



# **MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT**

## **2011/12**

Compiled in terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003  
(Act 56 of 2003) (MFMA)

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## INTRODUCTION

In terms of Section 72 of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the Accounting Officer must by 25 January of each year assess the budget and performance of the municipality during the first half of the financial year. A report on such assessment must in terms of Section 72(1)(b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

Once the Mayor has considered the report, she must submit the report to Council by 31 January in terms of Section 54 of the MFMA.

The mid-year performance supporting tables were prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulations.

During the 1<sup>st</sup> six months an average staff compliment of 1008 were employed, although we have budgeted for the total approved establishment of 1089.

## BUDGET & FINANCIAL PERFORMANCE ANALYSIS

### BUDGET STATEMENT SUMMARY – DECEMBER 2011

| Description  | 2010/11          | Budget Year 2011/12 |                 |                |                  |                 |                 |                |
|--|------------------|---------------------|-----------------|----------------|------------------|-----------------|-----------------|----------------|
|  | Audited Outcome  | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual    | YearTD budget   | YTD variance    | YTD variance % |
| <b>R thousands</b>   |                  |                     |                 |                |                  |                 |                 |                |
| <b>Financial Performance</b>   |                  |                     |                 |                |                  |                 |                 |                |
| Property rates   | 129 914          | 135 736             | –               | 11 307         | 69 534           | 67 868          | 1 666           | 2%             |
| Service charges  | 354 358          | 414 998             | –               | 33 515         | 203 040          | 205 415         | (2 375)         | -1%            |
| Investment revenue   | 6 168            | 5 445               | –               | 639            | 3 361            | 2 722           | 639             | 23%            |
| Transfers recognised - operational                                   | 59 292           | 49 691              | –               | 10 817         | 25 791           | 25 791          | –               |                |
| Other own revenue  | 68 097           | 34 380              | –               | 3 696          | 17 897           | 17 190          | 707             | 4%             |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>617 830</b>   | <b>640 249</b>      | <b>–</b>        | <b>59 974</b>  | <b>319 623</b>   | <b>318 986</b>  | <b>637</b>      | <b>0%</b>      |
| Employee costs   | 185 866          | 189 876             | –               | 15 489         | 97 114           | 97 952          | (838)           | -1%            |
| Remuneration of Councillors  | 4 840            | 6 862               | –               | 534            | 3 194            | 3 431           | (237)           | -7%            |
| Depreciation & asset impairment                                      | 103 697          | 105 115             | –               | 8 760          | 52 557           | 52 557          | –               |                |
| Finance charges  | 19 373           | 32 665              | –               | 6 077          | 9 966            | 10 888          | (922)           | -8%            |
| Materials and bulk purchases   | 160 231          | 129 763             | –               | 8 926          | 59 868           | 60 556          | (688)           | -1%            |
| Transfers and grants   | 23 620           | 25 000              | –               | 2 291          | 13 671           | 12 500          | 1 171           |                |
| Other expenditure  | 205 454          | 239 151             | –               | 17 260         | 91 236           | 99 729          | (8 493)         | -9%            |
| <b>Total Expenditure</b>   | <b>703 080</b>   | <b>728 432</b>      | <b>–</b>        | <b>59 336</b>  | <b>327 606</b>   | <b>337 614</b>  | <b>(10 008)</b> | <b>-3%</b>     |
| <b>Surplus/(Deficit)</b>   | <b>(85 249)</b>  | <b>(88 183)</b>     | <b>–</b>        | <b>638</b>     | <b>(7 983)</b>   | <b>(18 628)</b> | <b>10 645</b>   | <b>-57%</b>    |
| Transfers recognised - capital                                       | 24 324           | 41 271              | –               | 2 433          | 15 977           | 15 977          | –               |                |
| Contributions & Contributed assets                                   | 21 371           | 9 700               | –               | 537            | 5 812            | 5 812           | –               |                |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>(39 554)</b>  | <b>(37 212)</b>     | <b>–</b>        | <b>3 607</b>   | <b>13 806</b>    | <b>3 161</b>    | <b>10 645</b>   | <b>337%</b>    |
| Share of surplus/ (deficit) of associate                             | –                | –                   | –               | –              | –                | –               | –               |                |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>(39 554)</b>  | <b>(37 212)</b>     | <b>–</b>        | <b>3 607</b>   | <b>13 806</b>    | <b>3 161</b>    | <b>10 645</b>   | <b>337%</b>    |
| <b>Capital expenditure &amp; funds sources</b>                       |                  |                     |                 |                |                  |                 |                 |                |
| <b>Capital expenditure</b>   | <b>154 117</b>   | <b>213 971</b>      | <b>–</b>        | <b>12 578</b>  | <b>61 814</b>    | <b>51 353</b>   | <b>10 461</b>   | <b>20%</b>     |
| Capital transfers recognised   | 23 791           | 41 271              | –               | 1 464          | 16 303           | 9 905           | 6 398           | 65%            |
| Public contributions & donations                                     | 4 966            | 9 700               | –               | 625            | 7 312            | 2 328           | 4 984           | 214%           |
| Borrowing  | 86 942           | 117 000             | –               | 7 319          | 29 083           | 28 080          | 1 003           | 4%             |
| Internally generated funds   | <b>38 418</b>    | <b>46 000</b>       | <b>–</b>        | <b>3 170</b>   | <b>9 115</b>     | <b>11 040</b>   | <b>(1 925)</b>  | <b>-17%</b>    |
| <b>Total sources of capital funds</b>                                | <b>154 117</b>   | <b>213 971</b>      | <b>–</b>        | <b>12 578</b>  | <b>61 814</b>    | <b>51 353</b>   | <b>10 461</b>   | <b>20%</b>     |
| <b>Financial position</b>  |                  |                     |                 |                |                  |                 |                 |                |
| Total current assets   | 164 695          | 101 904             | –               |                | 193 602          |                 |                 |                |
| Total non current assets   | 3 132 697        | 3 192 217           | –               |                | 3 140 413        |                 |                 |                |
| Total current liabilities  | 126 049          | 97 819              | –               |                | 94 256           |                 |                 |                |
| Total non current liabilities  | 357 210          | 449 223             | –               |                | 412 590          |                 |                 |                |
| <b>Community wealth/Equity</b>                                       | <b>2 814 133</b> | <b>2 747 078</b>    | <b>–</b>        |                | <b>2 827 170</b> |                 |                 |                |
| <b>Cash flows</b>  |                  |                     |                 |                |                  |                 |                 |                |
| Net cash from (used) operating                                       | 66 309           | 63 262              | –               | 9 550          | 24 939           | 19 656          | 5 284           | 27%            |
| Net cash from (used) investing                                       | (110 956)        | (171 265)           | –               | (12 924)       | (60 249)         | (33 050)        | (27 199)        | 82%            |
| Net cash from (used) financing                                       | 85 027           | 103 841             | –               | (4 285)        | 59 599           | 3 606           | 55 993          | 1553%          |
| <b>Cash/cash equivalents at the month/year end</b>                   | <b>70 004</b>    | <b>13 404</b>       | <b>–</b>        | <b>–</b>       | <b>94 293</b>    | <b>7 777</b>    | <b>86 516</b>   | <b>1112%</b>   |
| <b>Debtors &amp; creditors analysis</b>                              |                  |                     |                 |                |                  |                 |                 |                |
|  | 0-30 Days        | 31-60 Days          | 61-90 Days      | 91-120 Days    | 121-150 Dys      | 151-180 Dys     | 181 Dys-1 Yr    | Over 1Yr       |
| <b>Debtors Age Analysis</b>  |                  |                     |                 |                |                  |                 |                 |                |
| Total By Revenue Source  | 41 467           | 2 724               | 1 710           | 1 278          | 1 506            | 1 270           | 4 927           | 11 624         |
| <b>Creditors Age Analysis</b>  |                  |                     |                 |                |                  |                 |                 |                |
| Total Creditors  | 58 086           | –                   | –               | –              | –                | –               | –               | –              |

## Financial Performance (revenue and expenditure by municipal vote) – December 2011

| Vote Description                       | 2010/11         | Budget Year 2011/12 |                 |                |                |                |                 |                |
|--|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|
|  | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance    | YTD variance % |
| <b>R thousands</b>                     |                 |                     |                 |                |                |                |                 |                |
| <b>Revenue by Vote</b>                 |                 |                     |                 |                |                |                |                 |                |
| Vote 1 - Council                       | 28 627          | 32 816              | –               | 10 409         | 23 526         | 23 526         | –               |                |
| Vote 2 - Municipal Manager             | –               | –                   | –               | –              | –              | –              | –               |                |
| Vote 3 - Management Services           | 892             | 1 485               | –               | 219            | 669            | 742            | (73)            | -9.9%          |
| Vote 4 - Finance                       | 143 852         | 149 639             | –               | 12 439         | 76 875         | 75 595         | 1 280           | 1.7%           |
| Vote 5 - Community Services            | 231 000         | 252 487             | –               | 19 359         | 107 570        | 107 512        | 59              | 0.1%           |
| Vote 6 - Local Economic Development    | 7 520           | 4 200               | –               | 319            | 2 714          | 2 714          | –               |                |
| Vote 7 - Infrastructure & Planning     | 242 298         | 241 111             | –               | 19 129         | 124 433        | 125 945        | (1 512)         | -1.2%          |
| Vote 8 - Protection Services           | 9 337           | 9 482               | –               | 1 070          | 5 626          | 4 741          | 885             | 18.7%          |
| <b>Total Revenue by Vote</b>           | <b>663 526</b>  | <b>691 220</b>      | <b>–</b>        | <b>62 944</b>  | <b>341 412</b> | <b>340 775</b> | <b>637</b>      | <b>0.2%</b>    |
| <b>Expenditure by Vote</b>             |                 |                     |                 |                |                |                |                 |                |
| Vote 1 - Council                       | 30 730          | 21 523              | –               | 1 919          | 13 591         | 13 751         | (160)           | -1.2%          |
| Vote 2 - Municipal Manager             | 872             | 1 533               | –               | 78             | 444            | 566            | (122)           | -21.5%         |
| Vote 3 - Management Services           | 10 769          | 19 050              | –               | 1 157          | 6 304          | 8 172          | (1 868)         | -22.9%         |
| Vote 4 - Finance                       | 45 724          | 46 944              | –               | 3 714          | 23 616         | 21 300         | 2 315           | 10.9%          |
| Vote 5 - Community Services            | 346 989         | 363 276             | –               | 30 754         | 154 398        | 160 470        | (6 072)         | -3.8%          |
| Vote 6 - Local Economic Development    | 3 068           | 2 510               | –               | 316            | 2 234          | 1 754          | 480             | 27.3%          |
| Vote 7 - Infrastructure & Planning     | 232 058         | 239 084             | –               | 18 560         | 110 040        | 116 057        | (6 017)         | -5.2%          |
| Vote 8 - Protection Services           | 32 869          | 34 511              | –               | 2 839          | 16 980         | 15 543         | 1 437           | 9.2%           |
| <b>Total Expenditure by Vote</b>       | <b>703 080</b>  | <b>728 432</b>      | <b>–</b>        | <b>59 336</b>  | <b>327 606</b> | <b>337 614</b> | <b>(10 008)</b> | <b>-3.0%</b>   |
| <b>Surplus/ (Deficit) for the year</b> | <b>(39 554)</b> | <b>(37 212)</b>     | <b>–</b>        | <b>3 607</b>   | <b>13 806</b>  | <b>3 161</b>   | <b>10 645</b>   | <b>336.7%</b>  |

## Capital Expenditure (Mun. vote, standard classification and funding) – December 2011

| Vote Description   | 2010/11         | Budget Year 2011/12 |                 |                |               |               |                |                |
|--|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|----------------|
|  | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance % |
| <b>R thousands</b>   |                 |                     |                 |                |               |               |                |                |
| <b>Capital Expenditure - Standard Classification</b>       |                 |                     |                 |                |               |               |                |                |
| <b>Governance and administration</b>                       | <b>28 713</b>   | <b>28 965</b>       | <b>–</b>        | <b>4 049</b>   | <b>15 854</b> | <b>6 952</b>  | <b>8 903</b>   | <b>128%</b>    |
| Executive and council                                      |                 |                     |                 |                |               |               | –              |                |
| Budget and treasury office                                 |                 |                     |                 |                |               |               | –              |                |
| Corporate services   | 28 713          | 28 965              | –               | 4 049          | 15 854        | 6 952         | 8 903          | 128%           |
| <b>Community and public safety</b>                         | <b>8 880</b>    | <b>28 677</b>       | <b>–</b>        | <b>364</b>     | <b>3 855</b>  | <b>6 882</b>  | <b>(3 028)</b> | <b>-44%</b>    |
| Community and social services                              |                 | 1 450               |                 |                |               | 348           | (348)          | -100%          |
| Sport and recreation                                       | 1 743           | 14 187              |                 |                | 666           | 3 405         | (2 739)        | -80%           |
| Public safety  | 19              | 790                 |                 | 364            | 475           | 190           | 285            | 150%           |
| Housing  | 7 118           | 12 250              |                 |                | 2 715         | 2 940         | (225)          | -8%            |
| Health   |                 |                     |                 |                |               |               | –              |                |
| <b>Economic and environmental services</b>                 | <b>27 896</b>   | <b>20 670</b>       | <b>–</b>        | <b>909</b>     | <b>4 710</b>  | <b>4 961</b>  | <b>(251)</b>   | <b>-5%</b>     |
| Planning and development                                   | 6 973           | 5 700               |                 | 319            | 2 691         | 1 368         | 1 323          | 97%            |
| Road transport   | 20 923          | 14 970              |                 | 590            | 2 019         | 3 593         | (1 574)        | -44%           |
| Environmental protection                                   |                 |                     |                 |                |               |               | –              |                |
| <b>Trading services</b>                                    | <b>88 628</b>   | <b>135 659</b>      | <b>–</b>        | <b>7 255</b>   | <b>37 395</b> | <b>32 558</b> | <b>4 836</b>   | <b>15%</b>     |
| Electricity  | 32 411          | 37 505              |                 | 1 316          | 7 143         | 9 001         | (1 858)        | -21%           |
| Water  | 34 053          | 59 433              |                 | 3 548          | 16 516        | 14 264        | 2 252          | 16%            |
| Waste water management                                     | 20 304          | 37 032              |                 | 2 392          | 13 617        | 8 888         | 4 729          | 53%            |
| Waste management   | 1 859           | 1 690               |                 |                | 119           | 406           | (287)          | -71%           |
| <b>Other</b>   |                 |                     |                 |                |               |               | –              |                |
| <b>Total Capital Expenditure - Standard Classification</b> | <b>154 117</b>  | <b>213 971</b>      | <b>–</b>        | <b>12 578</b>  | <b>61 814</b> | <b>51 353</b> | <b>10 461</b>  | <b>20%</b>     |

| <b>Funded by:</b>                           |                |                |          |               |               |                |             |  |
|---|----------------|----------------|----------|---------------|---------------|----------------|-------------|--|
| National Government                         | 17 443         | 20 171         | 1 100    | 13 113        | 4 841         | 8 272          | 171%        |  |
| Provincial Government                       | 6 348          | 21 100         | 364      | 3 189         | 5 064         | (1 875)        | -37%        |  |
| District Municipality                       |                |                |          |               |               | -              |             |  |
| Other transfers and grants                  |                |                |          |               |               | -              |             |  |
| <b>Transfers recognised - capital</b>       | <b>23 791</b>  | <b>41 271</b>  | <b>-</b> | <b>1 464</b>  | <b>16 303</b> | <b>9 905</b>   | <b>65%</b>  |  |
| <b>Public contributions &amp; donations</b> | <b>4 966</b>   | <b>9 700</b>   |          | <b>625</b>    | <b>7 312</b>  | <b>2 328</b>   | <b>214%</b> |  |
| <b>Borrowing</b>                            | <b>86 942</b>  | <b>117 000</b> |          | <b>7 319</b>  | <b>29 083</b> | <b>28 080</b>  | <b>4%</b>   |  |
| <b>Internally generated funds</b>           | <b>38 418</b>  | <b>46 000</b>  |          | <b>3 170</b>  | <b>9 115</b>  | <b>(1 925)</b> | <b>-17%</b> |  |
| <b>Total Capital Funding</b>                | <b>154 117</b> | <b>213 971</b> | <b>-</b> | <b>12 578</b> | <b>61 814</b> | <b>51 353</b>  | <b>20%</b>  |  |

## Financial Position - December 2011

| Description                              | 2010/11          | Budget Year 2011/12 |                 |                  |
|--|------------------|---------------------|-----------------|------------------|
|  | Audited Outcome  | Original Budget     | Adjusted Budget | YearTD actual    |
| <b>R thousands</b>                       |                  |                     |                 |                  |
| <b>ASSETS</b>                            |                  |                     |                 |                  |
| <b>Current assets</b>                    |                  |                     |                 |                  |
| Cash                                     | 20 004           | 13 404              |                 | 23 761           |
| Call investment deposits                 | 50 000           |                     |                 | 70 532           |
| Consumer debtors                         | 44 123           | 42 000              |                 | 51 568           |
| Other debtors                            | 46 752           | 42 000              |                 | 41 238           |
| Current portion of long-term receivables | 24               |                     |                 |                  |
| Inventory                                | 3 793            | 4 500               |                 | 6 503            |
| <b>Total current assets</b>              | <b>164 695</b>   | <b>101 904</b>      | <b>-</b>        | <b>193 602</b>   |
| <b>Non current assets</b>                |                  |                     |                 |                  |
| Long-term receivables                    | 147              | 174                 |                 | 170              |
| Investments                              | 1 262            | 6 973               |                 | 3 114            |
| Investment property                      | 87 289           | 66 838              |                 | 87 289           |
| Investments in Associate                 |                  |                     |                 |                  |
| Property, plant and equipment            | 3 013 259        | 3 085 654           |                 | 3 019 100        |
| Agricultural                             |                  |                     |                 |                  |
| Biological assets                        |                  |                     |                 |                  |
| Intangible assets                        | 2 838            | 2 577               |                 | 2 838            |
| Other non-current assets                 | 27 902           | 30 000              |                 | 27 902           |
| <b>Total non current assets</b>          | <b>3 132 697</b> | <b>3 192 217</b>    | <b>-</b>        | <b>3 140 413</b> |
| <b>TOTAL ASSETS</b>                      | <b>3 297 392</b> | <b>3 294 121</b>    | <b>-</b>        | <b>3 334 016</b> |
| <b>LIABILITIES</b>                       |                  |                     |                 |                  |
| <b>Current liabilities</b>               |                  |                     |                 |                  |
| Bank overdraft                           |                  |                     |                 |                  |
| Borrowing                                | 14 218           | 13 519              |                 | 20 711           |
| Consumer deposits                        | 18 363           | 18 000              |                 | 25 074           |
| Trade and other payables                 | 83 571           | 66 300              |                 | 48 471           |
| Provisions                               | 9 898            |                     |                 |                  |
| <b>Total current liabilities</b>         | <b>126 049</b>   | <b>97 819</b>       | <b>-</b>        | <b>94 256</b>    |
| <b>Non current liabilities</b>           |                  |                     |                 |                  |
| Borrowing                                | 247 081          | 348 379             |                 | 293 476          |
| Provisions                               | 110 129          | 100 845             |                 | 119 114          |
| <b>Total non current liabilities</b>     | <b>357 210</b>   | <b>449 223</b>      | <b>-</b>        | <b>412 590</b>   |
| <b>TOTAL LIABILITIES</b>                 | <b>483 259</b>   | <b>547 043</b>      | <b>-</b>        | <b>506 846</b>   |
| <b>NET ASSETS</b>                        | <b>2 814 133</b> | <b>2 747 078</b>    | <b>-</b>        | <b>2 827 170</b> |
| <b>COMMUNITY WEALTH/EQUITY</b>           |                  |                     |                 |                  |
| Accumulated Surplus/(Deficit)            | 2 497 045        | 2 429 983           |                 | 2 510 078        |
| Reserves                                 | 317 089          | 317 094             |                 | 317 092          |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>2 814 133</b> | <b>2 747 078</b>    | <b>-</b>        | <b>2 827 170</b> |

## Cash Flow - December 2011

| Description                                       | 2010/11          | Budget Year 2011/12 |                 |                 |                 |
|---|------------------|---------------------|-----------------|-----------------|-----------------|
|   | Audited Outcome  | Original Budget     | Adjusted Budget | Monthly actual  | YearTD actual   |
| <b>R thousands</b>                                |                  |                     |                 |                 |                 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                  |                     |                 |                 |                 |
| <b>Receipts</b>                                   |                  |                     |                 |                 |                 |
| Ratepayers and other                              | 535 536          | 554 032             |                 | 46 671          | 287 771         |
| Government - operating                            | 59 292           | 49 811              |                 | 10 817          | 25 791          |
| Government - capital                              | 32 357           | 41 371              |                 | 2 969           | 21 789          |
| Interest  | 6 168            | 5 445               |                 | 639             | 3 361           |
| Dividends   |                  |                     |                 |                 |                 |
| <b>Payments</b>                                   |                  |                     |                 |                 |                 |
| Suppliers and employees                           | (524 052)        | (529 732)           |                 | (43 180)        | (290 135)       |
| Finance charges                                   | (19 373)         | (32 665)            |                 | (6 077)         | (9 966)         |
| Transfers and Grants                              | (23 620)         | (25 000)            |                 | (2 291)         | (13 671)        |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>66 309</b>    | <b>63 262</b>       | <b>-</b>        | <b>9 550</b>    | <b>24 939</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                  |                     |                 |                 |                 |
| <b>Receipts</b>                                   |                  |                     |                 |                 |                 |
| Proceeds on disposal of PPE                       | 23 447           | 36 000              |                 | 58              | 3 415           |
| Decrease (Increase) in non-current debtors        | 17 137           |                     |                 |                 |                 |
| Decrease (increase) other non-current receivables | 29               | -                   |                 | 0               | 1               |
| Decrease (increase) in non-current investments    | (1 262)          | (2 894)             |                 | (405)           | (1 852)         |
| <b>Payments</b>                                   |                  |                     |                 |                 |                 |
| Capital assets                                    | (150 307)        | (204 371)           |                 | (12 578)        | (61 814)        |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>(110 956)</b> | <b>(171 265)</b>    | <b>-</b>        | <b>(12 924)</b> | <b>(60 249)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                  |                     |                 |                 |                 |
| <b>Receipts</b>                                   |                  |                     |                 |                 |                 |
| Short term loans                                  |                  |                     |                 |                 |                 |
| Borrowing long term/refinancing                   | 90 000           | 115 000             |                 |                 | 60 000          |
| Increase (decrease) in consumer deposits          | 4 469            | 2 000               |                 | 832             | 6 711           |
| <b>Payments</b>                                   |                  |                     |                 |                 |                 |
| Repayment of borrowing                            | (9 442)          | (13 159)            |                 | (5 117)         | (7 112)         |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>85 027</b>    | <b>103 841</b>      | <b>-</b>        | <b>(4 285)</b>  | <b>59 599</b>   |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      | <b>40 380</b>    | <b>(4 162)</b>      | <b>-</b>        | <b>(7 660)</b>  | <b>24 289</b>   |
| Cash/cash equivalents at beginning:               | 29 623           | 17 566              |                 |                 | 70 004          |
| Cash/cash equivalents at month/year end:          | 70 004           | 13 404              |                 |                 | 94 293          |

## Debtors Age Analysis – December 2011

| Description                                      | Budget Year 2011/12 |              |              |              |              |              |              |               |               |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
|  | 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         |
| <b>R thousands</b>                               |                     |              |              |              |              |              |              |               |               |
| <b>Debtors Age Analysis By Revenue Source</b>    |                     |              |              |              |              |              |              |               |               |
| Rates  | 10 062              | 537          | 324          | 273          | 241          | 213          | 893          | 1 419         | 13 962        |
| Electricity                                      | 16 830              | 766          | 276          | 223          | 174          | 114          | 549          | 1 045         | 19 977        |
| Water  | 8 617               | 520          | 374          | 303          | 600          | 247          | 1 392        | 2 920         | 14 973        |
| Sewerage / Sanitation                            | 5 241               | 353          | 247          | 204          | 186          | 154          | 754          | 1 431         | 8 570         |
| Refuse Removal                                   | 3 480               | 203          | 141          | 115          | 102          | 85           | 419          | 1 001         | 5 545         |
| Housing (Rental Revenue)                         | 124                 | 17           | 15           | 15           | 13           | 9            | 24           | 56            | 272           |
| Other  | (2 888)             | 329          | 333          | 145          | 190          | 448          | 897          | 3 752         | 3 206         |
| <b>Total By Revenue Source</b>                   | <b>41 467</b>       | <b>2 724</b> | <b>1 710</b> | <b>1 278</b> | <b>1 506</b> | <b>1 270</b> | <b>4 927</b> | <b>11 624</b> | <b>66 505</b> |
| <b>2010/11 - totals only</b>                     | <b>39 393</b>       | <b>2 588</b> | <b>1 624</b> | <b>1 214</b> | <b>1 430</b> | <b>1 207</b> | <b>4 681</b> | <b>11 043</b> | <b>63 180</b> |
| <b>Debtors Age Analysis By Customer Category</b> |                     |              |              |              |              |              |              |               |               |
| Government                                       | 1 304               | 49           | 32           | 41           | 382          | 44           | 201          | 772           | 2 824         |
| Business   | 11 082              | 496          | 111          | 80           | 49           | 42           | 141          | 288           | 12 288        |
| Households                                       | 29 079              | 2 179        | 1 567        | 1 157        | 1 075        | 1 185        | 4 585        | 10 564        | 51 391        |
| Other  | 2                   | -            | -            | -            | -            | -            | -            | -             | 2             |
| <b>Total By Customer Category</b>                | <b>41 467</b>       | <b>2 724</b> | <b>1 710</b> | <b>1 278</b> | <b>1 506</b> | <b>1 270</b> | <b>4 927</b> | <b>11 624</b> | <b>66 505</b> |

## OPERATIONAL EXPENDITURE AND INCOME PERFORMANCE

|  | <b>Original Budget</b> | <b>Actual 31/12/2011</b> | <b>%</b> |
|--|------------------------|--------------------------|----------|
| <b>Operational Expenditure</b>                   | 728 431 645            | 327 605 351              | 45%      |
| <b>Operational Income (Excl. Capital Grants)</b> | 640 249 100            | 319 623 411              | 50%      |

Approximately 45% of the proposed operating expenditure budget of R728 431 645 was spent as at the end of December 2011. Preliminary expenditure savings and additional requests have been identified during the review of the budget. These amounts are listed in the tables below.

### OPERATIONAL EXPENDITURE

#### EXPENDITURE SAVINGS

|  |             |
|--|-------------|
| General Expenses and Repairs & Maintenance | R 8 016 000 |
|--|-------------|

#### EXPENDITURE REQUESTS

|  |              |
|--|--------------|
| General Expenses and Repairs & Maintenance | R 11 670 000 |
|--|--------------|

Approximately 50% of the operating revenue budget of R640 249 100 was levied or collected as at the end of December 2011.

A reduction of revenue amounting to R10 000 000, arising from the under collection of water tariffs, due to water restrictions and savings by the consumers is anticipated and proposed for the full year forecast. Further additional revenue has been identified during the review of the budget. These amounts are listed in the tables below.

### REVENUE

#### REDUCED REVENUE ANTICIPATED

|  |              |
|--|--------------|
| Billing income – Decrease due to water restrictions and saving by consumers. | R 10 000 000 |
| Other  | R 340 000    |

#### ADDITIONAL REVENUE ANTICIPATED

|   |             |
|---|-------------|
| Interest on Investments, court fines etc. | R 2 700 000 |
|---|-------------|



## CAPITAL BUDGET PERFORMANCE

|                            | <b>Original<br/>Budget</b> | <b>Actual<br/>31/12/2011</b> | <b>%</b> |
|----------------------------|----------------------------|------------------------------|----------|
| <b>Capital Expenditure</b> | 213 971 000                | 61 831 718                   | 29%      |

The capital expenditure as at the end of December 2011, including commitments, amounts to R114 662 476 and equates to 50% of the original budget.

Furthermore, anticipated cash from land sales is only expected during April 2012 and therefore certain capital projects would have to be postponed to the 2012/2013 financial year.

## CASH MANAGEMENT

Cash flow predictions are as anticipated.

## OUTSTANDING DEBTORS

There has not been a deterioration of outstanding debtors, the increase in debtors is due to the increased monthly levy.

## SERVICE DELIVERY PERFORMANCE ANALYSIS

Early indications are that the performance against the output and goals of the Service Delivery Budget Implementation Plan (SDBIP) are well on track.

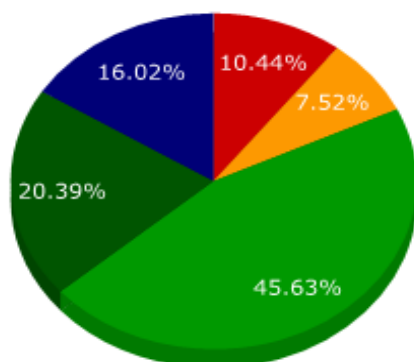
The municipality met 338 (82,04%) of a total number of 412 key performance indicators (KPIs) for the period June 2011 – December 2011. 31 (7,52%) of KPIs were almost met and 43 (10,44%) of the indicators were not met. A number of capital projects which are to be financed through the proceeds from the sale of municipal land could not be commenced with due to the fact that the sale of some of such land did not materialise.

The revised Top Layer SDBIP will, in terms of MFMA Circular 13, be submitted with the adjustment budget for approval by Council.

Below is the unaudited Top Layer SDBIP for the first half of the financial year ending 31 December 2011 which measures the municipality's overall performance, per National KPA and per IDP objective.

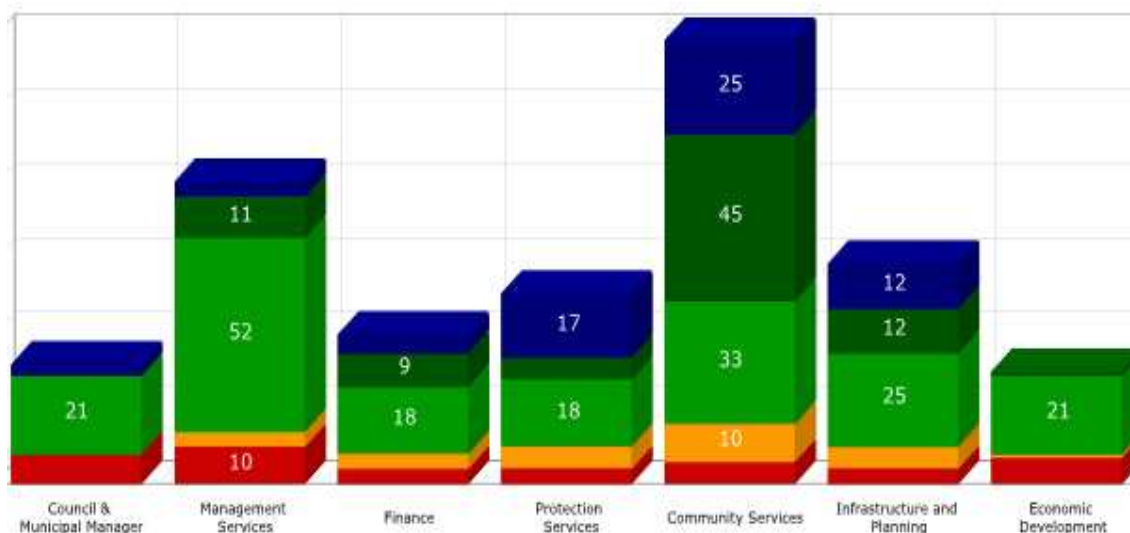
## 1. DEPARTMENTAL SDBIP OVERALL PERFORMANCE

### Overstrand Municipality



|  |                              |
|--|------------------------------|
| <span style="color: red;">■</span> KPI Not Met             | <a href="#">43 (10.44%)</a>  |
| <span style="color: orange;">■</span> KPI Almost Met       | <a href="#">31 (7.52%)</a>   |
| <span style="color: green;">■</span> KPI Met               | <a href="#">188 (45.63%)</a> |
| <span style="color: darkgreen;">■</span> KPI Well Met      | <a href="#">84 (20.39%)</a>  |
| <span style="color: blue;">■</span> KPI Extremely Well Met | <a href="#">66 (16.02%)</a>  |
| <b>Total:</b>  | <b>412 (100%)</b>            |

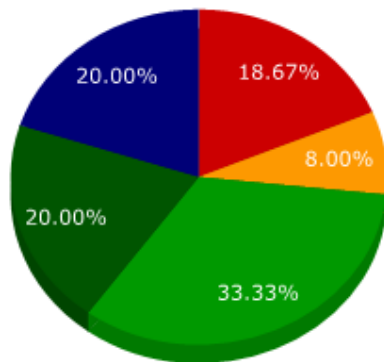
### Directorate



|  | Council & Municipal Manager | Management Services         | Finance                     | Protection Services         | Community Services          | Infrastructure and Planning | Economic Development        |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <span style="color: red;">■</span> KPI Not Met             | <a href="#">8 (25.00%)</a>  | <a href="#">10 (12.35%)</a> | <a href="#">4 (10.00%)</a>  | <a href="#">4 (7.84%)</a>   | <a href="#">6 (5.04%)</a>   | <a href="#">4 (6.78%)</a>   | <a href="#">7 (23.33%)</a>  |
| <span style="color: orange;">■</span> KPI Almost Met       | -                           | <a href="#">4 (4.94%)</a>   | <a href="#">4 (10.00%)</a>  | <a href="#">6 (11.76%)</a>  | <a href="#">10 (8.40%)</a>  | <a href="#">6 (10.17%)</a>  | <a href="#">1 (3.33%)</a>   |
| <span style="color: green;">■</span> KPI Met               | <a href="#">21 (65.63%)</a> | <a href="#">52 (64.20%)</a> | <a href="#">18 (45.00%)</a> | <a href="#">18 (35.29%)</a> | <a href="#">33 (27.73%)</a> | <a href="#">25 (42.37%)</a> | <a href="#">21 (70.00%)</a> |
| <span style="color: darkgreen;">■</span> KPI Well Met      | -                           | <a href="#">11 (13.58%)</a> | <a href="#">9 (22.50%)</a>  | <a href="#">6 (11.76%)</a>  | <a href="#">45 (37.82%)</a> | <a href="#">12 (20.34%)</a> | <a href="#">1 (3.33%)</a>   |
| <span style="color: blue;">■</span> KPI Extremely Well Met | <a href="#">3 (9.38%)</a>   | <a href="#">4 (4.94%)</a>   | <a href="#">5 (12.50%)</a>  | <a href="#">17 (33.33%)</a> | <a href="#">25 (21.01%)</a> | <a href="#">12 (20.34%)</a> | -                           |
| <b>Total:</b>  | <b>32 (7.77%)</b>           | <b>81 (19.66%)</b>          | <b>40 (9.71%)</b>           | <b>51 (12.38%)</b>          | <b>119 (28.88%)</b>         | <b>59 (14.32%)</b>          | <b>30 (7.28%)</b>           |

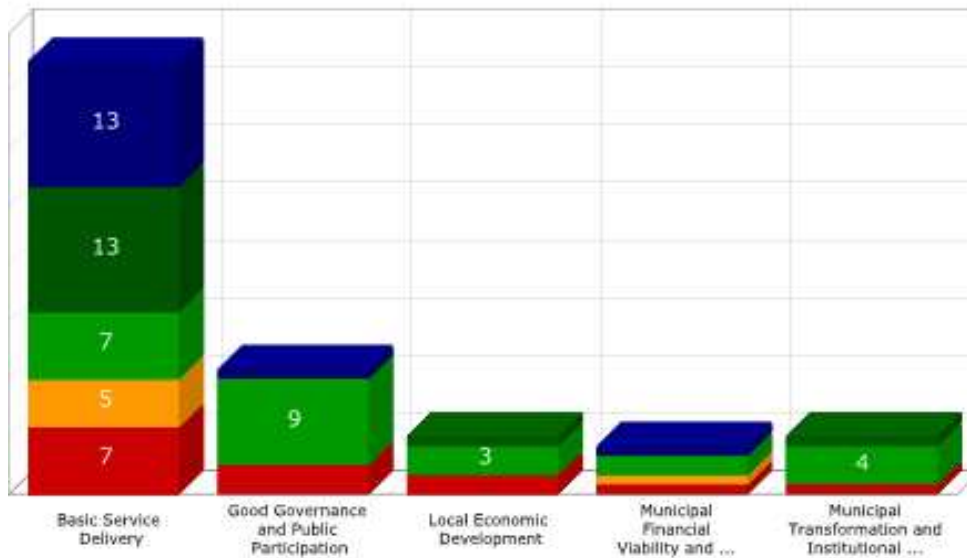
## 2. OVERALL TOP- LEVEL PERFORMANCE PER NATIONAL KPA

### Overstrand Municipality



|  |                    |
|--|--------------------|
| <span style="color: red;">■</span> KPI Not Met             | <u>14 (18.67%)</u> |
| <span style="color: orange;">■</span> KPI Almost Met       | <u>6 (8.00%)</u>   |
| <span style="color: green;">■</span> KPI Met               | <u>25 (33.33%)</u> |
| <span style="color: darkgreen;">■</span> KPI Well Met      | <u>15 (20.00%)</u> |
| <span style="color: blue;">■</span> KPI Extremely Well Met | <u>15 (20.00%)</u> |
| <b>Total:</b>  | <b>75 (100%)</b>   |

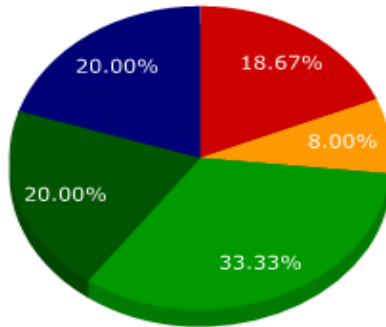
### National KPA



|  | Basic Service Delivery | Good Governance and Public Participation | Local Economic Development | Municipal Financial Viability and Management | Municipal Transformation and Institutional Development |
|--|------------------------|--|----------------------------|--|--|
| <span style="color: red;">■</span> KPI Not Met             | <u>7 (15.56%)</u>      | <u>3 (23.08%)</u>                        | <u>2 (33.33%)</u>          | <u>1 (20.00%)</u>                            | <u>1 (16.67%)</u>                                      |
| <span style="color: orange;">■</span> KPI Almost Met       | <u>5 (11.11%)</u>      | -  | -                          | <u>1 (20.00%)</u>                            | -  |
| <span style="color: green;">■</span> KPI Met               | <u>7 (15.56%)</u>      | <u>9 (69.23%)</u>                        | <u>3 (50.00%)</u>          | <u>2 (40.00%)</u>                            | <u>4 (66.67%)</u>                                      |
| <span style="color: darkgreen;">■</span> KPI Well Met      | <u>13 (28.89%)</u>     | -  | <u>1 (16.67%)</u>          | -  | <u>1 (16.67%)</u>                                      |
| <span style="color: blue;">■</span> KPI Extremely Well Met | <u>13 (28.89%)</u>     | <u>1 (7.69%)</u>                         | -                          | <u>1 (20.00%)</u>                            | -  |
| <b>Total:</b>  | <b>45 (60.00%)</b>     | <b>13 (17.33%)</b>                       | <b>6 (8.00%)</b>           | <b>5 (6.67%)</b>                             | <b>6 (8.00%)</b>                                       |

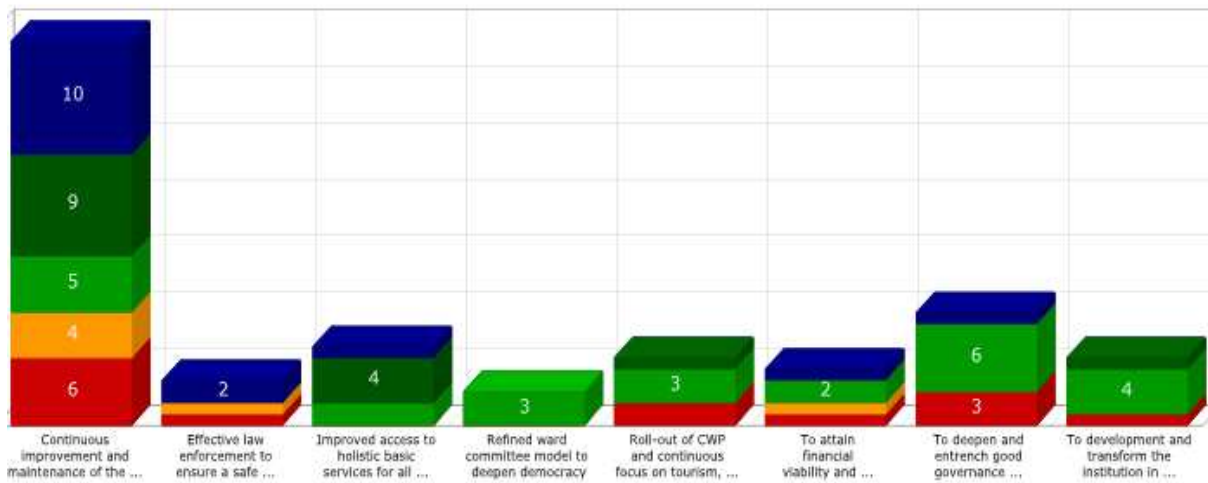
### 3. OVERALL TOP- LEVEL PERFORMANCE PER IDP OBJECTIVES

#### Overstrand Municipality



|                               |                    |
|-------------------------------|--------------------|
| <b>KPI Not Met</b>            | <b>14 (18.67%)</b> |
| <b>KPI Almost Met</b>         | <b>6 (8.00%)</b>   |
| <b>KPI Met</b>                | <b>25 (33.33%)</b> |
| <b>KPI Well Met</b>           | <b>15 (20.00%)</b> |
| <b>KPI Extremely Well Met</b> | <b>15 (20.00%)</b> |
| <b>Total:</b>                 | <b>75 (100%)</b>   |

#### IDP Objective



|                               | Continuous improvement and maintenance of the municipal infrastructure | Effective law enforcement to ensure a safe environment for our community and visitors | Improved access to holistic basic services for all our communities in order to create sustainable human settlements | Refined ward committee model to deepen democracy | Roll-out of CWP and continuous focus on tourism, jobs and poverty alleviation to grow long | To attain financial viability and sustainability through effective revenue enhancement programmes | To deepen and entrench good governance practices | To development and transform the institution in terms of skills development, succession planning and performance management with the aim of capacitating the municipality in meeting objectives |
|-------------------------------|--|---|---|--|--|---|--|---|
| <b>KPI Not Met</b>            |  |   |   |  |  |   |  |   |
| <b>KPI Almost Met</b>         | 6 (17.65%)   | 1 (25.00%)  | -   | -  | 2 (33.33%)   | 1 (20.00%)  | 3 (30.00%)                                       | 1 (16.67%)  |
| <b>KPI Met</b>                | 4 (11.76%)   | 1 (25.00%)  | -   | -  | -  | 1 (20.00%)  | -  | -   |
| <b>KPI Well Met</b>           | 5 (14.71%)   | -   | 2 (28.57%)  | 3 (100.00%)                                      | 3 (50.00%)   | 2 (40.00%)  | 6 (60.00%)                                       | 4 (66.67%)  |
| <b>KPI Extremely Well Met</b> | 9 (26.47%)   | -   | 4 (57.14%)  | -  | 1 (16.67%)   | -   | -  | 1 (16.67%)  |
| <b>Total:</b>                 | <b>34 (45.33%)</b>   | <b>4 (5.33%)</b>  | <b>7 (9.33%)</b>  | <b>3 (4.00%)</b>                                 | <b>6 (8.00%)</b>   | <b>5 (6.67%)</b>  | <b>10 (13.33%)</b>                               | <b>6 (8.00%)</b>  |

## COMMENTS ON THE ANNUAL REPORT

In terms of Section 72(1)(a)(iii) the following is submitted regarding progress on resolving problems identified in the 2010/2011 Annual Report:

| <b>2010/11</b>   |   |
|--|---|
| <b>Issue raised</b>  | <b>Corrective steps</b>   |
| <b><u>Compliance with laws and regulations</u></b>   |   |
| <b><u>Procurement and contract management</u></b>  |   |
| <p>Awards were made to providers whose directors/principal shareholders are persons in service of other state institutions in contravention with the requirements of the Municipal Supply Chain Management (SCM) Regulations, 2005 (GNR. 868 of 30 May 2005), regulation 44. Furthermore the providers failed to declare that they were in the service of the state as required by SCM regulation 13(c).</p> | <ol style="list-style-type: none"> <li>1. Processes have been initiated to institute punitive measures against suppliers who perjured themselves by making false declarations as regards their own involvement and/or relationships with persons in the service of the state.</li> <li>2. Engaged with the Provincial Treasury to establish a process for developing a database for use by local authorities in the province containing information relating to persons in the service of the state.</li> </ol> |
| <b><u>Expenditure management</u></b>   |   |
| <p>The accounting officer did not take all reasonable steps to prevent irregular expenditure, as disclosed in note 41 to the financial statements, as required by section 62(1)(d) of the MFMA.</p>  | <p>Procedures have been implemented to ensure that all irregular expenditure is prevented and detected as far as possible.</p>  |

## ADJUSTMENTS BUDGET

Regulation 23 of the Municipal Budget and Reporting Regulations provides, *inter alia* for the following:

“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year.”

Accordingly, a report on adjustments to the budget will be submitted for consideration by Council before 28 February 2011.

**Coenie Groenewald**  
**MUNICIPAL MANAGER**