373 828**	**278 136**	**293 143**	**315 046**	**293 143**
NET ASSETS	**2 410 656**	**2 562 031**	**2 578 144**	**2 473 919**	**2 578 144**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 410 656	2 562 031	2 578 144	2 473 919	2 578 144
Reserves		–			–
TOTAL COMMUNITY WEALTH/EQUITY	**2 410 656**	**2 562 031**	**2 578 144**	**2 473 919**	**2 578 144**

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 – M11 May 2017

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								%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	135 407	139 650	139 751	8 628	137 958	128 105	9 853	8%	139 751
Service charges	315 175	335 414	330 367	23 571	273 040	302 837	(29 797)	-10%	330 367
Other revenue	17 581	23 605	23 943	11 841	120 011	21 947	98 064	447%	23 943
Government - operating	170 188	100 681	101 004	–	93 061	93 061	–		101 004
Government - capital	–	38 383	38 383	–	43 648	43 648	–		38 383
Interest	8 338	7 500	14 324	1 206	14 852	13 130	1 722	13%	14 324
Dividends		–			–	–	–		–
Payments									
Suppliers and employees	(493 604)	(567 867)	(576 866)	(50 441)	(592 721)	(528 794)	63 927	-12%	(576 866)
Finance charges	(864)	(4 463)	(4 463)	(381)	(4 119)	(4 091)	29	-1%	(4 463)
Transfers and Grants		(580)	(1 080)		–	(990)	(990)	100%	(1 080)
NET CASH FROM/(USED) OPERATING ACTIVITIES	152 222	72 324	65 363	(5 577)	85 730	68 854	(16 876)	-25%	65 363
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	77	–				–	–		–
Decrease (Increase) in non-current debtors	–	–				–	–		–
Decrease (increase) other non-current receivables	8	–				–	–		–
Decrease (increase) in non-current investments		–				–	–		–
Payments									
Capital assets	(85 660)	(63 069)	(68 385)	(3 918)	(30 617)	(62 686)	(32 070)	51%	(68 385)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 575)	(63 069)	(68 385)	(3 918)	(30 617)	(62 686)	(32 070)	51%	(68 385)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–					–		–
Borrowing long term/refinancing		–					–		–
Increase (decrease) in consumer deposits		–					–		–
Payments									
Repayment of borrowing	(27 755)	(7 303)	(7 303)	(470)	(5 247)	(6 694)	(1 447)	22%	(7 303)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 755)	(7 303)	(7 303)	(470)	(5 247)	(6 694)	(1 447)	22%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	38 891	1 953	(10 325)	(9 964)	49 866	(526)			(10 325)
Cash/cash equivalents at beginning:	39 682	27 092	78 573		78 361	78 573			78 361
Cash/cash equivalents at month/year end:	78 573	29 045	68 249		128 228	78 047			68 037

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 31 May 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 31 May 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	5 585	1 117	867	834	618	765	3 839	18 799	32 424
Trade and Other Receivables from Exchange Transactions - Electricity	16 345	1 276	745	446	312	255	2 362	6 658	28 399
Receivables from Non-exchange Transactions - Property Rates	7 906	818	588	450	364	352	7 518	17 021	35 018
Receivables from Exchange Transactions - Waste Water Management	3 773	593	405	514	297	262	1 896	8 506	16 247
Receivables from Exchange Transactions - Waste Management	2 813	512	419	421	339	321	1 702	10 486	17 012
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	60	67	73	86	79	122	1 271	15 233	16 990
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(12 327)	297	239	179	172	694	1 653	6 320	(2 774)
Total By Income Source	**24 155**	**4 680**	**3 336**	**2 930**	**2 182**	**2 770**	**20 241**	**83 024**	**143 317**
									–
Debtors Age Analysis By Customer Group									
Organs of State	695	451	250	66	52	46	743	973	3 276
Commercial	4 908	340	240	171	108	94	1 143	2 440	9 445
Households	18 552	3 888	2 846	2 693	2 021	2 630	18 355	79 611	130 596
Other									–
Total By Customer Group	**24 155**	**4 680**	**3 336**	**2 930**	**2 182**	**2 770**	**20 241**	**83 024**	**143 317**

The aforementioned analysis indicates that from 30 June 2016 to 31 May 2017, the overdue debts have increased from R 106,042 million to R 119,163 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-16**	**31-May-17**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	28 117	26 839	(1 278)
Trade and Other Receivables from Exchange Transactions - Electricity	11 930	12 054	124
Receivables from Non-exchange Transactions - Property Rates	27 460	27 112	(348)
Receivables from Exchange Transactions - Waste Water Management	12 788	12 474	(314)
Receivables from Exchange Transactions - Waste Management	15 675	14 199	(1 475)
Receivables from Exchange Transactions - Property Rental Debtors	–	1	1
Interest on Arrear Debtor Accounts	–	16 931	16 931
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 073	9 553	(519)
Total By Income Source	**106 042**	**119 163**	**13 120**
		–	
Debtors Age Analysis By Customer Group			
Organs of State	1 764	2 582	818
Commercial	4 271	4 536	265
Households	100 007	112 044	12 038
Other	–	–	–
Total By Customer Group	**106 042**	**119 163**	**13 120**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2015/16								
R thousands	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type									
Bulk Electricity	14 689	–	–	–	–	–	–	–	14 689
Bulk Water	–	(192)	(14)	3	1	–	45 246	–	45 045
PAYE deductions	2 563	–	–	–	–	–	–	–	2 563
VAT (output less input)	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	2 785	–	–	–	–	–	–	–	2 785
Loan repayments	–	–	–	–	–	–	–	–	–
Trade Creditors	1 714	279	155	127	250	1	33	8 068	10 628
Auditor General	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total By Customer Type	21 752	87	142	130	252	1	45 279	8 068	75 710

The above amounts represent invoices still to be paid. The major creditors as at 31 May 2017 are as follows:

Department of Transport	R 7,611 million
Eskom	R 14,689 million
NMBM (Bulk water)	R 45,045 million
Pension Fund Deductions	R 2,785 million
PAYE Deductions	R 2,563 million
Other Creditors	R 3,017 million
TOTAL	**R 75,710 million**

It is to be noted that the Eskom amount of R 14,689 million, represents the current account for May 2017, which was fully paid on 8 June 2017.

The PAYE deductions represent employee related costs for the month of May 2017, with the amounts in question being paid on 5 June 2017 to the SARS.

The pension fund deductions represent employee related costs for the month of May 2017, with the amounts in question being paid on 5 June 2017 to the relevant pension funds.

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 31 May 2017.

	Balance as at 30 June 2016	Invested	Interest	Withdrawal	Adjustments	Balance as at 31 May 2017
Standard Bank	-	20 000 000	1 142 417	-	-	21 142 417
ABSA	21 187 482	-	1 011 143	6 000 000	565	16 198 060
Nedbank	236 110	16 251 293	722 068	251 293	-	16 958 178
RMB	29 341 733	90 731 529	1 731 016	80 924 349	-	40 879 928
INVESTEC	25 032 842	-	1 524 280	6 000 000	-	20 557 123
Total	**75 798 167**	**126 982 822**	**6 130 924**	**(93 175 642)**	**(565)**	**115 735 706**
INVESTMENT BY TYPE	**Balance as at 30 June 2016**	**Invested**	**Interest**	**Withdrawal**	**Adjustments**	**Balance as at 31 May 2017**
General Account	50 402 544	67 371 970	4 886 248	25 008 218	565	97 651 979
Collateral	228 000	-	15 074	243 075	-	-0.00
Conditional Grants	16 016 310	59 288 552	1 065 198	58 286 334	-	18 083 727
Housing Funds	9 151 312	322 300	164 403	9 638 015	-	-
Total	**75 798 167**	**126 982 822**	**6 130 924**	**(93 175 642)**	**(565)**	**115 735 706**
Bank	2 563 104	9 928 838				12 491 942
Total	**78 361 271**	**136 911 659**	**6 130 924**	**(93 175 642)**	**(565)**	**128 227 647**

The increase in the investment portfolio since 30 June 2016 amounts to R 49,866,376. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 12,491,942
Short-term Investment Deposits	R 115,735,706
	R 128,227,647

Application of Cash

Unspent Conditional Grants	18,083,727
Outstanding Creditors Liability	75,710,469
Internally Generated Funding	25,876,680
	R 119,670,876

Reserves in excess of Commitments	**R 8,556,771**

The cash backed reserves exceed the commitments at this stage by an amount of R 8,556,771. It should be noted that the excess of reserves over commitments as at 31 May 2017, is mainly due to an amount of R 22,907,000 in respect of the Equitable Share allocation being received on 17 March 2017, 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 – M11 May 2017

Description	Budget Year 2016/17							
	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:	95 820	95 820	–	94 577	94 577	–		95 820
Local Government Equitable Share	91 622	91 622		90 379	90 379	–		91 622
Finance Management	1 625	1 625		1 625	1 625			1 625
EPWP Incentive	1 057	1 057		1 057	1 057			1 057
MIG - Admin	1 516	1 516		1 516	1 516			1 516
Total Operating Transfers and Grants	**95 820**	**95 820**	**–**	**94 577**	**94 577**	**–**		**95 820**
Capital Transfers and Grants								
National Government:	34 810	41 810	–	41 810	41 810	–		41 810
Municipal Infrastructure Grant (MIG)	28 810	35 810		35 810	35 810	–		35 810
Integrated National Electrification Programme	6 000	6 000	–	6 000	6 000	–		6 000
Total Capital Transfers and Grants	**34 810**	**41 810**	**–**	**41 810**	**41 810**	**–**		**41 810**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**130 630**	**137 630**	**–**	**136 387**	**136 387**	**–**		**137 630**

Below is an analysis of the spending associated with the grants as at 31 May 2017:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M11 May 2017

Description	Budget Year 2016/17							
	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:	95 820	95 820	1 035	94 528	94 442	86	0.1%	95 820
Local Government Equitable Share	91 622	91 622		90 379	90 379	–		91 622
Finance Management	1 625	1 625	1 035	1 576	1 490	86	5.8%	1 625
EPWP Incentive	1 057	1 057		1 057	1 057	–		1 057
MIG - Admin	1 516	1 516		1 516	1 516	–		1 516
Total operating expenditure of Transfers and Grants:	**95 820**	**95 820**	**1 035**	**94 528**	**94 442**	**86**	0.1%	**95 820**
Capital expenditure of Transfers and Grants								
National Government:	**34 810**	**41 810**	**3 085**	**24 022**	**38 326**	**(14 304)**	**-37.3%**	**41 810**
Municipal Infrastructure Grant (MIG)	28 810	35 810	2 403	22 993	32 826	(9 833)	-30.0%	35 810
Integrated National Electrification Programme	6 000	6 000	683	1 029	5 500	(4 471)	-81.3%	6 000
Total capital expenditure of Transfers and Grants	**34 810**	**41 810**	**3 085**	**24 022**	**38 326**	**(14 304)**	-37.3%	**41 810**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**130 630**	**137 630**	**4 121**	**118 550**	**132 767**	**(14 217)**	-10.7%	**137 630**

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 1,576,038
Unspent as at 31 May 2017:	R 48,962

The spending of the grant amounted to 98.99% as at 31 May 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 31 May 2017:	R 0.00

The spending of the grant amounted to 100% as at 31 May 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 35,809,700
Amount of Grant Received:	R 35,809,700
Expenditure to date:	R 22,992,878
Unspent as at 31 May 2017:	R 12,816,822

The spending of the grant amounted to 64.21% as at 31 May 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 1,028,941
Unspent as at 31 May 2017: R 4,971,059

The spending of the grant amounted to 17.15% as at 31 May 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 – M11 May 2017

Summary of Employee and Councillor remuneration	Budget Year 2016/17							
	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	7 579	634	6 923	6 947	(24)	0%	7 579
Motor Vehicle Allowance	2 562	2 411	211	2 306	2 210	97	4%	2 411
Cellphone Allowance	759	759	66	718	696	22	3%	759
Other benefits and allowances		168	16	173	154	19	12%	168
Sub Total - Councillors	**11 004**	**10 917**	**927**	**10 121**	**10 008**	**113**	**1%**	**10 917**
Senior Managers of the Municipality								
Basic Salaries and Wages	6 045	6 045	504	5 541	5 541	–		6 045
Motor Vehicle Allowance	723	723	60	663	663	–		723
Sub Total - Senior Managers of Municipality	**6 768**	**6 768**	**564**	**6 204**	**6 204**	**–**		**6 768**
Other Municipal Staff								
Basic Salaries and Wages	140 636	135 239	10 985	120 374	123 969	(3 595)	-3%	135 239
Pension and UIF Contributions	23 720	22 492	1 807	20 291	20 618	(327)	-2%	22 492
Medical Aid Contributions	12 734	12 550	1 060	11 156	11 504	(349)	-3%	12 550
Overtime	9 454	11 090	1 250	11 022	10 166	856	8%	11 090
Performance Bonus	11 764	11 895	21	10 807	10 904	(97)	-1%	11 895
Motor Vehicle Allowance	7 938	7 148	579	6 485	6 553	(67)	-1%	7 148
Housing Allowances	584	1 992	150	1 749	1 826	(77)	-4%	1 992
Other benefits and allowances	18 796	19 495	1 777	17 649	17 870	(221)	-1%	19 495
Long service awards	809	696	100	679	638	41	6%	696
Sub Total - Other Municipal Staff	**226 434**	**222 598**	**17 728**	**200 212**	**204 048**	**(3 836)**	**-2%**	**222 598**
Total Parent Municipality	**244 205**	**240 284**	**19 219**	**216 537**	**220 260**	**(3 723)**	**-2%**	**240 284**
TOTAL SALARY, ALLOWANCES & BENEFITS	**244 205**	**240 284**	**19 219**	**216 537**	**220 260**	**(3 723)**	**-2%**	**240 284**
TOTAL MANAGERS AND STAFF	**233 201**	**229 366**	**18 292**	**206 416**	**210 252**	**(3 836)**	**-2%**	**229 366**

6. Key performance indicators

The table below reflects the key performance indicators as per the 2016/17 Approved Adjusted 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**	**Adjusted Budget 2016/17**	**Actuals as at 31 May 2017**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.50%	3.67%	1.69%	1.63%
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	0.98	1.48
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.22	0.40	0.44	0.89
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	97.60%	94.00%	94.78%

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	Adjusted Budget 2016/17	Actuals as at 30 April 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	1.41	2.43
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	35.70%	35.62%	32.98%	35.83%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	81.97%	95.00%	38.87%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	2.78%	3.52%	3.81%	4.46%	4.61%	4.77%	4.69%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.59%	0.79%	0.95%	1.06%	1.17%	1.25%	1.09%
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%	83.38%

The above table is discussed in details below.

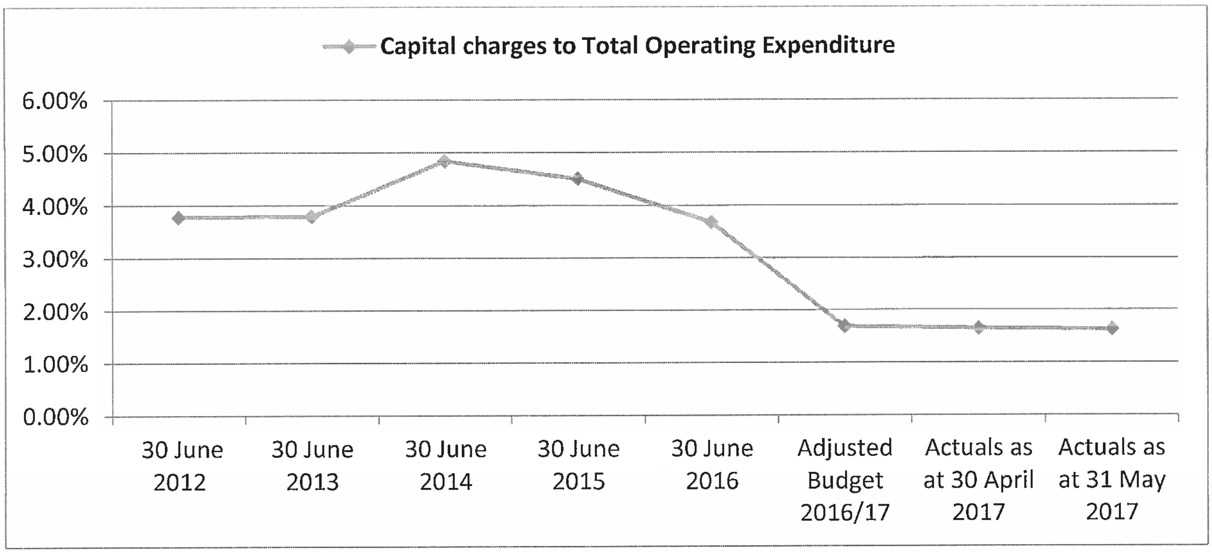
6.1. Borrowing Management

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 1.63% of the Total Operating Expenditure was utilised for capital charges as at 31 May 2017, compared to the adjusted budgeted ratio of 1.69%.



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.

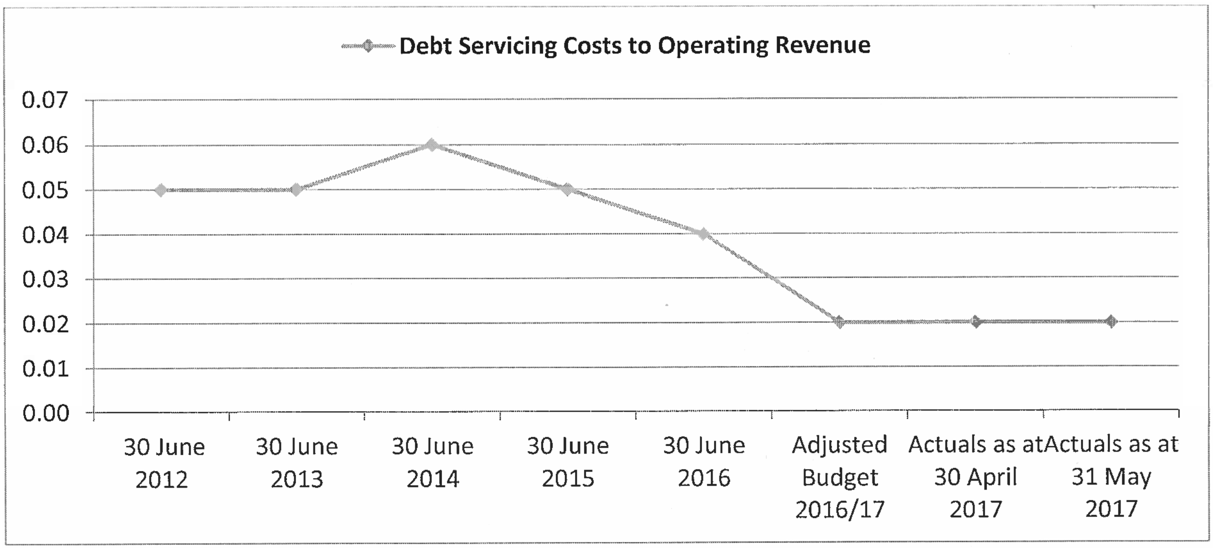
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 31 May 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:

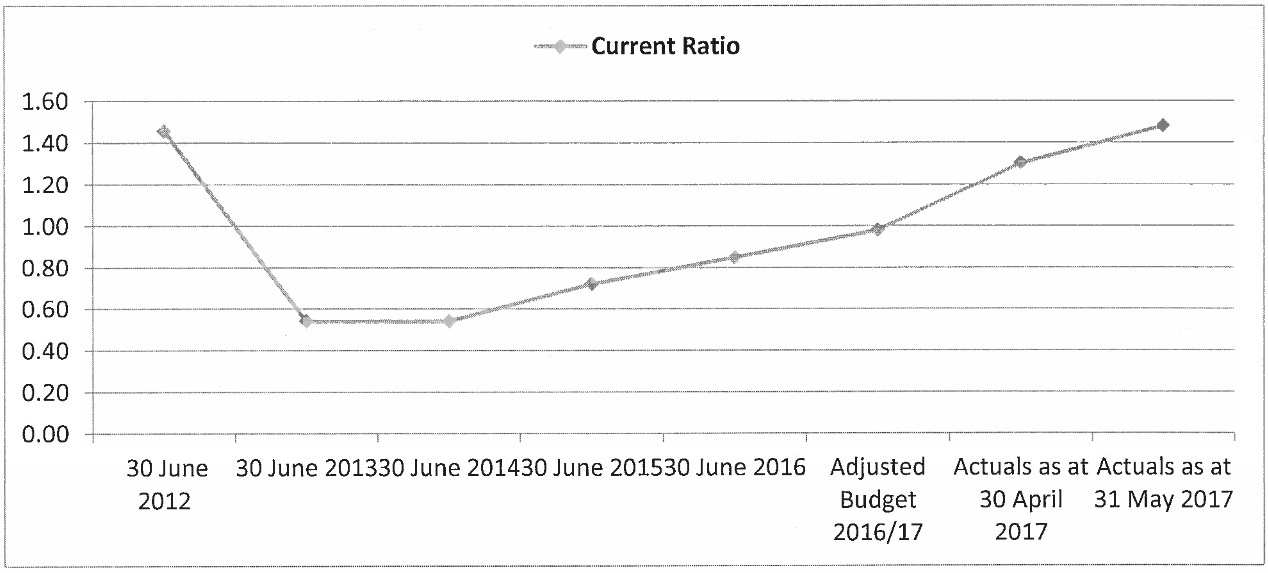
Current assets/Current liabilities

The ratio as at 31 May 2017 was 1.48:1, compared to the adjusted budget ratio of 0.98:1.

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

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

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



6.2.2. Liquidity Ratio

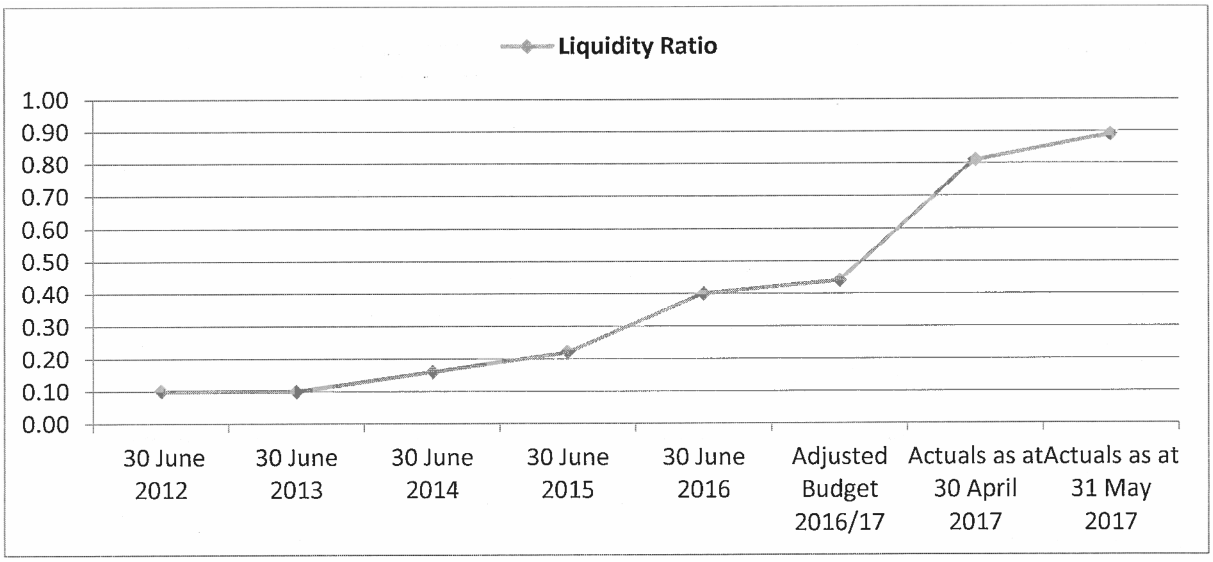
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 31 May 2017 was 0.89:1, compared to the adjusted budget ratio of 0.44:1.

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



6.3. Revenue Management

6.3.1. Annual Debtors Collection Rate

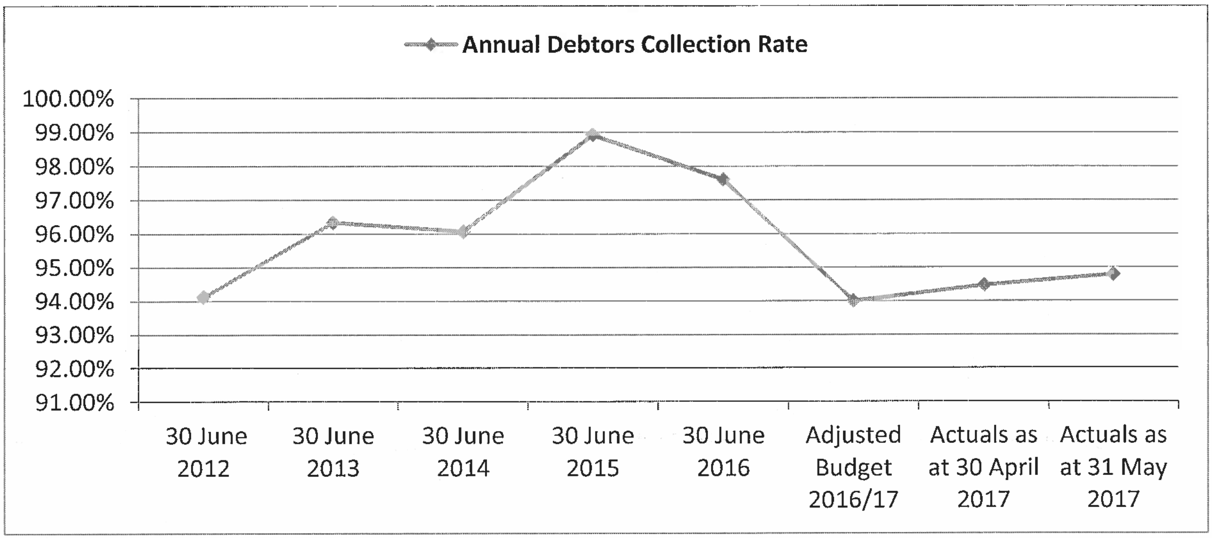
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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

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

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

The average collection rate as at 31 May 2017 was 94.78%, compared to the budgeted collection rate of 94%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



6.4. Other indicators

6.4.1. Cost coverage

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

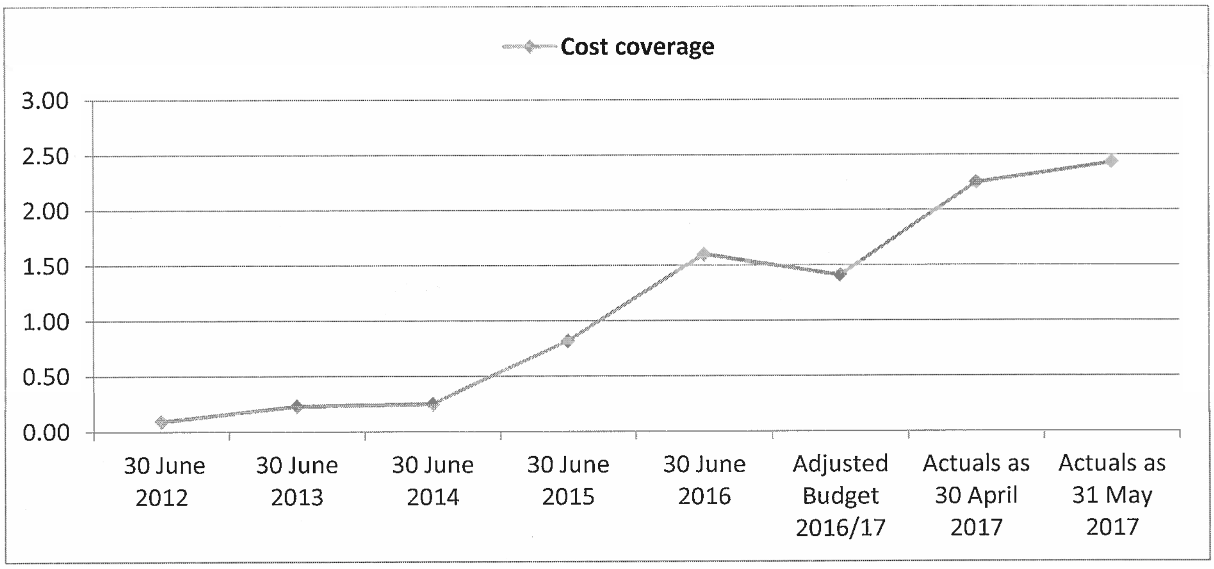
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 31 May 2017, the Ratio was 2.43 months, compared to the adjusted budget ratio of 1.41 months.

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



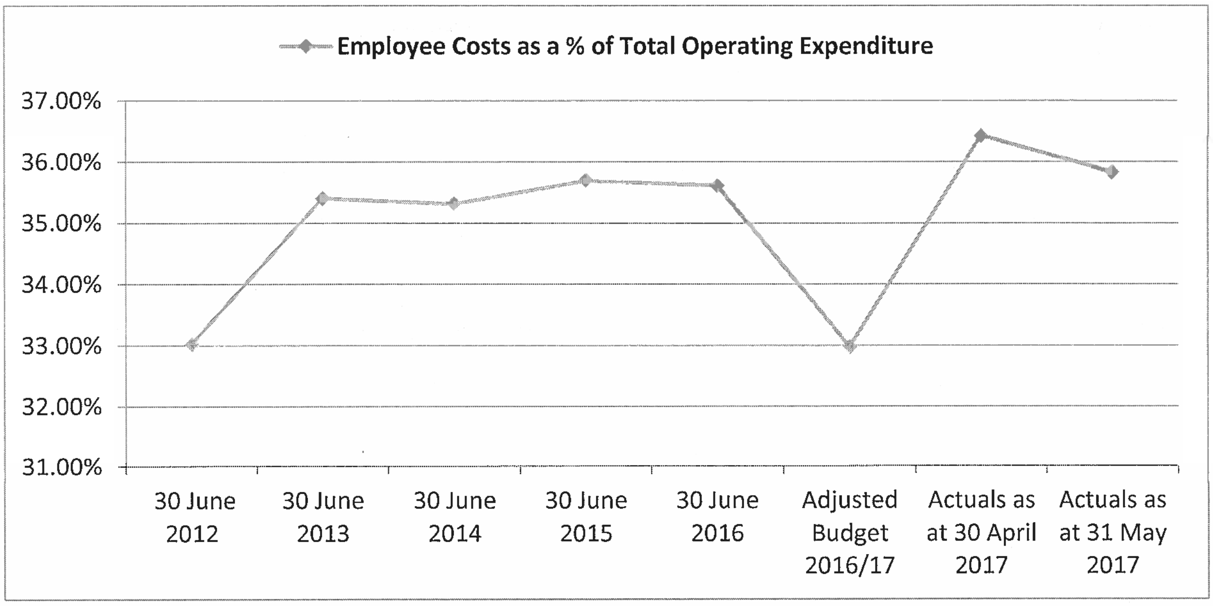
6.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 31 May 2017, Employee Related Costs constituted 35.83% of the Total Operating Expenditure, compared to the adjusted budget ratio of 32.98%.



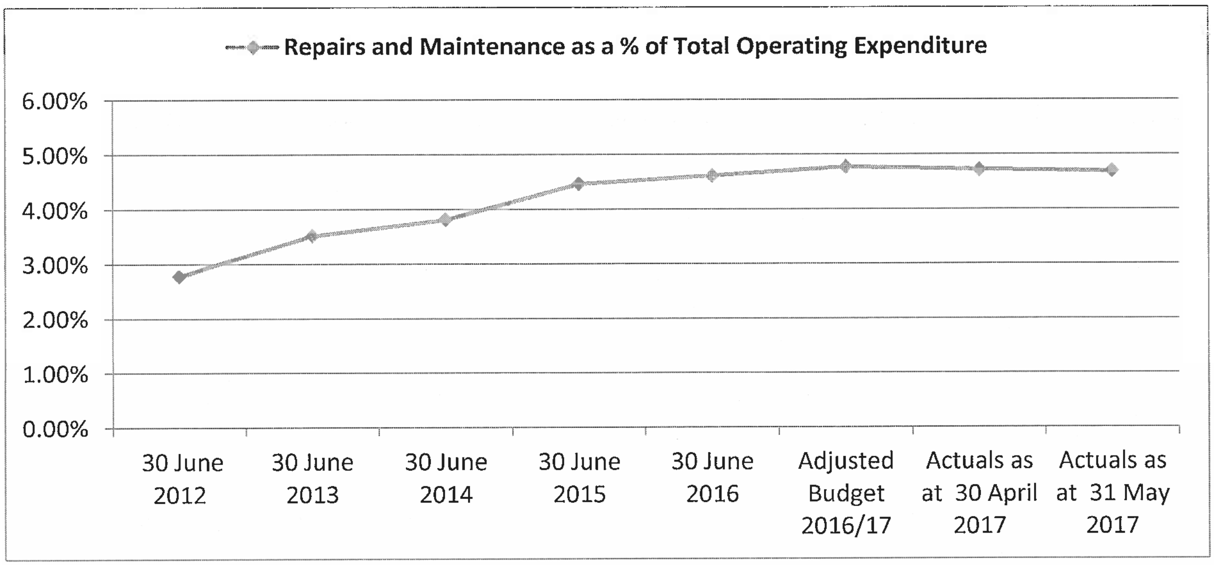
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 31 May 2017, the ratio was 4.69%, compared to the adjusted budget ratio of 4.77%.



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

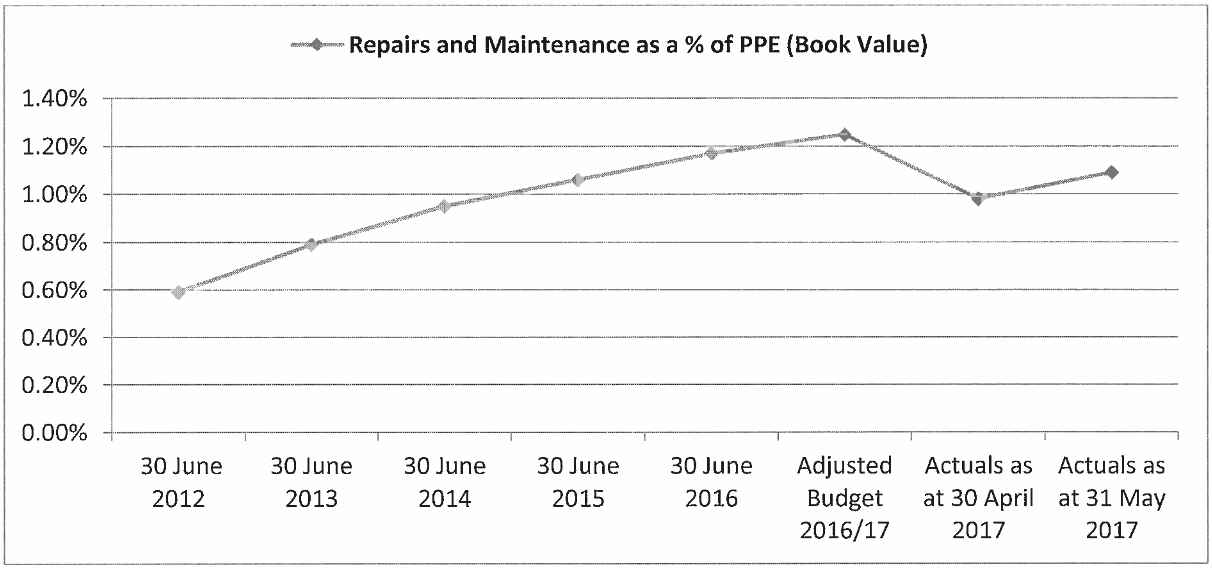
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 May 2017, repairs and maintenance expenditure constituted 1.09% of the book value of PPE, compared to the adjusted budget ratio of 1.25%.

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



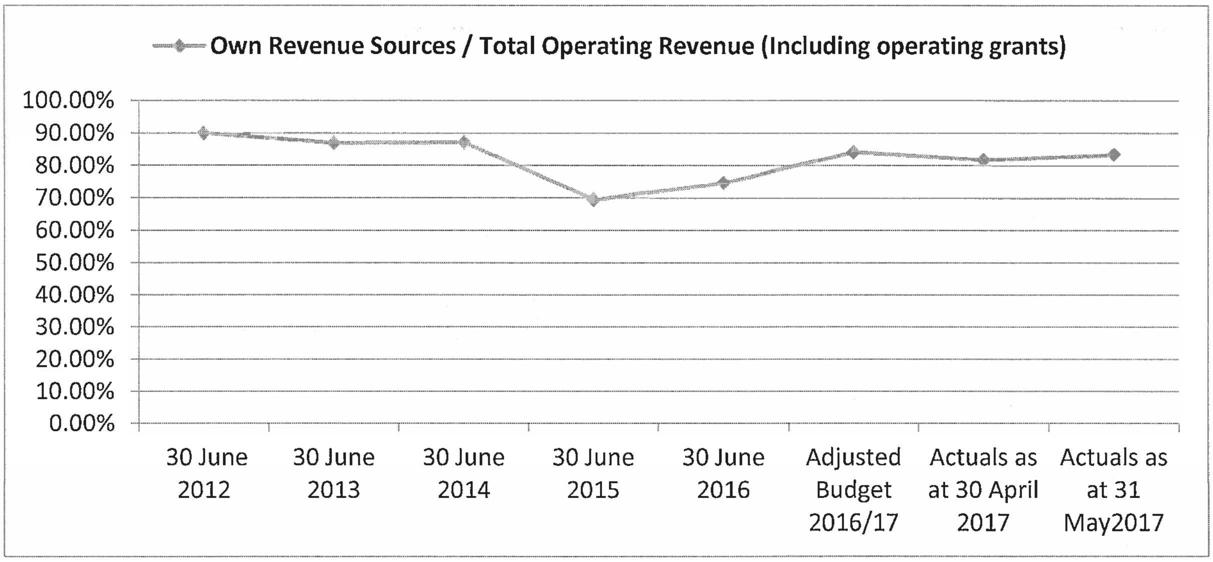
6.4.5. Own Revenue Generation

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

The ratio is determined as follows:

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

As at 31 May 2017, the Municipality's own revenue sources constituted 83.38% 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 May 2017 amounted to 38.87%, compared to the budgeted ratio of 95%.