

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY TO FEBRUARY 2018

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2017/18 Budget.

| Item Description | Approved Budget 2017/18 | Actuals as at 28 FEBRUARY 2018 | % of Budget |
|---|-------------------------|--------------------------------|---------------|
| OPERATING REVENUE | | | |
| Property rates | 160 564 979 | 124 518 603 | 77.55% |
| Total Service Charges | 370 093 675 | 245 525 743 | 66.34% |
| Service charges - electricity revenue | 230 405 163 | 150 061 629 | 65.13% |
| Service charges - water revenue | 58 871 483 | 42 024 383 | 71.38% |
| Service charges - sanitation revenue | 40 622 429 | 25 497 601 | 62.77% |
| Service charges - refuse revenue | 27 412 368 | 18 739 767 | 68.36% |
| Service charges - other | 12 782 232 | 9 202 364 | 71.99% |
| Rental of Facilities and Equipment | 1 309 449 | 739 003 | 56.44% |
| Interest Earned - External Investments | 7 194 922 | 4 504 773 | 62.61% |
| Interest Earned - Outstanding Debtors | 8 939 206 | 4 483 808 | 50.16% |
| Fines, penalties and forfeits | 3 760 285 | 2 490 095 | 66.22% |
| Licences and Permits | 11 772 882 | 7 351 328 | 62.44% |
| Grants & Subsidies Received - Operating | 114 218 922 | 82 827 756 | 72.52% |
| Other Revenue | 6 484 211 | 7 112 181 | 109.68% |
| Total Direct Operating Revenue | 684 338 531 | 479 553 291 | 70.08% |
| OPERATING EXPENDITURE | | | |
| Employee Related Costs | 256 021 847 | 165 458 286 | 64.63% |
| Remuneration of Councillors | 11 725 189 | 5 973 071 | 50.94% |
| Bad Debts | 31 680 232 | 613 086 | 1.94% |
| Depreciation & Asset Impairment | 83 730 150 | 41 444 104 | 49.50% |
| Repairs & Maintenance - Municipal Assets | 17 801 074 | 5 950 200 | 33.43% |
| Finance Charges - External Borrowings | 3 768 124 | 2 600 474 | 69.01% |
| Total Bulk Purchases | 225 623 251 | 152 735 328 | 67.69% |
| Bulk purchases - electricity | 187 239 233 | 132 107 591 | 70.56% |
| Bulk purchases - water | 38 384 018 | 20 627 737 | 53.74% |
| Contracted Services | 41 750 674 | 15 437 705 | 36.98% |
| Transfers and Grants | 1 580 000 | - | 0.00% |
| Other expenditure | 71 161 717 | 36 400 290 | 51.15% |
| Total Direct Operating Expenditure | 744 842 258 | 426 612 545 | 57.28% |
| Surplus/(Deficit) | -60 503 727 | 52 940 746 | |

The statement of financial performance indicates a surplus of R 52,940,746.

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

Revenue Variations

Property Rates

As at 28 February 2018, the Municipality has recognised 77.55% of its property rates revenue, compared to the budget.

Approximately 30% of total property rates revenue was raised in July 2017. This represents property rates payable on an annual basis, instead of a monthly basis.

Service charges – Other

Other service charges relate to Environmental Management Fees, with approximately 12% of the total environmental management revenue raised in July 2017.

Rental of Facilities and Equipment

Rental of facilities and equipment relate to rental of municipal buildings, community halls and other municipal facilities.

Interest Earned – External Investments

Interest earnings are influenced by the extent of the municipality's investment portfolio.

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 28 February 2018 amounted to R 129,432 million.

Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Transfers and Grants

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

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 2017/18 Budget.

| Directorate | Approved Budget 2017/18 | Actuals as at 28 February 2018 | % of Budget |
|-----------------------------------|--------------------------------|---------------------------------------|--------------------|
| Corporate Services | 15,000 | - | - |
| Finance | 70,938 | 1,241 | 1.75% |
| Community Services | 1,285,197 | 148,657 | 11.57% |
| Infrastructure and Engineering | 16,379,939 | 5,800,301 | 35.41% |
| Planning, Development and Tourism | 50,000 | - | - |
| Total | 17,801,074 | 5,950,200 | 33.43% |

It is to be noted that actual repairs and maintenance expenditure constituted 33.43% of the approved 2017/18 Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

Below is an analysis of the capital expenditure compared to the approved 2017/18 Adjusted Capital Budget.

| Directorate | Approved Budget 2017/18 | Approved Adjustments | Adjusted Budget 2017/18 | Actuals as at 28 February 2018 | % of Budget |
|-----------------------------------|--------------------------------|-----------------------------|--------------------------------|---------------------------------------|--------------------|
| | R | | | R | |
| Corporate Services | 658,000 | - | 658,000 | 308,662 | 46.91% |
| Finance | 3,303,500 | 305,200 | 3,608,700 | 1,179,808 | 32.69% |
| Community Services | 12,481,455 | 7,400,000 | 19,881,455 | 7,822,743 | 39.35% |
| Infrastructure and Engineering | 41,796,280 | 789,632 | 42,585,912 | 12,711,393 | 29.85% |
| Planning, Development and Tourism | 1,440,485 | - | 1,440,485 | - | - |
| Total | 59,679,720 | 8,494,832 | 68,174,552 | 22,022,605 | 32.30% |
| Source of Funding | Approved Budget 2017/18 | Approved Adjustments | Adjusted Budget 2017/18 | Actuals as at 28 February 2018 | % of Budget |
| | R | | | R | |
| Internally Generated Funding | 24,219,420 | 8,494,832 | 32,714,252 | 10,442,929 | 47.42% |
| Government Grants | 35,460,300 | - | 35,460,300 | 11,579,676 | 52.58% |
| Total | 59,679,720 | 8,494,832 | 68,174,552 | 22,022,605 | 32.30% |

It is to be noted that capital expenditure as at 28 February 2018 amounted to 32.30%, compared to the adjusted capital budget of R 68,174,552.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2017/18 FINANCIAL YEAR

Projected Cash Flow Statement as at 28 February 2018

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

Table C7 Monthly Budget Statement – Cash Flow – M08 February 2018

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | | |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|----------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast | |
| R thousands | 1 | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | | 150 931 | | 8 358 | 107 243 | 105 955 | 1 288 | 1% | 150 931 | |
| Service charges | | | 348 047 | | 26 559 | 206 424 | 244 333 | (37 909) | -16% | 348 047 | |
| Other revenue | | | 23 328 | | 11 873 | 94 830 | 16 376 | 78 453 | 479% | 23 328 | |
| Government - operating | | | 114 219 | | 300 | 83 210 | 78 063 | 5 147 | 7% | 114 219 | |
| Government - capital | | | 34 660 | | | 23 211 | 24 440 | (1 229) | -5% | 34 660 | |
| Interest | | | 16 134 | | 1 357 | 10 740 | 11 326 | (587) | -5% | 16 134 | |
| Dividends | | | - | | | | - | - | | - | |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | | (624 084) | | (57 845) | (452 378) | (438 198) | 14 180 | -3% | (624 084) | |
| Finance charges | | | (3 768) | | (289) | (2 547) | (2 665) | (118) | 4% | (3 768) | |
| Transfers and Grants | | | (1 580) | | | | | - | | (1 580) | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | | - | 57 887 | - | (9 687) | 70 732 | 39 631 | (31 102) | -78% | 57 887 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | - | | | |
| Decrease (Increase) in non-current debtors | | | | | | | | - | | | |
| Decrease (increase) other non-current receivables | | | | | | | | - | | | |
| Decrease (increase) in non-current investments | | | | | | | | - | | | |
| Payments | | | | | | | | | | | |
| Capital assets | | | (59 680) | | (5 058) | (22 023) | (44 720) | (22 697) | 51% | (59 680) | |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | | - | (59 680) | - | (5 058) | (22 023) | (44 720) | (22 697) | 51% | (59 680) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | | | | | | | - | | | |
| Borrowing long term/refinancing | | | | | | | | - | | | |
| Increase (decrease) in consumer deposits | | | | | | | | - | | | |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | | (6 443) | | (563) | (4 267) | (4 295) | (28) | 1% | (6 443) | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | | - | (6 443) | - | (563) | (4 267) | (4 295) | (28) | 1% | (6 443) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | | - | (8 235) | - | (15 308) | 44 443 | (9 385) | | | (8 235) |
| Cash/cash equivalents at beginning: | | | 68 249 | | | 83 999 | 68 249 | | | | 83 999 |
| Cash/cash equivalents at month/year end: | | | 60 014 | | | 128 441 | 58 864 | | | | 75 764 |

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 2017/18 budget performance for the period July to February 2018 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M08 February 2018

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|--|------------------|---------------------|-------------------|--------------------|--------------------|--------------------|---------------------|-----------------|--------------------|
| | 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 | 148 075 | 160 565 | - | 8 856 | 124 519 | 124 105 | 413 | 0% | - |
| Service charges | 337 384 | 370 094 | - | 32 557 | 245 526 | 286 242 | (40 717) | -14% | - |
| Investment revenue | 7 776 | 7 195 | - | 657 | 4 505 | 5 051 | (546) | -11% | - |
| Transfers and subsidies | 106 979 | 114 219 | - | 10 600 | 82 828 | 78 063 | 4 765 | 6% | - |
| Other own revenue | 39 649 | 32 267 | - | 3 456 | 22 176 | 22 652 | (475) | -2% | - |
| Total Revenue (excluding capital transfers and contributions) | 639 862 | 684 339 | - | 56 127 | 479 553 | 516 113 | (36 560) | -7% | - |
| Employee costs | 228 043 | 256 022 | - | 20 053 | 165 458 | 177 246 | (11 788) | -7% | - |
| Remuneration of Councillors | 11 101 | 11 725 | - | 935 | 5 973 | 7 817 | (1 844) | -24% | - |
| Depreciation & asset impairment | 71 047 | 83 730 | - | (0) | 41 444 | 62 798 | (21 354) | -34% | - |
| Finance charges | 15 491 | 3 768 | - | 284 | 2 600 | 2 826 | (226) | -8% | - |
| Materials and bulk purchases | 254 706 | 243 424 | - | 19 088 | 158 686 | 22 689 | 135 997 | 599% | - |
| Transfers and subsidies | 1 080 | 1 580 | - | - | - | 1 185 | (1 185) | -100% | - |
| Other expenditure | 91 217 | 144 593 | - | 8 997 | 52 451 | 77 940 | (25 489) | -33% | - |
| Total Expenditure | 672 685 | 744 842 | - | 49 357 | 426 613 | 352 500 | 74 112 | 21% | - |
| Surplus/(Deficit) | (32 823) | (60 503) | - | 6 770 | 52 941 | 163 612 | (110 672) | -68% | - |
| Transfers and subsidies - capital (monetary alloc | 37 326 | 34 660 | - | 3 391 | 11 596 | 24 440 | (12 844) | -53% | - |
| Contributions & Contributed assets | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 4 503 | (25 843) | - | 10 161 | 64 537 | 188 053 | (123 516) | -66% | - |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 4 503 | (25 843) | - | 10 161 | 64 537 | 188 053 | (123 516) | -66% | - |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | - | 59 680 | - | 5 058 | 22 023 | 39 786 | (17 764) | -45% | - |
| Capital transfers recognised | - | 35 460 | - | 3 973 | 11 580 | 23 640 | (12 061) | -51% | - |
| Public contributions & donations | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - |
| Internally generated funds | - | 24 219 | - | 1 085 | 10 443 | 16 146 | (5 703) | -35% | - |
| Total sources of capital funds | - | 59 680 | - | 5 058 | 22 023 | 39 786 | (17 764) | -45% | - |
| Financial position | | | | | | | | | |
| Total current assets | 174 240 | 145 598 | - | - | 190 999 | - | - | - | 145 598 |
| Total non current assets | 2 296 003 | 2 647 186 | - | - | 2 590 481 | - | - | - | 2 647 186 |
| Total current liabilities | 179 777 | 153 131 | - | - | 148 300 | - | - | - | 153 131 |
| Total non current liabilities | 187 477 | 148 939 | - | - | 165 124 | - | - | - | 148 939 |
| Community wealth/Equity | 2 102 989 | 2 490 714 | - | - | 2 468 057 | - | - | - | 2 490 714 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | - | 57 887 | - | (9 687) | 70 732 | 39 631 | (31 102) | -78% | 57 887 |
| Net cash from (used) investing | - | (59 680) | - | (5 058) | (22 023) | (44 720) | (22 697) | 51% | (59 680) |
| Net cash from (used) financing | - | (6 443) | - | (563) | (4 267) | (4 295) | (28) | 1% | (6 443) |
| Cash/cash equivalents at the month/year end | - | 60 014 | - | - | 128 441 | 58 864 | (69 577) | -118% | 75 764 |
| 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 | 29 728 | 4 496 | 3 495 | 3 395 | 2 609 | 2 268 | 21 319 | 91 850 | 159 160 |
| Creditors Age Analysis | | | | | | | | | |
| Total Creditors | 22 828 | 294 | 112 | 31 | 49 | 1 605 | 2 019 | 51 059 | 77 997 |

Explanatory notes to Table C 1 – Monthly Budget Summary

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

Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M08 February 2018

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | – | 281 833 | – | 21 502 | 216 608 | 187 889 | 28 720 | 15% | – |
| Executive and council | | – | 34 | – | 3 | 12 | 22 | (11) | -47% | – |
| Finance and administration | | – | 281 799 | – | 21 499 | 216 597 | 187 866 | 28 730 | 15% | – |
| Internal audit | | – | – | – | – | – | – | – | – | – |
| <i>Community and public safety</i> | | – | 14 965 | – | 2 036 | 8 784 | 9 976 | (1 192) | -12% | – |
| Community and social services | | – | 2 428 | – | 277 | 2 332 | 1 619 | 713 | 44% | – |
| Sport and recreation | | – | 9 833 | – | 1 019 | 4 556 | 6 556 | (1 999) | -31% | – |
| Public safety | | – | 4 | – | – | 4 | 3 | 1 | 43% | – |
| Housing | | – | – | – | – | – | – | – | – | – |
| Health | | – | 2 699 | – | 739 | 1 892 | 1 799 | 93 | 5% | – |
| <i>Economic and environmental services</i> | | – | 29 175 | – | 1 016 | 17 681 | 19 450 | (1 769) | -9% | – |
| Planning and development | | – | 6 521 | – | 444 | 3 534 | 4 347 | (813) | -19% | – |
| Road transport | | – | 8 408 | – | (442) | 3 994 | 5 605 | (1 611) | -29% | – |
| Environmental protection | | – | 14 247 | – | 1 014 | 10 152 | 9 498 | 654 | 7% | – |
| <i>Trading services</i> | | – | 393 027 | – | 34 964 | 248 076 | 262 018 | (13 942) | -5% | – |
| Energy sources | | – | 239 206 | – | 16 080 | 150 685 | 159 471 | (8 786) | -6% | – |
| Water management | | – | 60 871 | – | 7 324 | 42 897 | 40 581 | 2 316 | 6% | – |
| Waste water management | | – | 65 521 | – | 8 893 | 35 754 | 43 681 | (7 927) | -18% | – |
| Waste management | | – | 27 429 | – | 2 668 | 18 741 | 18 286 | 455 | 2% | – |
| <i>Other</i> | 4 | – | – | – | – | – | – | – | – | – |
| Total Revenue - Functional | 2 | – | 719 000 | – | 59 518 | 491 149 | 479 333 | 11 816 | 2% | – |
| Expenditure - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | – | 169 788 | – | 9 204 | 86 442 | 113 192 | (26 750) | -24% | – |
| Executive and council | | – | 43 765 | – | 2 066 | 32 702 | 29 177 | 3 525 | 12% | – |
| Finance and administration | | – | 126 024 | – | 7 138 | 53 741 | 84 016 | (30 275) | -36% | – |
| Internal audit | | – | – | – | – | – | – | – | – | – |
| <i>Community and public safety</i> | | – | 81 788 | – | 6 422 | 50 956 | 54 525 | (3 570) | -7% | – |
| Community and social services | | – | 9 701 | – | 608 | 4 823 | 6 467 | (1 644) | -25% | – |
| Sport and recreation | | – | 42 081 | – | 4 329 | 29 539 | 28 054 | 1 485 | 5% | – |
| Public safety | | – | 20 985 | – | 891 | 11 553 | 13 990 | (2 437) | -17% | – |
| Housing | | – | 4 369 | – | 269 | 2 090 | 2 912 | (822) | -28% | – |
| Health | | – | 4 653 | – | 326 | 2 950 | 3 102 | (152) | -5% | – |
| <i>Economic and environmental services</i> | | – | 111 075 | – | 6 424 | 57 709 | 74 050 | (16 341) | -22% | – |
| Planning and development | | – | 30 274 | – | 1 489 | 15 981 | 20 183 | (4 202) | -21% | – |
| Road transport | | – | 71 834 | – | 4 783 | 40 035 | 47 889 | (7 854) | -16% | – |
| Environmental protection | | – | 8 966 | – | 152 | 1 693 | 5 978 | (4 284) | -72% | – |
| <i>Trading services</i> | | – | 378 843 | – | 27 307 | 230 585 | 252 562 | (21 977) | -9% | – |
| Energy sources | | – | 227 987 | – | 15 644 | 144 135 | 151 991 | (7 856) | -5% | – |
| Water management | | – | 77 021 | – | 5 664 | 41 649 | 51 347 | (9 698) | -19% | – |
| Waste water management | | – | 40 698 | – | 3 149 | 23 435 | 27 132 | (3 697) | -14% | – |
| Waste management | | – | 33 136 | – | 2 850 | 21 366 | 22 091 | (725) | -3% | – |
| <i>Other</i> | | – | 3 349 | – | 0 | 921 | 2 233 | (1 312) | -59% | – |
| Total Expenditure - Functional | 3 | – | 744 842 | – | 49 357 | 426 613 | 496 561 | (69 949) | -14% | – |
| Surplus/ (Deficit) for the year | | – | (25 843) | – | 10 161 | 64 537 | (17 228) | 81 765 | -475% | – |

Explanatory notes to Table C2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

The standard classification refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities.

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M08 February 2018

| Vote Description | 2016/17 | Budget Year 2017/18 | | | | | | | | |
|--|----------------|---------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|----------------|--------------------|
| | | 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 | 4 | - | - | - | - | - | - | - | | - |
| Vote 2 - Financial Services | 261 637 | 277 541 | - | 21 209 | 214 412 | 185 028 | 29 385 | 15.9% | | - |
| Vote 3 - Administration, Monitoring & Evaluation | 16 | 752 | - | 3 | 12 | 501 | (489) | -97.6% | | - |
| Vote 4 - Led, Tourism & Creative Industries | - | 1 440 | - | - | - | 960 | (960) | -100.0% | | - |
| Vote 5 - Infrastructure, Planning & Development | 373 523 | 371 680 | - | 32 938 | 233 125 | 247 786 | (14 662) | -5.9% | | - |
| Vote 6 - Social Services | 42 009 | 67 586 | - | 5 369 | 43 600 | 45 057 | (1 457) | -3.2% | | - |
| Total Revenue by Vote | 677 188 | 719 000 | - | 59 518 | 491 149 | 479 333 | 11 816 | 2.5% | | - |
| | | | | | | | | | | |
| Expenditure by Vote | | | | | | | | | | |
| Vote 1 - Executive & Council | 30 867 | 35 224 | - | 1 698 | 21 065 | 23 482 | (2 418) | -10.3% | | - |
| Vote 2 - Financial Services | 54 743 | 65 852 | - | 2 430 | 27 763 | 43 901 | (16 139) | -36.8% | | - |
| Vote 3 - Administration, Monitoring & Evaluation | 34 858 | 41 583 | - | 3 372 | 24 638 | 27 722 | (3 085) | -11.1% | | - |
| Vote 4 - Led, Tourism & Creative Industries | 9 279 | 11 017 | - | 245 | 3 501 | 7 345 | (3 844) | -52.3% | | - |
| Vote 5 - Infrastructure, Planning & Development | 416 677 | 443 519 | - | 30 396 | 262 068 | 295 679 | (33 611) | -11.4% | | - |
| Vote 6 - Social Services | 126 261 | 147 648 | - | 11 216 | 87 579 | 98 432 | (10 853) | -11.0% | | - |
| Total Expenditure by Vote | 672 685 | 744 842 | - | 49 357 | 426 613 | 496 561 | (69 949) | -14.1% | | - |
| Surplus/ (Deficit) for the year | 4 503 | (25 843) | - | 10 161 | 64 537 | (17 228) | 81 765 | -474.6% | | - |

Explanatory notes to Table C3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget reporting table is represented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segment into which a budget of a municipality is divided into, for the appropriation of funds.

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M08 February 2018

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|------------------|----------------|--------------------|
| | | 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 | | 148 075 | 160 565 | | 8 856 | 124 519 | 124 105 | 413 | 0% | |
| Service charges - electricity revenue | | 241 234 | 230 405 | | 19 171 | 150 062 | 171 837 | (21 776) | -13% | |
| Service charges - water revenue | | 39 608 | 58 871 | | 6 451 | 42 024 | 52 614 | (10 590) | -20% | |
| Service charges - sanitation revenue | | 41 828 | 40 622 | | 3 263 | 25 498 | 34 994 | (9 497) | -27% | |
| Service charges - refuse revenue | | 53 036 | 27 412 | | 2 667 | 18 740 | 18 275 | 465 | 3% | |
| Service charges - other | | (38 322) | 12 782 | | 1 004 | 9 202 | 8 521 | 681 | 8% | |
| Rental of facilities and equipment | | 1 506 | 1 309 | | 93 | 739 | 919 | (180) | -20% | |
| Interest earned - external investments | | 7 776 | 7 195 | | 657 | 4 505 | 5 051 | (546) | -11% | |
| Interest earned - outstanding debtors | | 8 144 | 8 939 | | 665 | 4 484 | 6 275 | (1 792) | -29% | |
| Dividends received | | | | | | | | | | |
| Fines, penalties and forfeits | | 10 552 | 3 761 | | 375 | 2 490 | 2 640 | (150) | -6% | |
| Licences and permits | | 6 877 | 11 773 | | 267 | 7 351 | 8 265 | (913) | -11% | |
| Agency services | | | | | | | | | | |
| Transfers and subsidies | | 106 979 | 114 219 | | 10 600 | 82 828 | 78 063 | 4 765 | 6% | |
| Other revenue | | 12 570 | 6 484 | | 2 056 | 7 112 | 4 552 | 2 560 | 56% | |
| Gains on disposal of PPE | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 639 862 | 684 339 | - | 56 127 | 479 553 | 516 113 | (36 560) | -7% | - |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | | 228 043 | 256 022 | | 20 053 | 165 458 | 177 246 | (11 788) | -7% | |
| Remuneration of councillors | | 11 101 | 11 725 | | 935 | 5 973 | 7 817 | (1 844) | -24% | |
| Debt impairment | | 24 779 | 31 680 | | | 613 | 2 665 | (2 052) | -77% | |
| Depreciation & asset impairment | | 71 047 | 83 730 | | (0) | 41 444 | 62 798 | (21 354) | -34% | |
| Finance charges | | 15 491 | 3 768 | | 284 | 2 600 | 2 826 | (226) | -8% | |
| Bulk purchases | | 220 618 | 225 623 | | 18 196 | 152 735 | 10 822 | 141 914 | 1311% | |
| Other materials | | 34 087 | 17 801 | | 892 | 5 950 | 11 867 | (5 917) | -50% | |
| Contracted services | | 13 293 | 41 751 | | 3 522 | 15 438 | 27 834 | (12 396) | -45% | |
| Transfers and subsidies | | 1 080 | 1 580 | | | | 1 185 | (1 185) | -100% | |
| Other expenditure | | 51 086 | 71 162 | | 5 476 | 36 400 | 47 441 | (11 041) | -23% | |
| Loss on disposal of PPE | | 2 058 | | | | | | | | |
| Total Expenditure | | 672 685 | 744 842 | - | 49 357 | 426 613 | 352 500 | 74 112 | 21% | - |
| Surplus/(Deficit) | | (32 823) | (60 503) | - | 6 770 | 52 941 | 163 612 | (110 672) | (0) | - |
| Transfers and subsidies - capital (municipality allocations) | | | | | | | | | | |
| (National / Provincial and District) | | 37 326 | 34 660 | | 3 391 | 11 596 | 24 440 | (12 844) | (0) | |
| (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | | | | | | | | | |
| Transfers and subsidies - capital (in-kind - all) | | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | | 4 503 | (25 843) | - | 10 161 | 64 537 | 188 053 | | | - |
| Taxation | | | | | | | | | | |
| Surplus/(Deficit) after taxation | | 4 503 | (25 843) | - | 10 161 | 64 537 | 188 053 | | | - |
| Attributable to minorities | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | | 4 503 | (25 843) | - | 10 161 | 64 537 | 188 053 | | | - |
| Share of surplus/ (deficit) of associate | | | | | | | | | | |
| Surplus/ (Deficit) for the year | | 4 503 | (25 843) | - | 10 161 | 64 537 | 188 053 | | | - |

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) – M08 February 2018

| Vote Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | 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 | - | 181 | - | - | 139 | 121 | 18 | 15% | - |
| Vote 2 - Financial Services | - | 3 304 | - | 20 | 1 180 | 2 202 | (1 023) | -46% | - |
| Vote 3 - Administration, Monitoring & Evaluation | - | 477 | - | 3 | 170 | 318 | (148) | -47% | - |
| Vote 4 - Led, Tourism & Creative Industries | - | 2 551 | - | - | - | 1 701 | (1 701) | -100% | - |
| Vote 5 - Infrastructure, Planning & Development | - | 40 408 | - | 4 394 | 12 711 | 26 939 | (14 227) | -53% | - |
| Vote 6 - Social Services | - | 12 759 | - | 641 | 7 823 | 8 506 | (683) | -8% | - |
| Total Capital single-year expenditure | - | 59 680 | - | 5 058 | 22 023 | 39 786 | (17 764) | -45% | - |
| Total Capital Expenditure | - | 59 680 | - | 5 058 | 22 023 | 39 786 | (17 764) | -45% | - |
| Capital Expenditure - Functional Classification | | | | | | | | | |
| Governance and administration | - | 4 813 | - | 54 | 1 616 | 3 208 | (1 592) | -50% | - |
| Executive and council | | 157 | | - | 139 | 105 | 34 | 33% | |
| Finance and administration | | 4 656 | | 54 | 1 477 | 3 104 | (1 626) | -52% | |
| Internal audit | | - | | | - | | | | |
| Community and public safety | - | 6 993 | - | 489 | 728 | 4 662 | (3 934) | -84% | - |
| Community and social services | | 599 | | - | 61 | 399 | (338) | -85% | |
| Sport and recreation | | 4 869 | | 489 | 667 | 3 246 | (2 579) | -79% | |
| Public safety | | 950 | | - | - | 633 | (633) | -100% | |
| Housing | | - | | - | - | - | | | |
| Health | | 575 | | - | - | 383 | (383) | -100% | |
| Economic and environmental services | - | 6 502 | - | 166 | 350 | 4 335 | (3 985) | -92% | - |
| Planning and development | | 2 742 | | - | 111 | 1 828 | (1 717) | -94% | |
| Road transport | | 2 820 | | 45 | 118 | 1 880 | (1 762) | -94% | |
| Environmental protection | | 940 | | 121 | 121 | 627 | (506) | -81% | |
| Trading services | - | 41 372 | - | 4 349 | 19 329 | 27 582 | (8 253) | -30% | - |
| Energy sources | | 7 255 | | 86 | 380 | 4 837 | (4 457) | -92% | |
| Water management | | 5 292 | | 859 | 1 864 | 3 528 | (1 664) | -47% | |
| Waste water management | | 25 680 | | 3 403 | 10 312 | 17 120 | (6 808) | -40% | |
| Waste management | | 3 145 | | - | 6 773 | 2 097 | 4 676 | 223% | |
| Other | | - | | - | - | - | | | |
| Total Capital Expenditure - Functional Classification | - | 59 680 | - | 5 058 | 22 023 | 39 786 | (17 764) | -45% | - |
| Funded by: | | | | | | | | | |
| National Government | | 35 460 | | 3 973 | 11 580 | 23 640 | (12 061) | -51% | |
| Provincial Government | | | | | | | | | |
| District Municipality | | | | | | | | | |
| Other transfers and grants | | | | | | | | | |
| Transfers recognised - capital | - | 35 460 | - | 3 973 | 11 580 | 23 640 | (12 061) | -51% | - |
| Public contributions & donations | | | | | | | | | |
| Borrowing | | | | | | | | | |
| Internally generated funds | | 24 219 | | 1 085 | 10 443 | 16 146 | (5 703) | -35% | |
| Total Capital Funding | - | 59 680 | - | 5 058 | 22 023 | 39 786 | (17 764) | -45% | - |

Explanatory notes to Table C5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table C6 Monthly Budget Statement – Financial Position – M08 February 2018

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | |
|--|-----|------------------|---------------------|-----------------|------------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| R thousands | 1 | | | | | |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash | | 5 687 | 18 004 | | 16 373 | 18 004 |
| Call investment deposits | | 78 567 | 42 010 | | 112 068 | 42 010 |
| Consumer debtors | | 42 559 | 55 213 | | 54 392 | 55 213 |
| Other debtors | | 42 472 | 25 677 | | 3 219 | 25 677 |
| Current portion of long-term receivables | | 3 | 3 | | | 3 |
| Inventory | | 4 952 | 4 691 | | 4 947 | 4 691 |
| Total current assets | | 174 240 | 145 598 | – | 190 999 | 145 598 |
| Non current assets | | | | | | |
| Long-term receivables | | 65 | 150 | | | 150 |
| Investments | | | | | | – |
| Investment property | | 285 199 | 84 431 | | 85 382 | 84 431 |
| Investments in Associate | | | | | | – |
| Property, plant and equipment | | 2 010 676 | 2 562 532 | | 2 504 941 | 2 562 532 |
| Agricultural | | | | | | – |
| Biological assets | | | | | | – |
| Intangible assets | | 62 | 73 | | 159 | 73 |
| Other non-current assets | | | | | | – |
| Total non current assets | | 2 296 003 | 2 647 186 | – | 2 590 481 | 2 647 186 |
| TOTAL ASSETS | | 2 470 243 | 2 792 784 | – | 2 781 481 | 2 792 784 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Bank overdraft | | | | | | |
| Borrowing | | 8 600 | 6 443 | | 6 439 | 6 443 |
| Consumer deposits | | 10 273 | 8 856 | | 10 273 | 8 856 |
| Trade and other payables | | 138 260 | 106 811 | | 91 764 | 106 811 |
| Provisions | | 22 644 | 31 021 | | 39 824 | 31 021 |
| Total current liabilities | | 179 777 | 153 131 | – | 148 300 | 153 131 |
| Non current liabilities | | | | | | |
| Borrowing | | 32 567 | 30 269 | | 30 295 | 30 269 |
| Provisions | | 154 910 | 118 670 | | 134 829 | 118 670 |
| Total non current liabilities | | 187 477 | 148 939 | – | 165 124 | 148 939 |
| TOTAL LIABILITIES | | 367 254 | 302 070 | – | 313 424 | 302 070 |
| NET ASSETS | 2 | 2 102 989 | 2 490 714 | – | 2 468 057 | 2 490 714 |
| COMMUNITY WEALTH/EQUITY | | | | | | |
| Accumulated Surplus/(Deficit) | | 2 102 989 | 2 490 714 | | 2 468 057 | 2 490 714 |
| Reserves | | – | | | | |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 2 102 989 | 2 490 714 | – | 2 468 057 | 2 490 714 |

Explanatory notes to Table C6 – Budgeted Financial Position

- i. The table represents Assets Less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
- ii. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.

Similarly, the collection rate assumption informs the budget provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Monthly Budget Statement – Cash Flow – M08 February 2018

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | | |
|---|-----|-----------------|---------------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast | |
| R thousands | 1 | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | | 150 931 | | 8 358 | 107 243 | 105 955 | 1 288 | 1% | 150 931 | |
| Service charges | | | 348 047 | | 26 559 | 206 424 | 244 333 | (37 909) | -16% | 348 047 | |
| Other revenue | | | 23 328 | | 11 873 | 94 830 | 16 376 | 78 453 | 479% | 23 328 | |
| Government - operating | | | 114 219 | | 300 | 83 210 | 78 063 | 5 147 | 7% | 114 219 | |
| Government - capital | | | 34 660 | | | 23 211 | 24 440 | (1 229) | -5% | 34 660 | |
| Interest | | | 16 134 | | 1 357 | 10 740 | 11 326 | (587) | -5% | 16 134 | |
| Dividends | | | - | | | | - | - | | - | |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | | (624 084) | | (57 845) | (452 378) | (438 198) | 14 180 | -3% | (624 084) | |
| Finance charges | | | (3 768) | | (289) | (2 547) | (2 665) | (118) | 4% | (3 768) | |
| Transfers and Grants | | | (1 580) | | | | | - | | (1 580) | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | | - | 57 887 | - | (9 687) | 70 732 | 39 631 | (31 102) | -78% | 57 887 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | - | | | |
| Decrease (Increase) in non-current debtors | | | | | | | | - | | | |
| Decrease (increase) other non-current receivables | | | | | | | | - | | | |
| Decrease (increase) in non-current investments | | | | | | | | - | | | |
| Payments | | | | | | | | | | | |
| Capital assets | | | (59 680) | | (5 058) | (22 023) | (44 720) | (22 697) | 51% | (59 680) | |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | | - | (59 680) | - | (5 058) | (22 023) | (44 720) | (22 697) | 51% | (59 680) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | | | | | | | - | | | |
| Borrowing long term/refinancing | | | | | | | | - | | | |
| Increase (decrease) in consumer deposits | | | | | | | | - | | | |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | | (6 443) | | (563) | (4 267) | (4 295) | (28) | 1% | (6 443) | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | | - | (6 443) | - | (563) | (4 267) | (4 295) | (28) | 1% | (6 443) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | | | | | | | | | | |
| Cash/cash equivalents at beginning: | | | 68 249 | | | 83 999 | 68 249 | | | 83 999 | |
| Cash/cash equivalents at monthly/year end: | | | - | 60 014 | - | 128 441 | 58 864 | | | 75 764 | |

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 2017, compared to the position as at 28 February 2018.

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2017

| Description | Budget Year 2016/17 | | | | | | | | | |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|-------|
| | 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 | |

Debtors' Age Analysis (Inclusive of VAT) as at 28 February 2018

| Description | Budget Year 2017/18 | | | | | | | | |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|
| | 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 |
| R thousands | | | | | | | | | |
| Debtors Age Analysis By Income Source | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 9 139 | 1 134 | 1 042 | 1 012 | 805 | 657 | 4 134 | 20 902 | 38 826 |
| Trade and Other Receivables from Exchange Transactions - Electricity | 16 804 | 1 163 | 586 | 403 | 349 | 274 | 2 337 | 6 639 | 28 555 |
| Receivables from Non-exchange Transactions - Property Rates | 8 350 | 693 | 526 | 521 | 362 | 304 | 8 333 | 17 338 | 36 426 |
| Receivables from Exchange Transactions - Waste Water Management | 4 340 | 552 | 498 | 392 | 354 | 336 | 1 915 | 9 601 | 17 990 |
| Receivables from Exchange Transactions - Waste Management | 3 394 | 550 | 467 | 410 | 383 | 378 | 1 708 | 11 912 | 19 202 |
| Receivables from Exchange Transactions - Property Rental Debtors | - | - | - | - | - | - | - | 1 | 1 |
| Interest on Arrear Debtor Accounts | 60 | 63 | 74 | 88 | 95 | 102 | 978 | 17 745 | 19 205 |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | - | - | - | - | - | - | - | - | - |
| Other | (12 358) | 340 | 302 | 568 | 261 | 217 | 1 913 | 7 713 | (1 044) |
| Total By Income Source | 29 728 | 4 496 | 3 495 | 3 395 | 2 609 | 2 268 | 21 319 | 91 850 | 159 160 |
| | | | | | | | | | - |
| Debtors Age Analysis By Customer Group | | | | | | | | | |
| Organs of State | 683 | 309 | 210 | 42 | 42 | 35 | 1 209 | 1 520 | 4 050 |
| Commercial | 6 408 | 316 | 234 | 302 | 167 | 106 | 914 | 3 165 | 11 613 |
| Households | 22 637 | 3 870 | 3 051 | 3 051 | 2 400 | 2 127 | 19 195 | 87 165 | 143 496 |
| Other | - | - | - | - | - | - | - | - | - |
| Total By Customer Group | 29 728 | 4 496 | 3 495 | 3 395 | 2 609 | 2 268 | 21 319 | 91 850 | 159 160 |

The aforementioned analysis indicates that from 30 June 2017 to 28 February 2018, the overdue debts have increased from R 115,198 million to R 129,432 million, as follows:

| R thousands | OVERDUE AMOUNTS AS AT | | |
|---|-----------------------|----------------|---------------|
| | 30-Jun-17 | 28-Feb-18 | Difference |
| Debtors Age Analysis By Income Source | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 26 290 | 29 687 | 3 397 |
| Trade and Other Receivables from Exchange Transactions - Electricity | 11 192 | 11 751 | 558 |
| Receivables from Non-exchange Transactions - Property Rates | 25 337 | 28 077 | 2 739 |
| Receivables from Exchange Transactions - Waste Water Management | 12 297 | 13 650 | 1 353 |
| Receivables from Exchange Transactions - Waste Management | 14 074 | 15 808 | 1 733 |
| Receivables from Exchange Transactions - Property Rental Debtors | 1 | 1 | - |
| Interest on Arrear Debtor Accounts | 16 685 | 19 145 | 2 460 |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | - | - | - |
| Other | 9 321 | 11 314 | 1 993 |
| Total By Income Source | 115 198 | 129 432 | 14 234 |
| | | | |
| Debtors Age Analysis By Customer Group | | | |
| Organs of State | 2 323 | 3 367 | 1 045 |
| Commercial | 4 588 | 5 205 | 617 |
| Households | 108 287 | 120 860 | 12 572 |
| Other | | | |
| Total By Customer Group | 115 198 | 129 432 | 14 234 |

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

| Description | Budget Year 2017/18 | | | | | | | | |
|--|---------------------|-----------------|-----------------|------------------|-------------------|-------------------|----------------------|----------------|---------------|
| | 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 |
| R thousands | | | | | | | | | |
| Creditors Age Analysis By Customer Type | | | | | | | | | |
| Bulk Electricity | 15 407 | - | - | - | - | - | - | - | 15 407 |
| Bulk Water | - | 7 | 7 | 6 | 6 | 6 | 1 928 | 48 296 | 50 254 |
| PAYE deductions | 2 641 | - | - | - | - | - | - | - | 2 641 |
| VAT (output less input) | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement deductions | 3 014 | - | - | - | - | - | - | - | 3 014 |
| Loan repayments | - | - | - | - | - | - | - | - | - |
| Trade Creditors | 1 766 | 287 | 105 | 25 | 43 | 1 599 | 92 | 2 763 | 6 680 |
| Auditor General | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total By Customer Type | 22 828 | 294 | 112 | 31 | 49 | 1 605 | 2 019 | 51 059 | 77 997 |

The above amounts represent invoices still to be paid. The major creditors as at 28 February 2018 are as follows:

| | |
|-------------------------|--------------------------------|
| Department of Transport | R 2,604 million |
| Eskom | R 15,407 million |
| NMBM (Bulk water) | R 50,254 million |
| Pension Fund Deductions | R 3,014 million |
| PAYE Deductions | R 2,641 million |
| Department of Labour | R 1,758 million |
| Other Creditors | <u>R 2,319 million</u> |
| TOTAL | <u>R 77,997 million</u> |

It is to be noted that the Eskom amount of R 15,407 million, represents the current account for February 2018, which will be paid by 20 March 2018.

The pension fund deductions represent employee related costs for the month of February 2018, with the amounts in question being paid on 5 March 2018 to the relevant pension funds.

The PAYE deductions represent employee related costs for the month of February 2018, with the amounts in question being paid on 7 February 2018 to SARS.

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 Department of Labour amount of R 1,758 million relates to outstanding workmen's compensation returns for the period 1 March 2007 to 28 February 2017. An agreement was reached with the Department of Labour for the settlement of the outstanding account, at approximately R 2 million per month for the period November 2017 to March 2018.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 28 February 2018.

| | Balance as at 30 June 2017 | Invested | Interest | Withdrawals | Adjustments | Balance as at 28 February 2018 |
|--------------------|-------------------------------|-------------------|------------------|--------------------|-------------|-----------------------------------|
| Standard Bank | 16 256 857 | 5 000 000 | 923 015 | - | - | 22 179 872 |
| ABSA | 16 288 040 | 8 000 000 | 978 590 | - | 228 | 25 266 403 |
| Nedbank | 17 053 655 | 5 000 000 | 971 503 | - | - | 23 025 158 |
| RMB | 13 300 134 | 29 891 050 | 1 218 531 | 26 484 924 | - | 17 924 791 |
| INVESTEC | 15 668 170 | 7 000 000 | 1 003 698 | - | - | 23 671 869 |
| | | | | | | |
| Total | 78 566 856 | 54 891 050 | 5 095 338 | -26 484 924 | -228 | 112 068 092 |
| | | | | | | |
| INVESTMENT BY TYPE | Balance as at 30 June 2017 | Invested | Interest | Withdrawals | Adjustments | Balance as at 28 February 2018 |
| General Account | 71 159 248 | 29 980 050 | 4 162 264 | 7 000 000 | 228 | 98 301 333 |
| Conditional Grants | 4 619 926 | 24 911 000 | 811 662 | 19 484 924 | - | 10 857 665 |
| Housing Funds | 2 787 682 | - | 121 412 | - | - | 2 909 094 |
| Total | 78 566 856 | 54 891 050 | 5 095 338 | -26 484 924 | -228 | 112 068 092 |
| | | | | | | |
| Bank | 5 431 943 | 10 941 277 | | | | 16 373 220 |
| | | | | | | |
| TOTAL | 83 998 799 | 65 832 327 | 5 095 338 | -26 484 924 | -228 | 128 441 312 |

The increase in the investment portfolio since 30 June 2017 amounts to R 44,442,513. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

| | |
|--------------------------------|-----------------------------|
| Bank Balances and Cash | R 16,373,220 |
| Short-term Investment Deposits | R 112,068,092 |
| | <u>R 128,441,312</u> |

Application of Cash

| | |
|---------------------------------|-----------------------------|
| Unspent Conditional Grants | 13,766,758 |
| Internally Generated Funding | 22,271,323 |
| Outstanding Creditors Liability | <u>77,996,771</u> |
| | <u>R 114,034,852</u> |

Reserves in excess of Commitments

R 14,406,460

The cash backed reserves exceed the commitments at this stage by an amount of R 14,406,460. It should be noted that the excess of reserves over commitments as at 28 February 2018, is mainly due to an amount of R 34,212 million in respect of the

Equitable Share allocation being received on 01 December 2017, but not yet fully spent.

These funds are already committed towards spending in the 2017/18 Capital and Operating budgets.

4. Allocation and Grants receipts and expenditure for the 2017/2018 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M08 February 2018.

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| | 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: | - | 106 951 | - | 300 | 80 356 | 74 548 | 5 808 | 7.8% | - |
| Local Government Equitable Share | | 102 637 | | | 76 695 | 70 887 | 5 808 | 8.2% | |
| Finance Management | | 1 700 | | | 1 700 | 1 700 | | | |
| MIG - Administration Fees | | 1 614 | | | 961 | 961 | | | |
| EPWP Incentive | | 1 000 | | 300 | 1 000 | 1 000 | | | |
| Provincial Government: | - | 4 050 | - | - | 2 050 | 2 050 | - | | - |
| ACIP-Water | | 2 000 | | | | | - | | |
| Sport and Recreation | | 2 050 | | | 2 050 | 2 050 | - | | |
| District Municipality: | - | 2 500 | - | - | 1 765 | 1 765 | - | | - |
| <i>Environmental Health Subsidy</i> | | 2 500 | | | 1 765 | 1 765 | - | | |
| Other grant providers: | - | 718 | - | - | - | - | - | | - |
| <i>Skills Development Grant</i> | | 718 | | | | | - | | |
| Total Operating Transfers and Grants | - | 114 219 | - | 300 | 84 171 | 78 363 | 5 808 | 7.4% | - |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | - | 34 660 | - | - | 22 250 | 24 440 | (2 190) | -9.0% | - |
| Municipal Infrastructure Grant (MIG) | | 30 660 | | | 18 250 | 20 440 | (2 190) | -10.7% | |
| Integrated National Electrification Programme | | 4 000 | | | 4 000 | 4 000 | - | | |
| Total Capital Transfers and Grants | - | 34 660 | - | - | 22 250 | 24 440 | (2 190) | -9.0% | - |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | - | 148 879 | - | 300 | 106 421 | 102 803 | 3 618 | 3.5% | - |

Below is an analysis of the spending associated with the grants as at 28 February 2018

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M08 February 2018.

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| | Audited Outcome | 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: | - | 106 951 | - | 190 | 79 598 | 70 941 | 8 657 | 12.2% | - |
| Local Government Equitable Share | | 102 637 | | | 76 695 | 68 425 | 8 270 | 12.1% | |
| Finance Management | | 1 700 | | 39 | 1 082 | 992 | 90 | 9.1% | |
| MIG - Administration Fees | | 1 614 | | 134 | 1 076 | 941 | 134 | 14.3% | |
| EPWP Incentive | | 1 000 | | 17 | 745 | 583 | 161 | 27.7% | |
| Provincial Government: | - | 4 050 | - | - | - | - | - | | - |
| ACIP-Water | | 2 000 | | | | | - | | |
| Sport and Recreation | | 2 050 | | | | | - | | |
| District Municipality: | - | 2 500 | - | - | 1 765 | 1 458 | 307 | 21.0% | - |
| <i>Environmental Health Subsidy</i> | | 2 500 | | | 1 765 | 1 458 | 307 | 21.0% | |
| Other grant providers: | - | 718 | - | - | - | - | - | | - |
| <i>Skills Development Grant</i> | | 718 | | | | | - | | |
| Total operating expenditure of Transfers and Grants | - | 114 219 | - | 190 | 81 363 | 72 399 | 8 963 | 12.4% | - |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | - | 34 660 | - | 4 518 | 12 463 | 20 219 | (7 756) | -38.4% | - |
| Municipal Infrastructure Grant (MIG) | | 30 660 | | 4 438 | 12 077 | 17 885 | (5 808) | -32.5% | |
| Integrated National Electrification Programme | | 4 000 | | 80 | 386 | 2 333 | (1 947) | -83.5% | |
| Total capital expenditure of Transfers and Grants | - | 34 660 | - | 4 518 | 12 463 | 20 219 | (7 756) | -38.4% | - |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | - | 148 879 | - | 4 709 | 93 826 | 92 618 | 1 208 | 1.3% | - |

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 1,700,000 |
| Amount of Grant Received: | R 1,700,000 |
| Expenditure to date: | R 1,082,025 |
| Unspent as at 28 February 2018: | R 617,975 |

The spending of the grant amounted to 63.65% as at 28 February 2018, 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 1,000,000 |
| Amount of Grant Received: | R 1,000,000 |
| Expenditure to date: | R 744,809 |
| Overspent as at 28 February 2018: | R 255,191 |

The spending of the grant amounted to 74.48% as at 28 February 2018, 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 32,274,000 |
| Amount of Grant Received: | R 19,211,000 |
| Expenditure to date: | R 13,152,687 |
| Unspent as at 28 February 2018: | R 6,058,313 |

The spending of the grant amounted to 68.46% as at 28 February 2018, 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 4,000,000 |
| Amount of Grant Received: | R 4,000,000 |
| Expenditure to date: | R 386,111 |
| Unspent as at 28 February 2018: | R 3,613,889 |

The spending of the grant amounted to 9.65% as at 28 February 2018, 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 2,093,046 |
| Unspent as at 28 February 2018: | R 2,909,094 |

The spending of the grant amounted to 59.05% as at 28 February 2018, 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 – M08 February 2018.

| Summary of Employee and Councillor remuneration | 2016/17 | Budget Year 2017/18 | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| | Audited Outcome | 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 | | 7 712 | | 622 | 4 998 | 5 141 | (143) | -3% | |
| Medical Aid Contributions | | 650 | | 3 | 3 | 433 | (430) | -99% | |
| Motor Vehicle Allowance | | 2 602 | | 207 | 207 | 1 734 | (1 527) | -88% | |
| Cellphone Allowance | | 762 | | 104 | 765 | 508 | 257 | 51% | |
| Sub Total - Councillors | - | 11 725 | - | 935 | 5 973 | 7 817 | (1 844) | -24% | - |
| Senior Managers of the Municipality | | | | | | | | | |
| Basic Salaries and Wages | | 8 700 | | 378 | 3 656 | 5 800 | (2 143) | -37% | |
| Pension and UIF Contributions | | | | 34 | 243 | - | 243 | | |
| Medical Aid Contributions | | | | 19 | 133 | - | 133 | | |
| Performance Bonus | | 2 143 | | | 3 | 1 429 | (1 426) | -100% | |
| Motor Vehicle Allowance | | 726 | | 17 | 161 | 484 | (323) | -67% | |
| Other benefits and allowances | | 21 | | 11 | 344 | 14 | 329 | 2319% | |
| Sub Total - Senior Managers of Municipality | - | 11 590 | - | 458 | 4 540 | 7 727 | (3 187) | -41% | - |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | | 152 193 | | 11 861 | 92 439 | 101 462 | (9 023) | -9% | |
| Pension and UIF Contributions | | 24 723 | | 1 910 | 15 361 | 16 482 | (1 121) | -7% | |
| Medical Aid Contributions | | 15 143 | | 1 159 | 8 655 | 10 095 | (1 440) | -14% | |
| Overtime | | 10 375 | | 2 172 | 13 822 | 6 917 | 6 906 | 100% | |
| Performance Bonus | | 12 595 | | | | 8 397 | (8 397) | -100% | |
| Motor Vehicle Allowance | | 7 231 | | 604 | 6 406 | 4 820 | 1 585 | 33% | |
| Housing Allowances | | 2 301 | | 142 | 1 218 | 1 534 | (316) | -21% | |
| Other benefits and allowances | | 19 059 | | 1 616 | 22 401 | 12 706 | 9 695 | 76% | |
| Long service awards | | 812 | | 131 | 616 | 541 | 75 | 14% | |
| Sub Total - Other Municipal Staff | - | 244 432 | - | 19 595 | 160 919 | 162 954 | (2 036) | -1% | - |
| Total Parent Municipality | - | 267 747 | - | 20 989 | 171 431 | 178 498 | (7 067) | -4% | - |
| TOTAL SALARY, ALLOWANCES & BENEFITS | - | 267 747 | - | 20 989 | 171 431 | 178 498 | (7 067) | -4% | - |
| TOTAL MANAGERS AND STAFF | - | 256 022 | - | 20 053 | 165 458 | 170 681 | (5 223) | -3% | - |

6. Key performance indicators

The table below reflects the key performance indicators as per the 2017/18 Approved Budget and the associated performance to date.

| Borrowing Management | | Actuals as at 30 June 2013 | Actuals as at 30 June 2014 | Actuals as at 30 June 2015 | Actuals as at 30 June 2016 | Actuals as at 30 June 2017 | Approved Budget 2017/18 | Actuals as at 28 February 2018 |
|---|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|---------------------------------------|
| Capital Charges to Operating Expenditure | Interest & principal paid/Total Operating Expenditure | 3.79% | 4.83% | 4.50% | 3.67% | 1.61% | 1.37% | 1.60% |
| Borrowed funding of "own" capital expenditure | Borrowings/Capital expenditure excl. transfers & grants | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Debt Servicing Costs to Operating Revenue | Debt Servicing Costs / Total Operating Revenue - Conditional Grants | 0.05 | 0.06 | 0.05 | 0.04 | 0.02 | 0.02 | 0.01 |
| Liquidity | | | | | | | | |
| Current Ratio | Current assets / current liabilities | 0.54 | 0.54 | 0.72 | 0.85 | 1.13 | 0.95 | 1.29 |
| Liquidity Ratio | Monetary assets / current liabilities | 0.10 | 0.16 | 0.22 | 0.40 | 0.62 | 0.39 | 0.87 |
| Revenue Management | | | | | | | | |
| Annual Debtors Collection Rate | Billed Revenue / Receipted Revenue | 96.33% | 96.07% | 98.91% | 97.60% | 95.81% | 94% | 85.73% |

| Other indicators | | Actuals as at 30 June 2013 | Actuals as at 30 June 2014 | Actuals as at 30 June 2015 | Actuals as at 30 June 2016 | Actuals as at 30 June 2017 | Approved Budget 2017/18 | Actuals as at 28 February 2018 |
|--|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-------------------------|--------------------------------|
| 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) | 0.23 | 0.25 | 0.82 | 1.60 | 1.74 | 1.14 | 2.39 |
| Employee Costs | Employee Costs / Total Operating Expenditure | 35.41% | 35.32% | 35.70% | 35.62% | 35.27% | 34.37% | 38.78% |
| Capital Expenditure | Capital Expenditure / Capital Budget | 78.84% | 21.35% | 241.30% | 81.97% | 63.84% | 95% | 32.30% |
| Repairs and Maintenance as % of Total Operating Expenditure | Repairs and Maintenance / Total Operating Expenditure | 3.52% | 3.81% | 4.46% | 4.61% | 4.87% | 5.65% | 1.39% |
| Repairs and Maintenance as % of PPE (Book Value) | Repairs and Maintenance / Net PPE | 0.79% | 0.95% | 1.06% | 1.17% | 1.24% | 1.64% | 0.24% |
| Own Revenue Sources / Total Operating Revenue (Including operating grants) | Own Revenue Sources / Total Operating Revenue (Including Conditional Grants) | 87.04% | 87.21% | 69.55% | 74.74% | 84.32% | 83.31% | 82.73% |

The above table is discussed in detail below.

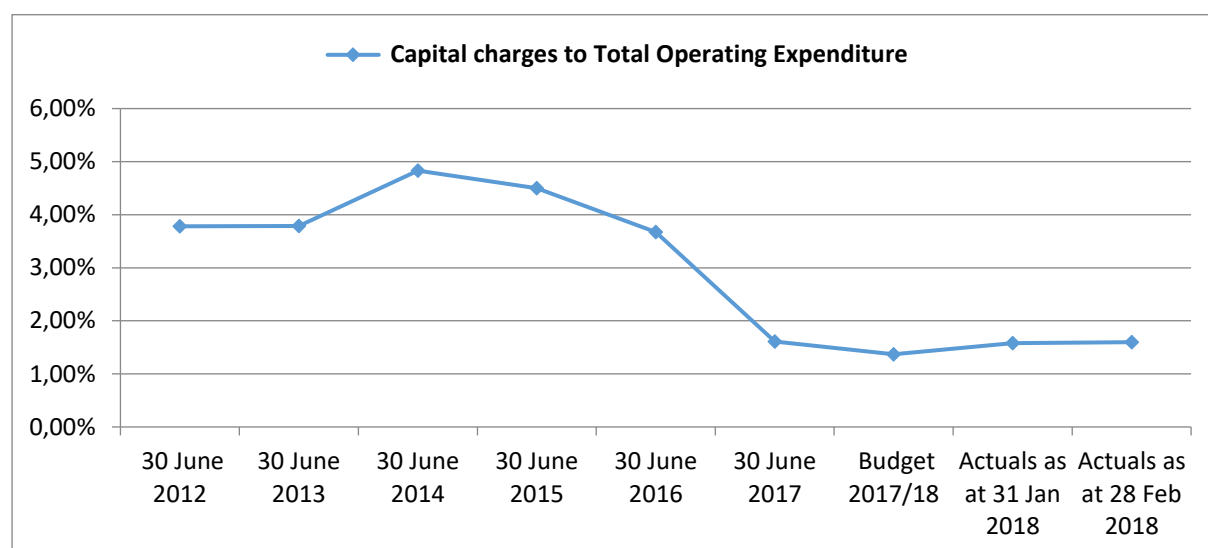
6.1. Borrowing Management

6.1.1. Capital charges to Operating Expenditure

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as percentage of Total Operating Expenditure.

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.60% of the Total Operating Expenditure was utilised for capital charges as at 28 February 2018, compared to the budgeted ratio of 1.37%.



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 2017/18 Operating Budget as no borrowing is planned for the 2017/18 to 2019/20 financial years.

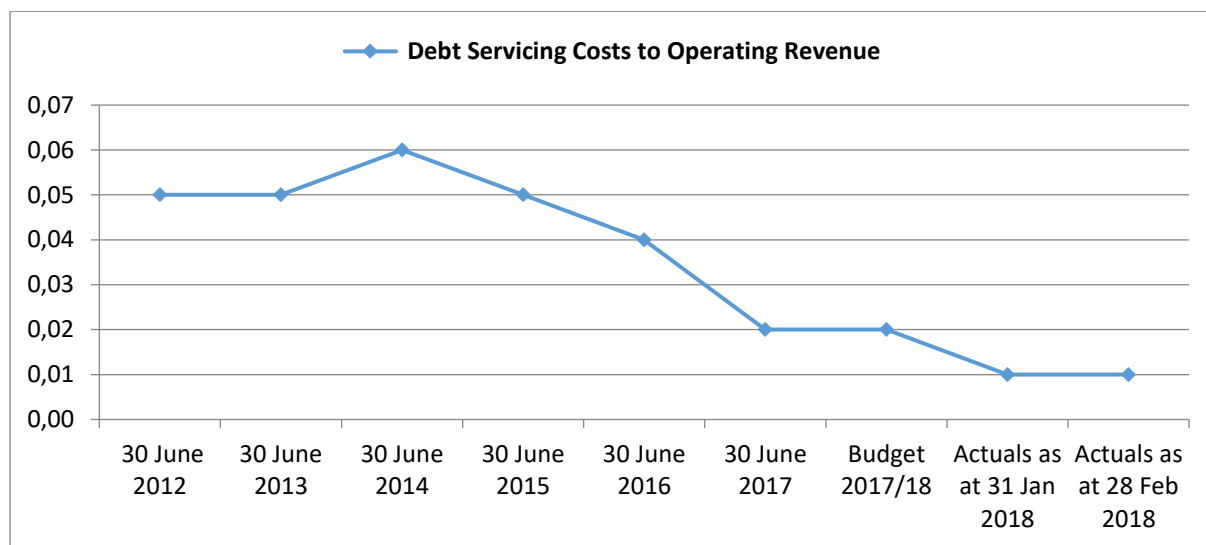
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date.

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 28 February 2018, the ratio was 0.01:1, compared to the budgeted ratio of 0.02:1.



6.2. Liquidity

6.2.1. Current ratio

The Ratio assesses the Municipality's ability to meet its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables etc.).

The ratio is determined as follows:

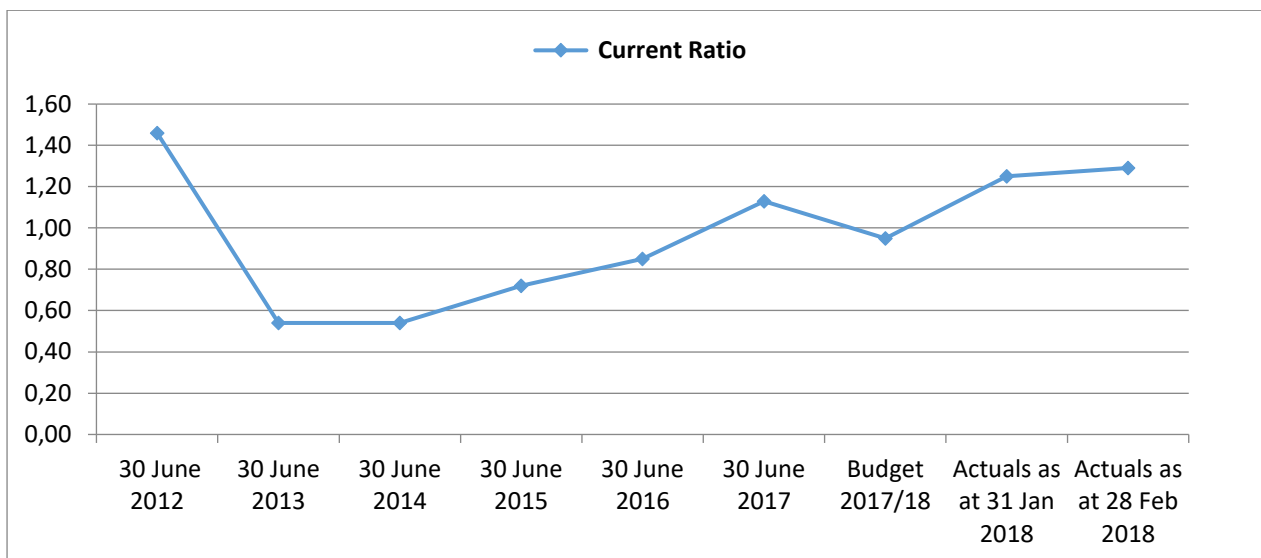
Current assets/Current liabilities

The ratio as at 28 February 2018 was 1.29:1, compared to the budgeted ratio of 0.95:1.

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

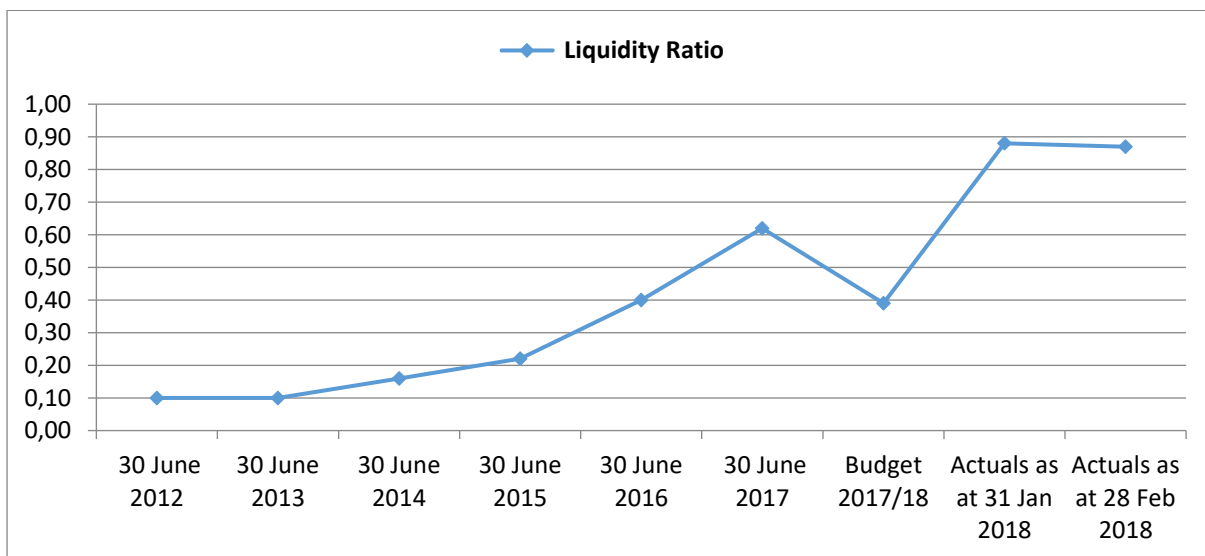
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

$$\text{Monetary assets} / \text{Current liabilities}$$

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 28 February 2018 was 0.87:1, compared to the budgeted ratio of 0.39:1.

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



6.3. Revenue Management

6.3.1. Annual Debtors Collection Rate

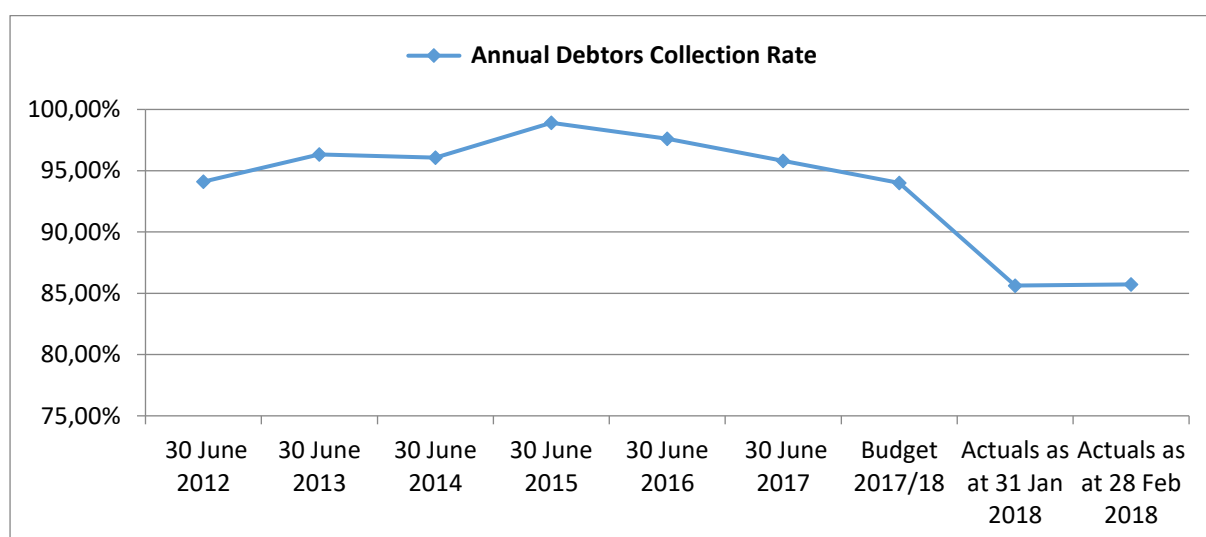
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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

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

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

The average collection rate as at 28 February 2018 was 85.73%, compared to the budgeted collection rate of 94%. The collection rate of 85.73% as at 28 February 2018 is influenced by the annual property rates raised in July 2017, but not yet paid. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



6.4. Other indicators

6.4.1. Cost coverage

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

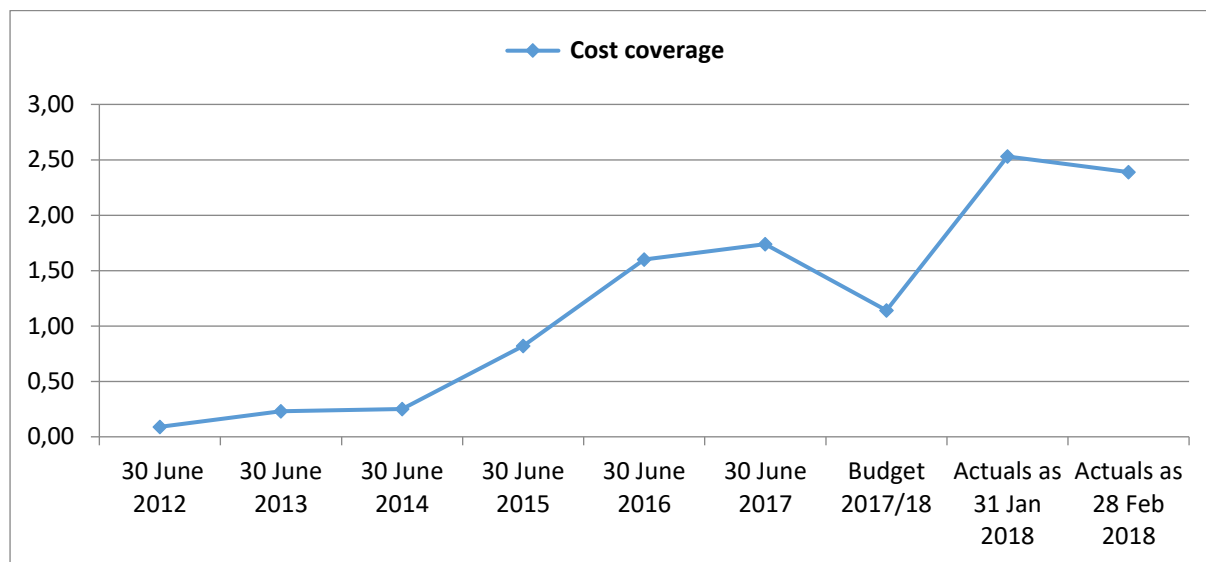
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 28 February 2018, the Ratio was 2.39 months compared to the budgeted ratio of 1.14 months.

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



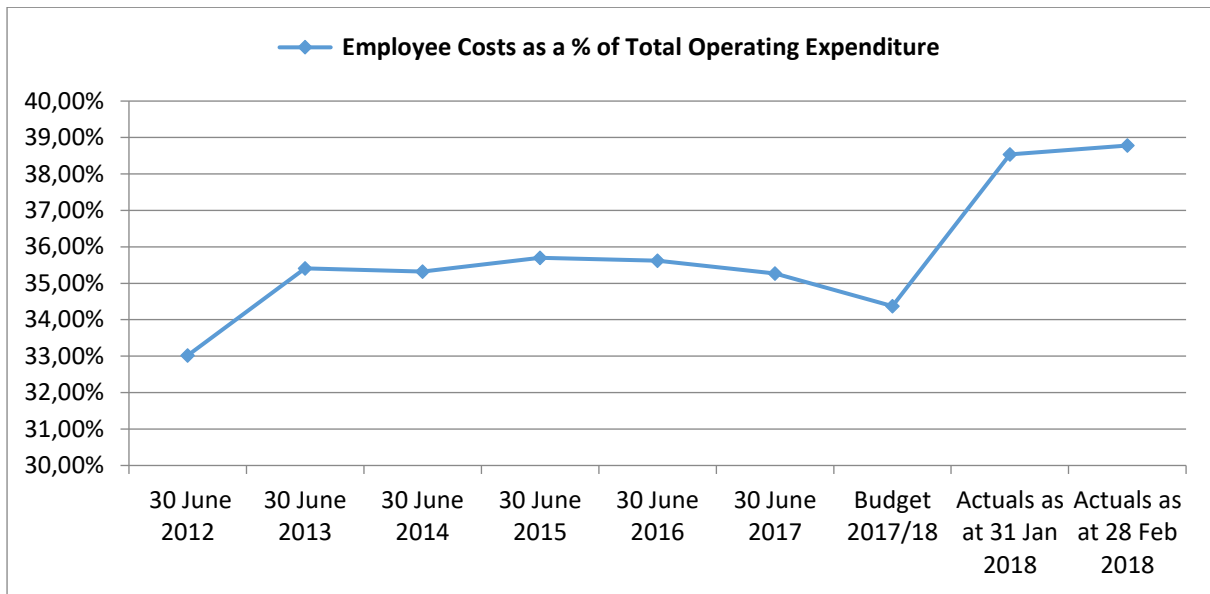
6.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 28 February 2018, Employee Related Costs constituted 38.78% of the Total Operating Expenditure, compared to the budgeted ratio of 34.37%.



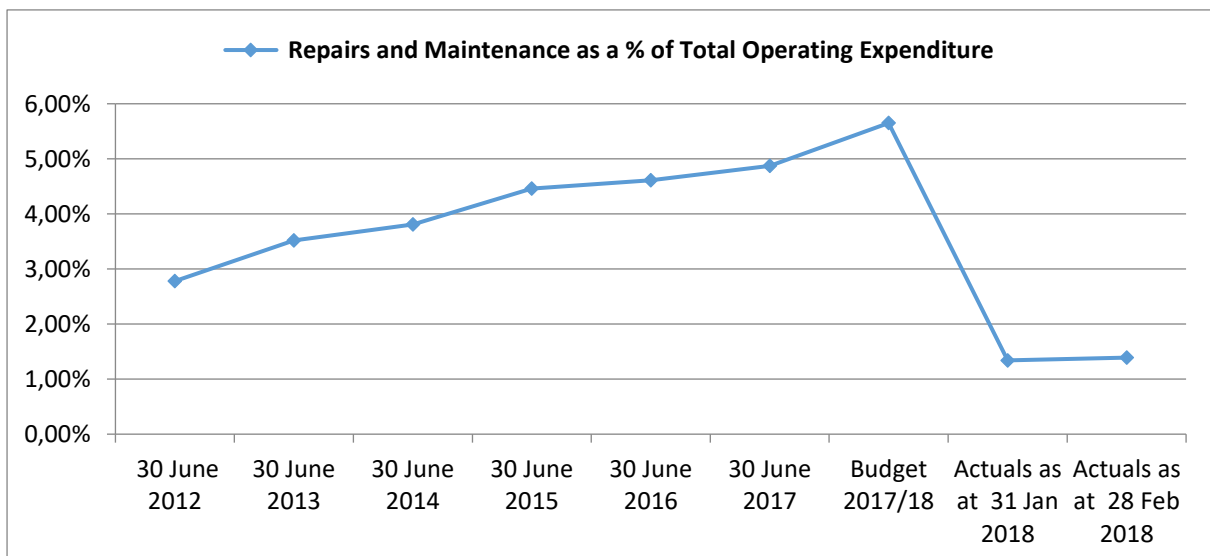
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Total Operating Expenditure to date

As at 28 February 2018, the ratio was 1.39%, compared to the budgeted ratio of 5.65%.



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

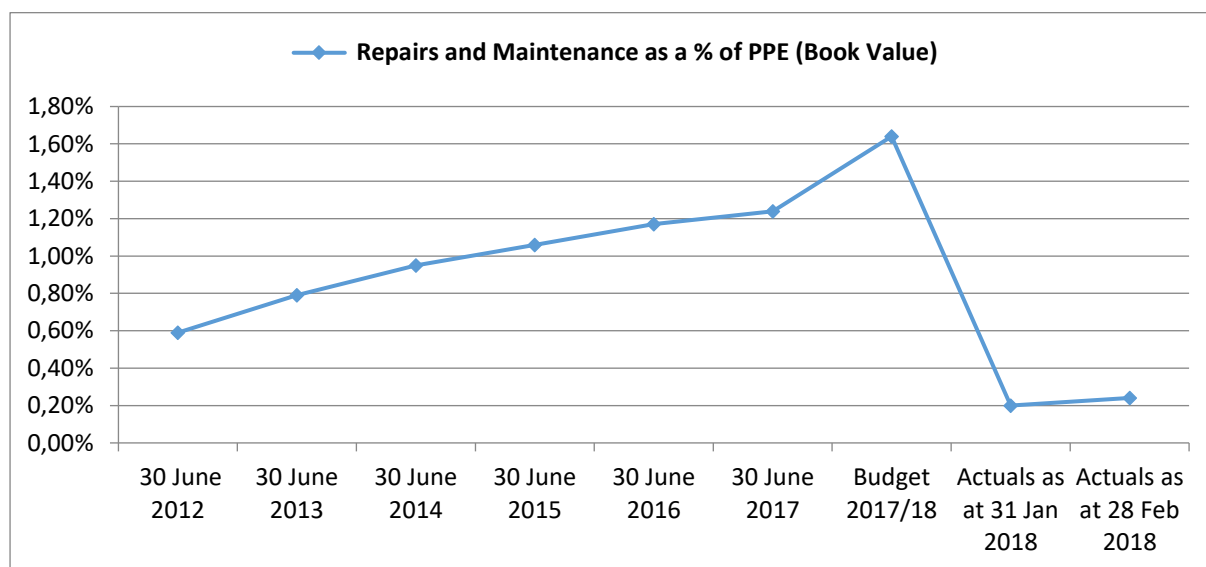
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 28 February 2018, repairs and maintenance expenditure constituted 0.24% of the book value of PPE, compared to the budgeted ratio of 1.64%.

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



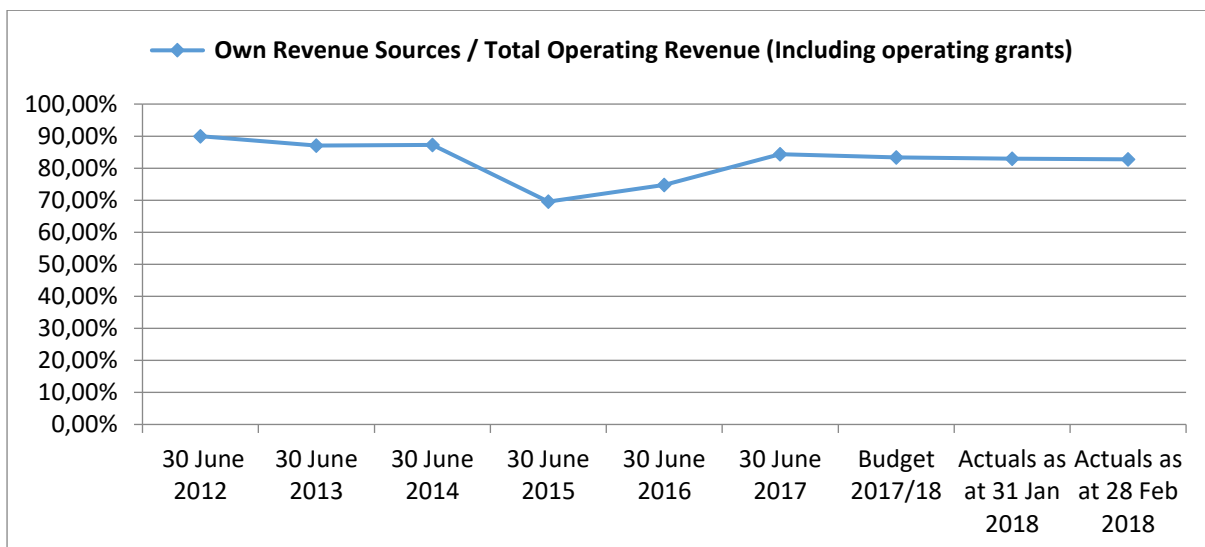
6.4.5. Own Revenue Generation

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

The ratio is determined as follows:

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

As at 28 February 2018, the Municipality's own revenue sources constituted 82.73% of its total Operating Income, compared to the budgeted ratio of 83.31%.



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:

$$\text{Actual Capital spending} / \text{Approved Capital Budget}$$

The actual spending as at the end of February 2018 amounted to 32.30%, compared to the budgeted ratio of 95%.

