

KOUGA MUNICIPALITY (EC108)**SPECIAL COUNCIL MEETING****FINANCE****DATE:** APRIL 2018**ITEM NO:**

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**1. MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2017 TO MARCH 2018
AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT
31 MARCH 2018 (2017/18 FINANCIAL YEAR)****1.1. PURPOSE**

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

1.2. LEGISLATIVE REQUIREMENTS

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

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

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

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

1.3 EXECUTIVE SUMMARY

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July to March 2018, so as to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

The financial performance highlights are as follows:

- Operating revenue amounted to R 555,775 million, whilst operating expenditure amounted to R 475,525 million, resulting in an operating surplus of R 80,250 million.
- Capital expenditure constituted 33.29% of the approved 2017/18 Adjusted Capital Budget.
- Overdue consumer debts increased by R 13,025 million (11.31%) since June 2017.
- An amount of R 68,922 million is owing to creditors, of which R 15,827 million (22.96%) represents current creditors.
- The municipality's investment portfolio has increased by R 65,026,285 (77.41%) since June 2017, from R 83,998,799 to R 149,025,083.

The following key financial ratios are monitored on an on-going basis:

Ratio	Actuals as at June 2015	Actuals as at June 2016	Actuals as at 30 June 2017	Actuals as at 31 Jan 2017	Actuals as at 31 March 2018	2017/18 Approved Adjusted Budget
Current Ratio	0.72:1	0.85:1	1.13:1	1.29:1	1.47:1	0.91:1
Liquidity Ratio	0.22:1	0.40:1	0.62:1	0.82:1	1.04:1	0.37:1
Cost Coverage (Excluding unspent conditional grants)	0.82 months	1.60 months	1.74 months	2.60 months	2.77 months	1.15 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.04:1	0.02:1	0.01:1	0.01:1	0.01:1

1.3. DETAILED REPORTS

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the month, ending 31 March 2018:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement


Annexure "A4" – Municipal Monthly Budget Tables

Annexure "A5"- Analysis of Municipality's Statement of Financial Performance

- i. Overview of Outstanding Consumer Debtors
- ii. Overview of Creditors position
- iii. Investment portfolio
- iv. Grants receipts and Expenditure
- v. Councillors & Employee benefits
- vi. Key performance Indicators

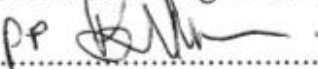
1.4. RECOMMENDATION

- I. That the Executive Mayor notes the Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.
- II. That the Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Section 52(d) of the MFMA, be noted.
- III. That the monthly budget statements accordingly be submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.

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 Mr. Charl Du Plessis (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2017 to March 2018.

I hereby acknowledge the receipt of section 71 report in terms of the Municipal Finance Management Act No. 56 of 2003.

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 Executive Mayor

1.1. Municipal Manager's Quality Certificate

I, Charl Du Plessis, Municipal Manager of Kouga Local Municipality, hereby certify that the monthly budget statements have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the monthly budget statements are consistent with the Integrated Development Plan of the municipality.

Print Name CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipality

Signature 

Date 15/04/2018

Annexure "A1"

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

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

Item Description	Adjusted Budget 2017/18	Actuals as at 31 March 2018	% of Budget
OPERATING REVENUE			
Property rates	160 564 962	134 274 749	83.63%
Total Service Charges	370 093 665	275 422 870	74.42%
Service charges - electricity revenue	230 405 160	167 705 339	72.79%
Service charges - water revenue	58 871 483	47 284 666	80.32%
Service charges - sanitation revenue	40 622 425	28 643 620	70.51%
Service charges - refuse revenue	27 412 365	21 544 582	78.59%
Service charges - other	12 782 232	10 244 662	80.15%
Rental of Facilities and Equipment	1 774 142	833 321	46.97%
Interest Earned - External Investments	7 404 934	5 095 338	68.81%
Interest Earned - Outstanding Debtors	8 939 204	4 849 253	54.25%
Fines, penalties and forfeits	3 962 443	2 967 729	74.90%
Licences and Permits	12 275 879	8 102 819	66.01%
Grants & Subsidies Received - Operating	114 382 237	116 487 341	101.84%
Other Revenue	9 628 889	7 741 676	80.40%
Total Direct Operating Revenue	689 026 355	555 775 095	80.66%
OPERATING EXPENDITURE			
Employee Related Costs	249 044 490	184 295 948	74.00%
Remuneration of Councillors	12 110 618	6 908 494	57.04%
Bad Debts	49 996 841	613 086	1.23%
Depreciation & Asset Impairment	83 730 150	47 364 690	56.57%
Repairs & Maintenance - Municipal Assets	16 022 150	6 734 788	42.03%
Finance Charges - External Borrowings	3 768 124	2 889 656	76.69%
Total Bulk Purchases	225 623 251	168 084 691	74.50%
Bulk purchases - electricity	187 239 233	144 724 223	77.29%
Bulk purchases - water	38 384 018	23 360 468	60.86%
Contracted Services	42 618 392	17 091 802	40.10%
Transfers and Grants	29 600	-	0.00%
Other expenditure	72 477 693	41 542 314	57.32%
Total Direct Operating Expenditure	755 421 309	475 525 471	62.95%
Surplus/(Deficit)	-66 394 954	80 249 625	

The statement of financial performance indicates a surplus of R80,249,625.

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

Revenue Variations

Property Rates

As at 31 March 2018, the Municipality has recognised 83.63% 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 31 March 2018 amounted to R 128,223 million.

Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

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 Adjusted Budget.

Directorate	Approved Adjusted Budget 2017/18	Actuals as at 31 March 2018	% of Budget
Corporate Services	-	-	-
Finance	30,938	1,373	4.44%
Community Services	803,787	170,220	21.18%
Infrastructure and Engineering	15,187,424	6,563,195	43.21%
Planning, Development and Tourism	-	-	-
Total	16,022,150	6,734,788	42.03%

It is to be noted that actual repairs and maintenance expenditure constituted 42.03% of the approved 2017/18 Adjusted 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 Adjusted Budget 2017/18	Actuals as at 31 March 2018	% of Budget
	R	R	
Executive and Council	2,781,000	139,089	5.00%
Corporate Services	2,384,030	171,458	7.19%
Finance	2,691,976	1,179,808	43.83%
Community Services	18,442,726	7,822,743	42.42%
Infrastructure and Engineering	39,996,165	13,804,782	34.52%
Planning, Development and Tourism	3,137,823	-	
Total	69,433,720	23,117,880	33.29%
Source of Funding	Adjusted Budget 2017/18	Actuals as at 31 March 2018	% of Budget
	R	R	
Internally Generated Funding	32,977,371	10,742,132	32.57%
Government Grants	36,456,349	12,375,748	33.95%
Total	69,433,720	23,117,880	33.29%

It is to be noted that capital expenditure as at 31 March 2018 amounted to 33.29%, compared to the adjusted capital budget of R 69,433,720.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2017/18 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 March 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 – M09 March 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	144 894	8 358	115 602	108 670	6 931	6%	144 894	
Service charges			348 047	334 125	26 559	232 984	250 594	(17 610)	-7%	334 125	
Other revenue			23 328	26 760	11 102	105 932	20 070	85 862	428%	26 760	
Government - operating			114 219	113 664	26 749	109 959	113 664	(3 705)	-3%	113 664	
Government - capital			34 660	35 660	8 063	31 274	35 660	(4 386)	-12%	35 660	
Interest			16 134	16 344	1 106	11 845	12 258	(413)	-3%	16 344	
Dividends								-		-	
Payments											
Suppliers and employees			(624 084)	(617 897)	(59 407)	(511 785)	(463 423)	48 363	-10%	(617 897)	
Finance charges			(3 768)	(3 768)	(289)	(2 836)	(2 826)	10	0%	(3 768)	
Transfers and Grants			(1 580)	(30)		-	(23)	(23)	100%	(30)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	57 887	49 752	22 242	92 974	74 645	(18 329)	-25%	49 752
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				1 600				-		1 600	
Decrease (Increase) in non-current debtors				-				-		-	
Decrease (increase) other non-current receivables				-				-		-	
Decrease (increase) in non-current investments				-				-		-	
Payments											
Capital assets			(59 680)	(69 434)	(1 095)	(23 118)	(52 075)	(28 957)	56%	(69 434)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(59 680)	(67 834)	(1 095)	(23 118)	(52 075)	(28 957)	56%	(67 834)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								-			
Borrowing long term/refinancing								-			
Increase (decrease) in consumer deposits								-			
Payments											
Repayment of borrowing			(6 443)	(6 443)	(563)	(4 830)	(4 832)	(2)	0%	(6 443)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(6 443)	(6 443)	(563)	(4 830)	(4 832)	(2)	0%	(6 443)
NET INCREASE/ (DECREASE) IN CASH HELD			-	(8 235)	(24 524)	20 584	65 026	17 738			(24 524)
Cash/cash equivalents at beginning:			68 249	84 254		83 999	84 254				83 999
Cash/cash equivalents at monthly/year end:			-	60 014	59 729		149 025	101 992			59 474

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 March 2018 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M09 March 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	160 565	9 756	134 275	120 424	13 851	12%	160 565
Service charges	337 384	370 094	370 094	29 897	275 423	277 570	(2 147)	-1%	370 094
Investment revenue	7 776	7 195	7 405	591	5 095	5 554	(458)	-8%	7 405
Transfers and subsidies	106 979	114 219	113 664	33 660	116 487	85 248	31 239	37%	113 664
Other own revenue	39 649	32 267	37 299	2 318	24 495	27 974	(3 479)	-12%	37 299
Total Revenue (excluding capital transfers and contributions)	639 862	684 339	689 026	76 222	555 775	516 770	39 005	8%	689 026
Employee costs	228 043	256 022	249 044	18 838	184 296	186 783	(2 487)	-1%	249 044
Remuneration of Councillors	11 101	11 725	12 111	935	6 908	9 083	(2 174)	-24%	12 111
Depreciation & asset impairment	71 047	83 730	83 730	5 921	47 365	62 798	(15 433)	-25%	83 730
Finance charges	15 491	3 768	3 768	289	2 890	2 826	64	2%	3 768
Materials and bulk purchases	254 706	243 424	253 028	16 134	174 819	189 771	(14 951)	-8%	253 028
Transfers and subsidies	1 080	1 580	30	-	-	22	(22)	-100%	30
Other expenditure	91 217	144 593	153 710	6 796	59 247	115 283	(56 036)	-49%	153 710
Total Expenditure	672 685	744 842	755 421	48 913	475 525	566 566	(91 041)	-16%	755 421
Surplus/(Deficit)	(32 823)	(60 503)	(66 395)	27 309	80 250	(49 796)	130 046	-261%	(66 395)
Transfers and subsidies - capital (monetary alloc	37 326	34 660	35 660	2 253	13 849	26 745	(12 897)	-48%	35 660
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	4 503	(25 843)	(30 735)	29 562	94 098	(23 051)	117 149	-508%	(30 735)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	4 503	(25 843)	(30 735)	29 562	94 098	(23 051)	117 149	-508%	(30 735)
Capital expenditure & funds sources									
Capital expenditure	-	59 680	69 434	1 095	23 118	52 075	(28 957)	-56%	69 434
Capital transfers recognised	-	35 460	35 506	796	12 376	26 630	(14 254)	-54%	35 506
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	24 219	33 927	299	10 742	25 446	(14 703)	-58%	33 927
Total sources of capital funds	-	59 680	69 434	1 095	23 118	52 075	(28 957)	-56%	69 434
Financial position									
Total current assets	174 240	145 598	148 539		210 623				148 539
Total non current assets	2 296 003	2 647 186	2 656 940		2 590 481				2 656 940
Total current liabilities	179 777	153 131	163 348		142 870				163 348
Total non current liabilities	187 477	148 939	148 939		165 124				148 939
Community wealth/Equity	2 102 989	2 490 714	2 493 192		2 493 110				2 493 192
Cash flows									
Net cash from (used) operating	-	57 887	49 752	22 242	92 974	74 645	(18 329)	-25%	49 752
Net cash from (used) investing	-	(59 680)	(67 834)	(1 095)	(23 118)	(52 075)	(28 957)	56%	(67 834)
Net cash from (used) financing	-	(6 443)	(6 443)	(563)	(4 830)	(4 832)	(2)	0%	(6 443)
Cash/cash equivalents at the month/year end	-	60 014	59 729	-	149 025	101 992	(47 033)	-46%	59 474
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	28 127	5 432	3 375	2 931	3 045	2 342	20 254	90 844	156 350
Creditors Age Analysis									
Total Creditors	15 827	387	281	41	-	15	1 598	50 774	68 922

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) – M09 March 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	466 104	37 107	253 715	349 578	(95 862)	-27%	466 104
Executive and council		-	34	15	18	30	11	19	167%	15
Finance and administration		-	281 799	466 089	37 089	253 685	349 567	(95 881)	-27%	466 089
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		-	14 965	18 580	167	8 951	13 935	(4 984)	-36%	18 580
Community and social services		-	2 428	2 515	24	2 356	1 886	470	25%	2 515
Sport and recreation		-	9 833	11 638	133	4 689	8 728	(4 039)	-46%	11 638
Public safety		-	4	1 875	1	5	1 406	(1 402)	-100%	1 875
Housing		-	-	-	-	-	-	-		-
Health		-	2 699	2 552	8	1 900	1 914	(14)	-1%	2 552
<i>Economic and environmental services</i>		-	29 175	30 077	10 073	27 754	22 558	5 197	23%	30 077
Planning and development		-	6 521	8 246	8 424	11 959	6 184	5 775	93%	8 246
Road transport		-	8 408	7 426	600	4 594	5 569	(975)	-18%	7 426
Environmental protection		-	14 247	14 405	1 049	11 201	10 804	397	4%	14 405
<i>Trading services</i>		-	393 027	209 927	31 128	279 204	157 445	121 758	77%	209 927
Energy sources		-	239 206	57 106	18 389	169 073	42 830	126 244	295%	57 106
Water management		-	60 871	59 871	5 260	48 158	44 904	3 254	7%	59 871
Waste water management		-	65 521	65 521	4 674	40 427	49 141	(8 713)	-18%	65 521
Waste management		-	27 429	27 429	2 805	21 546	20 572	974	5%	27 429
<i>Other</i>	4	-	-	-	-	-	-	-		-
Total Revenue - Functional	2	-	719 000	724 687	78 475	569 624	543 516	26 108	5%	724 687
Expenditure - Functional										
<i>Governance and administration</i>		-	169 788	172 034	11 154	97 597	129 026	(31 429)	-24%	172 034
Executive and council		-	43 765	47 505	2 064	34 765	35 629	(864)	-2%	47 505
Finance and administration		-	126 024	124 529	9 091	62 831	93 397	(30 566)	-33%	124 529
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		-	81 788	85 944	5 778	56 733	64 458	(7 725)	-12%	85 944
Community and social services		-	9 701	9 353	602	5 426	7 015	(1 590)	-23%	9 353
Sport and recreation		-	42 081	48 321	3 190	32 729	36 241	(3 512)	-10%	48 321
Public safety		-	20 985	19 773	1 404	12 957	14 829	(1 872)	-13%	19 773
Housing		-	4 369	3 812	153	2 243	2 859	(616)	-22%	3 812
Health		-	4 653	4 685	429	3 379	3 514	(135)	-4%	4 685
<i>Economic and environmental services</i>		-	111 075	104 133	6 850	64 559	78 100	(13 541)	-17%	104 133
Planning and development		-	30 274	30 503	2 033	18 014	22 877	(4 863)	-21%	30 503
Road transport		-	71 834	67 464	4 731	44 765	50 598	(5 832)	-12%	67 464
Environmental protection		-	8 966	6 167	86	1 780	4 625	(2 845)	-62%	6 167
<i>Trading services</i>		-	378 843	390 041	25 129	255 713	292 531	(36 818)	-13%	390 041
Energy sources		-	227 987	235 025	14 250	158 384	176 269	(17 885)	-10%	235 025
Water management		-	77 021	80 726	5 141	46 790	60 545	(13 755)	-23%	80 726
Waste water management		-	40 698	40 804	3 201	26 636	30 603	(3 967)	-13%	40 804
Waste management		-	33 136	33 486	2 538	23 903	25 114	(1 211)	-5%	33 486
<i>Other</i>		-	3 349	3 268	3	924	2 451	(1 528)	-62%	3 268
Total Expenditure - Functional	3	-	744 842	755 421	48 913	475 525	566 566	(91 041)	-16%	755 421
Surplus/ (Deficit) for the year		-	(25 843)	(30 734)	29 562	94 098	(23 050)	117 149	-508%	(30 734)

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 – M09 March 2018

Vote Description	2015/16	Current 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	279 731	36 633	251 045	209 798	41 247	19.7%	279 731
Vote 3 - Administration, Monitoring & Evaluation	16	752	733	18	30	550	(520)	-94.5%	733
Vote 4 - Led, Tourism & Creative Industries	-	1 440	1 885	-	-	1 414	(1 414)	-100.0%	1 885
Vote 5 - Infrastructure, Planning & Development	373 523	371 680	371 960	36 685	269 809	278 970	(9 160)	-3.3%	371 960
Vote 6 - Social Services	42 009	67 586	70 377	5 139	48 739	52 783	(4 044)	-7.7%	70 377
Total Revenue by Vote	677 188	719 000	724 687	78 475	569 624	543 515	26 109	4.8%	724 687
Expenditure by Vote									
Vote 1 - Executive & Council	30 867	35 224	35 302	1 732	22 797	26 476	(3 680)	-13.9%	35 302
Vote 2 - Financial Services	54 743	65 852	72 852	4 334	32 096	54 639	(22 542)	-41.3%	72 852
Vote 3 - Administration, Monitoring & Evaluation	34 858	41 583	38 587	3 349	27 986	28 940	(954)	-3.3%	38 587
Vote 4 - Led, Tourism & Creative Industries	9 279	11 017	10 562	199	3 699	7 921	(4 222)	-53.3%	10 562
Vote 5 - Infrastructure, Planning & Development	416 677	443 519	449 436	28 929	290 997	337 077	(46 080)	-13.7%	449 436
Vote 6 - Social Services	126 261	147 648	148 683	10 371	97 950	111 512	(13 562)	-12.2%	148 683
Total Expenditure by Vote	672 685	744 842	755 421	48 913	475 525	566 566	(91 041)	-16.1%	755 421
Surplus/(Deficit) for the year	4 503	(25 843)	(30 735)	29 562	94 098	(23 051)	117 149	-508.2%	(30 735)

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) – M09 March 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	160 565	9 756	134 275	120 424	13 851	12%	160 565
Service charges - electricity revenue		241 234	230 405	230 405	17 644	167 705	172 804	(5 099)	-3%	230 405
Service charges - water revenue		39 608	58 871	58 871	5 260	47 285	44 154	3 131	7%	58 871
Service charges - sanitation revenue		41 828	40 622	40 622	3 146	28 644	30 467	(1 823)	-6%	40 622
Service charges - refuse revenue		53 036	27 412	40 195	2 805	21 545	30 146	(8 601)	-29%	40 195
Service charges - other		(38 322)	12 782	-	1 042	10 245	-	10 245	#DIV/0!	-
Rental of facilities and equipment		1 506	1 309	1 774	94	833	1 331	(497)	-37%	1 774
Interest earned - external investments		7 776	7 195	7 405	591	5 095	5 554	(458)	-8%	7 405
Interest earned - outstanding debtors		8 144	8 939	8 939	365	4 849	6 704	(1 855)	-28%	8 939
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		10 552	3 761	3 962	478	2 968	2 972	(4)	0%	3 962
Licences and permits		6 877	11 773	12 276	751	8 103	9 207	(1 104)	-12%	12 276
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		106 979	114 219	113 664	33 660	116 487	85 248	31 239	37%	113 664
Other revenue		12 570	6 484	10 347	629	7 742	7 760	(19)	0%	10 347
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		639 862	684 339	689 026	76 222	555 775	516 770	39 005	8%	689 026
Expenditure By Type										
Employee related costs		228 043	256 022	249 044	18 838	184 296	186 783	(2 487)	-1%	249 044
Remuneration of councillors		11 101	11 725	12 111	935	6 908	9 083	(2 174)	-24%	12 111
Debt impairment		24 779	31 680	49 997	-	613	37 498	(36 885)	-98%	49 997
Depreciation & asset impairment		71 047	83 730	83 730	5 921	47 365	62 798	(15 433)	-25%	83 730
Finance charges		15 491	3 768	3 768	289	2 890	2 826	64	2%	3 768
Bulk purchases		220 618	225 623	225 623	15 349	168 085	169 217	(1 133)	-1%	225 623
Other materials		34 087	17 801	27 405	785	6 735	20 553	(13 819)	-67%	27 405
Contracted services		13 293	41 751	42 971	1 654	17 092	32 228	(15 137)	-47%	42 971
Transfers and subsidies		1 080	1 580	30	-	-	22	(22)	-100%	30
Other expenditure		51 086	71 162	60 742	5 142	41 542	45 557	(4 015)	-9%	60 742
Loss on disposal of PPE		2 058	-	-	-	-	-	-	-	-
Total Expenditure		672 685	744 842	755 421	48 913	475 525	566 566	(91 041)	-16%	755 421
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(32 823)	(60 503)	(66 395)	27 309	80 250	(49 796)	130 046	(0)	(66 395)
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		37 326	34 660	35 660	2 253	13 849	26 745	(12 897)	(0)	35 660
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		4 503	(25 843)	(30 735)	29 562	94 098	(23 051)			(30 735)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		4 503	(25 843)	(30 735)	29 562	94 098	(23 051)			(30 735)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		4 503	(25 843)	(30 735)	29 562	94 098	(23 051)			(30 735)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		4 503	(25 843)	(30 735)	29 562	94 098	(23 051)			(30 735)

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) – M09 March 2018

Vote Description	2016/17	Current 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	2 781	-	139	2 086	(1 947)	-93%	2 781
Vote 2 - Financial Services	-	3 304	2 790	-	1 180	2 092	(913)	-44%	2 790
Vote 3 - Administration, Monitoring & Evaluation	-	477	2 284	2	171	1 713	(1 542)	-90%	2 284
Vote 4 - Led, Tourism & Creative Industries	-	2 551	1 967	-	-	1 475	(1 475)	-100%	1 967
Vote 5 - Infrastructure, Planning & Development	-	40 408	41 347	1 093	13 805	31 010	(17 205)	-55%	41 347
Vote 6 - Social Services	-	12 759	18 265	-	7 823	13 699	(5 876)	-43%	18 265
Total Capital single-year expenditure	-	59 680	69 434	1 095	23 118	52 075	(28 957)	-56%	69 434
Total Capital Expenditure	-	59 680	69 434	1 095	23 118	52 075	(28 957)	-56%	69 434
Capital Expenditure - Functional Classification									
Governance and administration	-	4 813	8 231	2	1 618	6 173	(4 555)	-74%	8 231
Executive and council		157	2 757	-	139	2 068	(1 929)	-93%	2 757
Finance and administration		4 656	5 474	2	1 479	4 105	(2 626)	-64%	5 474
Internal audit		-	-	-	-	-	-	-	-
Community and public safety	-	6 993	10 415	-	728	7 811	(7 083)	-91%	10 415
Community and social services		599	849	-	61	637	(576)	-90%	849
Sport and recreation		4 869	7 041	-	667	5 281	(4 614)	-87%	7 041
Public safety		950	2 150	-	-	1 613	(1 613)	-100%	2 150
Housing		-	-	-	-	-	-	-	-
Health		575	375	-	-	281	(281)	-100%	375
Economic and environmental services	-	6 502	5 660	35	385	4 245	(3 861)	-91%	5 660
Planning and development		2 742	2 672	35	146	2 004	(1 858)	-93%	2 672
Road transport		2 820	1 688	-	118	1 266	(1 148)	-91%	1 688
Environmental protection		940	1 300	-	121	975	(854)	-88%	1 300
Trading services	-	41 372	45 128	1 058	20 387	33 846	(13 459)	-40%	45 128
Energy sources		7 255	4 940	636	1 016	3 705	(2 689)	-73%	4 940
Water management		5 292	8 013	262	2 126	6 010	(3 884)	-65%	8 013
Waste water management		25 680	26 538	160	10 472	19 903	(9 432)	-47%	26 538
Waste management		3 145	5 636	-	6 773	4 227	2 546	60%	5 636
Other		-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	-	59 680	69 434	1 095	23 118	52 075	(28 957)	-56%	69 434
Funded by:									
National Government		35 460	35 361	796	12 376	26 521	(14 145)	-53%	35 361
Provincial Government		-	-	-	-	-	-	-	-
District Municipality		-	145	-	-	109	(109)	-100%	145
Other transfers and grants		-	-	-	-	-	-	-	-
Transfers recognised - capital	-	35 460	35 506	796	12 376	26 630	(14 254)	-54%	35 506
Public contributions & donations									
Borrowing									
Internally generated funds		24 219	33 927	299	10 742	25 446	(14 703)	-58%	33 927
Total Capital Funding	-	59 680	69 434	1 095	23 118	52 075	(28 957)	-56%	69 434

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 – M09 March 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	5 973	37 061	5 973
Call investment deposits		78 567	42 010	53 757	111 964	53 757
Consumer debtors		42 559	55 213	55 213	53 432	55 213
Other debtors		42 472	25 677	28 902	3 219	28 902
Current portion of long-term receivables		3	3	3		3
Inventory		4 952	4 691	4 691	4 947	4 691
Total current assets		174 240	145 598	148 539	210 623	148 539
Non current assets						
Long-term receivables		65	150	150		150
Investments				-		-
Investment property		285 199	84 431	84 431	85 382	84 431
Investments in Associate				-		-
Property, plant and equipment		2 010 676	2 562 532	2 572 286	2 504 941	2 572 286
Agricultural				-		-
Biological assets				-		-
Intangible assets		62	73	73	159	73
Other non-current assets				-		-
Total non current assets		2 296 003	2 647 186	2 656 940	2 590 481	2 656 940
TOTAL ASSETS		2 470 243	2 792 784	2 805 479	2 801 104	2 805 479
LIABILITIES						
Current liabilities						
Bank overdraft				-		-
Borrowing		8 600	6 443	6 443	6 439	6 443
Consumer deposits		10 273	8 856	19 073	10 273	19 073
Trade and other payables		138 260	106 811	106 811	86 334	106 811
Provisions		22 644	31 021	31 021	39 824	31 021
Total current liabilities		179 777	153 131	163 348	142 870	163 348
Non current liabilities						
Borrowing		32 567	30 269	30 269	30 295	30 269
Provisions		154 910	118 670	118 670	134 829	118 670
Total non current liabilities		187 477	148 939	148 939	165 124	148 939
TOTAL LIABILITIES		367 254	302 070	312 287	307 994	312 287
NET ASSETS	2	2 102 989	2 490 714	2 493 192	2 493 110	2 493 192
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 102 989	2 490 714	2 493 192	2 493 110	2 493 192
Reserves		-				
TOTAL COMMUNITY WEALTH/EQUITY	2	2 102 989	2 490 714	2 493 192	2 493 110	2 493 192

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 – M09 March 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	144 894	8 358	115 602	108 670	6 931	6%	144 894	
Service charges			348 047	334 125	26 559	232 984	250 594	(17 610)	-7%	334 125	
Other revenue			23 328	26 760	11 102	105 932	20 070	85 862	428%	26 760	
Government - operating			114 219	113 664	26 749	109 959	113 664	(3 705)	-3%	113 664	
Government - capital			34 660	35 660	8 063	31 274	35 660	(4 386)	-12%	35 660	
Interest			16 134	16 344	1 106	11 845	12 258	(413)	-3%	16 344	
Dividends								-		-	
Payments											
Suppliers and employees			(624 084)	(617 897)	(59 407)	(511 785)	(463 423)	48 363	-10%	(617 897)	
Finance charges			(3 768)	(3 768)	(289)	(2 836)	(2 826)	10	0%	(3 768)	
Transfers and Grants			(1 580)	(30)			(23)	(23)	100%	(30)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	57 887	49 752	22 242	92 974	74 645	(18 329)	-25%	49 752
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				1 600						1 600	
Decrease (Increase) in non-current debtors				-						-	
Decrease (increase) other non-current receivables				-						-	
Decrease (increase) in non-current investments				-						-	
Payments											
Capital assets			(59 680)	(69 434)	(1 095)	(23 118)	(52 075)	(28 957)	56%	(69 434)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(59 680)	(67 834)	(1 095)	(23 118)	(52 075)	(28 957)	56%	(67 834)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(6 443)	(6 443)	(563)	(4 830)	(4 832)	(2)	0%	(6 443)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(6 443)	(6 443)	(563)	(4 830)	(4 832)	(2)	0%	(6 443)
NET INCREASE/ (DECREASE) IN CASH HELD			-	(8 235)	(24 524)	20 584	65 026	17 738			(24 524)
Cash/cash equivalents at beginning:			68 249	84 254		83 999	84 254				83 999
Cash/cash equivalents at month/year end:			-	60 014	59 729		149 025	101 992			59 474

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 31 March 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 31 March 2018

Description	Budget Year 2017/18								Total
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	8 316	1 729	919	899	915	713	3 829	20 474	37 794
Trade and Other Receivables from Exchange Transactions - Electricity	15 738	1 110	702	426	314	302	2 226	6 599	27 416
Receivables from Non-exchange Transactions - Property Rates	8 380	720	506	433	462	318	7 782	17 175	35 777
Receivables from Exchange Transactions - Waste Water Management	4 231	816	432	418	345	316	1 850	9 280	17 688
Receivables from Exchange Transactions - Waste Management	3 885	535	448	404	368	349	1 699	11 833	19 521
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1
Interest on Arrear Debtor Accounts	71	70	70	80	95	100	944	17 772	19 201
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	(12 493)	452	296	272	547	244	1 924	7 711	(1 046)
Total By Income Source	28 127	5 432	3 375	2 931	3 045	2 342	20 254	90 844	156 350
									-
Debtors Age Analysis By Customer Group									
Organs of State	1 030	239	309	185	43	40	1 222	1 515	4 581
Commercial	6 471	494	239	171	251	152	897	3 170	11 846
Households	20 626	4 700	2 827	2 574	2 751	2 151	18 135	86 159	139 923
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	28 127	5 432	3 375	2 931	3 045	2 342	20 254	90 844	156 350

The aforementioned analysis indicates that from 30 June 2017 to 31 March 2018, the overdue debts have increased from R 115,198 million to R 128,223 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
	30-Jun-17	31-Mar-18	Difference
Debtors Age Analysis By Income Source			
Trade and Other Receivables from Exchange Transactions - Water	26 290	29 478	3 188
Trade and Other Receivables from Exchange Transactions - Electricity	11 192	11 678	486
Receivables from Non-exchange Transactions - Property Rates	25 337	27 397	2 059
Receivables from Exchange Transactions - Waste Water Management	12 297	13 457	1 160
Receivables from Exchange Transactions - Waste Management	14 074	15 636	1 561
Receivables from Exchange Transactions - Property Rental Debtors	1	1	-
Interest on Arrear Debtor Accounts	16 685	19 130	2 445
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-
Other	9 321	11 446	2 126
Total By Income Source	115 198	128 223	13 025
Debtors Age Analysis By Customer Group			
Organs of State	2 323	3 552	1 229
Commercial	4 588	5 375	787
Households	108 287	119 296	11 009
Other	-	-	-
Total By Customer Group	115 198	128 223	13 025

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	14 289	-	-	-	-	-	-	-	14 289
Bulk Water	-	-	7	7	-	6	1 519	48 716	50 254
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	1 537	387	274	34	-	9	79	2 058	4 378
Auditor General	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total By Customer Type	15 827	387	281	41	-	15	1 598	50 774	68 922

The above amounts represent invoices still to be paid. The major creditors as at 31 March 2018 are as follows:

Department of Transport	R 2,012 million
Eskom	R 14,289 million
NMBM (Bulk water)	R 50,254 million
Other Creditors	<u>R 2,367 million</u>
TOTAL	<u>R 68,922 million</u>

It is to be noted that the Eskom amount of R 14,289 million, represents the current account for March 2018, which will be paid by 23 April 2018.

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.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 31 March 2018.

	Balance as at 30 June 2017	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 March 2018
Standard Bank	16 256 857	5 000 000	1 046 098	-	-	22 302 955
ABSA	16 288 040	8 000 000	1 118 470	-	284	25 406 226
Nedbank	17 053 655	5 000 000	1 100 097	-	-	23 153 752
RMB	13 300 134	34 353 829	1 314 084	31 672 985	-	17 295 062
INVESTEC	15 668 170	7 000 000	1 137 915	-	-	23 806 085
Total	78 566 856	59 353 829	5 716 663	-31 672 985	-284	111 964 079
INVESTMENT	Balance as at 30 June 2017	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 March 2018
General Account	71 159 248	30 062 474	4 710 999	11 380 355	284	94 552 082
Conditional Grants	4 619 926	29 291 355	868 499	20 292 630	-	14 487 150
Housing Funds	2 787 682	-	137 165	-	-	2 924 847
Total	78 566 856	59 353 829	5 716 663	-31 672 985	-284	111 964 079
Bank	5 431 943	31 629 061				37 061 004
Total	83 998 799	90 982 890	5 716 663	-31 672 985	-284	149 025 083

The increase in the investment portfolio since 30 June 2017 amounts to R 65,026,285. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 37,061,004
Short-term Investment Deposits	R 111,964,079
	<u>R 149,025,083</u>

Application of Cash

Unspent Conditional Grants	17,411,997
Internally Generated Funding	23,185,239
Outstanding Creditors Liability	<u>68,921,864</u>
	<u>R 109,519,100</u>

Reserves in excess of Commitments

R 39,505,983

The cash backed reserves exceed the commitments at this stage by an amount of R 39,505,983. It should be noted that the excess of reserves over commitments as at 31 March 2018, is mainly due to an amount of R 25,659 million in respect of the Equitable Share allocation being received in March 2018, 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 – M09 March 2018.

Description	Budget Year 2017/18							
	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	106 951	26 062	106 418	106 951	(283)	-0.3%	106 951
Local Government Equitable Share	102 637	102 637	25 659	102 354	102 637	(283)	-0.3%	102 637
Finance Management	1 700	1 700		1 700	1 700			1 700
MIG - Administration Fees	1 614	1 614	403	1 364	1 614			1 614
EPWP Incentive	1 000	1 000		1 000	1 000			1 000
Provincial Government:	4 050	2 050	–	2 050	2 050	–		2 050
ACIP-Water	2 000					–		
Sport and Recreation	2 050	2 050		2 050	2 050	–		2 050
District Municipality:	2 500	4 218	–	3 630	4 218	(588)	-13.9%	4 218
Environmental Health Subsidy	2 500	2 353		1 765	2 353	(588)	-25.0%	2 353
Fire Services Subsidy		1 865		1 865	1 865	–		1 865
Other grant providers:	718	445	–	445	445	–		445
Skills Development Grant	718					–		
Local development Grant		445		445	445			445
Total Operating Transfers and Grants	114 219	113 664	26 062	112 543	113 664	(871)	-0.8%	113 664
Capital Transfers and Grants								
National Government:	34 660	34 660	7 660	29 910	34 660	(4 750)	-13.7%	34 660
Municipal Infrastructure Grant (MIG)	30 660	30 660	7 660	25 910	30 660	(4 750)	-15.5%	30 660
Integrated National Electrification Programme	4 000	4 000		4 000	4 000	–		4 000
District Municipality:	–	1 000	–	1 000	1 000	–		1 000
Disaster Boreholes Grant		1 000		1 000	1 000	–		1 000
Total Capital Transfers and Grants	34 660	35 660	7 660	30 910	35 660	(4 750)	-13.3%	35 660
TOTAL RECEIPTS OF TRANSFERS	148 879	149 324	33 722	143 453	149 324	(5 621)	-3.8%	149 324

Below is an analysis of the spending associated with the grants as at 31 March 2018

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M09 March 2018.

Description	Budget Year 2017/18							
	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	106 951	25 948	105 545	80 213	25 332	31.6%	106 951
Local Government Equitable Share	102 637	102 637	25 659	102 354	76 978	25 376	33.0%	102 637
Finance Management	1 700	1 700	34	1 116	1 275	(159)	-12.4%	1 700
MIG - Administration Fees	1 614	1 614	134	1 210	1 210	-		1 614
EPWP Incentive	1 000	1 000	120	865	750	115	15.3%	1 000
Provincial Government:	4 050	2 050	-	2 050	2 050	-		2 050
ACIP-Water	2 000					-		
Sport and Recreation	2 050	2 050		2 050	2 050	-		2 050
District Municipality:	2 500	4 218	-	1 765	1 765	-		4 218
Fire Services Subsidy		1 865				-		1 865
Environmental Health Subsidy	2 500	2 353		1 765	1 765	-		2 353
Other grant providers:	718	445	-	-	334	(334)	-100.0%	445
Local development Grant		445			334	(334)	-100.0%	445
Skills Development Grant	718					-		
Total operating expenditure of Transfers and Grants:	114 219	113 664	25 948	109 360	84 362	24 999	29.6%	113 664
Capital expenditure of Transfers and Grants								
National Government:	34 660	34 660	908	13 371	25 995	(12 625)	-48.6%	34 660
Municipal Infrastructure Grant (MIG)	30 660	30 660	182	12 259	22 995	(10 736)	-46.7%	30 660
Integrated National Electrification Programme	4 000	4 000	725	1 111	3 000	(1 889)	-63.0%	4 000
District Municipality:	-	1 000	-	1 000	1 000	-		1 000
Disaster Boreholes Grant		1 000		1 000	1 000	-		1 000
Total capital expenditure of Transfers and Grants	34 660	35 660	908	14 371	26 995	(12 625)	-46.8%	35 660
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	148 879	149 324	26 855	123 731	111 357	12 374	11.1%	149 324

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 1,116,491
Unspent as at 31 March 2018:	R 583,509

The spending of the grant amounted to 65.68% as at 31 March 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 864,717
Unspent as at 31 March 2018:	R 135,283

The spending of the grant amounted to 86.47% as at 31 March 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 27,274,000
Expenditure to date:	R 13,469,402
Unspent as at 31 March 2018:	R 13,804,598

The spending of the grant amounted to 49.39% as at 31 March 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 1,111,393
Unspent as at 31 March 2018:	R 2,888,607

The spending of the grant amounted to 27.78% as at 31 March 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 31 March 2018:	R 2,924,847

The spending of the grant amounted to 59.37% as at 31 March 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 – M09 March 2018.

Summary of Employee and Councillor remuneration	Budget Year 2017/18						
	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands						%	
<u>Councillors (Political Office Bearers plus Other)</u>							
Basic Salaries and Wages	8 047	622	5 619	6 035	(416)	-7%	
Medical Aid Contributions	650	3	6	488	(482)	-99%	
Motor Vehicle Allowance	2 602	207	414	1 951	(1 537)	-79%	
Cellphone Allowance	812	104	869	609	259	43%	
Sub Total - Councillors	12 111	935	6 908	9 083	(2 174)	-24%	-
<u>Senior Managers of the Municipality</u>							
Basic Salaries and Wages	5 159	376	4 032	3 869	163	4%	
Pension and UIF Contributions	377	34	276	283	(7)	-2%	
Medical Aid Contributions	211	19	153	158	(6)	-3%	
Performance Bonus	3		3		3	#DIV/0!	
Motor Vehicle Allowance	229	17	178	172	6	4%	
Other benefits and allowances	395	13	356	296	60	20%	
Sub Total - Senior Managers of Municipality	6 374	459	4 998	4 779	220	5%	-
<u>Other Municipal Staff</u>							
Basic Salaries and Wages	153 814	12 000	104 440	115 361	(10 921)	-9%	
Pension and UIF Contributions	24 723	1 914	17 275	18 543	(1 267)	-7%	
Medical Aid Contributions	15 143	1 176	9 831	11 357	(1 526)	-13%	
Overtime	10 425	1 255	15 078	7 819	7 259	93%	
Performance Bonus	14 739	22	11 229	11 054	175	2%	
Motor Vehicle Allowance	7 907	623	7 028	5 930	1 099	19%	
Housing Allowances	2 301	153	1 371	1 725	(355)	-21%	
Other benefits and allowances	19 181	1 214	12 408	14 386	(1 978)	-14%	
Long service awards	812	20	636	609	28	5%	
Sub Total - Other Municipal Staff	249 044	18 378	179 297	186 783	(7 487)	-4%	-
Total Parent Municipality	267 529	19 772	191 204	200 645	(9 441)	-5%	-
TOTAL SALARY, ALLOWANCES & BENEFITS	267 529	19 772	191 204	200 645	(9 441)	-5%	-
TOTAL MANAGERS AND STAFF	255 419	18 837	184 295	191 562	(7 267)	-4%	-

6. Key performance indicators

The table below reflects the key performance indicators as per the 2017/18 Approved Adjusted 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 Adjusted Budget 2017/18	Actuals as at 31 March 2018
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.79%	4.83%	4.50%	3.67%	1.61%	1.35%	1.61%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.06	0.05	0.04	0.02	0.01	0.01
Liquidity								
Current Ratio	Current assets / current liabilities	0.54	0.54	0.72	0.85	1.13	0.91	1.47
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.16	0.22	0.40	0.62	0.37	1.04
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	96.33%	96.07%	98.91%	97.60%	95.81%	90%	85.45%

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 Adjusted Budget 2017/18	Actuals as at 31 March 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	1.15	2.77
Employee Costs	Employee Costs / Total Operating Expenditure	35.41%	35.32%	35.70%	35.62%	35.27%	32.97%	38.76%
Capital Expenditure	Capital Expenditure / Capital Budget	78.84%	21.35%	241.30%	81.97%	63.84%	95.00%	33.29%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	3.52%	3.81%	4.46%	4.61%	4.87%	4.21%	1.42%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.79%	0.95%	1.06%	1.17%	1.24%	1.24%	0.27%
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%	83.40%	79.04%

The above table is discussed in detail below.

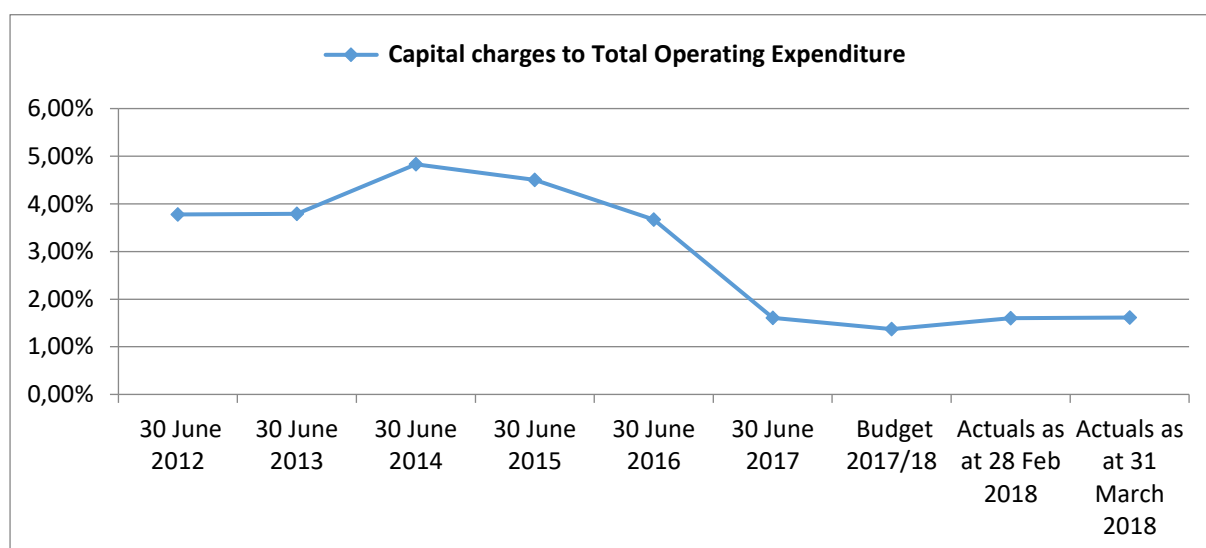
6.1. Borrowing Management

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 1.61% of the Total Operating Expenditure was utilised for capital charges as at 31 March 2018, compared to the budgeted ratio of 1.35%.



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.

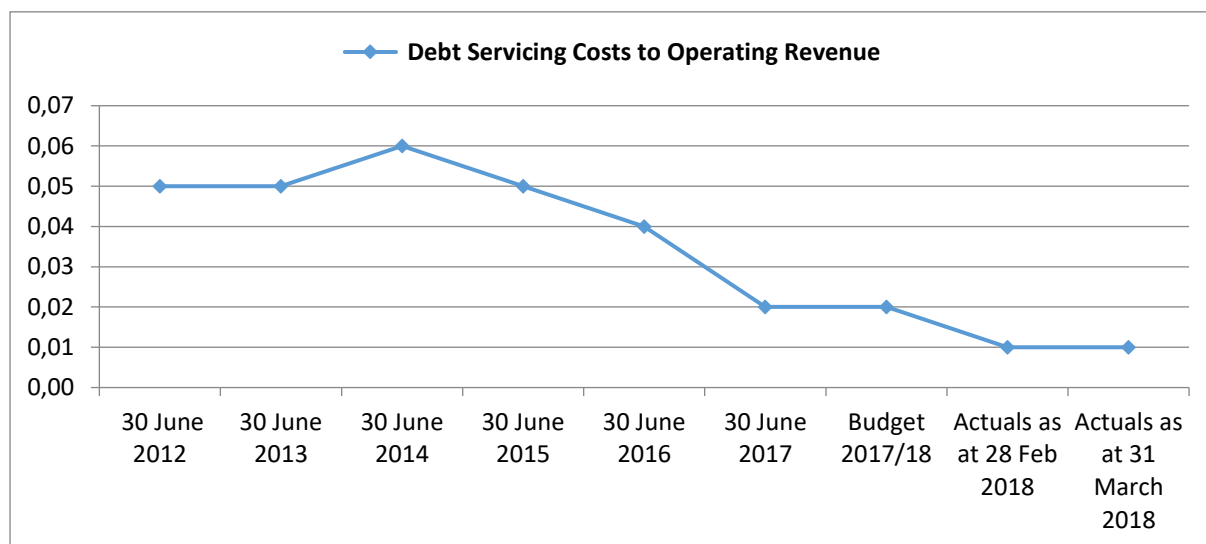
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 31 March 2018, the ratio was 0.01:1, compared to the budgeted ratio of 0.01:1.



6.2. Liquidity

6.2.1. Current ratio

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

The ratio is determined as follows:

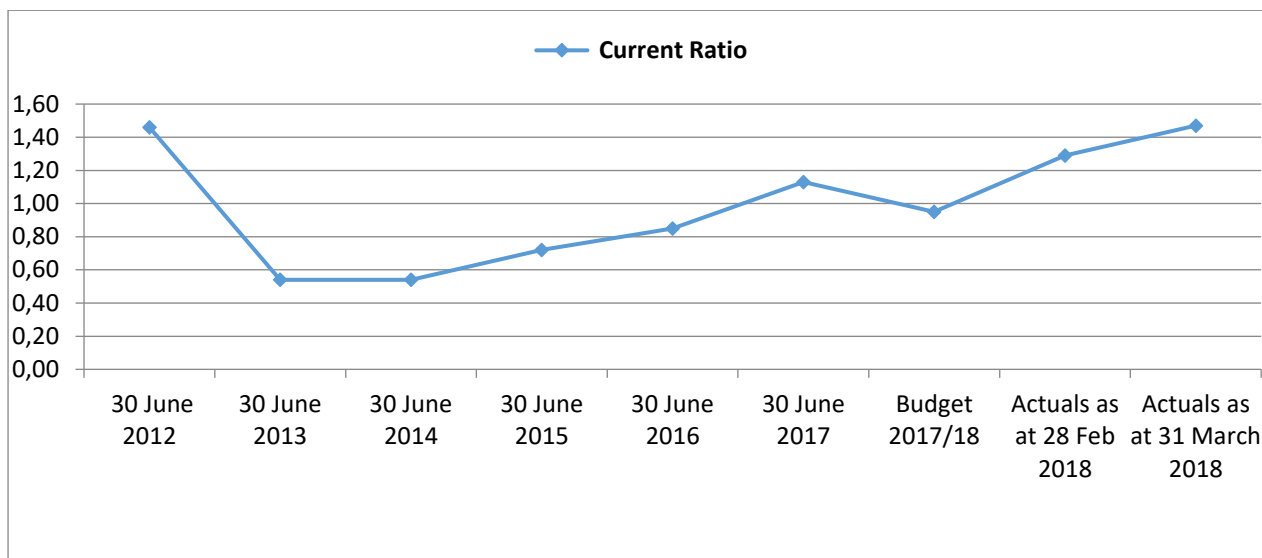
Current assets/Current liabilities

The ratio as at 31 March 2018 was 1.47:1, compared to the budgeted ratio of 0.91:1.

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

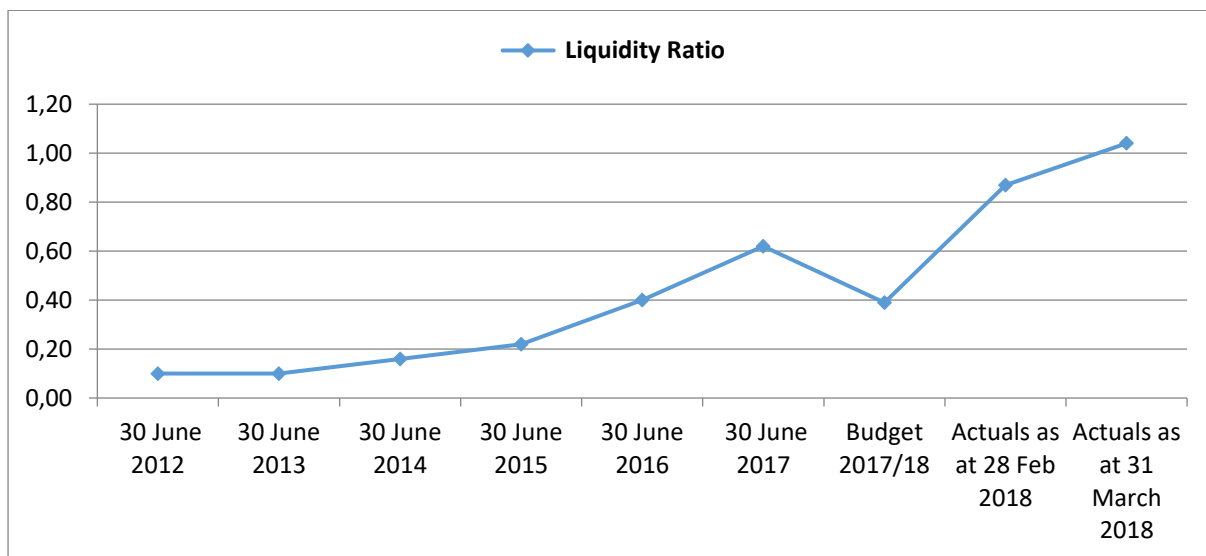
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

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

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 31 March 2018 was 1.04:1, compared to the budgeted ratio of 0.37:1.

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



6.3. Revenue Management

6.3.1. Annual Debtors Collection Rate

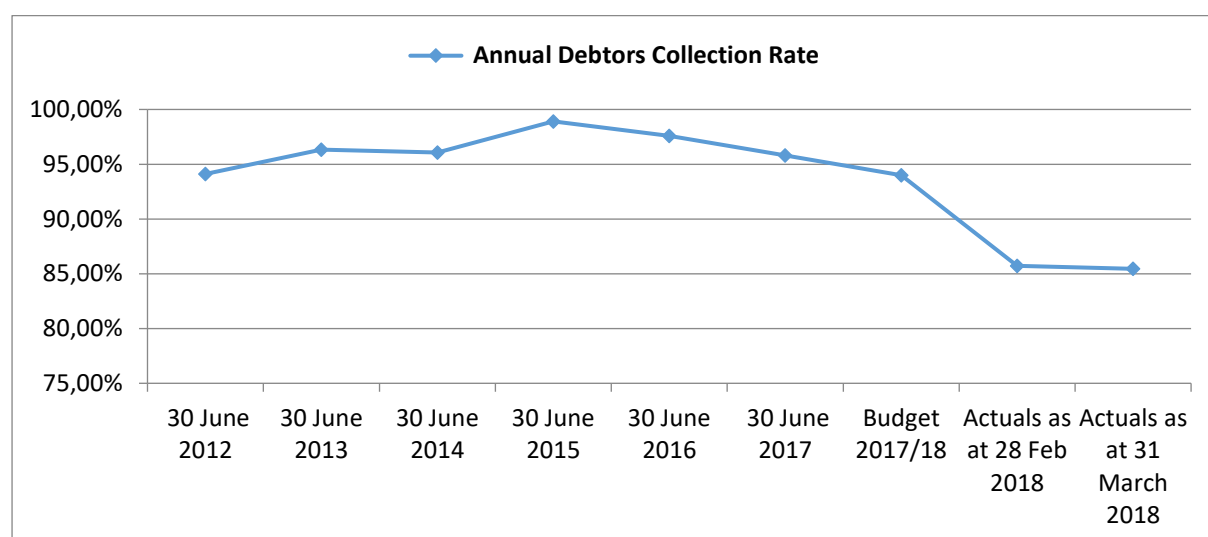
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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

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

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

The average collection rate as at 31 March 2018 was 85.45%, compared to the budgeted collection rate of 90%. The collection rate of 85.45% as at 31 March 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.

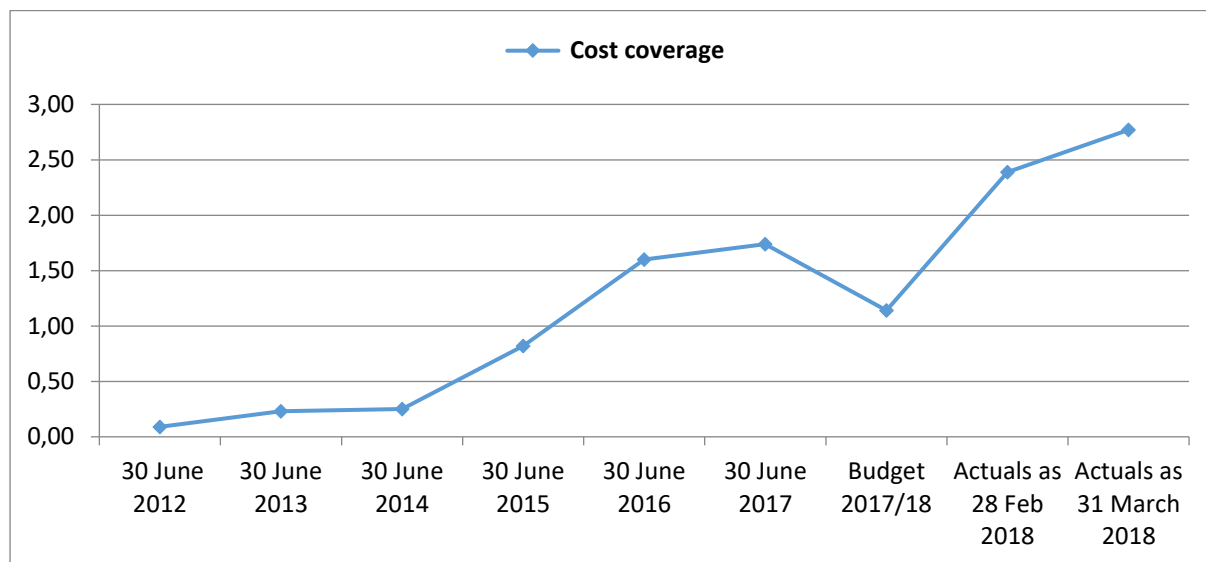
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 31 March 2018, the Ratio was 2.77 months compared to the budgeted ratio of 1.15 months.

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



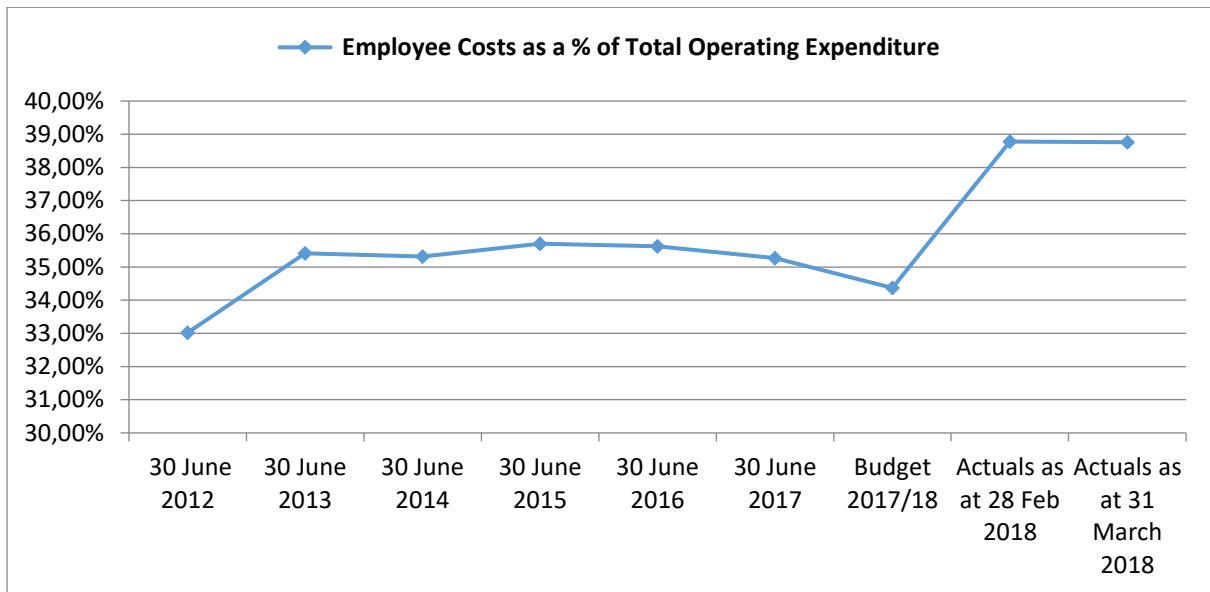
6.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 31 March 2018, Employee Related Costs constituted 38.76% of the Total Operating Expenditure, compared to the budgeted ratio of 32.97%.



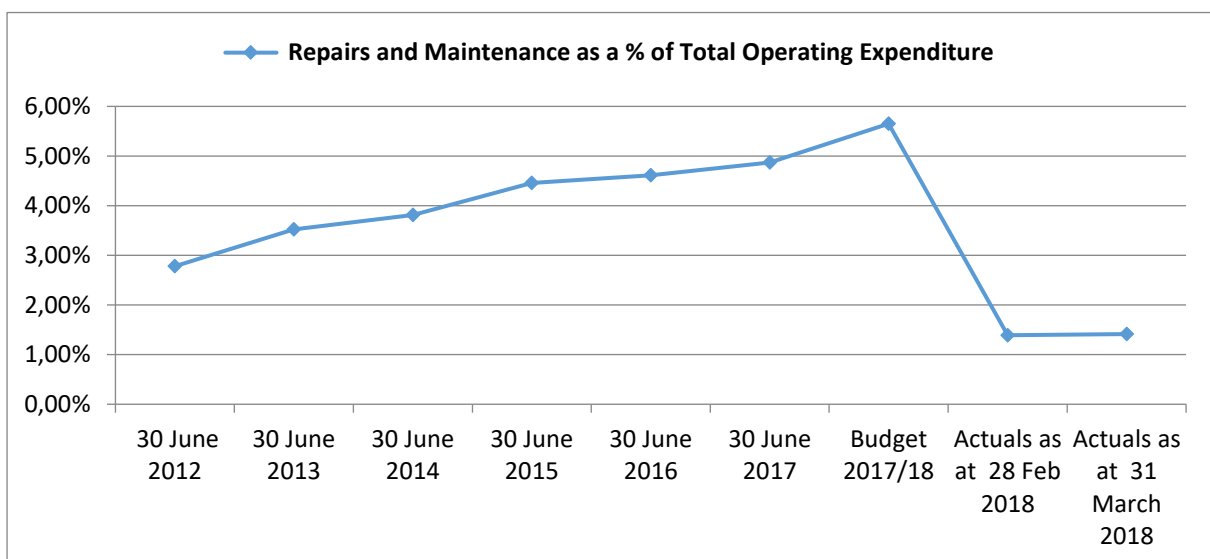
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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

The ratio is determined as follows:

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

As at 31 March 2018, the ratio was 1.42%, compared to the budgeted ratio of 4.21%.



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

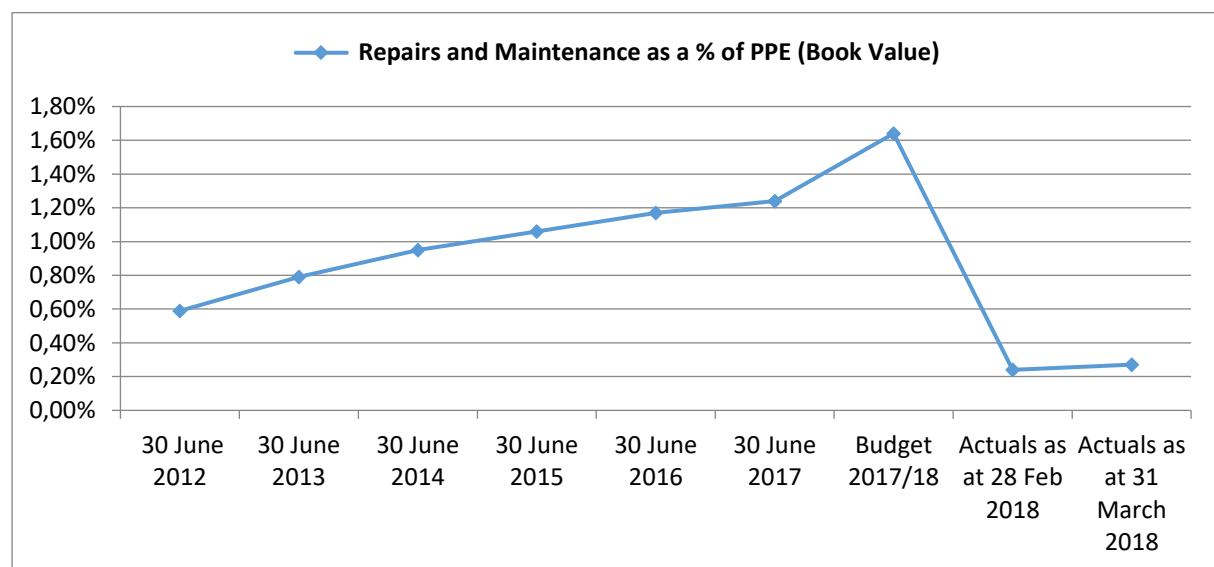
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 March 2018, repairs and maintenance expenditure constituted 0.27% of the book value of PPE, compared to the budgeted ratio of 1.24%.

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



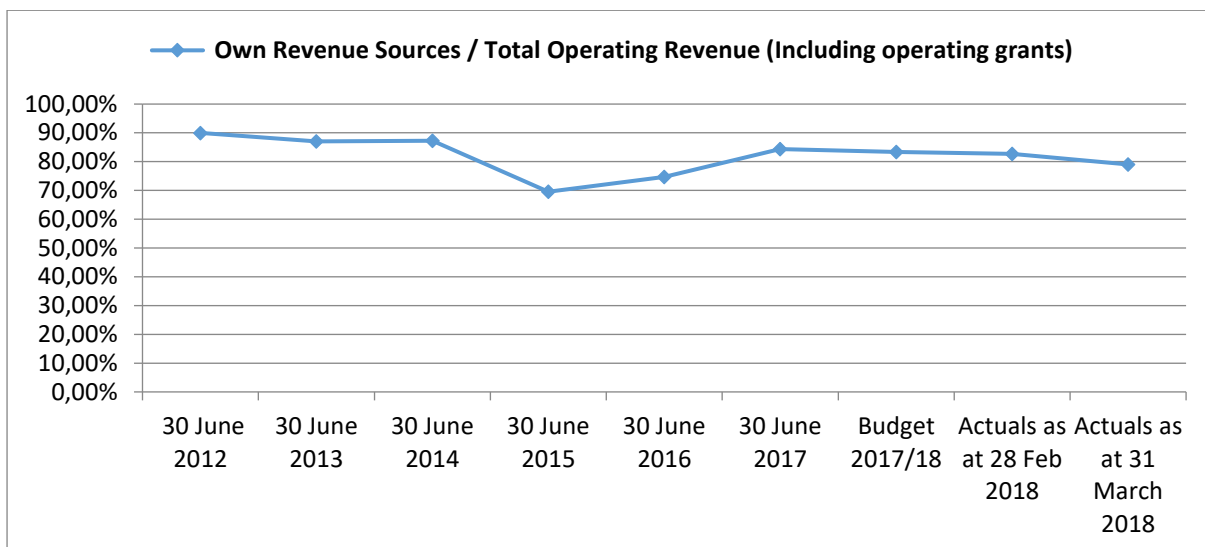
6.4.5. Own Revenue Generation

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

The ratio is determined as follows:

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

As at 31 March 2018, the Municipality's own revenue sources constituted 79.04% of its total Operating Income, compared to the budgeted ratio of 83.40%.



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 March 2018 amounted to 33.29%, compared to the budgeted ratio of 95%.

