



Ugu District Municipality

MID YEAR BUDGET and

PERFORMANCE ASSESSMENT 2015-2016

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EXECUTIVE SUMMARY REPORT

1. BACKGROUND

The Annual Budget 2015/2016 was adopted by Council on the 28th May 2015 in accordance with Chapter 4 of the Municipal Finance Management Act and its regulations. Management had taken the following into consideration on compilation of the annual budget:

- The Integrated Development Plan of the municipality as reviewed for the next 5 year period.
- The National and Provincial Developmental Priorities and the municipality's contribution to the achievements of national targets.
- The Financial Recovery Plan and Back to Basics strategy adopted in May 2013.
- The adopted Budget Related policies and by-laws of the municipality.
- The allocations and conditions in the Division of Revenue Act of 2015.

Section 72 of the Municipal Finance Management Act No. 56 of 2003 (MFMA) requires that the accounting officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year, taking into account:-

- The monthly statements referred to in Section 71 for the first half of the year.
- The municipality's service delivery performance during the first half of the financial year.
- The service delivery targets and performance indicators set in the service delivery and budget implementation plan,
- The past years annual report and progress on resolving problems identified in the annual report,
- The performance of municipal entities under the control of the municipality

2. IMPLEMENTATION OF THE 2015/2016 BUDGET

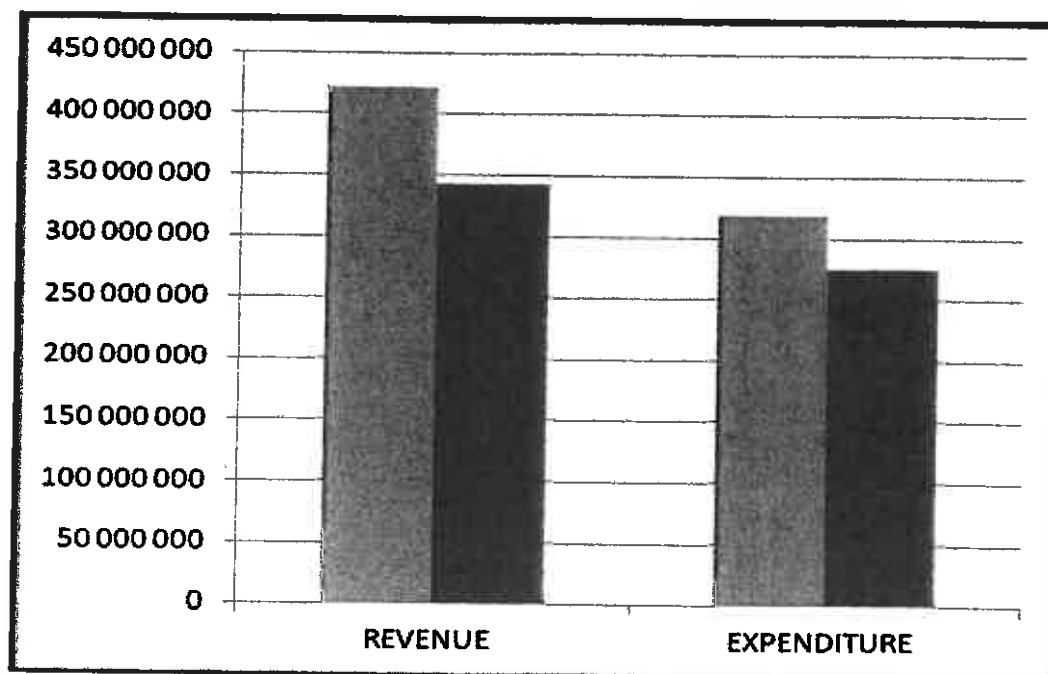
The financial results of all operations for the 6 months period are summarised on the S71 report which has been incorporated into this report.

The expenditure incurred in the first half of the financial year has been in line with the adopted budget. There is no unauthorised expenditure. All deviations from the normal supply chain processes have been approved by the Accounting Officer. Monthly reports have been submitted to the Portfolio Committee and Exco. In line with the adopted procedure on dealing with Unauthorised, Irregular, Fruitless and Wasteful expenditure, the register of UIFW expenditure is submitted monthly to Internal Audit for investigation in terms of S32 of the MFMA. The provisions of the MFMA have been considered in as far as they apply in the implementation of the Annual Budget.

3. FINANCIAL PERFORMANCE OVERVIEW

3.1. REVENUE vs. EXPENDITURE

	2011/12	2012/13	2013/14	2014/15	2015/16
REVENUE	930 339 849	905 557 445	1 026 204 412	1 086 133 203	652 168 488
EXPENDITURE	771 183 570	677 033 260	765 610 667	931 178 321	389 105 902
SURPLUS / DEFICIT	159 156 279	228 524 185	260 593 745	154 954 882	263 062 586

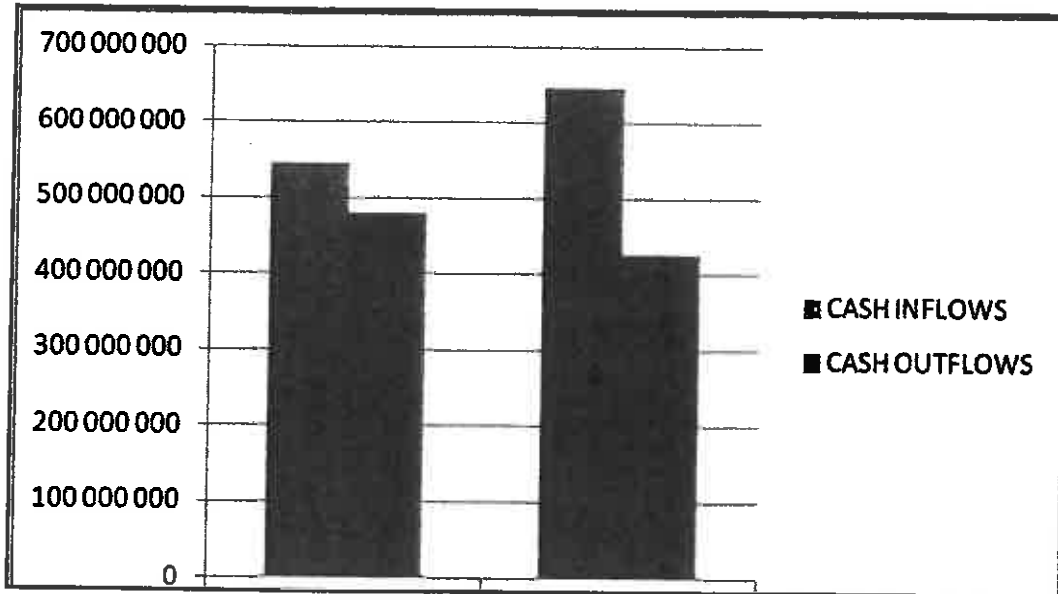


The municipality has maintained an operating surplus over the past 3 years and for the first half of the current financial year. However, the performance in the first 6 months has been an increase in revenue and expenditure when compared to the same period in the last financial year. The increase in revenue is caused by an increase in tariffs plus the new scheme(s) that were commissioned in the current year. There was also a slight increase in collections due to the meter audit project that was conducted in the current year.

The increase in expenditure is due the CPI increase in the current year compared to last year, however this increase was already anticipated and provided for in the current year budget, hence an operating surplus has been realised in the first half of the current year. The expenditure has been contained to below the budget estimates for the first 6 months of the current year.

3.2. CASH FLOWS

	2011/12	2012/13	2013/14	2014/15	2015/16
CASH INFLOWS	878 544 534	889 245 896	963,981,030	1 061 774 788	729,037,848
CASH OUTFLOWS	865 618 787	871 827 821	870 242 479	978 976 243	515 163 836
SURPLUS/ (SHORTFALL)	12 925 747	17 418 075	93 738 551	82 798 545	210 874 012

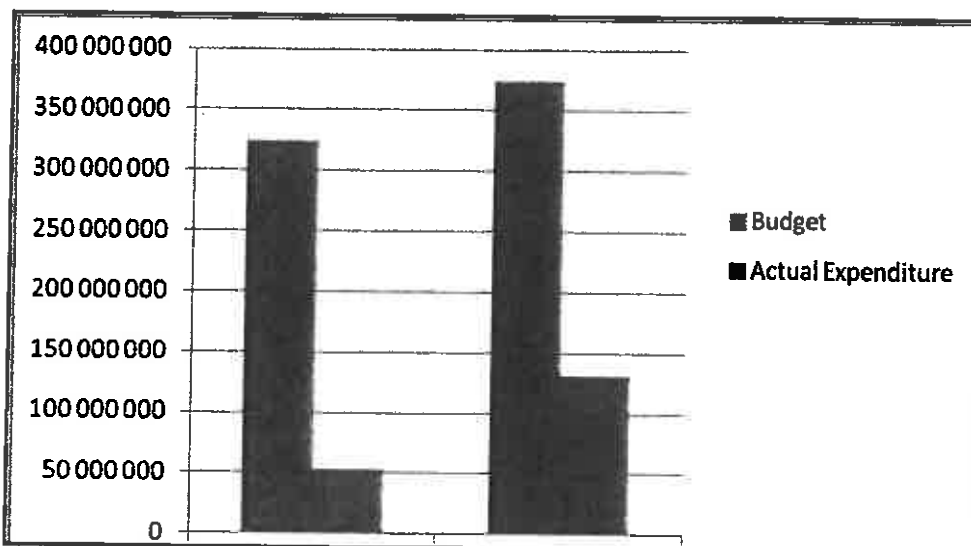


The municipality has made a slight improvement of 6.52% in cash collections in the first six months of the current financial year compared to the same period last year. This can be attributed to the meter audit that is currently taking place. Although this appears positive, there is a contribution from unspent conditional grants on the cash available at the end of December 2015. This is due to the biggest trench of the conditional grants being transferred in the first half of the year.

This comparison is excluding opening balances and takes into account only cash inflows and outflows of the current period.

3.3. CAPITAL EXPENDITURE

	2011/12	2010/11	2013/14	2014/15	2015/16
Budget	335 242 217	282 068 275	342 943 221	336 566 128	395 972 920
Actual Expenditure	205 801 149	193 129 417	309 019 974	330 219 921	146 318 633
% spent	61.39%	68.46%	90.11%	98.11%	36.95%



The implementation of the capital budget has been slow in the first six months of the financial year compared to the same period last year. The management committee is closely monitoring the expenditure on a monthly basis, however for the first six months the committee has been focusing more on the implementation of the grant funded projects. After the backlog on the unspent conditional grants, have been cleared, management will pay more attention on the implementation of all other capital projects. Allocations from internal funds will be reviewed in the adjustments budget.

4. IMPACT OF THE NATIONAL AND PROVINCIAL ADJUSTMENTS BUDGET

There are no adjustments in the original allocations of the grant funds.

5. 2015/2016 ADJUSTMENTS BUDGET

Regulation 23(3) of the Municipal Budgeting and Reporting Regulations states that if a national or provincial treasury allocates or transfers additional revenues to the municipality, the mayor of the municipality must table an adjustments budget to Council as per S28(2)(b) of the MFMA to appropriate these additional revenues.

The decline in the revenues also requires the municipality to adjust its expenditure estimates downwards to ensure that the operating surplus is maintained. It is also critical for the municipality to re-allocate funds from slow moving projects to other projects in order to reach the acceptable expenditure levels as well as to avoid unauthorised expenditure.

Although the municipality has not received additional funding from National or provincial governments, there has been a slight improvement in collections in the first six months compared to the same period last year. The municipality has also incurred additional expenditures on the staff costs due to overtime and related expenditures that was not anticipated in the original budget.

Therefore an adjustments budget for 2015/2016 is necessary based on the following reasons:-

- to provide for the increase in staff cost and avoid unauthorised expenditure at the end of the year,
- to move funds from the slow moving projects to the fast moving projects, and
- to revise cash flows

6. 2015/2016 MID-YEAR PERFORMANCE ASSESSMENT REPORT

The overall performance of the municipality for the first six months of the current year is satisfactory, with exception of the Water Service department which achieved far below the set target due to some challenges relating to the implementation some infrastructure projects and the maintenance of the existing assets.

Management is currently assessing the challenges highlighted on the non-achieved targets and these will be revised after the adoption of the adjustments budget and presented to Council for adoption. Generally the challenges that were experienced by the municipality during the first six months of the current year are summarised below:-

- Delays in the appointment of service providers;
- Project site terrain (for example, the hard rock in one project site);
- Project related disputes (i.e. Mhlabashane project);
- Delays in repairing M&E equipment;
- Budget constraints; and
- Ongoing staff placement process

7. ANNUAL REPORT 2013/2014 CHALLENGES AND PROGRESS IN RESOLVING THE PROBLEMS THAT WERE IDENTIFIED IN THE ANNUAL REPORT

The Annual Report 2013/2014 did specifically identify key challenges and constraints experienced; the following focal areas of municipal performance were highlighted:

NO.	KEY CHALLENGES	PROGRESS MADE	CONSTRAINTS
1.	There were delays in some projects, which resulted in motivations for rollover submissions to the National Treasury as per the Division of Revenue Act. The outcomes of the requests for rollovers are still awaited.	The requested rollovers were approved and expenditure is ongoing. Current year spending is being closely monitored to prevent rollovers.	None.
2.	Lack of capacity to review the Spatial Development Framework (SDF) and the Land Use Management System (LUMS).	The projects have been identified for outsourcing. Provincial Cogta has also been requested to assist.	Budget constraints.
3.	The creation of job opportunities through LED initiatives remains very challenging	Current SCM Policy is under review to see how co-operatives and SMMEs can be catered for in the tender processes.	Strict legislation limits the participation of co-operatives and SMMEs in municipal projects.
4.	Consistently recorded increase in HIV prevalence.	Programmes are in place with the LMs and provincial health to educate on HIV prevention.	

Management confirms that all of the 2014/2015 municipal performance focal areas, continued to receive adequate time, energy and attention.



**CONSOLIDATED BUDGET
IMPLEMENTATION REPORTS IN
TERMS OF S11; S52 AND S71 OF THE
MFMA FOR THE PERIOD ENDED
31 DECEMBER 2015**

PREPARED BY :SIBONGILE MBILI
GENERAL MANAGER: TREASURY

DATE : 14 JANUARY 2016

UGU DISTRICT MUNICIPALITY

TREASURY DEPARTMENT

Month-ended: - **31 DECEMBER 2015**

1. EXECUTIVE SUMMARY

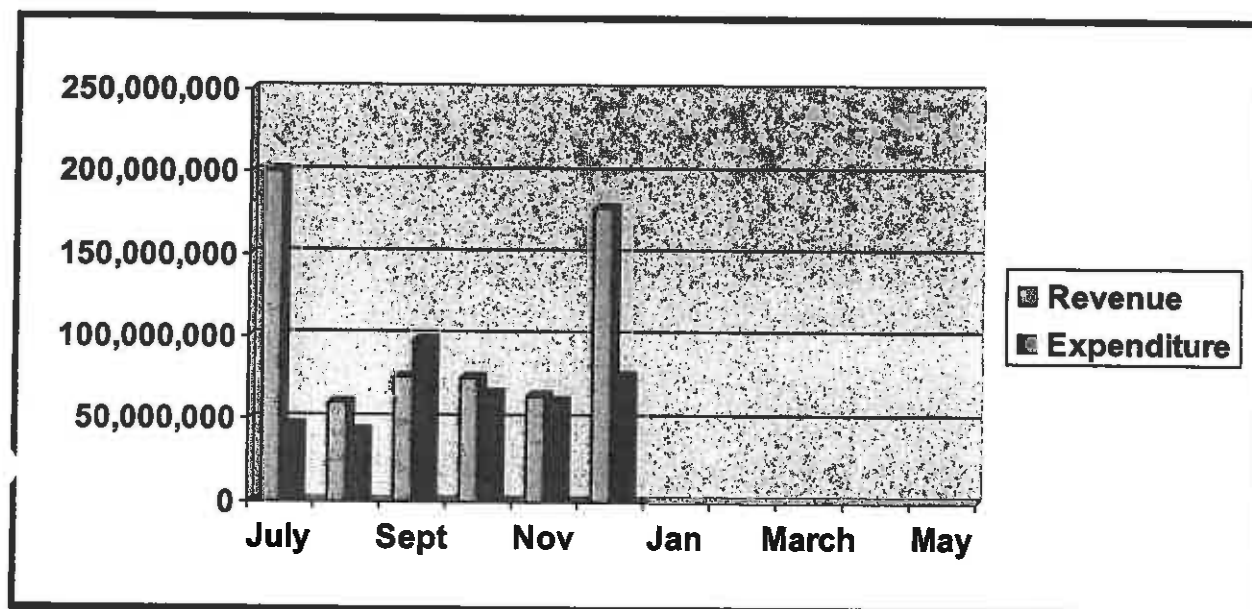
This report is based upon financial information available at the time of preparation. The provisional financial results for the month ended 31 DECEMBER 2015 are summarised below.

1.1. Statement of Financial Performance (SFP)

The SPF shown in Table C4, is prepared on the similar basis to the prescribed budget format, detailing revenue by source and expenditure by input type.

The summary report indicates the following:-

	Annual Budget	Year to Date Budget	Year to Date Actuals	Variance Fav(Unfav)	% Variance
Total Revenue by Source	1 162 852 024	581 426 012	652 168 488	70 742 476	6.08%
Total Operating Expenditure	804 588 340	402 294 170	389 105 902	-13 188 268	-1.63%



The major operating revenue variances against budget are:

- Service Charges - water revenue
- Rentals of facilities and,
- Interest earned on external investments

The major operating expenditure variances against budget are:

- Debt Impairment;
- Depreciation, and
- Finance Charges

The reasons for the variances per source group are cited in Table SC1 of this report.

1.2 Capital Expenditure

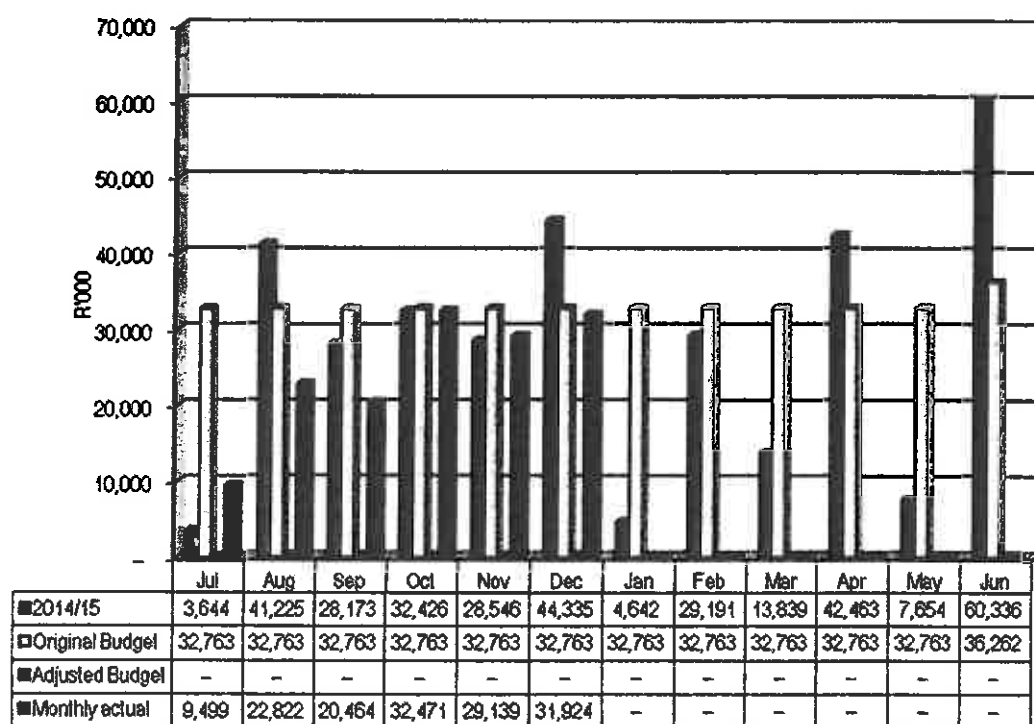
The Capital Expenditure report shown in Table C5 has been prepared on the basis of the format required to be lodged electronically with National Treasury and is categorised by municipal vote. The summary report indicates the following:

Description	Annual Budget	Year to Date Budget	Year to Date Actuals	Variance Fav (Unfav)	% Variance
Total Capital Expenditure	396 652 920	198 326 460	146 318 633	-52 007 827	-13.11

As at the end of December 2015, the municipality had spent 36.88% of its capital budget.

Chart C1 reflects monthly projections of budgeted capital expenditure against actual expenditure for the current year (2015/2016), compared to a trend followed in the previous year, 2014/2015.

✓Chart C1 2014/15 Capital Expenditure monthly trend: actual vs target



The table below reflects a trend since 2010/2011 financial year up to the previous financial year, 2014/2015.

Description	2010/11	2011/12	2012/13	2013/14	2014/15
Budget	315,702,681	335,092,217	282,068,275	342,664,462	393,204,664
Actual	202,671,797	247,162,181	191,179,897	308,818,290	336,473,767
% spent	64.20%	73.76%	67.78%	90.12%	85.57%
% growth - budget	-24.42%	6.14%	-15.82%	21.48%	14.75%
% growth - actual	-46.53%	21.95%	-22.65%	61.53%	8.96%

Cash Flow Statement

Detail	M01 July '15	M02 Aug '15	M03 Sept '15	M04 Oct '15	M05 Nov '15	M06 Dec '15	M07 Jan '16	M08 Feb '16	M09 March '16	M10 April '16	M11 May '16	M12 June '16
Cash Receipts by Source												
Service charges - water revenue	28,255,867	25,315,404	28,041,040	26,507,587	25,426,875	27,724,617	21,234,628	21,234,628	21,234,628	21,234,628	21,234,628	28,266,859
Service charges - sanitation revenue							7,759,576	7,759,576	7,759,576	7,759,576	7,759,576	8,374,410
Rental of facilities and equipment	131,161	23,140	282,810	179,471	24,115	117,109	107,394	107,394	107,394	107,394	107,394	86,505
Interest earned - external investments	239,442	157,602	455,950	376,269	329,864	567,511	399,152	399,152	399,152	399,152	399,152	558,861
Interest earned - outstanding debtors							260,753	260,753	260,753	260,753	260,753	521,505
Transfer receipts - operational	155,907,578	730,000	1,512,621	1,024,604	112,542,000	93,480			88,479,450			4,882,736
Other revenue	7,874,178	2,787,420	970,237	704,946	9,141,472	4,301,149	569,843	569,843	569,843	569,843	569,843	-6,732,722
Cash Receipts by Source	192,408,226	29,013,566	31,262,658	28,792,877	147,464,326	32,803,867	30,331,346	30,331,346	118,810,796	30,331,346	30,331,346	35,958,154
Other Cash Flows/Receipts by Source												
Transfer receipts - capital	32,332,183	98,000,000			129,047,000	7,673,385			77,325,120			107,432,217
Short term loans												
Borrowing long term/refinancing												
Increase (decrease) in consumer deposits	55,297											
Decrease (increase) in non-current debtors	0											
Decrease (increase) other non-current receivable	0											
Decrease (increase) in non-current investments	0											
Total Cash Receipts by Source	224,795,706	127,073,856	31,309,913	28,794,659	276,556,469	40,507,840	30,412,931	30,412,931	196,217,501	30,412,931	30,412,931	143,498,244
Cash Payments by Type												
Employee related costs	15,760,474	31,276,598	26,548,427	24,400,794	23,529,507	23,635,065	23,084,461	23,084,461	23,084,461	23,084,461	23,084,461	35,408,447
Remuneration of councillors	710,625	717,084	729,742	703,703	681,739	715,727	826,349	826,349	826,349	826,349	826,349	942,073
Interest paid	298,376	642,140	1,078,411	244,025	224	2,695,530	157,933	157,933	4,422,118	157,933	157,933	4,281,675
Bulk purchases - Water & Sewer	1,800,113	10,270,217	5,353,591	5,985,534	5,712,755	5,009,368	5,290,313	5,290,313	5,290,313	5,290,313	5,290,313	13,370,167
Other materials	79,730	113,852	25,513	79,078	273,881	103,395	692,617	692,617	692,617	692,617	692,617	2,061,087
Contracted services	1,631,609	1,772,401	2,726,443	2,229,099	1,554,509	1,864,588	1,624,665	1,624,665	1,624,665	1,624,665	1,624,665	4,587,016
Grants and subsidies paid - other	1,690,553	2,054,047	3,442,744	1,890,763	1,299,217	5,681,853	7,932,490	7,932,490	7,932,490	7,932,490	7,932,490	14,174,427
General expenses	14,088,627	15,938,450	20,715,397	16,656,891	12,774,304	23,106,489	16,207,468	16,207,468	16,207,468	16,207,468	16,207,468	18,326,308
Cash Payments by Type	36,060,107	62,784,789	60,620,268	52,169,887	45,826,136	62,812,015	55,816,296	55,816,296	60,080,481	55,816,296	55,816,296	93,151,200
Other Cash Flows/Payments by Type												
Capital assets	19,730,398	37,700,487	23,421,817	36,772,861	33,191,600	36,383,388	23,711,895	23,711,895	23,711,895	23,711,895	23,711,895	81,045,154
Repayment of borrowing	349,652	520,792	2,306,870	518,810	307,095	3,666,861			4,688,419			4,338,767
Consumer refunds	0	0	0	0								
Total Cash Payments by Type	56,140,157	101,006,068	86,348,956	89,481,558	79,324,831	102,862,264	79,528,191	79,528,191	88,480,795	79,528,191	79,528,191	178,535,121
Net Increase/(Decrease) in Cash Held	168,655,549	26,067,788	-55,039,043	-60,686,899	197,231,638	-62,354,424	-49,115,260	-49,115,260	107,736,706	-49,115,260	-49,115,260	-35,036,877
Cash/cash equivalents at the monthly ear begin:	198,085,985	386,741,534	392,809,322	337,770,279	277,083,380	474,315,018	411,960,594	362,845,334	313,730,074	421,466,780	372,351,520	323,236,260
Cash/cash equivalents at the monthly ear end:	366,741,534	392,809,322	337,770,279	277,083,380	474,315,018	411,960,594	362,845,334	313,730,074	421,466,780	372,351,520	323,236,260	288,199,383

1.3 Bank Reconciliations

Bank Account name		DEC 2015			
Bank		Bank statement balance	Reconciling cheques outstanding	Reconciling items deposits not received	Cash book balance
ACB	Absa	815,458.21		-23,935.24	791,522.97
Salary	Absa	207,762.81		-89,020.49	118,742.32
General	Absa	6,314,344.98		-655,343.32	2,792,389.97
Deposit	Absa	430,939.52		-453,087.04	-22,147.52
Primary	Absa	206.26		-296,614.84	-296,408.58
Ugu conditional grant acc	Absa	89,905,209.64			89,905,209.64
Ugu Call Account	Absa	22,572,764.51			22,572,764.51
FNB Investment	FNB-S	18,266.49			18,266.49
Absa Investment2	Absa-S	479.45			479.45
Group life	Absa	4,179,598.75			4,179,598.75
Ithala	Thala				
Mig Call	Absa	41,810,955.76			41,810,955.76
Mig Chq	Absa	89,221.09			89,221.09
Investec Inv	Investec	85,000,000.00			85,000,000.00
Std Bank -Inv	Std Bank	55,000,000.00			55,000,000.00
FNB Investment	FNB	60,000,000.00			60,000,000.00
Nedbank Investment	Nedbank	50,000,000.00			50,000,000.00
					-
					411,960,594.85

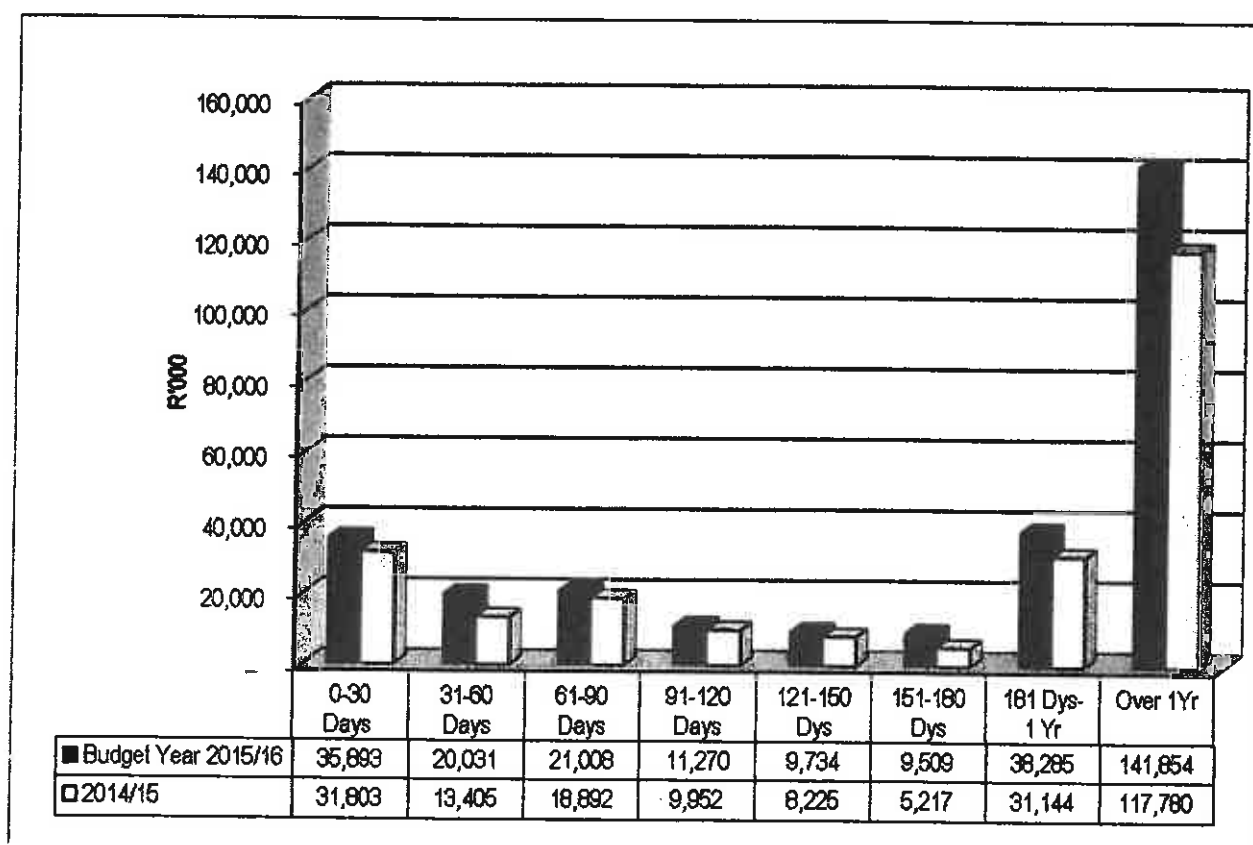
1.4 Outstanding Debtors

The Debtors report in Table SC3 has been prepared in the format required to be lodged electronically with National Treasury, which provides for aged analysis by revenue source as well as customer group. The report shows total outstanding debt of 287 583 755 as at the end of December 2015 which has increased by 1.32% from the November 2015 total of R283 819 541

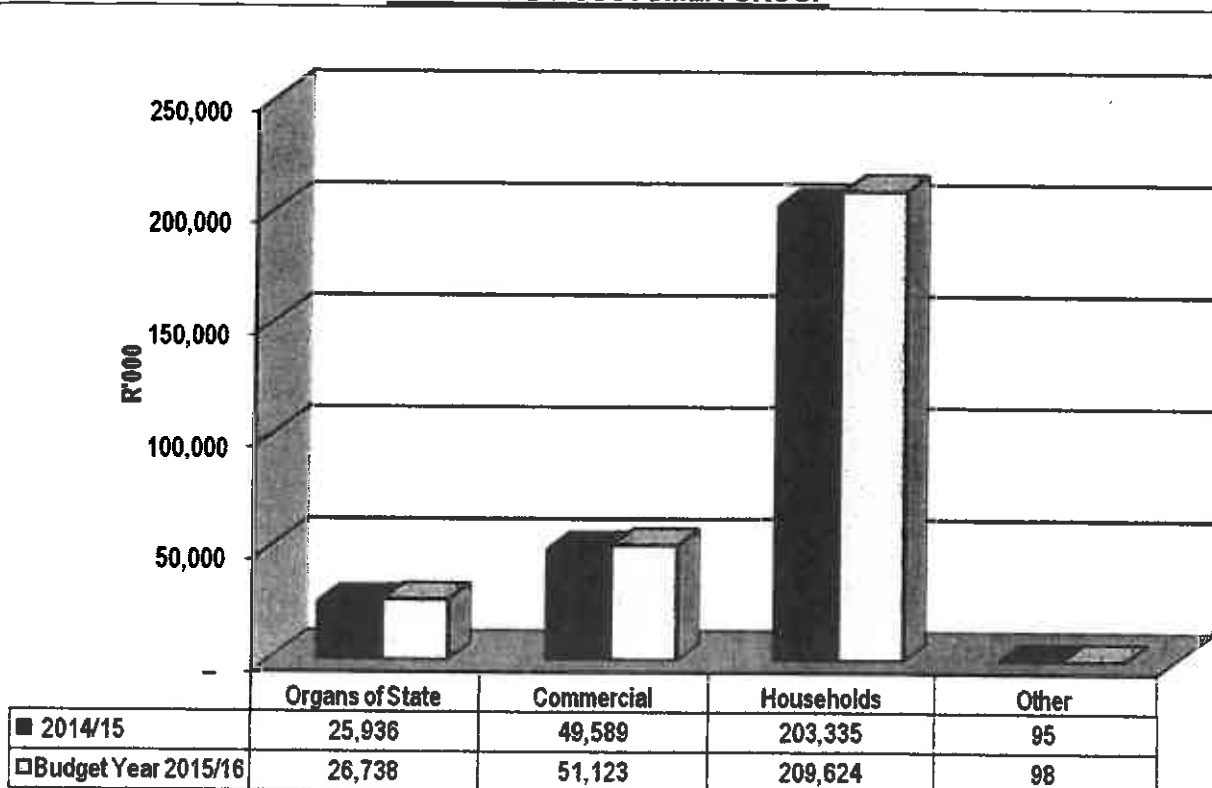
The consumer debtors amounted to R280 504 847

The chart below contains debtors ageing for the month of December 2015 compared to the ageing as at the end of December 2014.

DEBTORS AGE ANALYSIS



DEBTORS BY CUSTOMER GROUP



Consumer Debtors Reconciliation

Gross Opening Balance as at 31 December 2015	287,583,755
Less Allowance for Impairment	170,378,206
Net Balance	117,205,549

The table below show Debtors ageing by top Ten Organs of State

DEPARTMENTAL	TOTAL_AMOUNT_WIT	AGE 0_30	AGE 30_60	AGE 61_90	AGE 91_120	AGE 121_150	AGE 151_180	AGE 181_360	AGE ABOVE_360
Department of Education	39,914.64	13,131.28	11,513.36	4,448.50	754.80	262.77	262.66	1,832.30	7,708.97
Department of Education S20	17,092.32	8,293.00	8,799.32	-	-	-	-	-	-
Department of Education S21	1,842,312.34	351,989.50	177,615.16	131,649.90	139,002.44	91,777.85	77,060.18	697,767.80	175,449.51
Department of Health	2,280,687.01	655,390.42	552,115.40	454,209.93	229,156.55	10,852.26	12,567.30	75,547.20	290,847.95
Department of Housing	373,927.11	4,991.34	1,578.69	40,955.99	1,971.34	1,971.34	1,971.39	14,010.11	306,476.91
Department of Public Works	2,485,521.80	958,931.80	319,940.01	261,817.26	464,390.83	6,187.39	7,006.71	50,605.45	396,642.35
Department of Social Welfare	51,547.73	2,797.05	1,427.68	1,427.68	1,427.68	1,427.68	1,425.42	8,020.44	33,594.10
Department of Transport	813,888.90	66,450.79	61,236.02	123,010.60	104,456.75	37,435.39	342,661.07	15,344.87	63,293.41
Ezingolweni LM	90,653.38	5,522.26	4,548.94	4,335.50	4,487.17	4,487.17	4,167.60	24,791.21	38,313.53
Harry Gwala DM	123,464.23	-	123,464.23	-	-	-	-	-	-
Hlabiscus Coast Municipality	7,393,812.37	1,557,632.74	1,829,136.14	1,414,876.81	1,275,379.37	340,287.42	191,011.62	382,619.84	402,868.43
Telkom SA	17,742.04	5,041.65	284.80	454.92	368.33	368.33	400.96	1,462.34	9,360.71
Transnet	72,650.98	13,377.24	13,640.31	10,978.30	1,092.57	1,117.31	977.21	4,066.10	27,401.94
Umdoni LM	2,655,658.94	590,981.99	604,637.98	634,062.27	548,126.04	51,549.32	3,578.80	58,708.68	164,013.86
Umtuzwabantu LM	624,461.88	60,229.45	43,729.06	50,137.87	48,290.36	46,295.88	48,397.40	315,346.73	12,035.13
Umtzombe LM	594.51	118.53	99.27	79.02	79.02	79.02	43.06	96.59	-
Vulamehlo LM	23,137.86	5,048.96	5,212.97	5,048.96	5,212.97	-	-	-	2,614.00
	18,907,068.04	4,299,928.00	3,758,979.34	3,157,493.51	2,824,196.22	594,099.13	691,531.38	1,650,219.66	1,930,620.80

To reduce government debt we telephone, fax/ e-mail statements to relevant department for payments. Where no positive response has been received we ask intervention of Provincial Treasury if it is Departments where it is in a case of the Municipality we disconnect.

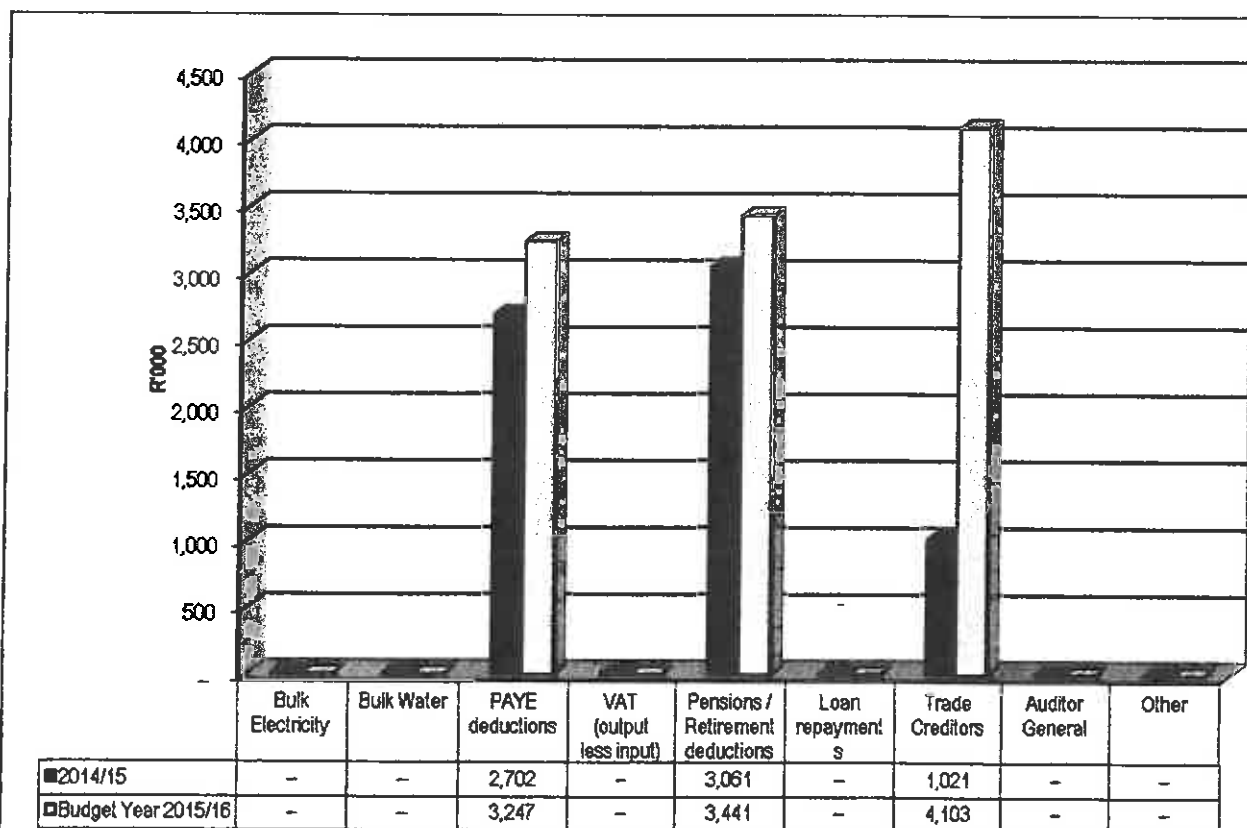
The following actions have been taken to Intensify the implementation of the credit control policy;

- Using telephone and SMS to remind customers about their outstanding accounts
- Government departments in arrears have payment arrangements in place which are constantly monitored on a monthly basis
- Posting and Hand delivering notifications(reminders) to customers that are in arrears about the status of their accounts
- Signing payment arrangements with customers who cannot afford to pay their accounts in full
- Making deductions in Employee Salaries for all outstanding monies due to their accounts
- Disconnecting all business accounts that are in arrears more than 60 days
- Restricting consumer accounts in arrears more than 60 days
- Handing customers over for collection that are not responding to either disconnection or restriction
- Conducting Indigent road shows in all 6 local Municipalities within our the Ugu District to register qualifying indigent customers

1.5. Outstanding Creditors

The report, in Table SC4, has been prepared on the basis of the format required to be lodged electronically with National Treasury. It provides for an aged analysis per creditor type. The report shows total of R10 791 660 as at the end of December 2015 which has decreased by 4.34% from November 2015 total of R11 281 617

Creditors Age Analysis



1.6. Investment Portfolio

Table SC5 contains investments by maturity as at 31 December 2015. The table below shows the movement in total investments of the municipality for the month of December 2015.

Total Investments at the beginning of the month	402,832,713
Add: Investments made	80,765,067
Less: Investments realised	-155,214,587
Investments as at the end of the month	328,383,193

Dec-15					
Name of Institution	Period of Investment	Type of Investment	Market value at the beginning of the month	Change in market value during the month	Market value at end of the month
FNP Investment	30/60/90 day Notice		60,000,000.00	-	60,000,000.00
Fir. ational Bank	One day Notice	Daily Call Account	18,266.49	-	18,266.49
NEDBANK	30/60/90 day Notice	Daily Call Account	20,000,000.00	30,000,000.00	50,000,000.00
Investec	30/60/90 day Notice		65,000,000.00	20,000,000.00	85,000,000.00
ABSA Bank CALL MIG	One day Notice	Daily Call Account	67,187,307.21	(25,376,351.45)	41,810,955.76
STD investment	30/60/90 day Notice		25,000,000.00	30,000,000.00	55,000,000.00
ABSA Bank CALL	One day Notice	Daily Call Account	152,411,000.00	(129,838,235.49)	22,572,764.51
ABSA	One day Notice	Daily Call Account	479.45	-	479.45
Entities			13,215,659.31	765,066.85	13,980,726.16
Municipality sub-total			402,832,712.46	-74,449,520.09	328,383,192.37

2. MONTHLY WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Computer Generated Cheques – Main Account		371 128.71
Manual Cheque Book – Main Account		38 978.39
Salary Cheques		201 488.79
MIG		25 476 756.24
Group Life Scheme Cheques		0.00
Electronic Fund Transfers	Main Account	157 089 945.41
	Salary Account	19 653 065.87
Total		202 831 363.41

3. UGU FRESH PRODUCE MARKET

STATEMENT OF FINANCIAL PERFORMANCE - 31 December 2015

CURRENT YEAR 2015/2016

DESCRIPTION	Budget	YTD BUDGET	MONTHLY ACTUAL	YTD ACTUAL	YTD VARIANCE (R)	YTD %VARIANCE
Operating Revenue By Source						
Rental - Ugu Market	600,000	300,000		462,669	-162,669	-54.22%
	600,000	300,000	0	462,669	-162,669	-54.22%
Operating Expenditure						
Repairs & Maintenance	150,000	75,000	0	0	75,000	100.00%
Interest Paid	20,981	10,491	0	0	10,491	100.00%
Electricity	861,275	430,638	67,063	534,902	-104,265	-24.21%
	1,032,256	516,128	67,063	534,902	-104,265	-24.21%

4. UGU SPORTS AND LEISURE CENTRE

STATEMENT OF FINANCIAL PERFORMANCE - 31 December 2015

DESCRIPTION	Annual Budget	YTD BUDGET	MONTHLY ACTUAL	YTD ACTUAL	YTD VARIANCE (R)
Operating Revenue By Source					
Rentals of Facilities	180,000	90,000	20,000	120,799	30,799
	180,000	90,000	20,000	120,799	30,799

4.1 RECONCILIATION OF RENTAL INCOME FOR UGU SPORTS AND LEISURE CENTRE

NAME OF DEBTOR: CYASSOUND HOLDINGS

ACCOUNT CODE 520206

DATE	INVOICE NO:	INVOICE AMOUNT	RECIEVED AMOUNT	OUTSTANDING BALANCE
Mar-15	4514	18,000.00	18,000.00	-
Apr-15	4515	18,000.00	18,000.00	-
May-15	4518	18,000.00	18,000.00	-
Jun-15	4526	18,000.00	18,000.00	-
Jul-15	4554	20,000.00	12,000.00	8,000.00
Aug-15	4587	20,000.00	-	28,000.00
Sep-15	4601	20,000.00	48,000.00	-
Oct-15	4587	20,000.00	0	20,000.00
Nov-15	4633	20,000.00	0	20,000.00
Nov-15	Interest 4673	798.76	0	798.76
Dec-15	4634	20,000.00	0	20,000.00
		152,000.00	132,000.00	60,798.76

5. SUMMARY OF UNIFORM FINANCIAL RATIOS, FORMULAE AND NORMS

5.1 FINANCIAL POSITION

A. Asset Management

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) x 100	(R146 318 633 / R535 424 541) x 100	21.46%	10.00% - 20.00%
2	Impairment of Property; Plant and Equipment, Investment Property and Intangible Assets (Carrying Value)	(Property Plant and Equipment Impairment + Investment Property Impairment + Intangible Asset Impairment) / (Total Property; Plant and Equipment + Investment Property + Intangible Assets) x 100	R0 / (R4 202 758 821 + R29 451 206 + R7 725 233) x 100	0%	0.00%
3	Repairs and maintenance as a % of Property, Plant and Equipment, Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property; Plant and Equipment and Investment Property (Carrying Value) x 100	R17 941 387 / (R4 202 758 821 + R29 451 206) x 100	0.42%	8.00%

B. Debtors Management

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Collection Ratio	$\frac{\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening balance} + \text{Bad Debt Written off}}{\text{Billed Revenue} \times 100}$	(R280 504 847 + R26 242 105 – R277 515 682) / R26 242 105 x 100	88.65%	95.00%
2	Bad Debts Written off as a % of Provision for Bad Debt	Bad Debt Written off / Provision for Bad x 100	R85 629 566 / R170 378 206 x 100	50.26%	100.00%
3	Net Debtors Days	$\frac{\text{Gross Debtors} - \text{Bad Debt Provision}}{\text{Revenue}} \times 365 \text{ days}$	(R280 504 847 – R170 378 206) / R651 986 410 x 365	62 days	30 days

C. Liquidity Management

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	$\frac{((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)}}{\text{Current Assets} / \text{Current Liabilities}}$	(R94 949 003 – R259 199 601 – R2 626 620 + R314 402 466) / R389 105 802	5 months	1 – 3 months
2	Current Ratio	Current Assets / Current Liabilities	(R745 004 610 – R170 378 206) / R278 129 722	2.07 : 1	1.5 : 1 – 2 : 1

D. Liability Management

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	$(\text{Capital Cost (Interest Paid and Redemption)} / \text{Total Operating Expenditure}) \times 100$	$(R9\ 475\ 967 + R9\ 376\ 838) / R389\ 105\ 908 \times 100$	4.85%	6.00% - 8.00%
2	Debt (Total Borrowing) / Revenue	$((\text{Overdraft} + \text{Current Finance Lease Obligation} + \text{Non Finance Lease Obligation} + \text{Short Term Borrowings} + \text{Long Term Borrowings}) / (\text{Total Operating Revenue} - \text{Operating Conditional Grants})) \times 100$	$(R209\ 452\ 839 / (R651\ 986\ 410 - R279\ 899\ 800)) \times 100$	56.29%	45.00%

E. Sustainability

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Level of Cash backed Reserves (Net Assets – Accumulated Surplus)	$(\text{Cash and Cash Equivalents} - \text{Bank Overdraft} + \text{Short Term Investment} + \text{Long Term Investment} - \text{Unspent Grants}) / (\text{Net Assets} - \text{Accumulated Surplus} - \text{Non Controlling Interest Share premium} - \text{Share capital} - \text{Fair Value Adjustment} - \text{Revaluation Reserve}) \times 100$	$(R94\ 949\ 003 - R2\ 626\ 620 + R178\ 239\ 148 - R314\ 402\ 466) / (R4\ 203\ 299\ 426 - R3\ 172\ 013\ 298) \times 100$	14.30%	6.00% - 8.00%

5.2 FINANCIAL PERFORMANCE

A. Efficiency

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Net Operating Surplus Margin	$((\text{Total Operating Revenue} - \text{Total Operating Expenditure}) / \text{Total Operating Revenue}) \times 100$	(R651 986 410 – R389 105 802) / R651 986 410 x 100	40.32%	= OR > 0.00%
2	Net Surplus / Deficit – Water	$((\text{Total Water Revenue} - \text{Total Water Expenditure}) / \text{Total Water Revenue}) \times 100$	(R173 336 142 – R242 653 299) / R173 336 142 x 100	-39.99%	= OR > 0.00%
3	Net Surplus / Deficit – Sanitation	$((\text{Total Sanitation Revenue} - \text{Total Sanitation Expenditure}) / \text{Total Sanitation Revenue}) \times 100$	(R49 707 871 – R35 358 488) / R29 289 692 x 100	28.87%	= OR > 0.00%

B. Distribution Losses

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Water Distribution Losses (percentage)	$((\text{Number of Kilometres Water Purchased or Purified} - \text{Number of Kilometres Water Sold}) / \text{Number of Kilometres water Purchased or Purified}) \times 100$	(3 914 744kl – 3 231 194kl) / 3 914 744kl x 100	17.46%	15.00% - 30.00%

C. Revenue Management

	RATIO	FORMULA	WORKINGS	CURRENT STATUS	NORM
1	Growth in Number of Consumer Accounts	$((\text{Period under review's number of Active Debtors Accounts} - \text{previous period number of Active Debtors Accounts}) / \text{Previous period number of Active Debtors Accounts}) \times 100$	(50 270 – 50 226) / 50 226 x 100	0.09%	None
2	Revenue Growth %	$((\text{Period under review's Total Revenue} - \text{previous period Total Revenue}) / \text{Previous period Total Revenue}) \times 100$	(R651 986 410 – R502 892 692) / R502 892 692 x 100	37.66%	= CPI

		period Total Revenue) / Previous period Total Revenue) x 100	$R473\,967\,174 / R473\,967\,174 \times 100$		(7.00%)
3	Revenue Growth % - Excluding Capital Grants	((Period under review's Total Revenue excluding Capital Grants – previous period Total Revenue, excluding Capital Grants) / Previous period Total Revenue excluding Capital Grants) x 100	$(R463\,906\,008 - R319\,195\,833) / R319\,195\,833 \times 100$	45.34%	= CPI (6.00%)

D. Expenditure Management

		FORMULA	CURRENT STATUS	NORM
1	Creditors Payment period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365 days	$R10\,791\,660 / (R8\,471\,754 + R17\,941\,387 + R70\,055\,325 + R25\,313\,440 + R32\,136\,648) \times 365$	26 days 30 days
2	Irregular; Fruitless ; Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular; Fruitless ; Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x 100	$R0.00 / R389\,105 \times 100$	0.00%
3	Remuneration as a % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure) x 100	$(R141\,417\,526 + R4\,442\,845) / R389\,105\,802 \times 100$	37.49% 25.00% - 40.00%
4	Contracted Services as a % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x 100	$R8\,471\,754 / R389\,105\,802 \times 100$	2.18% 2.00% - 5.00%

E. Grant Dependency

	INDICATOR	FORMULA	CURRENT STATUS	NO.
1	Own Funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	$\frac{((\text{Own funded Capital Expenditure (Internally generated funds + Borrowings)} / \text{Total Capital Expenditure}) \times 100)}{}$	0.00%	None
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	$\frac{\text{Own funded Capital Expenditure (Internally generated funds)} / \text{Total Capital Expenditure} \times 100}{}$	0.00%	= CPI (12.00%)
3	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	$\frac{(\text{R463 906 008} - \text{R279 899 800} - \text{R188 080 402}) / \text{R463 906 008} \times 100}{}$	66.71%	None

5.3 BUDGET IMPLEMENTATION

	INDICATOR	FORMULA	CURRENT STATUS	NO.
1	Capital Expenditure Budget Implementation Indicator	$\frac{\text{Actual Capital Expenditure} / \text{Budget Capital Expenditure} \times 100}{}$	73.76%	95.00% - 100.00%
2	Operating Expenditure Budget Implementation Indicator	$\frac{\text{Total Operating Expenditure} / \text{Budget Operating Expenditure} \times 100}{}$	96.72%	95.00% - 100.00%

Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	R463 906 008 / R403 926 802 x 100	114.85%	95.00% - 100.00%
Service Charges Revenue Budget Implementation Indicator	Actual Service Charges Revenue / Budget Service Revenue x 100	R175 392 617 / R203 930 561 x 100	86.01%	95% - 100%

REPORT PREPARED BY:



**SIBONGILE MBILI
GENERAL MANAGER: TREASURY**

25/01/2016

DATE