KOUGA MUNICIPALITY (EC108)

FINANCE

DATE: **ITEM NO:**

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1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2016 TO JUNE 2017 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 JUNE 2017 (2016/17 FINANCIAL YEAR)

1.1. PURPOSE

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

1.2. LEGISLATIVE REQUIREMENTS

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

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

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

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

1.3 EXECUTIVE SUMMARY

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2016 to June 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 624,431 million, whilst operating expenditure amounted to R 634,721 million, resulting in an operating deficit of R 10,290 million.
- Capital expenditure constituted 63.84% of the approved 2016/17 Amended Capital Budget.
- Overdue consumer debts increased by R 9,156 million (8.63%) since June 2016.
- An amount of R 82,418 million is owing to creditors, of which R 25,314 million (30.71%) represents current creditors.
- The municipality's investment portfolio has increased by R 5,637,528 (7.19%) since June 2016, from R 78,361,271 to R 83,998,799.

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 30 June 2017	2016/17 Adjusted Budget
Current Ratio	0.54:1	0.54:1	0.72:1	0.85:1	1.13:1	0.98:1
Liquidity Ratio	0.10:1	0.16:1	0.22:1	0.40:1	0.62:1	0.44:1
Cost Coverage (Excluding unspent conditional grants)	0.23 months	0.25 months	0.82 months	1.60 months	1.74 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 30 June 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 Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Section 52(d) of the MFMA be noted.

iii. That 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. 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 sections 71 and 52(d) report 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 12/07/2017

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY 2016 TO JUNE 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 30 June 2017	% of Budget
OPERATING REVENUE			
Propert Rates	148 671 261	148 177 747	99.67%
Total Service Charges	351 454 658	339 512 271	96.60%
Service charges - electricity	223 745 356	213 826 990	95.57%
Service charges - water	53 284 419	51 545 498	96.74%
Service charges - sewerage & sanitation	37 217 215	37 065 021	99.59%
Service charges - refuse	25 148 958	25 051 612	99.61%
Service charges - environmental management	12 058 710	12 023 151	99.71%
Rental of Facilities and Equipment	1 200 364	1 500 184	124.98%
Interest Earned - External Investments	6 787 662	6 896 777	101.61%
Interest Earned - Outstanding Debtors	7 536 296	8 144 334	108.07%
Fines	3 459 377	3 250 944	93.97%
Licences and Permits	8 050 017	8 023 280	99.67%
Grants & Subsidies Received - Operating	101 003 708	97 923 028	96.95%
Other Revenue	11 232 805	11 002 620	97.95%
Total Direct Operating Revenue	**639 396 148**	**624 431 185**	**97.66%**
OPERATING EXPENDITURE			
Employee Related Costs	229 366 288	223 844 518	97.59%
Remuneration of Councillors	10 917 309	11 048 205	101.20%
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	30 939 415	93.21%
Finance Charges - External Borrowings	4 462 808	4 462 803	100.00%
Total Bulk Purchases	221 875 282	218 159 118	98.33%
Bulk purchases - electricity	186 660 586	184 088 853	98.62%
Bulk purchases - water	35 214 696	34 070 264	96.75%
Contracted Services	14 530 925	14 397 849	99.08%
Transfers and Grants	1 080 000	1 080 000	100.00%
General Expenses - Other	66 982 982	54 036 288	80.67%
Total Direct Operating Expenditure	**695 539 518**	**634 720 837**	**91.26%**
Surplus/(Deficit)	**-56 143 370**	**-10 289 651**	

The statement of financial performance indicates a deficit of R 10,289,651.

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

Revenue Variations

Property Rates

As at 30 June 2017, the Municipality has recognised 99.67% 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 30 June 2017 amounted to R 115,198 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	Approved Adjusted Budget 2016/17	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Amended Budget
Administration, Monitoring & Evaluation	414,680	1,110,513	1,286,056	115.81%
Finance	370,136	491,041	258,485	52.64%
Social Services	9,736,693	9,467,694	7,993,956	84.43%
Infrastructure, Planning & Development	22,551,693	22,336,691	21,239,844	95.09%
LED, Tourism & Creative Industries	120,000	164,861	161,074	97.70%
Total	**33,193,202**	**33,570,800**	**30,939,415**	**92.16%**

It is to be noted that actual repairs and maintenance expenditure constituted 93.21% of the approved 2016/17 Adjusted Budget.

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

ADMINISTRATION, MONITORING & EVALUATION	Approved Adjusted Budget 2016/17	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Amended Budget
R&M Buildings and Properties	300 000	95 000	11 317	11.91%
R&M Furniture and Office Equipment	-	870 833	1 181 720	135.70%
R&M Vehicles (Non-VAT)	114 680	144 680	93 019	64.29%
Total	**414 680**	**1 110 513**	**1 286 056**	**115.81%**

FINANCIAL SERVICES	Approved Adjusted Budget 2016/17	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Amended Budget
R&M Buildings and Properties	105 009	105 009	25 105	23.91%
R&M Equipment	44 444	44 444	-	0.00%
R&M Plant/Machinery	2 858	2 858	-	0.00%
R&M Furniture and Office Equipment	-	125 905	141 222	112.17%
R&M Tools and Equipment	28 009	28 009	1 640	5.86%
R&M Vehicles	173 878	168 878	85 227	50.47%
R&M Vehicles (Non-VAT)	15 938	15 938	5 291	33.20%
Total	**370 136**	**491 041**	**258 485**	**52.64%**

SOCIAL SERVICES	Approved Adjusted Budget 2016/17	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Amended Budget
R&M Buildings and Properties	939 200	767 232	556 210	72.50%
R&M Bush Clearing	1 480	1 480	1 212	81.90%
R&M Canals	2 251 391	2 251 391	2 250 131	99.94%
R&M Equipment	144 000	194 000	40 544	20.90%
R&M Erosion	100 000	100 000	-	0.00%
R&M Fire Extinguishers	20 000	20 000	17 883	89.42%
R&M Furniture and Office Equipment	60 549	232 517	259 390	111.56%
R&M Grounds	60 000	60 000	1 203	2.00%
R&M Plant/Machinery	364 873	364 873	300 687	82.41%
R&M Radio Equipment	110 000	41 000	10 922	26.64%
R&M Rehabilitation of Refuse Sites	400 000	150 000	-	0.00%
R&M Replace Crockery	10 000	10 000	-	0.00%
R&M Road Painting	200 000	200 000	173 377	86.69%
R&M Signboards	103 109	103 109	27 661	26.83%
R&M Tools and Equipment	21 310	21 310	9 095	42.68%
R&M Traffic Road Signs	200 000	200 000	145 178	72.59%
R&M Vehicles	3 931 787	3 881 787	3 604 060	92.85%
R&M Vehicles (Non-VAT)	318 995	368 995	335 909	91.03%
R&M Waste Sites	500 000	500 000	260 495	52.10%
Total	**9 736 693**	**9 467 694**	**7 993 956**	**84.43%**

INFRASTRUCTURE, PLANNING & DEVELOPMENT	Approved Adjusted Budget 2016/17	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Amended Budget
R&M Furniture and Office Equipment	-	68 279	85 730	125.56%
R&M Buildings and Properties	649 100	460 821	304 100	65.99%
R&M Vehicles	3 286 339	3 141 338	2 802 907	89.23%
R&M Sub Stations	1 000 000	1 000 000	279 443	27.94%
R&M Hankey/Patensie	100 000	100 000	62 002	62.00%
R&M Plant/Machinery	231 746	231 746	129 322	55.80%
R&M Fencing	40 000	40 000	1 186 440	2966.10%
Repair and Rehabilitation of Roads and Walkways	710 000	710 000	698 741	98.41%
R&M Street Lights	415 113	415 113	414 271	99.80%
R&M Vehicles (Non-VAT)	12 609	12 609	5 555	44.06%
R&M Reseal Roads	2 120 000	2 120 000	1 940 606	91.54%
R&M Signboards	1 645	1 645	127	7.73%
R&M Storm water	218 000	138 000	121 653	88.15%
R&M Street Nameplates	45 000	45 000	-	0.00%
R&M Streets	2 644 600	2 644 600	2 478 027	93.70%
R&M Tools and Equipment	12 900	12 900	4 917	38.11%
R&M Electrical Installations	570 800	540 800	436 910	80.79%
R&M Reticulation sewerage	1 900 000	1 900 000	1 825 552	96.08%
R&M Sewerage Pump Stations	920 000	1 040 000	895 064	86.06%
R&M Treatment Works - Sewerage	350 000	350 000	278 284	79.51%
R&M Pump stations and Boreholes	455 800	355 800	346 153	97.29%
R&M Reticulation water	2 390 000	2 530 000	2 502 248	98.90%
Total	**22 551 693**	**22 336 691**	**21 239 844**	**95.09%**

LED, TOURISM & INDUSTRIES	Approved Adjusted Budget 2016/17	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Amended Budget
R&M Furniture and Office Equipment	30 000	-	-	
R&M Buildings and Properties	90 000	164 861	161 074	97.70%
Total	**120 000**	**164 861**	**161 074**	**97.70%**

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

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

Directorate	Approved Adjusted Budget 2016/17	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Amended Budget
	R		R	
Administration, Monitoring & Evaluation	735,000	735,000	219,509	29.87%
Finance	1,023,970	1,023,970	213,475	20.85%
Social Services	15,480,000	15,480,000	828,484	5.35%
Infrastructure, Planning & Development	50,350,875	57,562,889	46,499,472	80.78%
LED, Tourism & Creative Industries	795,420	795,420	497,856	62.59%
Total	**68,385,265**	**75,597,279**	**48,258,797**	**63.84%**
Source of Funding	**Adjusted Budget 2016/17**	**Amended Budget 2016/17**	**Actuals as at 30 June 2017**	**% of Budget**
	R		R	
Internally Generated Funding	30,001,918	30,001,918	8,031,437	26.77%
Government Grants	38,383,347	45,595,361	40,227,360	88.23
Total	**68,385,265**	**75,597,279**	**48,258,797**	**63.84%**

It is to be noted that an amount of R 48,258,797 has been spent as at 30 June 2017, compared to the amended capital budget of R 75,597,279.This represents a spending performance of 63.84% relating to the Amended Capital Budget.

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

ADMINISTRATION, MONITORING & EVALUATION	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Budget
Equipment	735 000	219 509	29.87%
Total	**735 000**	**219 509**	**29.87%**

FINANCIAL SERVICES	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Budget
Equipment	718 770	213 475	29.70%
Vehicle	305 200		
Total	**1 023 970**	**213 475**	**20.85%**

INFRASTRUCTURE, PLANNING AND DEVELOPMENT	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Budget
Upgrading Melkhout to Jeffreys Bay Main 66kv line	3 113 684	2 920 901	93.81%
Electrification of Donkerhoek	6 212 015	5 254 980	84.59%
Generator	450 000	401 314	89.18%
Upgrade Kruisfontein WWTW & Outfall Sewer	28 719 398	25 497 421	88.78%
Patensie Replacement of Digesters Ph 1	7 090 302	6 218 243	87.70%
Patensie Upgrade of WWTW	500 000	99 560	19.91%
New sewer pump at Cormorant Sewer Pump Station - Aston Bay	1 900 000	1 110 368	58.44%
Wavecrest Internal Sewer	4 877 490	2 827 377	57.97%
Pressure filters at Jeffreys Bay Water Treatment Works	750 000	658 363	87.78%
Community water supply	2 000 000	706 000	35.30%
Fencing of Electricity Sub-Stations	500 000	18 600	3.72%
Fencing of Sewer Pump Stations	750 000	15 960	2.13%
Fencing of Water Reservoir	600 000	621 480	103.58%
Pressed Steel Reservoir-Hankey	-	120 785	
Equipment	100 000	28 120	28.12%
Total	**57 562 889**	**46 499 472**	**80.78%**

SOCIAL SERVICES	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Budget
Furniture and equipment	1 570 000	406 182	25.87%
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	75 638	0.76
Acquisition of firefighting equipment	200 000	31 545	15.77%
Satellite fire station (Oyster Bay)	1 000 000	172 575	0.17
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**	**828 484**	**5.35%**

LED, TOURISM & CREATIVE INDUSTRIES	Amended Budget 2016/17	Actuals as at 30 June 2017	% of Budget
Office Equipment	90 000	35 872	39.86%
Buildings and Properties	631 420	404 484	64.06%
Fencing-Cultural Centre	74 000	57 500	77.70%
Total	**795 420**	**497 856**	**62.59%**

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2016/17 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 June 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 – M12 June 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	9 006	146 965	139 751	7 214	5%	139 751
Service charges	315 175	335 414	330 367	25 395	298 435	330 367	(31 932)	-10%	330 367
Other revenue	17 581	23 605	23 943	8 909	128 921	23 943	104 978	438%	23 943
Government - operating	170 188	100 681	101 004	–	93 061	101 004	(7 943)	-8%	101 004
Government - capital	–	38 383	38 383	2 178	45 826	38 383	7 443	19%	38 383
Interest	8 338	7 500	14 324	1 186	16 038	14 324	1 714	12%	14 324
Dividends		–			–	–	–		–
Payments									
Suppliers and employees	(493 604)	(567 867)	(576 866)	(68 375)	(661 096)	(576 866)	84 230	-15%	(576 866)
Finance charges	(864)	(4 463)	(4 463)	(342)	(4 462)	(4 463)	(1)	0%	(4 463)
Transfers and Grants		(580)	(1 080)	–	–	(1 080)	(1 080)	100%	(1 080)
NET CASH FROM/(USED) OPERATING ACTIVITIES	152 222	72 324	65 363	(22 042)	63 688	65 363	1 675	3%	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)	(21 677)	(52 294)	(68 385)	(16 091)	24%	(68 385)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 575)	(63 069)	(68 385)	(21 677)	(52 294)	(68 385)	(16 091)	24%	(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)	(509)	(5 756)	(7 303)	(1 547)	21%	(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)	(509)	(5 756)	(7 303)	(1 547)	21%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	38 891	1 953	(10 325)	(44 229)	5 637	(10 325)			(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		83 999	68 249			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 June 2017 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M12 June 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	7 651	148 178	148 671	(494)	-0%	148 671
Service charges	326 546	356 824	351 455	27 625	339 512	351 455	(11 942)	-3%	351 455
Investment revenue	5 031	3 000	6 788	744	6 897	6 788	109	2%	6 788
Transfers recognised - operational	137 377	100 681	101 004	583	97 923	101 004	(3 081)	-3%	101 004
Other own revenue	30 742	28 105	31 479	2 302	31 921	31 479	443	1%	31 479
Total Revenue (excluding capital transfers and contributions)	**635 036**	**637 174**	**639 396**	**38 905**	**624 431**	**639 396**	**(14 965)**	**-2%**	**639 396**
Employee costs	228 679	233 201	229 366	17 428	223 845	229 366	(5 522)	-2%	229 366
Remuneration of Councillors	10 514	11 004	10 917	927	11 048	10 917	131	1%	10 917
Depreciation & asset impairment	87 292	83 123	83 123	–	76 753	83 123	(6 371)	-8%	83 123
Finance charges	9 128	4 463	4 463	1 041	4 463	4 463	(0)	-0%	4 463
Materials and bulk purchases	204 008	243 393	255 068	26 653	249 099	255 068	(5 970)	-2%	255 068
Transfers and grants	–	580	1 080	645	1 080	1 080	–		1 080
Other expenditure	102 336	110 592	111 521	12 007	68 434	111 521	(43 087)	-39%	111 521
Total Expenditure	**641 956**	**686 357**	**695 540**	**58 701**	**634 721**	**695 540**	**(60 819)**	**-9%**	**695 540**
Surplus/(Deficit)	**(6 920)**	**(49 182)**	**(56 143)**	**(19 796)**	**(10 290)**	**(56 143)**	**45 854**	**-82%**	**(56 143)**
Transfers recognised - capital	30 800	38 383	38 383	6 038	26 528	38 383	(11 856)	-31%	38 383
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**23 880**	**(10 799)**	**(17 760)**	**(13 758)**	**16 238**	**(17 760)**	**33 998**	**-191%**	**(17 760)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**23 880**	**(10 799)**	**(17 760)**	**(13 758)**	**16 238**	**(17 760)**	**33 998**	**-191%**	**(17 760)**
Capital expenditure & funds sources									
Capital expenditure	**85 660**	**63 069**	**68 385**	**21 677**	**48 259**	**68 385**	**(20 126)**	**-29%**	**68 385**
Capital transfers recognised	36 105	38 383	38 383	17 771	40 227	38 383	1 844	5%	38 383
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**49 555**	**24 685**	**30 002**	**3 906**	**8 031**	**30 002**	**(21 970)**	**-73%**	**30 002**
Total sources of capital funds	**85 660**	**63 069**	**68 385**	**21 677**	**48 259**	**68 385**	**(20 126)**	**-29%**	**68 385**
Financial position									
Total current assets	166 562	127 241	152 993		159 251				152 993
Total non current assets	2 617 923	2 712 925	2 718 293		2 590 481				2 718 293
Total current liabilities	196 003	140 740	155 747		141 300				155 747
Total non current liabilities	177 825	137 395	137 395		171 559				137 395
Community wealth/Equity	**2 410 656**	**2 562 031**	**2 578 144**		**2 436 873**				**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	(22 042)	63 688	65 363	1 675	3%	65 363
Net cash from (used) investing	(85 575)	(63 069)	(68 385)	(21 677)	(52 294)	(68 385)	(16 091)	24%	(68 385)
Net cash from (used) financing	(27 755)	(7 303)	(7 303)	(509)	(5 756)	(7 303)	(1 547)	21%	(7 303)
Cash/cash equivalents at the month/year end	**78 573**	**29 045**	**68 249**	**-**	**83 999**	**68 249**	**(15 750)**	**-23%**	**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	23 063	4 455	3 163	2 588	2 547	1 940	19 232	81 272	138 261
Creditors Age Analysis									
Total Creditors	25 314	559	327	473	318	448	1 453	53 526	82 418

Explanatory notes to Table C 1 – Monthly Budget Summary

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

Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M12 June 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**	**9 073**	**254 504**	**254 219**	285	0%	**254 219**
Executive and council	34	–	–	1	4	–	4		–
Budget and treasury office	227 365	246 308	253 123	9 032	254 299	253 123	1 175	0%	253 123
Corporate services	633	1 096	1 096	41	201	1 096	(895)	-82%	1 096
Community and public safety	**23 638**	**24 181**	**23 267**	**587**	**19 357**	**23 267**	(3 909)	-17%	**23 267**
Community and social services	6 754	8 613	8 809	(545)	7 746	8 809	(1 063)	-12%	8 809
Sport and recreation	3	4 321	4 322	–	1	4 322	(4 321)	-100%	4 322
Public safety	16 882	11 247	10 135	1 131	11 611	10 135	1 475	15%	10 135
Housing	–	–	–	–	–	–	–		–
Health	–	–	–	–	–	–	–		–
Economic and environmental services	**(25 133)**	**21 848**	**21 186**	**2 075**	**20 526**	**21 186**	(660)	-3%	**21 186**
Planning and development	6 232	5 881	6 610	638	5 728	6 610	(881)	-13%	6 610
Road transport	–	–	–	–	–	–	–		–
Environmental protection	(31 365)	15 967	14 577	1 437	14 798	14 577	221	2%	14 577
Trading services	**439 299**	**382 126**	**379 107**	**33 208**	**360 086**	**379 107**	(19 021)	-5%	**379 107**
Electricity	238 877	237 721	237 539	24 487	222 661	237 539	(14 878)	-6%	237 539
Water	80 288	55 533	55 766	3 870	55 302	55 766	(464)	-1%	55 766
Waste water management	71 394	63 878	60 638	2 790	56 022	60 638	(4 616)	-8%	60 638
Waste management	48 740	24 994	25 164	2 061	26 101	25 164	937	4%	25 164
Other	–	–	–	–	–	–	–		–
Total Revenue - Standard	**665 836**	**675 558**	**677 779**	**44 943**	**654 473**	**677 779**	**(23 306)**	**-3%**	**677 779**
Expenditure - Standard									
Governance and administration	**121 856**	**131 745**	**127 292**	**12 677**	**120 387**	**127 292**	(6 905)	-5%	**127 292**
Executive and council	24 171	31 358	30 060	2 043	28 970	30 060	(1 090)	-4%	30 060
Budget and treasury office	50 744	52 808	50 587	7 308	45 781	50 587	(4 807)	-10%	50 587
Corporate services	46 941	47 578	46 645	3 326	45 636	46 645	(1 009)	-2%	46 645
Community and public safety	**89 303**	**89 446**	**93 659**	**6 994**	**94 577**	**93 659**	918	1%	**93 659**
Community and social services	52 601	47 341	49 255	3 520	54 041	49 255	4 786	10%	49 255
Sport and recreation	562	666	969	39	733	969	(236)	-24%	969
Public safety	33 228	37 718	39 527	3 214	36 530	39 527	(2 996)	-8%	39 527
Housing	2 912	3 722	3 909	220	3 273	3 909	(635)	-16%	3 909
Health	–	–	–	–	–	–	–		–
Economic and environmental services	**97 158**	**107 064**	**106 137**	**5 189**	**87 894**	**106 137**	(18 243)	-17%	**106 137**
Planning and development	86 704	96 295	95 213	4 471	80 160	95 213	(15 053)	-16%	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	718	7 735	10 924	(3 190)	-29%	10 924
Trading services	**333 639**	**358 101**	**368 451**	**33 841**	**335 377**	**368 451**	(33 074)	-9%	**368 451**
Electricity	201 448	229 594	228 913	21 901	212 954	228 913	(15 959)	-7%	228 913
Water	61 936	55 826	69 099	6 354	57 854	69 099	(11 245)	-16%	69 099
Waste water management	40 244	41 421	39 804	3 036	36 702	39 804	(3 101)	-8%	39 804
Waste management	30 011	31 260	30 636	2 551	27 867	30 636	(2 769)	-9%	30 636
Other	–	–	–	–	–	–	–		–
Total Expenditure - Standard	**641 956**	**686 357**	**695 540**	**58 701**	**638 236**	**695 540**	**(57 304)**	**-8%**	**695 540**
Surplus/ (Deficit) for the year	**23 880**	**(10 799)**	**(17 760)**	**(13 758)**	**16 238**	**(17 760)**	**33 998**	**-191%**	**(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 – M12 June 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	–	–	1	4	–	4		–
Vote 2 - Financial Services	227 299	246 308	253 123	9 032	254 299	253 123	1 175	0.5%	253 123
Vote 3 - Administration, Monitoring & Evaluation	305	508	508	–	20	508	(488)	-96.1%	508
Vote 4 - Led, Tourism & Creative Industries	1 523	1 440	1 440	–	–	1 440	(1 440)	-100.0%	1 440
Vote 5 - Infrastructure, Planning & Development 1	214 459	242 748	243 296	25 166	228 570	243 296	(14 726)	-6.1%	243 296
Vote 6 - Infrastructure, Planning & Development 2	159 848	119 411	116 404	6 660	111 325	116 404	(5 080)	-4.4%	116 404
Vote 7 - Social Services 1	8 769	7 435	7 437	(35)	8 133	7 437	696	9.4%	7 437
Vote 8 - Social Services 2	53 600	57 707	55 570	4 120	52 123	55 570	(3 447)	-6.2%	55 570
Total Revenue by Vote	**665 836**	**675 558**	**677 779**	**44 943**	**654 473**	**677 779**	**(23 306)**	**-3.4%**	**677 779**
Expenditure by Vote									
Vote 1 - Executive & Council	24 171	31 358	30 060	2 043	28 970	30 060	(1 090)	-3.6%	30 060
Vote 2 - Financial Services	55 567	59 197	55 113	6 951	49 098	55 113	(6 015)	-10.9%	55 113
Vote 3 - Administration, Monitoring & Evaluation	31 108	33 253	34 529	3 380	34 002	34 529	(527)	-1.5%	34 529
Vote 4 - Led, Tourism & Creative Industries	9 173	11 081	11 081	1 933	9 931	11 081	(1 150)	-10.4%	11 081
Vote 5 - Infrastructure, Planning & Development 1	293 047	326 705	324 817	25 050	295 047	324 817	(29 770)	-9.2%	324 817
Vote 6 - Infrastructure, Planning & Development 2	102 181	97 248	108 902	9 389	94 556	108 902	(14 346)	-13.2%	108 902
Vote 7 - Social Services 1	30 929	35 317	38 633	2 782	34 193	38 633	(4 440)	-11.5%	38 633
Vote 8 - Social Services 2	95 780	92 199	92 404	7 174	92 438	92 404	34	0.0%	92 404
Total Expenditure by Vote	**641 956**	**686 357**	**695 540**	**58 701**	**638 236**	**695 540**	**(57 304)**	**-8.2%**	**695 540**
Surplus/ (Deficit) for the year	**23 880**	**(10 799)**	**(17 760)**	**(13 758)**	**16 238**	**(17 760)**	**33 998**	**-191.4%**	**(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) – M12 June 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	7 651	148 178	148 671	(494)	0%	148 671
Property rates - penalties & collection charges		–	–			–	–		–
Service charges - electricity revenue	234 162	224 482	223 745	18 149	213 827	223 745	(9 918)	-4%	223 745
Service charges - water revenue	37 380	53 124	53 284	3 811	51 545	53 284	(1 739)	-3%	53 284
Service charges - sanitation revenue	40 541	40 787	37 217	2 756	37 065	37 217	(152)	0%	37 217
Service charges - refuse revenue	48 735	24 979	25 149	2 061	25 052	25 149	(97)	0%	25 149
Service charges - other	(34 273)	13 451	12 059	848	12 023	12 059	(36)	0%	12 059
Rental of facilities and equipment	744	591	1 200	403	1 500	1 200	300	25%	1 200
Interest earned - external investments	5 031	3 000	6 788	744	6 897	6 788	109	2%	6 788
Interest earned - outstanding debtors	3 307	4 500	7 536	572	8 144	7 536	608	8%	7 536
Dividends received	–	–	–			–	–		–
Fines	9 798	3 086	3 459	281	3 251	3 459	(208)	-6%	3 459
Licences and permits	6 066	9 086	8 050	870	8 023	8 050	(27)	0%	8 050
Agency services	–	–	–			–	–		–
Transfers recognised - operational	137 377	100 681	101 004	583	97 923	101 004	(3 081)	-3%	101 004
Other revenue	10 801	10 843	11 233	177	11 003	11 233	(230)	-2%	11 233
Gains on disposal of PPE	27	–				–	–		–
Total Revenue (excluding capital transfers and contributions)	**635 036**	**637 174**	**639 396**	**38 905**	**624 431**	**639 396**	**(14 965)**	**-2%**	**639 396**
Expenditure By Type									
Employee related costs	228 679	233 201	229 366	17 428	223 845	229 366	(5 522)	-2%	229 366
Remuneration of councillors	10 514	11 004	10 917	927	11 048	10 917	131	1%	10 917
Debt impairment	22 593	30 323	30 008	–	–	30 008	(30 008)	-100%	30 008
Depreciation & asset impairment	87 292	83 123	83 123	–	76 753	83 123	(6 371)	-8%	83 123
Finance charges	9 128	4 463	4 463	1 041	4 463	4 463	(0)	0%	4 463
Bulk purchases	204 008	207 394	221 875	22 750	218 159	221 875	(3 716)	-2%	221 875
Other materials		35 999	33 193	3 902	30 939	33 193	(2 254)	-7%	33 193
Contracted services	–	12 537	14 531	2 239	14 398	14 531	(133)	-1%	14 531
Transfers and grants	–	580	1 080	645	1 080	1 080	–		1 080
Other expenditure	79 742	67 732	66 983	9 768	54 036	66 983	(12 947)	-19%	66 983
Loss on disposal of PPE							–		
Total Expenditure	**641 956**	**686 357**	**695 540**	**58 701**	**634 721**	**695 540**	**(60 819)**	**-9%**	**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)	(19 796)	(10 290)	(56 143)	45 854	(0)	(56 143)
Transfers recognised - capital	30 800	38 383	38 383	6 038	26 528	38 383	(11 856)	(0)	38 383
Contributions recognised - capital		–					–		
Contributed assets		–					–		
Surplus/(Deficit) after capital transfers & contributions	23 880	(10 799)	(17 760)	(13 758)	16 238	(17 760)			(17 760)
Taxation		–					–		–
Surplus/(Deficit) after taxation	23 880	(10 799)	(17 760)	(13 758)	16 238	(17 760)			(17 760)
Attributable to minorities		–							
Surplus/(Deficit) attributable to municipality	23 880	(10 799)	(17 760)	(13 758)	16 238	(17 760)			(17 760)
Share of surplus/ (deficit) of associate		–							–
Surplus/ (Deficit) for the year	23 880	(10 799)	(17 760)	(13 758)	16 238	(17 760)			(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) – M12 June 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	21	22	30	(8)	-27%	30
Vote 2 - Financial Services	137	670	896	211	215	896	(682)	-76%	896
Vote 3 - Administration, Monitoring & Evaluation	334	675	675	128	172	675	(503)	-74%	675
Vote 4 - Led, Tourism & Creative Industries	429	1 470	795	416	498	795	(298)	-37%	795
Vote 5 - Infrastructure, Planning & Development 1	7 750	8 074	10 271	6 229	8 596	10 271	(1 676)	-16%	10 271
Vote 6 - Infrastructure, Planning & Development 2	40 142	31 508	40 237	14 410	37 904	40 237	(2 334)	-6%	40 237
Vote 7 - Social Services 1	1 878	2 535	3 445	241	586	3 445	(2 859)	-83%	3 445
Vote 8 - Social Services 2	34 936	18 106	12 035	22	267	12 035	(11 768)	-98%	12 035
Total Capital single-year expenditure	85 660	63 069	68 385	21 677	48 259	68 385	**(20 126)**	**-29%**	68 385
Total Capital Expenditure	**85 660**	**63 069**	**68 385**	**21 677**	**48 259**	**68 385**	**(20 126)**	**-29%**	**68 385**
Capital Expenditure - Standard Classification									
Governance and administration	**292**	**1 375**	**1 601**	**359**	**409**	**1 601**	(1 192)	-74%	**1 601**
Executive and council	53	30	30		1	30	(29)	-96%	30
Budget and treasury office	108	640	866	211	213	866	(653)	-75%	866
Corporate services	130	705	705	149	194	705	(511)	-72%	705
Community and public safety	**512**	**13 186**	**6 325**	**263**	**758**	**6 325**	(5 567)	-88%	**6 325**
Community and social services	226	2 500	4 450	107	217	4 450	(4 233)	-95%	4 450
Sport and recreation	–	9 821	–		–	–	–		–
Public safety	275	865	1 875	156	541	1 875	(1 334)	-71%	1 875
Housing	11	–			–		–		–
Health	–	–			–		–		–
Economic and environmental services	**6 055**	**5 425**	**5 058**	**416**	**592**	**5 058**	(4 466)	-88%	**5 058**
Planning and development	5 911	1 470	1 003	416	498	1 003	(505)	-50%	1 003
Road transport	–	–	–		–	–	–		–
Environmental protection	144	3 955	4 055		94	4 055	(3 961)	-98%	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	20 639	46 499	55 401	(8 901)	-16%	55 401
Electricity	7 777	8 074	10 064	6 229	8 596	10 064	(1 468)	-15%	10 064
Water	30 626	2 750	3 400	1 005	2 135	3 400	(1 265)	-37%	3 400
Waste water management	39 967	28 758	36 837	13 405	35 769	36 837	(1 068)	-3%	36 837
Waste management	431	3 500	5 100		–	5 100	(5 100)	-100%	5 100
Other	–	–			–		–		–
Total Capital Expenditure - Standard Classificati	85 660	63 069	68 385	21 677	48 259	68 385	(20 126)	-29%	68 385
Funded by:									
National Government	25 699	34 810	34 810	17 771	40 227	34 810	5 418	16%	34 810
Provincial Government	10 406	2 000	2 000		–	2 000	(2 000)	-100%	2 000
District Municipality	–	–	–		–	–	–		–
Other transfers and grants	–	1 574	1 574		–	1 574	(1 574)	-100%	1 574
Transfers recognised - capital	36 105	38 383	38 383	17 771	40 227	38 383	1 844	5%	38 383
Public contributions & donations	–	–			–	–	–		–
Borrowing	–	–			–	–	–		–
Internally generated funds	49 555	24 685	30 002	3 906	8 031	30 002	(21 970)	-73%	30 002
Total Capital Funding	85 660	63 069	68 385	21 677	48 259	68 385	(20 126)	-29%	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 – M12 June 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	5 432	15 000
Call investment deposits	78 573	26 045	53 249	78 567	53 249
Consumer debtors	48 616	49 675	55 242	42 173	55 242
Other debtors	33 936	43 668	24 649	28 132	24 649
Current portion of long-term receivables	3	8	8		8
Inventory	5 434	4 845	4 845	4 947	4 845
Total current assets	**166 562**	**127 241**	**152 993**	**159 251**	**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	2 504 941	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**	**2 590 481**	**2 718 293**
TOTAL ASSETS	**2 784 485**	**2 840 166**	**2 871 286**	**2 749 732**	**2 871 286**
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing	7 736	7 303	7 303	5 756	7 303
Consumer deposits	9 590	9 330	9 330	10 273	9 330
Trade and other payables	146 961	94 113	109 120	85 447	109 120
Provisions	31 716	29 995	29 995	39 824	29 995
Total current liabilities	**196 003**	**140 740**	**155 747**	**141 300**	**155 747**
Non current liabilities					
Borrowing	37 504	36 734	36 734	36 730	36 734
Provisions	140 321	100 662	100 662	134 829	100 662
Total non current liabilities	**177 825**	**137 395**	**137 395**	**171 559**	**137 395**
TOTAL LIABILITIES	**373 828**	**278 136**	**293 143**	**312 859**	**293 143**
NET ASSETS	**2 410 656**	**2 562 031**	**2 578 144**	**2 436 873**	**2 578 144**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 410 656	2 562 031	2 578 144	2 436 873	2 578 144
Reserves		–			–
TOTAL COMMUNITY WEALTH/EQUITY	**2 410 656**	**2 562 031**	**2 578 144**	**2 436 873**	**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 – M12 June 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	9 006	146 965	139 751	7 214	5%	139 751
Service charges	315 175	335 414	330 367	25 395	298 435	330 367	(31 932)	-10%	330 367
Other revenue	17 581	23 605	23 943	8 909	128 921	23 943	104 978	438%	23 943
Government - operating	170 188	100 681	101 004	–	93 061	101 004	(7 943)	-8%	101 004
Government - capital	–	38 383	38 383	2 178	45 826	38 383	7 443	19%	38 383
Interest	8 338	7 500	14 324	1 186	16 038	14 324	1 714	12%	14 324
Dividends		–			–	–	–		–
Payments									
Suppliers and employees	(493 604)	(567 867)	(576 866)	(68 375)	(661 096)	(576 866)	84 230	-15%	(576 866)
Finance charges	(864)	(4 463)	(4 463)	(342)	(4 462)	(4 463)	(1)	0%	(4 463)
Transfers and Grants		(580)	(1 080)	–	–	(1 080)	(1 080)	100%	(1 080)
NET CASH FROM/(USED) OPERATING ACTIVITIES	152 222	72 324	65 363	(22 042)	63 688	65 363	1 675	3%	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)	(21 677)	(52 294)	(68 385)	(16 091)	24%	(68 385)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 575)	(63 069)	(68 385)	(21 677)	(52 294)	(68 385)	(16 091)	24%	(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)	(509)	(5 756)	(7 303)	(1 547)	21%	(7 303)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 755)	(7 303)	(7 303)	(509)	(5 756)	(7 303)	(1 547)	21%	(7 303)
NET INCREASE/ (DECREASE) IN CASH HELD	38 891	1 953	(10 325)	(44 229)	5 637	(10 325)			(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		83 999	68 249			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 30 June 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 30 June 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	5 438	1 163	849	714	751	555	3 886	18 371	31 728
Trade and Other Receivables from Exchange Transactions - Electricity	15 151	1 167	617	437	329	255	2 103	6 284	26 344
Receivables from Non-exchange Transactions - Property Rates	7 491	729	570	474	377	320	6 460	16 408	32 829
Receivables from Exchange Transactions - Waste Water Management	3 614	607	409	325	457	264	1 790	8 445	15 911
Receivables from Exchange Transactions - Waste Management	2 694	498	410	365	384	311	1 676	10 431	16 769
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	58	66	70	80	93	83	1 189	15 104	16 743
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(11 383)	225	237	194	156	153	2 127	6 228	(2 062)
Total By Income Source	**23 063**	**4 455**	**3 163**	**2 588**	**2 547**	**1 940**	**19 232**	**81 272**	**138 261**
Debtors Age Analysis By Customer Group									
Organs of State	500	352	150	42	34	33	743	969	2 823
Commercial	5 547	375	261	185	133	97	1 019	2 518	10 134
Households	17 017	3 729	2 752	2 361	2 380	1 810	17 470	77 785	125 304
Other									–
Total By Customer Group	**23 063**	**4 455**	**3 163**	**2 588**	**2 547**	**1 940**	**19 232**	**81 272**	**138 261**

The aforementioned analysis indicates that from 30 June 2016 to 30 June 2017, the overdue debts have increased from R 106,042 million to R 115,198 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	30-Jun-16	30-Jun-17	Difference
Trade and Other Receivables from Exchange Transactions - Water	28 117	26 290	(1 827)
Trade and Other Receivables from Exchange Transactions - Electricity	11 930	11 192	(738)
Receivables from Non-exchange Transactions - Property Rates	27 460	25 337	(2 123)
Receivables from Exchange Transactions - Waste Water Management	12 788	12 297	(491)
Receivables from Exchange Transactions - Waste Management	15 675	14 074	(1 600)
Receivables from Exchange Transactions - Property Rental Debtors	–	1	1
Interest on Arrear Debtor Accounts	–	16 685	16 685
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 073	9 321	(752)
Total By Income Source	**106 042**	**115 198**	**9 156**
Debtors Age Analysis By Customer Group			
Organs of State	1 764	2 323	559
Commercial	4 271	4 588	317
Households	100 007	108 287	8 280
Other	–		–
Total By Customer Group	**106 042**	**115 198**	**9 156**

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	20 976	–	–	–	–	–	–	–	20 976
Bulk Water	924	433	234	405	265	415	1 461	46 010	50 147
PAYE deductions		–	–	–	–	–	–	–	–
VAT (output less input)	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions		–	–	–	–	–	–	–	–
Loan repayments	–	–	–	–	–	–	–	–	–
Trade Creditors	3 414	126	93	68	53	33	(8)	7 517	11 295
Auditor General	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total By Customer Type	**25 314**	**559**	**327**	**473**	**318**	**448**	**1 453**	**53 526**	**82 418**

The above amounts represent invoices still to be paid. The major creditors as at 30 June 2017 are as follows:

Department of Transport	R 7,063 million
Eskom	R 20,976 million
NMBM (Bulk water)	R 50,147 million
Other Creditors	R 4,232 million
TOTAL	**R 82,418 million**

It is to be noted that the Eskom amount of R 20,976 million, represents the current account for June 2017, which was fully paid on 12 July 2017.

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

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

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 30 June 2017.

	Balance as at 30 June 2016	Invested	Interest	Withdrawal	Adjustments	Balance as at 30 June 2017
Standard Bank	-	20 000 000	1 256 857	5 000 000	-	16 256 857
ABSA	21 187 482	-	1 101 123	6 000 000	565	16 288 040
Nedbank	236 110	16 251 293	817 545	251 293	-	17 053 655
RMB	29 341 733	92 436 131	1 878 998	110 356 728	-	13 300 134
INVESTEC	25 032 842	-	1 635 328	11 000 000	-	15 668 170
Total	**75 798 167**	**128 687 424**	**6 689 851**	**(132 608 021)**	**(565)**	**78 566 856**
INVESTMENT BY TYPE	**Balance as at 30 June 2016**	**Invested**	**Interest**	**Withdrawal**	**Adjustments**	**Balance as at 30 June 2017**
General Account	50 402 544	66 898 572	5 366 914	47 129 452	565	75 538 014
Collateral	228 000	-	15 074	243 075	-	(0)
Conditional Grants	16 016 310	59 288 552	1 136 198	76 199 900	-	241 160
Housing Funds	9 151 312	2 500 300	171 664	9 035 594	-	2 787 682
Total	**75 798 167**	**128 687 424**	**6 689 851**	**(132 608 021)**	**(565)**	**78 566 856**
Bank	**2 563 104**	**2 868 839**				**5 431 943**
Total	**78 361 271**	**131 556 263**	**6 689 851**	**(132 608 021)**	**(565)**	**83 998 799**

The increase in the investment portfolio since 30 June 2016 amounts to R 5,637,528.
The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 5,431,943
Short-term Investment Deposits	R 78,566,856
	R 83,998,799

Application of Cash

Unspent Conditional Grants	3,028,842
Outstanding Creditors Liability	82,417,844
	R 85,446,686
Shortfall on Commitments	**-R 1,447,887**

The commitments exceed the cash backed reserves by an amount of R 1,447,887 at this stage. This is largely influenced by the significant Nelson Mandela Bay Municipality bulk water account.

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M12 June 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								%	
RECEIPTS:									
Operating Transfers and Grants									
National Government:	–	95 820	95 820	800	95 377	96 620	(1 243)	-1.3%	96 620
Local Government Equitable Share		91 622	91 622		90 379	91 622	(1 243)	-1.4%	91 622
Finance Management		1 625	1 625	800	2 425	2 425			2 425
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**	**800**	**95 377**	**96 620**	**(1 243)**	**-1.3%**	**96 620**
Capital Transfers and Grants									
National Government:	–	34 810	34 810	212	42 022	42 022	–		42 022
Municipal Infrastructure Grant (MIG)		28 810	28 810		35 810	35 810	–		35 810
Integrated National Electrification Programme		6 000	6 000	212	6 212	6 212	–		6 212
Provincial Government:	–	–	–	4 926	4 926	4 926	–		4 926
Housing				4 926	4 926	4 926	–		4 926
Total Capital Transfers and Grants	–	**34 810**	**34 810**	**5 138**	**46 948**	**46 948**	–		**46 948**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	–	130 630	130 630	5 938	142 325	143 568	(1 243)	-0.9%	143 568

Below is an analysis of the spending associated with the grants as at 30 June 2017:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M12 June 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	836	95 365	96 620	(1 255)	-1.3%	96 620
Local Government Equitable Share	91 622	91 622		90 379	91 622	(1 243)	-1.4%	91 622
Finance Management	1 625	1 625	836	2 413	2 425	(12)	-0.5%	2 425
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**	**836**	**95 365**	**96 620**	**(1 255)**	**-1.3%**	**96 620**
Capital expenditure of Transfers and Grants								
National Government:	34 810	34 810	17 771	41 793	42 022	(229)	**-0.5%**	42 022
Municipal Infrastructure Grant (MIG)	28 810	28 810	12 817	35 810	35 810	–		35 810
Integrated National Electrification Programme	6 000	6 000	4 954	5 983	6 212	(229)	-3.7%	6 212
Provincial Government:	–	–	2 139	2 139	4 926	(2 788)	-56.6%	4 926
Housing			2 139	2 139	4 926	(2 788)	-56.6%	4 926
Total capital expenditure of Transfers and Grants	**34 810**	**34 810**	**19 910**	**43 932**	**46 948**	**(3 016)**	**-6.4%**	**46 948**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**130 630**	**130 630**	**20 746**	**139 296**	**143 568**	**(4 272)**	**-3.0%**	**143 568**

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
Approved Rollover	R 800,000
Amount of Grant Received:	R 2,425,000
Expenditure to date:	R 2,412,526
Unspent as at 30 June 2017:	R 12,474

The spending of the grant amounted to 99.46% as at 30 June 2017, compared to the amount of the 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 30 June 2017:	R 0.00

The spending of the grant amounted to 100% as at 30 June 2017, compared to the amount of the 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 35,809,700
Unspent as at 30 June 2017:	R 0.00

The spending of the grant amounted to 100% as at 30 June 2017, compared to the amount of the 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
Approved Rollover	R 212,015
Amount of Grant Received:	R 6,212,015
Expenditure to date:	R 5,983,329
Unspent as at 30 June 2017:	R 228,686

The spending of the grant amounted to 96.32% as at 30 June 2017, compared to the amount of the grant received.

Human Settlements Grant
The purpose of this grant is to provide funding for the creation of sustainable and integrated human settlements.

Amount of Grant Received:	R 4,926,325
Expenditure to date:	R 2,138,643
Unspent as at 30 June 2017:	R 2,787,682

The spending of the grant amounted to 43.41% as at 30 June 2017, compared to the amount of the 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 – M12 June 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	7 557	7 579	(22)	0%	7 579
Motor Vehicle Allowance	2 562	2 411	211	2 518	2 411	107	4%	2 411
Cellphone Allowance	759	759	66	784	759	25	3%	759
Other benefits and allowances		168	16	189	168	21	13%	168
Sub Total - Councillors	**11 004**	**10 917**	**927**	**11 048**	**10 917**	**131**	**1%**	**10 917**
Senior Managers of the Municipality								
Basic Salaries and Wages	6 045	6 045	504	6 045	6 045	–		6 045
Motor Vehicle Allowance	723	723	60	723	723	–		723
Sub Total - Senior Managers of Municipality	**6 768**	**6 768**	**564**	**6 768**	**6 768**	**–**		**6 768**
Other Municipal Staff								
Basic Salaries and Wages	140 636	135 239	10 484	130 858	135 239	(4 381)	-3%	135 239
Pension and UIF Contributions	23 720	22 492	1 799	22 090	22 492	(402)	-2%	22 492
Medical Aid Contributions	12 734	12 550	1 004	12 160	12 550	(391)	-3%	12 550
Overtime	9 454	11 090	936	11 958	11 090	868	8%	11 090
Performance Bonus	11 764	11 895	172	10 979	11 895	(916)	-8%	11 895
Motor Vehicle Allowance	7 938	7 148	568	7 054	7 148	(94)	-1%	7 148
Housing Allowances	584	1 992	150	1 899	1 992	(93)	-5%	1 992
Other benefits and allowances	18 796	19 495	1 666	19 315	19 495	(180)	-1%	19 495
Long service awards	809	696	84	763	696	67	10%	696
Sub Total - Other Municipal Staff	**226 434**	**222 598**	**16 864**	**217 077**	**222 598**	**(5 522)**	**-2%**	**222 598**
TOTAL SALARY, ALLOWANCES & BENEFITS	**244 205**	**240 284**	**18 355**	**234 893**	**240 284**	**(5 391)**	**-2%**	**240 284**
TOTAL MANAGERS AND STAFF	**233 201**	**229 366**	**17 428**	**223 845**	**229 366**	**(5 522)**	**-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 30 June 2017**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.78%	3.79%	4.83%	4.50%	3.67%	1.69%	1.61%
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	1.13
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.10	0.16	0.22	0.40	0.44	0.62
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	94.12%	96.33%	96.07%	98.91%	97.60%	94.00%	95.81%

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 June 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	1.74
Employee Costs	Employee Costs / Total Operating Expenditure	33.02%	35.41%	35.32%	35.70%	35.62%	32.98%	35.27%
Capital Expenditure	Capital Expenditure / Capital Budget	82.33%	78.84%	21.35%	241.30%	81.97%	95.00%	63.84%
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%	4.87%
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%	1.24%
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%	84.32%

The above table is discussed in details below.

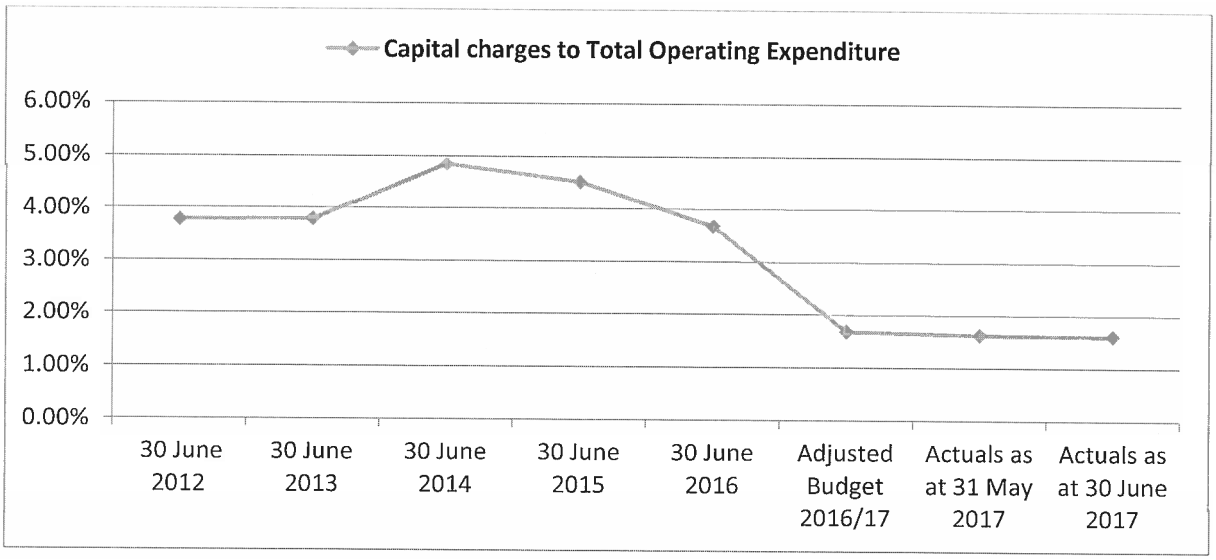
6.1. Borrowing Management

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 1.61% of the Total Operating Expenditure was utilised for capital charges as at 30 June 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.

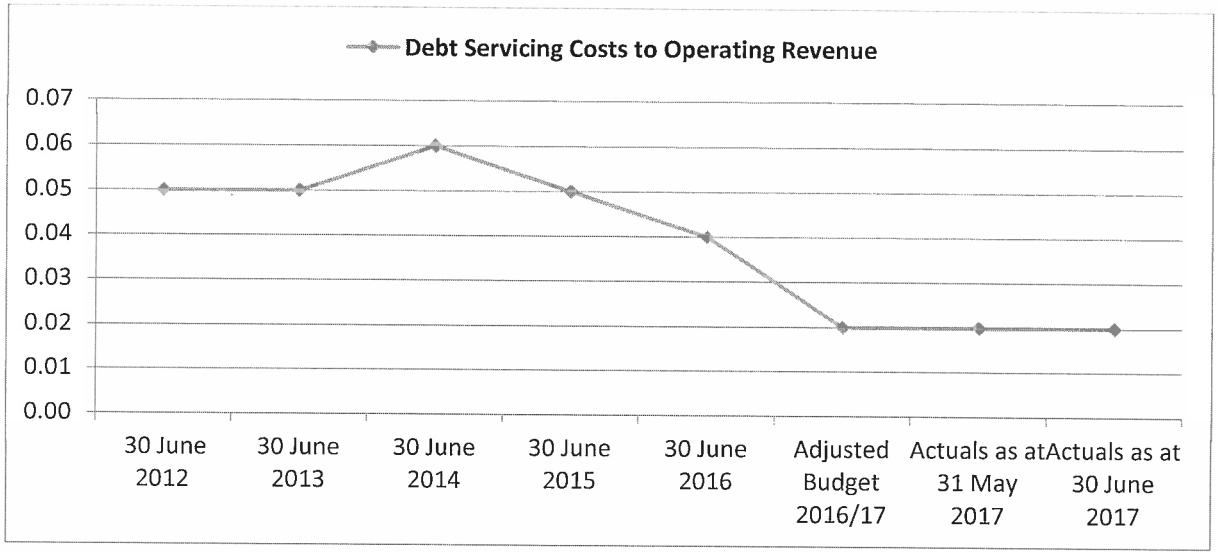
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 30 June 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:

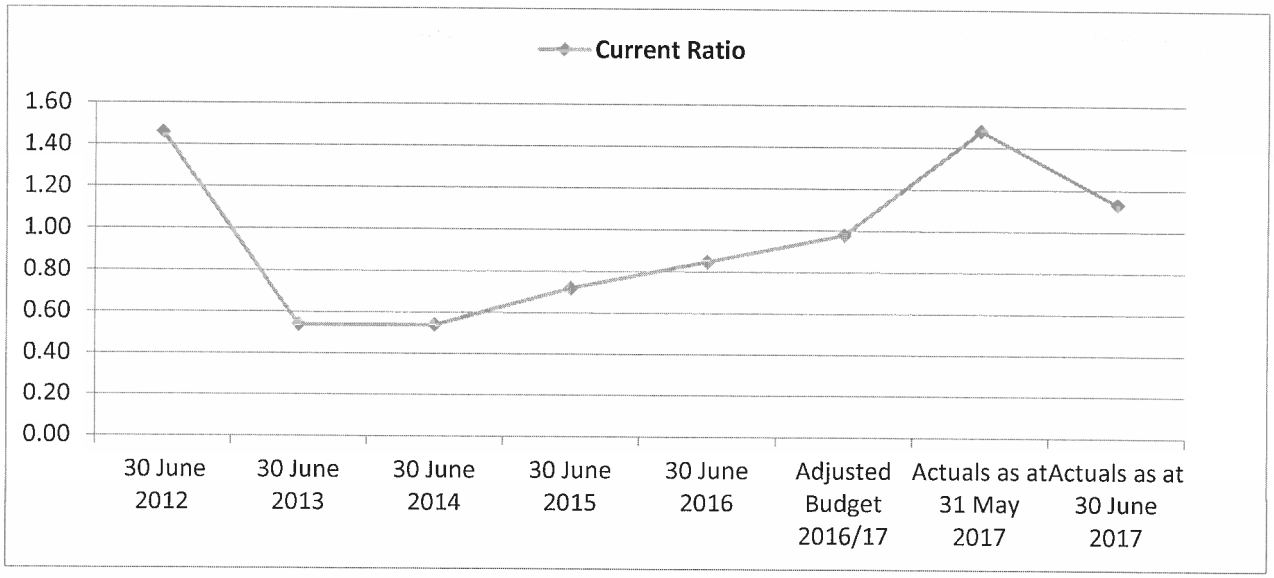
Current assets/Current liabilities

The ratio as at 30 June 2017 was 1.13:1, 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

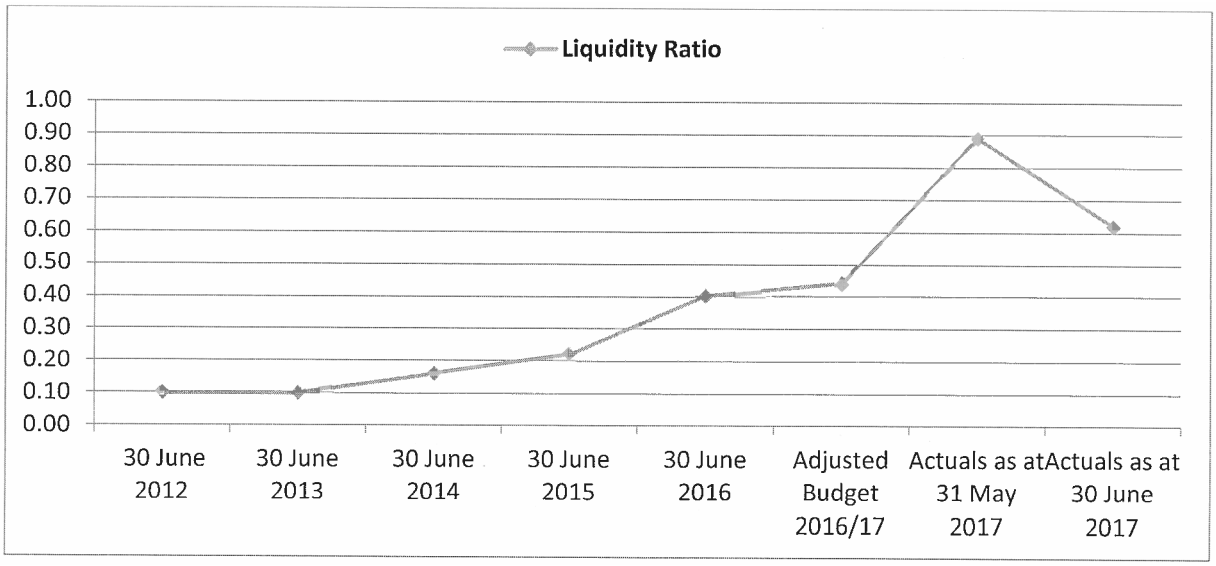
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 30 June 2017 was 0.62:1, 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

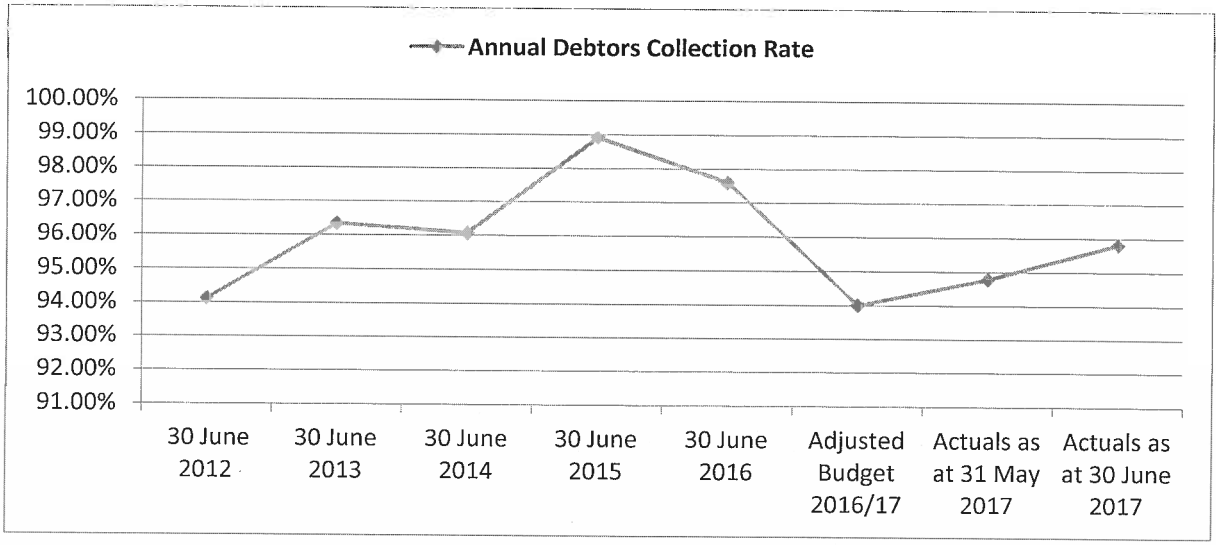
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 30 June 2017 was 95.81%, 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.

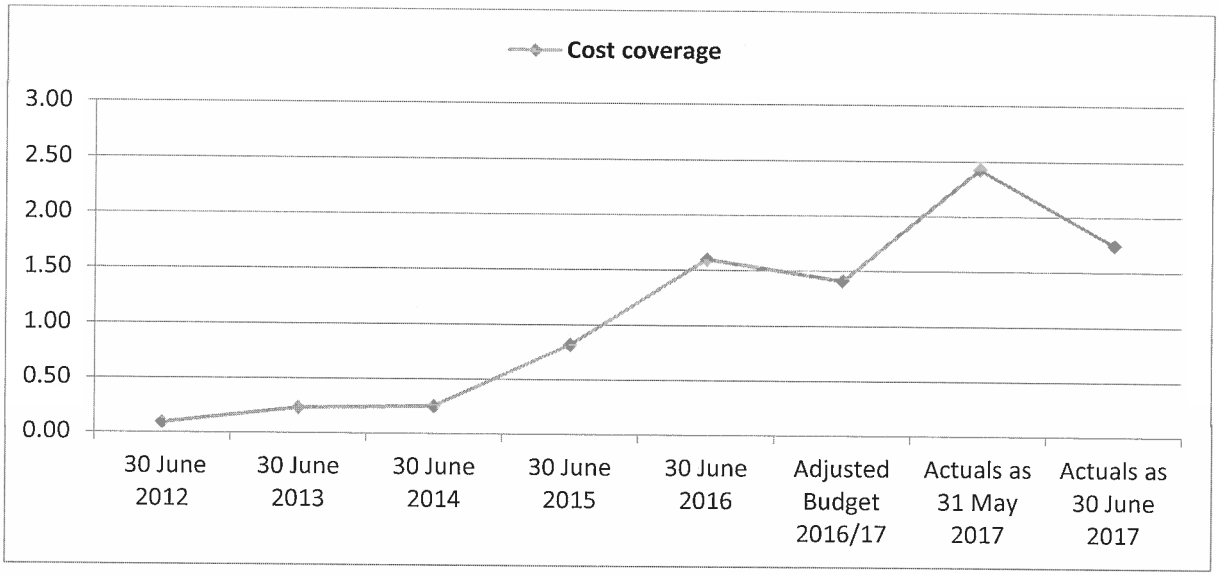
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 30 June 2017, the Ratio was 1.74 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



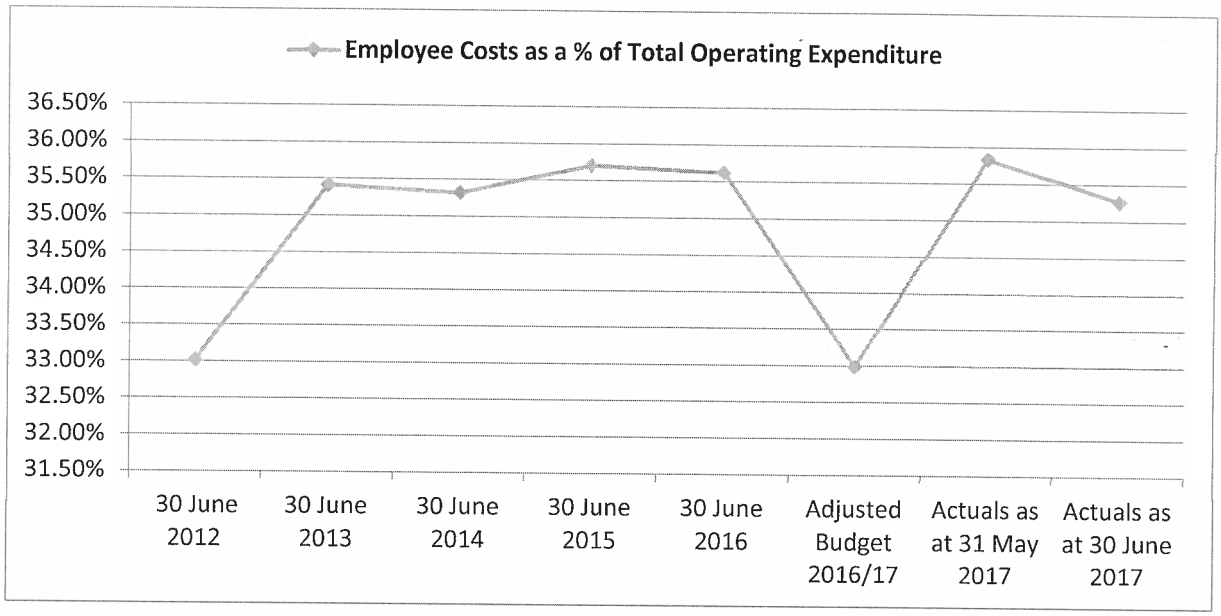
6.4.2. Employee costs as a % of Total Operating Expenditure

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 30 June 2017, Employee Related Costs constituted 35.27% of the Total Operating Expenditure, compared to the adjusted budget ratio of 32.98%.



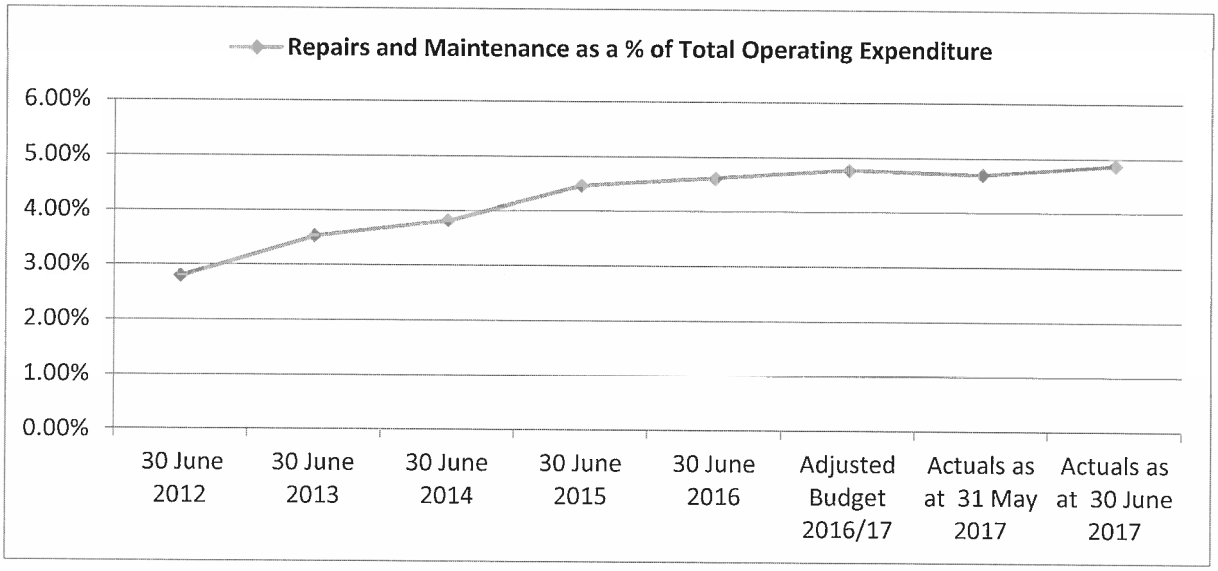
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 30 June 2017, the ratio was 4.87%, 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)

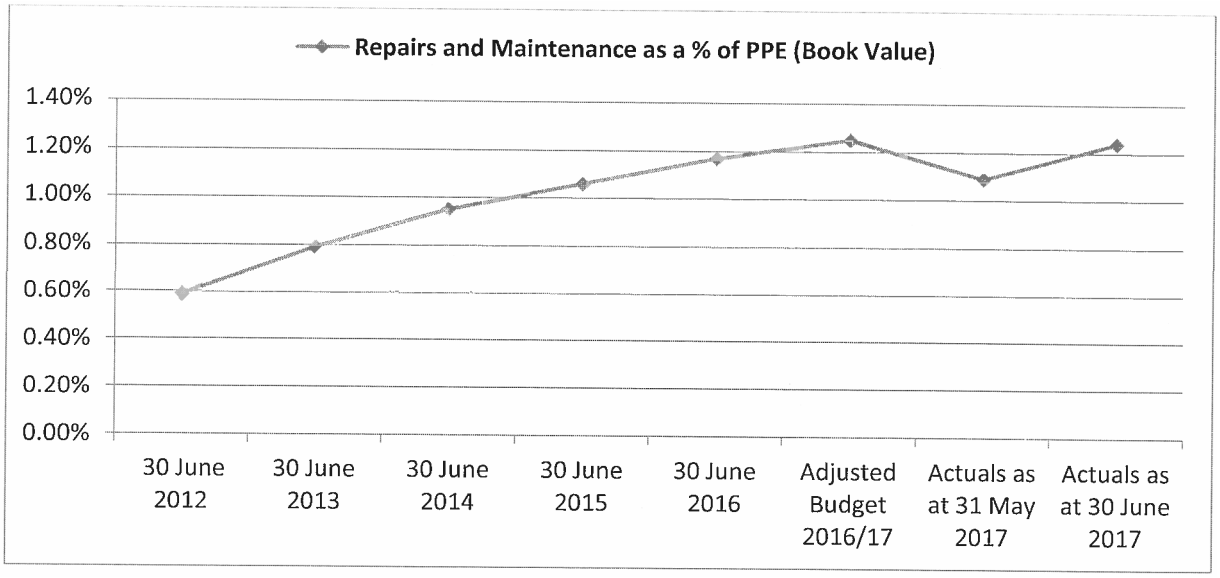
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 June 2017, repairs and maintenance expenditure constituted 1.24% 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%.



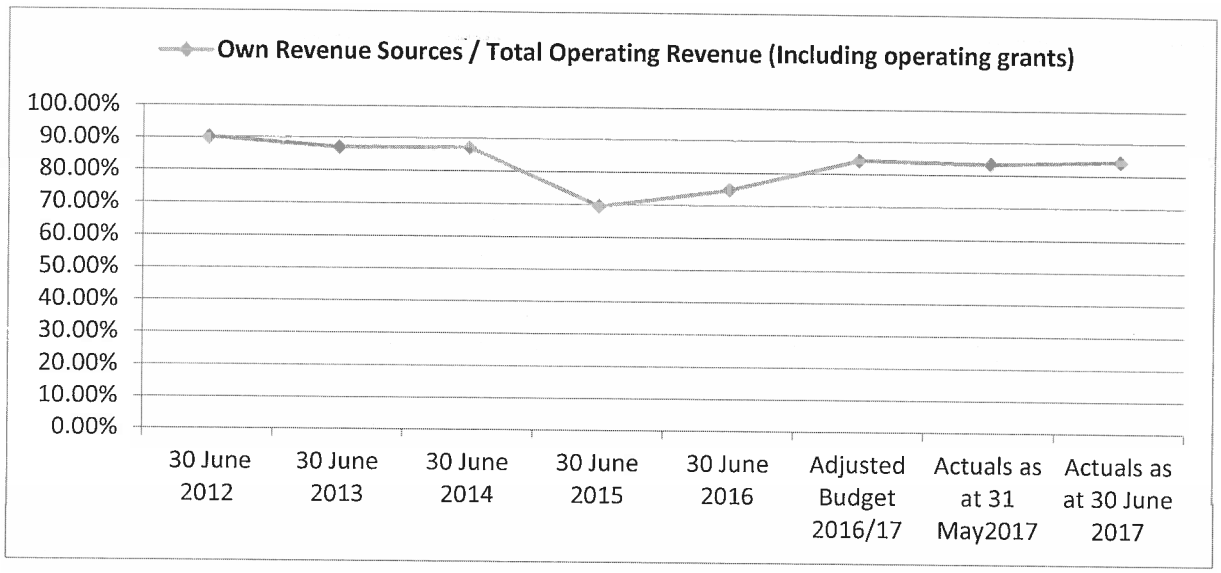
6.4.5. Own Revenue Generation

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 30 June 2017, the Municipality's own revenue sources constituted 84.32% 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 June 2017 amounted to 63.84%, compared to the budgeted ratio of 95%.

