

KOUGA MUNICIPALITY (EC108)

FINANCE

DATE:

ITEM NO:

.....

1. MONTHLY BUDGET STATEMENTS FOR THE MONTH OF JULY 2018 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 JULY 2018 (2018/19 FINANCIAL YEAR)

1.1. PURPOSE

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

1.2. LEGISLATIVE REQUIREMENTS

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

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

In accordance with 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 his 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 month of July 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 180,588 million, whilst operating expenditure amounted to R 5,333 million, resulting in an operating surplus of R 129,255 million.
- Capital expenditure constituted 3.70% of the 2018/19 Adjusted Capital Budget.

- Overdue consumer debts increased by R 1,396 million (1.12%) since June 2018.
- An amount of R 89,628 million is owing to creditors, of which R 33,963 million (37.89%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 52,973,595 (56.17%) since June 2018, from R 94,314,704 to R 147,288,299.

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

Ratio	Actual as at 30 June 2016	Actual as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 31 July 2017	Actuals as at 31 July 2018	Approved Budget 2018/19
Current Ratio	0.85:1	1.13:1	1.06:1	1.20:1	1.49:1	0.98:1
Liquidity Ratio	0.40:1	0.62:1	0.65:1	0.87:1	0.93:1	0.40:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.74 months	1.87 months	2.24 months	2.41 months	0.95 months
Debt servicing costs to Operating Revenue Ratio	0.04:1	0.02:1	0.02:1	0.01:1	0.00	0.02

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 July 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 monthly budget statements be accordingly submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.




 Mr. Charl Du Plessis (Municipal Manager)

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 AUGUST 2018

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE MONTH OF JULY 2018

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2018/19 Budget.

	Approved Budget 2018/19	Actuals as at 31 July 2018	% of Budget
R thousands			
Revenue By Source			
Property rates	176 766	82 364	46.59%
Service charges - electricity revenue	247 165	25 399	10.28%
Service charges - water revenue	67 702	9 491	14.02%
Service charges - sanitation revenue	41 658	5 115	12.28%
Service charges - refuse revenue	43 571	6 165	14.15%
Rental of facilities and equipment	1 881		0.00%
Interest earned - external investments	7 561		0.00%
Interest earned - outstanding debtors	14 986	685	4.57%
Fines, penalties and forfeits	4 230	438	10.36%
Licences and permits	16 661	2 162	12.98%
Transfers and subsidies	123 618	47 714	38.60%
Other revenue	7 917	1 055	13.32%
Total Revenue (excluding capital transfers and contributions)	753 717	180 588	23.96%
Expenditure By Type			
Employee related costs	272 802	19 512	7.15%
Remuneration of councillors	12 784	984	7.70%
Debt impairment	41 429		0.00%
Depreciation & asset impairment	75 357	5 921	7.86%
Finance charges	3 021	-	0.00%
Electricity Bulk Purchases	200 945	22 299	11.10%
Water Bulk Purchases	40 530	-	0.00%
Other materials	28 458	571	2.01%
Contracted services	45 111	507	1.12%
Other expenditure	76 346	1 540	2.02%
Total Expenditure	796 785	51 333	6.44%
Surplus/(Deficit)	(43 068)	129 255	

The statement of financial performance indicates a surplus of R 129,255 million.

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

Revenue Variations

Property Rates

As at 31 July 2018, the Municipality has recognised 46.59% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2018.

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 31 July 2018 amounted to R 126,461 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 2018/19 Budget.

Item Description	Approved Budget 2018/19	Amended Budget 2018/19	Actuals as at 31 July 2018	% of Budget
Executive & Council				
Contracted Services:Maintenance of Vehicles	10 000	10 000	-	
	10 000	10 000	-	
Corporate Services				
Contracted Services:Maintenance of Buildings and Facilities	300 000	300 000	-	
Contracted Services:Maintenance of Vehicles	35 000	35 000	-	
	335 000	335 000	-	
Finance				
Contracted Services:Maintenance of Buildings and Facilities	370 000	391 200	-	
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90 000	90 000	-	
Inventory Consumed:Materials and Supplies	165 000	165 000	-	
	625 000	646 200	-	
Community Services				
Contracted Services:Maintenance of Buildings and Facilities	870 000	995 000	30 467.90	3.06%
Contracted Services:Maintenance of Vehicles	3 443 000	4 943 000	267 443.77	5.41%
Contracted Services:Maintenance of Equipment	122 400	122 400	-	
Inventory Consumed:Materials and Supplies	1 049 625	1 049 625	32 671.54	3.11%
Operational Cost:Rental of Machinery and Equipment	2 000 000	2 000 000	-	
	7 485 025	9 110 025	330 583	3.63%
Planning, Development & Tourism				
Inventory Consumed:Materials and Supplies	50 000	50 000	1 627.43	3.25%
Contracted Services:Maintenance of Vehicles	20 000	20 000	-	
	70 000	70 000	1 627	2.32%
Infrastructure & Engineering				
Contracted Services:Maintenance of Equipment	226 000	226 000	-	
Contracted Services:Maintenance of Buildings and Facilities	85 193	175 193	-	
Contracted Services:Maintenance of Vehicles	12 524 000	13 524 000	170 612.34	1.26%
Inventory Consumed:Materials and Supplies	12 695 000	12 165 000	340 575.68	2.80%
Operational Cost:Rental of Machinery and Equipment	3 010 435	3 010 435	31 695.65	1.05%
	28 540 628	29 100 628	542 884	1.87%
Total	37 065 653	39 271 853	875 094	2.23%

It is to be noted that actual repairs and maintenance expenditure constituted 2.23% of the approved 2018/19 Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

Below is an analysis of the capital expenditure compared to the 2018/19 Adjusted Capital Budget.

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Adjusted Budget 2018/19	Actuals as at 31 July 2018	% of Budget	Funding
Executive and Council						
Computer Equipment (ward ass)	110 000		110 000			Internal
PA System		145 830	145 830			Internal
EDMS		400 000	400 000			Internal
Wards Capital Programmes	750 000	687 229	1 437 229			Internal
	860 000	1 233 060	2 093 060	-		
Corporate Services						
Furniture and Office Equipment	752 000	364 395	1 116 395			Internal
Computer Equipment	157 000	48 789	205 789			Internal
Library upgrade (phase 2)	500 000	745 400	1 245 400			Internal
Main Office Building Upgrade	300 000		300 000			Internal
Computer Software (Legal Services)	100 000		100 000			Internal
HR System	500 000		500 000			Internal
Upgrade offices of Councillors		47 254	47 254			Internal
Upgrade community centre		75 734	75 734			Internal
	2 309 000	1 281 573	3 590 573	-		
Finance						
Furniture and Office Equipment	115 700		115 700			Internal
Computer Equipment	857 378	736 552	1 593 930			Internal
IT Sever	533 822		533 822			FMG
Office Upgrade ICT		100 000	100 000			Internal
	1 506 900	836 552	2 343 452	-		
Infrastructure and Engineering						
Computer Equipment	35 000		35 000			Internal
Computer Equipment	50 000		50 000			MIG
Water infrastructure boreholes	1 500 000		1 500 000			Internal
Furniture and Office Equipment	198 000		198 000			Internal
Bucket Eradication Prograame	2 300 000		2 300 000			Internal
Illegal electricity connections (LV Network)	1 000 000		1 000 000			Internal
Machinery and Equipment	415 000		415 000			Internal
MV Networks	8 869 565		8 869 565			INEP
New overheadlines 66kv overheadlines(Jbay to Melkhout)	3 000 000		3 000 000			Internal
Jeffreys Bay- Northern Bulk main outfall sewer -area north of R102	1 200 000		1 200 000			Internal
Fencing: New x Loerie Sewer pump station	900 000		900 000			Internal
Fencing of Jeffreys Bay and Kruisfontein Reservoir	900 000		900 000			Internal
Roads upgrade	2 500 000		2 500 000			Internal
upgrading of infrastructure for new township establishment	500 000		500 000			Internal
Vehicles	2 500 000	3 910 264	6 410 264			Internal
Upgrading of the Sea Vista Wastewater Treatment Works	18 503 132		18 503 132	1 671 162	9.03%	MIG
Waste Water Treatment Works	2 173 913		2 173 913	1 203 189	55.35%	MIG
	46 544 610	3 910 264	50 454 874	2 874 351	5.70%	

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Adjusted Budget 2018/19	Actuals as at 31 July 2018	% of Budget	Funding
Planning, Development and Tourism						
Machinery and Equipment	30 000		30 000			Internal
Informal Traders - building	1 220 951		1 220 951			MIG
Furniture and Office Equipment	200 000		200 000			Internal
Computer Software	700 000		700 000			Internal
Computer Equipment	60 000		60 000			Internal
Land acquisition housing projects	1 000 000		1 000 000			Internal
Arts and Creative industries		250 000	250 000			District
Loerie Flower Project		65 500	65 500			DEDEAT
Upgrading Kouga Cultural Centre	1 000 000		1 000 000			Internal
	4 210 951	315 500	4 526 451	-		
Community Services						
Fencing of existing cemeteries	500 000		500 000			Internal
Computer Equipment	160 000		160 000			Internal
Fencing - Fire Station	200 000		200 000			Internal
Furniture and Office Equipment	145 000		145 000			Internal
Upgrading of Sports Facilities	3 864 352		3 864 352			MIG
Machinery and Equipment	844 010		844 010			Internal
Life Guards Beach shelter	250 000		250 000			Internal
Fencing of caravan parks & camping sites	500 000		500 000			Internal
Security Cameras	150 000		150 000			Internal
Table and Chairs Community Facilities	100 000		100 000			Internal
Weston Library Upgrade	100 000		100 000			Internal
Wheelie bins	1 000 000	500 000	1 500 000			Internal
Vehicles	4 000 000	1 850 000	5 850 000			Internal
Fencing of Sport and Recreational Facilities	500 000		500 000			Internal
	12 313 362	2 350 000	14 663 362			
Total	67 744 823	9 926 948	77 671 772	2 874 351	3.70%	
Internally generated funds	32 529 088	9 611 448	42 140 536			
Transfers recognised - capital	35 215 735	315 500	35 531 235	2 874 351	8.09%	
Total	67 744 823	9 926 948	77 671 772	2 874 351	3.70%	

It is to be noted that capital expenditure as at 31 July 2018 amounted to 3.70%, compared to the adjusted capital budget of R 77,671,772.

Annexure "A3"**PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR****Projected Cash Flow Statement as at 31 July 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 – M01 July 2018

Description	Ref	2017/18	Budget Year 2018/19							
		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		-	164 393	-	8 161	8 161	13 699	(5 538)	-40%	-
Service charges		-	372 090	-	36 266	36 266	31 007	5 259	17%	-
Other revenue		-	30 689	-	409	409	2 557	(2 148)	-84%	-
Government - operating		-	123 618	-	47 146	47 146	10 302	36 844	358%	-
Government - capital		-	39 827	-	14 364	14 364	3 319	11 045	333%	-
Interest		-	21 498	-	1 333	1 333	1 791	(458)	-26%	-
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-	(674 270)	-	(50 551)	(50 551)	(56 189)	(5 638)	10%	-
Finance charges		-	(3 021)	-	(282)	(282)	(252)	30	-12%	-
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	74 823	-	56 847	56 847	6 235	(50 612)	-812%	-
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		-	(67 745)	-	(3 306)	(3 306)	(5 645)	(2 340)	41%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(67 745)	-	(3 306)	(3 306)	(5 645)	(2 340)	41%	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	(13 247)	-	(568)	(568)	(1 104)	(536)	49%	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(13 247)	-	(568)	(568)	(1 104)	(536)	49%	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	(6 169)	-	52 974	52 974	(514)			-
Cash/cash equivalents at beginning:		-	59 729	-		94 315	59 729			94 315
Cash/cash equivalents at month/year end:		-	53 561	-		147 288	59 215			94 315

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 2018/19 budget performance for the month of July 2018 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M01 July 2018

Description	2017/18	Budget Year 2018/19							
	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	-	176 766	-	82 364	82 364	14 731	67 633	459%	-
Service charges	-	400 096	-	46 170	46 170	33 341	12 829	38%	-
Investment revenue	-	7 561	-	-	-	630	(630)	-100%	-
Transfers and subsidies	-	123 618	-	47 714	47 714	10 302	37 413	363%	-
Other own revenue	-	45 675	-	4 340	4 340	3 806	534	14%	-
Total Revenue (excluding capital transfers and contributions)	-	753 717	-	180 588	180 588	62 810	117 779	188%	-
Employee costs	-	272 802	-	19 512	19 512	22 734	(3 222)	-14%	-
Remuneration of Councillors	-	12 784	-	984	984	1 065	(81)	-8%	-
Depreciation & asset impairment	-	75 357	-	5 921	5 921	6 280	(359)	-6%	-
Finance charges	-	3 021	-	-	-	252	(252)	-100%	-
Materials and bulk purchases	-	269 933	-	22 870	22 870	22 494	376	2%	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	-	162 887	-	2 046	2 046	13 574	(11 528)	-85%	-
Total Expenditure	-	796 785	-	51 333	51 333	66 399	(15 066)	-23%	-
Surplus/(Deficit)	-	(43 068)	-	129 255	129 255	(3 589)	132 844	-3701%	-
Transfers and subsidies - capital (monetary alloc	-	39 827	-	3 835	3 835	3 319	517	16%	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	(3 241)	-	133 091	133 091	(270)	133 361	-49376%	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	(3 241)	-	133 091	133 091	(270)	133 361	-49376%	-
Capital expenditure & funds sources									
Capital expenditure	-	67 745	-	2 874	2 874	5 645	(2 771)	-49%	-
Capital transfers recognised	-	34 682	-	2 874	2 874	2 890	(16)	-1%	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	33 063	-	-	-	2 755	(2 755)	-100%	-
Total sources of capital funds	-	67 745	-	2 874	2 874	5 645	(2 771)	-49%	-
Financial position									
Total current assets	-	131 820	-	-	235 459	-	-	-	-
Total non current assets	-	2 442 954	-	-	2 590 481	-	-	-	-
Total current liabilities	-	133 877	-	-	157 847	-	-	-	-
Total non current liabilities	-	183 244	-	-	157 918	-	-	-	-
Community wealth/Equity	-	2 257 653	-	-	2 510 176	-	-	-	-
Cash flows									
Net cash from (used) operating	-	74 823	-	56 847	56 847	6 235	(50 612)	-812%	-
Net cash from (used) investing	-	(67 745)	-	(3 306)	(3 306)	(5 645)	(2 340)	41%	-
Net cash from (used) financing	-	(13 247)	-	(568)	(568)	(1 104)	(536)	49%	-
Cash/cash equivalents at the month/year end	-	53 561	-	-	147 288	59 215	(88 073)	-149%	94 315
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	107 646	6 214	5 656	3 767	3 125	2 341	17 720	87 639	234 107
Creditors Age Analysis									
Total Creditors	33 963	976	481	898	437	429	2 126	50 317	89 628

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) – M01 July 2018

Description	Ref	2017/18	Budget Year 2018/19							
		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>		-	314 268	-	130 442	130 442	26 189	104 253	398%	-
Executive and council		-	26	-	0	0	2	(2)	-85%	-
Finance and administration		-	314 242	-	130 441	130 441	26 187	104 255	398%	-
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	15 404	-	650	650	1 284	(633)	-49%	-
Community and social services		-	2 458	-	32	32	205	(173)	-85%	-
Sport and recreation		-	9 151	-	608	608	763	(155)	-20%	-
Public safety		-	1 869	-	2	2	156	(154)	-99%	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	1 927	-	10	10	161	(151)	-94%	-
<i>Economic and environmental services</i>		-	17 367	-	2 704	2 704	1 447	1 256	87%	-
Planning and development		-	6 312	-	1 032	1 032	526	506	96%	-
Road transport		-	10 005	-	1 671	1 671	834	837	100%	-
Environmental protection		-	1 050	-	0	0	88	(87)	-99%	-
<i>Trading services</i>		-	446 060	-	50 624	50 624	37 172	13 453	36%	-
Energy sources		-	258 381	-	26 011	26 011	21 532	4 479	21%	-
Water management		-	70 200	-	9 727	9 727	5 850	3 877	66%	-
Waste water management		-	72 456	-	8 524	8 524	6 038	2 486	41%	-
Waste management		-	45 023	-	6 363	6 363	3 752	2 611	70%	-
<i>Other</i>	4	-	445	-	4	4	37	(34)	-90%	-
Total Revenue - Functional	2	-	793 544	-	184 424	184 424	66 129	118 295	179%	-
Expenditure - Functional										
<i>Governance and administration</i>		-	189 348	-	8 399	8 399	15 779	(7 380)	-47%	-
Executive and council		-	52 250	-	1 988	1 988	4 354	(2 366)	-54%	-
Finance and administration		-	137 097	-	6 411	6 411	11 425	(5 014)	-44%	-
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	86 538	-	4 332	4 332	7 212	(2 879)	-40%	-
Community and social services		-	9 483	-	556	556	790	(235)	-30%	-
Sport and recreation		-	46 668	-	2 054	2 054	3 889	(1 835)	-47%	-
Public safety		-	21 090	-	1 351	1 351	1 757	(406)	-23%	-
Housing		-	3 531	-	163	163	294	(131)	-45%	-
Health		-	5 767	-	208	208	481	(273)	-57%	-
<i>Economic and environmental services</i>		-	101 757	-	6 350	6 350	8 480	(2 130)	-25%	-
Planning and development		-	33 954	-	2 039	2 039	2 829	(791)	-28%	-
Road transport		-	67 770	-	4 311	4 311	5 648	(1 337)	-24%	-
Environmental protection		-	33	-	-	-	3	(3)	-100%	-
<i>Trading services</i>		-	415 110	-	32 243	32 243	34 593	(2 349)	-7%	-
Energy sources		-	248 404	-	24 405	24 405	20 700	3 705	18%	-
Water management		-	80 154	-	2 634	2 634	6 679	(4 045)	-61%	-
Waste water management		-	41 745	-	2 582	2 582	3 479	(897)	-26%	-
Waste management		-	44 808	-	2 622	2 622	3 734	(1 112)	-30%	-
<i>Other</i>		-	4 032	-	9	9	336	(327)	-97%	-
Total Expenditure - Functional	3	-	796 785	-	51 333	51 333	66 399	(15 066)	-23%	-
Surplus/ (Deficit) for the year		-	(3 241)	-	133 091	133 091	(270)	133 361	-49376%	-

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 – M01 July 2018

Vote Description	2017/18	Budget Year 2018/19							
	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	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES	-	310 697	-	129 886	129 886	25 891	103 995	401.7%	-
Vote 3 - CORPORATE SERVICES	-	26	-	168	168	2	166	7743.3%	-
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	-	3 316	-	366	366	276	89	32.4%	-
Vote 5 - INFRASTRUCTURE AND ENGINEERING	-	405 491	-	44 932	44 932	33 791	11 141	33.0%	-
Vote 6 - COMMUNITY SERVICES	-	17 634	-	1 830	1 830	1 469	360	24.5%	-
Vote 7 - COMMUNITY SERVICES (CONTINUED)	-	56 380	-	7 242	7 242	4 698	2 544	54.1%	-
Total Revenue by Vote	-	793 544	-	184 424	184 424	66 129	118 295	178.9%	-
Expenditure by Vote									
Vote 1 - EXECUTIVE COUNCIL	-	33 404	-	1 542	1 542	2 784	(1 241)	-44.6%	-
Vote 2 - FINANCIAL SERVICES	-	79 397	-	3 156	3 156	6 616	(3 461)	-52.3%	-
Vote 3 - CORPORATE SERVICES	-	49 336	-	1 959	1 959	4 111	(2 152)	-52.4%	-
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	-	22 307	-	1 053	1 053	1 859	(806)	-43.4%	-
Vote 5 - INFRASTRUCTURE AND ENGINEERING	-	455 521	-	34 968	34 968	37 960	(2 992)	-7.9%	-
Vote 6 - COMMUNITY SERVICES	-	51 470	-	2 819	2 819	4 289	(1 470)	-34.3%	-
Vote 7 - COMMUNITY SERVICES (CONTINUED)	-	105 349	-	5 836	5 836	8 779	(2 944)	-33.5%	-
Total Expenditure by Vote	-	796 785	-	51 333	51 333	66 399	(15 066)	-22.7%	-
Surplus/ (Deficit) for the year	-	(3 241)	-	133 091	133 091	(270)	133 361	-49376.2%	-

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) – M01 July 2018

Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue By Source										
Property rates		-	176 766	-	82 364	82 364	14 731	67 633	459%	-
Service charges - electricity revenue		-	247 165	-	25 399	25 399	20 597	4 802	23%	-
Service charges - water revenue		-	67 702	-	9 491	9 491	5 642	3 850	68%	-
Service charges - sanitation revenue		-	41 658	-	5 115	5 115	3 472	1 643	47%	-
Service charges - refuse revenue		-	43 571	-	6 165	6 165	3 631	2 534	70%	-
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	1 881	-	-	-	157	(157)	-100%	-
Interest earned - external investments		-	7 561	-	-	-	630	(630)	-100%	-
Interest earned - outstanding debtors		-	14 986	-	685	685	1 249	(564)	-45%	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	4 230	-	438	438	352	86	24%	-
Licences and permits		-	16 661	-	2 162	2 162	1 388	774	56%	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	123 618	-	47 714	47 714	10 302	37 413	363%	-
Other revenue		-	7 917	-	1 055	1 055	660	395	60%	-
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	753 717	-	180 588	180 588	62 810	117 779	188%	-
Expenditure By Type										
Employee related costs		-	272 802	-	19 512	19 512	22 734	(3 222)	-14%	-
Remuneration of councillors		-	12 784	-	984	984	1 065	(81)	-8%	-
Debt impairment		-	41 429	-	-	-	3 452	(3 452)	-100%	-
Depreciation & asset impairment		-	75 357	-	5 921	5 921	6 280	(359)	-6%	-
Finance charges		-	3 021	-	-	-	252	(252)	-100%	-
Bulk purchases		-	241 476	-	22 299	22 299	20 123	2 176	11%	-
Other materials		-	28 458	-	571	571	2 371	(1 801)	-76%	-
Contracted services		-	45 111	-	507	507	3 759	(3 253)	-87%	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		-	76 346	-	1 540	1 540	6 362	(4 822)	-76%	-
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		-	796 785	-	51 333	51 333	66 399	(15 066)	-23%	-
Surplus/(Deficit)		-	(43 068)	-	129 255	129 255	(3 589)	132 844	(0)	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	39 827	-	3 835	3 835	3 319	517	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		-	(3 241)	-	133 091	133 091	(270)			-
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	(3 241)	-	133 091	133 091	(270)			-
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	(3 241)	-	133 091	133 091	(270)			-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		-	(3 241)	-	133 091	133 091	(270)			-

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) – M01 July 2018

Vote Description	2017/18	Budget Year 2018/19							
	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	-	860	-	-	-	72	(72)	-100%	-
Vote 2 - FINANCIAL SERVICES	-	1 507	-	-	-	126	(126)	-100%	-
Vote 3 - CORPORATE SERVICES	-	2 309	-	-	-	192	(192)	-100%	-
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	-	4 211	-	-	-	351	(351)	-100%	-
Vote 5 - INFRASTRUCTURE AND ENGINEERING	-	46 545	-	2 874	2 874	3 879	(1 004)	-26%	-
Vote 6 - COMMUNITY SERVICES	-	1 644	-	-	-	137	(137)	-100%	-
Vote 7 - COMMUNITY SERVICES (CONTINUED)	-	10 669	-	-	-	889	(889)	-100%	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	-	67 745	-	2 874	2 874	5 645	(2 771)	-49%	-
Total Capital Expenditure	-	67 745	-	2 874	2 874	5 645	(2 771)	-49%	-
Capital Expenditure - Functional Classification									
Governance and administration	-	5 346	-	-	-	445	(445)	-100%	-
Executive and council	-	985	-	-	-	82	(82)	-100%	-
Finance and administration	-	4 361	-	-	-	363	(363)	-100%	-
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	-	7 368	-	-	-	614	(614)	-100%	-
Community and social services	-	679	-	-	-	57	(57)	-100%	-
Sport and recreation	-	5 489	-	-	-	457	(457)	-100%	-
Public safety	-	200	-	-	-	17	(17)	-100%	-
Housing	-	1 000	-	-	-	83	(83)	-100%	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	-	6 159	-	-	-	513	(513)	-100%	-
Planning and development	-	3 509	-	-	-	292	(292)	-100%	-
Road transport	-	2 650	-	-	-	221	(221)	-100%	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	-	48 872	-	2 874	2 874	4 073	(1 198)	-29%	-
Energy sources	-	12 905	-	-	-	1 075	(1 075)	-100%	-
Water management	-	1 715	-	-	-	143	(143)	-100%	-
Waste water management	-	28 977	-	2 874	2 874	2 415	460	19%	-
Waste management	-	5 275	-	-	-	440	(440)	-100%	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	-	67 745	-	2 874	2 874	5 645	(2 771)	-49%	-
Funded by:									
National Government	-	34 682	-	2 874	2 874	2 890	(16)	-1%	-
Provincial Government	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	34 682	-	2 874	2 874	2 890	(16)	-1%	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	33 063	-	-	-	2 755	(2 755)	-100%	-
Total Capital Funding	-	67 745	-	2 874	2 874	5 645	(2 771)	-49%	-

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 – M01 July 2018

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		-	5 356	-	56 749	-
Call investment deposits		-	48 205	-	90 539	-
Consumer debtors		-	42 559	-	80 005	-
Other debtors		-	31 184	-	3 219	-
Current portion of long-term receivables		-	3	-	-	-
Inventory		-	4 513	-	4 947	-
Total current assets		-	131 820	-	235 459	-
Non current assets						
Long-term receivables		-	65	-	-	-
Investments		-	-	-	-	-
Investment property		-	285 199	-	85 382	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		-	2 157 628	-	2 504 941	-
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		-	62	-	159	-
Other non-current assets		-	-	-	-	-
Total non current assets		-	2 442 954	-	2 590 481	-
TOTAL ASSETS		-	2 574 775	-	2 825 940	-
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	13 247	-	7 179	-
Consumer deposits		-	10 479	-	10 273	-
Trade and other payables		-	87 054	-	100 570	-
Provisions		-	23 097	-	39 824	-
Total current liabilities		-	133 877	-	157 847	-
Non current liabilities						
Borrowing		-	23 112	-	23 089	-
Provisions		-	160 132	-	134 829	-
Total non current liabilities		-	183 244	-	157 918	-
TOTAL LIABILITIES		-	317 122	-	315 765	-
NET ASSETS	2	-	2 257 653	-	2 510 176	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		-	2 257 653	-	2 510 176	-
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	2 257 653	-	2 510 176	-

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 – M01 July 2018

Description	Ref	2017/18	Budget Year 2018/19							
		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		-	164 393	-	8 161	8 161	13 699	(5 538)	-40%	-
Service charges		-	372 090	-	36 266	36 266	31 007	5 259	17%	-
Other revenue		-	30 689	-	409	409	2 557	(2 148)	-84%	-
Government - operating		-	123 618	-	47 146	47 146	10 302	36 844	358%	-
Government - capital		-	39 827	-	14 364	14 364	3 319	11 045	333%	-
Interest		-	21 498	-	1 333	1 333	1 791	(458)	-26%	-
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-	(674 270)	-	(50 551)	(50 551)	(56 189)	(5 638)	10%	-
Finance charges		-	(3 021)	-	(282)	(282)	(252)	30	-12%	-
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	74 823	-	56 847	56 847	6 235	(50 612)	-812%	-
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		-	(67 745)	-	(3 306)	(3 306)	(5 645)	(2 340)	41%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(67 745)	-	(3 306)	(3 306)	(5 645)	(2 340)	41%	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	(13 247)	-	(568)	(568)	(1 104)	(536)	49%	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(13 247)	-	(568)	(568)	(1 104)	(536)	49%	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	(6 169)	-	52 974	52 974	(514)			-
Cash/cash equivalents at beginning:		-	59 729	-		94 315	59 729			94 315
Cash/cash equivalents at month/year end:		-	53 561	-		147 288	59 215			94 315

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 2018, compared to the position as at 31 July 2018.

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2018

Description	Budget Year 2017/18									
	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	7 819	2 073	1 457	1 222	824	594	3 847	19 415	37 251	
Trade and Other Receivables from Exchange Transactions - Electricity	14 563	1 349	602	402	331	226	1 908	6 001	25 382	
Receivables from Non-exchange Transactions - Property Rates	8 069	700	494	394	318	297	6 758	16 539	33 569	
Receivables from Exchange Transactions - Waste Water Management	4 267	897	631	483	380	258	1 714	8 652	17 282	
Receivables from Exchange Transactions - Waste Management	4 202	1 023	842	600	356	335	1 778	11 769	20 905	
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1	
Interest on Arrear Debtor Accounts	68	87	97	101	88	84	915	17 487	18 928	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	
Other	(12 022)	608	306	257	267	159	2 034	7 106	(1 286)	
Total By Income Source	26 966	6 737	4 429	3 459	2 565	1 953	18 953	86 967	152 031	
									-	
Debtors Age Analysis By Customer Group										
Organs of State	567	230	31	31	28	27	1 204	1 578	3 696	
Commercial	6 132	385	256	238	282	115	983	2 878	11 269	
Households	20 268	6 122	4 142	3 190	2 256	1 812	16 766	82 512	137 067	
Other	-	-	-	-	-	-	-	-	-	
Total By Customer Group	26 966	6 737	4 429	3 459	2 565	1 953	18 953	86 967	152 031	

Debtors' Age Analysis (Inclusive of VAT) as at 31 July 2018

Description	Budget Year 2018/19								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	12 537	1 787	1 816	1 282	1 122	764	3 793	19 671	42 772
Trade and Other Receivables from Exchange Transactions - Electricity	22 454	1 278	936	391	327	269	1 719	5 971	33 346
Receivables from Non-exchange Transactions - Property Rates	54 894	706	518	384	331	272	6 210	15 937	79 252
Receivables from Exchange Transactions - Waste Water Management	6 685	838	796	531	440	359	1 684	8 761	20 094
Receivables from Exchange Transactions - Waste Management	4 792	1 089	932	786	556	337	1 827	11 950	22 270
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1
Interest on Arrear Debtor Accounts	75	86	109	113	114	96	891	17 842	19 327
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	6 209	429	548	279	236	244	1 596	7 505	17 045
Total By Income Source	107 646	6 214	5 656	3 767	3 125	2 341	17 720	87 639	234 107
									-
Debtors Age Analysis By Customer Group									
Organs of State	4 783	332	229	31	31	28	1 070	1 458	7 963
Commercial	8 526	319	251	186	204	268	1 008	2 875	13 638
Households	94 337	5 562	5 175	3 550	2 891	2 045	15 641	83 305	212 507
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	107 646	6 214	5 656	3 767	3 125	2 341	17 720	87 639	234 107

The aforementioned analysis indicates that from 30 June 2018 to 31 July 2018, the overdue debts have increased from R 125,064 million to R 126,461 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
	30-Jun-18	31-Jul-18	Difference
Debtors Age Analysis By Income Source			
Trade and Other Receivables from Exchange Transactions - Water	29 432	30 235	803
Trade and Other Receivables from Exchange Transactions - Electricity	10 819	10 892	73
Receivables from Non-exchange Transactions - Property Rates	25 500	24 358	(1 141)
Receivables from Exchange Transactions - Waste Water Management	13 015	13 409	394
Receivables from Exchange Transactions - Waste Management	16 704	17 478	774
Receivables from Exchange Transactions - Property Rental Debtors	1	1	-
Interest on Arrear Debtor Accounts	18 860	19 252	392
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-
Other	10 736	10 836	101
Total By Income Source	125 064	126 461	1 396
		-	
Debtors Age Analysis By Customer Group			
Organs of State	3 128	3 180	51
Commercial	5 137	5 112	(26)
Households	116 799	118 170	1 371
Other	-	-	
Total By Customer Group	125 064	126 461	1 396

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2018/19								
	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	25 560	(3)	-	-	-	-	-	-	25 557
Bulk Water	419	465	481	898	437	429	2 126	50 223	55 479
PAYE deductions	2 749	-	-	-	-	-	-	-	2 749
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	3 089	-	-	-	-	-	-	-	3 089
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	2 145	513	-	-	-	-	-	94	2 753
Auditor General	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total By Customer Type	33 963	976	481	898	437	429	2 126	50 317	89 628

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

Eskom	R 25,557 million
NMBM (Bulk water)	R 55,479 million
SARS-PAYE	R 2,749 million
Pension Deductions	R 3,089 million
Other Creditors	<u>R 2,753 million</u>
TOTAL	<u>R 89,628 million</u>

It is to be noted that the Eskom amount of R 25,557 million, represents the current account for July 2018, which will be paid fully on 21 August 2018.

The PAYE deductions represent employee related costs for the month of July 2018, with the amounts in question being paid on 6 August 2018 to SARS.

The pension fund deductions represent employee related costs for the month of July 2018, with the amounts in question being paid on 6 August 2018 to the relevant pension funds.

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 July 2018.

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 July 2018
Standard Bank	18 653 721	-	99 810	-	-	18 753 531
ABSA	25 806 825	-	137 931	-	57	25 944 699
Nedbank	19 520 160	-	105 275	-	-	19 625 436
RMB	5 885 309	29 699	30 741	29 699	-	5 916 050
INVESTEC	20 188 841	-	110 596	-	-	20 299 437
Total	90 054 856	29 699	484 353	(29 699)	(57)	90 539 153
INVESTMENT	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 July 2018
General Account	85 725 571	29 699	461 890	-	57	86 217 103
Conditional Grants	1 359 363	-	6 950	29 699	-	1 336 614
Housing Funds	2 969 923	-	15 513	-	-	2 985 435
Total	90 054 856	29 699	484 353	(29 699)	(57)	90 539 153
Bank	4 259 847	52 489 299				56 749 146
Total	94 314 704	52 518 998	484 353	(29 699)	(57)	147 288 299

The increase in the investment portfolio since 30 June 2018 amounts to R 52,973,595. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 56,749,146
Short-term Investment Deposits	<u>R 90,539,153</u>
	<u>R 147,288,299</u>

Application of Cash

Unspent Conditional Grants	10,942,147
Outstanding Creditors Liability	<u>89,627,628</u>
	<u>R 100,569,775</u>

Reserves in excess of Commitments

R 46,718,524

The cash backed reserves exceed the commitments at this stage by an amount of R 46,718,524. It should be noted that the excess of reserves over commitments as at 31 July 2018, is mainly due to an amount of R 47,146 million in respect of the Equitable Share allocation being received on 09 July 2018, but not yet fully spent.

These funds are already committed towards spending in the 2018/19 Capital and Operating budget.

4. Allocation and Grants receipts and expenditure for the 2018/2019 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M01 July 2018

Description	2017/18	Budget Year 2018/19							
	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:	-	117 493	-	47 714	47 714	47 714	-		-
Local Government Equitable Share	-	113 151	-	47 146	47 146	47 146	-		-
Finance Management	-	1 770	-	-	-	-	-		-
MIG - Administration Fees	-	1 559	-	568	568	568	-		-
EPWP Incentive	-	1 013	-	-	-	-	-		-
Provincial Government:	-	2 050	-	-	-	-	-		-
Sport and Recreation	-	2 050	-	-	-	-	-		-
District Municipality:	-	2 210	-	445	445	445	-		-
Local Economic Development	-	445	-	445	445	445	-		-
Environmental Health Subsidy	-	1 765	-	-	-	-	-		-
Other grant providers:	-	1 865	-	-	-	-	-		-
Fire Subsidy	-	1 865	-	-	-	-	-		-
Total Operating Transfers and Grants	-	123 618	-	48 159	48 159	48 159	-		-
Capital Transfers and Grants									
National Government:	-	39 827	-	13 796	13 796	13 796	-		-
Municipal Infrastructure Grant (MIG)	-	29 627	-	10 796	10 796	10 796	-		-
Integrated National Electrification Programme	-	10 200	-	3 000	3 000	3 000	-		-
Total Capital Transfers and Grants	-	39 827	-	13 796	13 796	13 796	-		-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	163 445	-	61 955	61 955	61 955	-		-

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M01 July 2018

Description	2017/18	Budget Year 2018/19							
	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:	-	117 493	-	113 377	113 377	113 365	11	0.0%	-
Local Government Equitable Share	-	113 151	-	113 151	113 151	113 151	-		-
Finance Management	-	1 770	-	-	-	-	-		-
MIG - Administration Fees	-	1 559	-	116	116	130	(14)	-10.5%	-
EPWP Incentive	-	1 013	-	109	109	84	25	29.5%	-
Provincial Government:	-	2 050	-	-	-	-	-		-
Sport and Recreation	-	2 050	-	-	-	-	-		-
District Municipality:	-	2 210	-	-	-	-	-		-
Local Economic Development	-	445	-	-	-	-	-		-
Environmental Health Subsidy	-	1 765	-	-	-	-	-		-
Other grant providers:	-	1 865	-	-	-	-	-		-
Fire Subsidy	-	1 865	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:	-	123 618	-	113 377	113 377	113 365	11	0.0%	-
Capital expenditure of Transfers and Grants									
National Government:	-	39 827	-	3 306	3 306	3 306	-		-
Municipal Infrastructure Grant (MIG)	-	29 627	-	3 306	3 306	3 306	-		-
Integrated National Electrification Programme	-	10 200	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	-	39 827	-	3 306	3 306	3 306	-		-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	163 445	-	116 682	116 682	116 671	11	0.0%	-

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 1,770,000
Amount of Grant Received:	R 00
Expenditure to date:	R 62,301
Overspent as at 31 July 2018:	R 62,301

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 1,013,000
Amount of Grant Received:	R 0,00
Expenditure to date:	R 109,316
Overspent as at 31 July 2018:	R 109,316

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 31,186,000
Amount of Grant Received:	R 11,364,000
Expenditure to date:	R 3,421,853
Unspent as at 31 July 2018:	R 7,942,147

The spending of the grant amounted to 30.11% as at 31 July 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 10,200,000
Amount of Grant Received:	R 3,000,000
Expenditure to date:	R 0,00
Unspent as at 31 July 2018:	R 3,000,000

The spending of the grant amounted to 0% as at 31 July 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 – M01 July 2018

Summary of Employee and Councillor remuneration	2017/18	Budget Year 2018/19							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								%	
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	-	8 545	-	647	647	712	(65)	-9%	-
Medical Aid Contributions	-	686	-	-	-	57	(57)	-100%	-
Motor Vehicle Allowance	-	2 747	-	216	216	229	(13)	-6%	-
Cellphone Allowance	-	805	-	99	99	67	32	47%	-
Other benefits and allowances	-	-	-	50	50	-	50		-
Sub Total - Councillors	-	12 784	-	1 011	1 011	1 065	(54)	-5%	-
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	-	4 434	-	531	531	369	161	44%	-
Pension and UIF Contributions	-	-	-	1	1	-	1		-
Motor Vehicle Allowance	-	-	-	62	62	-	62		-
Cellphone Allowance	-	-	-	2	2	-	2		-
Housing Allowances	-	-	-	-	-	-	-		-
Other benefits and allowances	-	2 956	-	20	20	246	(227)	-92%	-
Sub Total - Senior Managers of Municipality	-	7 389	-	616	616	616	0	0%	-
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	-	161 389	-	11 621	11 621	13 449	(1 828)	-14%	-
Pension and UIF Contributions	-	27 035	-	2 111	2 111	2 253	(142)	-6%	-
Medical Aid Contributions	-	16 559	-	1 187	1 187	1 380	(193)	-14%	-
Overtime	-	11 345	-	731	731	945	(215)	-23%	-
Performance Bonus	-	16 117	-	24	24	1 343	(1 319)	-98%	-
Motor Vehicle Allowance	-	8 701	-	538	538	725	(187)	-26%	-
Cellphone Allowance	-	-	-	5	5	-	5		-
Housing Allowances	-	2 516	-	37	37	210	(173)	-82%	-
Other benefits and allowances	-	20 864	-	2 511	2 511	1 739	772	44%	-
Payments in lieu of leave	-	-	-	71	71	-	71		-
Long service awards	-	888	-	33	33	74	(41)	-56%	-
Sub Total - Other Municipal Staff	-	265 413	-	18 869	18 869	22 118	(3 249)	-15%	-
Total Parent Municipality	-	285 586	-	20 496	20 496	23 799	(3 303)	-14%	-
TOTAL SALARY, ALLOWANCES & BENEFITS	-	285 586	-	20 496	20 496	23 799	(3 303)	-14%	-
TOTAL MANAGERS AND STAFF	-	272 802	-	19 485	19 485	22 734	(3 249)	-14%	-

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 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Approved Budget 2018/19	Actuals as at 31 July 2018
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	1.61%	1.57%	2.04%	1.66%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.04	0.02	0.02	0.02	0.00
Liquidity							
Current Ratio	Current assets / current liabilities	0.72	0.85	1.13	1.06	0.98	1.49
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.62	0.65	0.40	0.93
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	102.98%

Other indicators		Actuals as at 30 June 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Approved Budget 2018/19	Actuals as at 31 July 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)	0.82	1.60	1.74	1.87	0.95	2.41
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	35.27%	37.21%	34.24%	38.01%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	63.84%	81.06%	95%	3.70%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.87%	4.06%	4.65%	1.70%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.24%	1.06%	1.72%	0.03%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	69.55%	74.74%	84.32%	85.05%	83.60%	73.58%

The above table is discussed in details below.

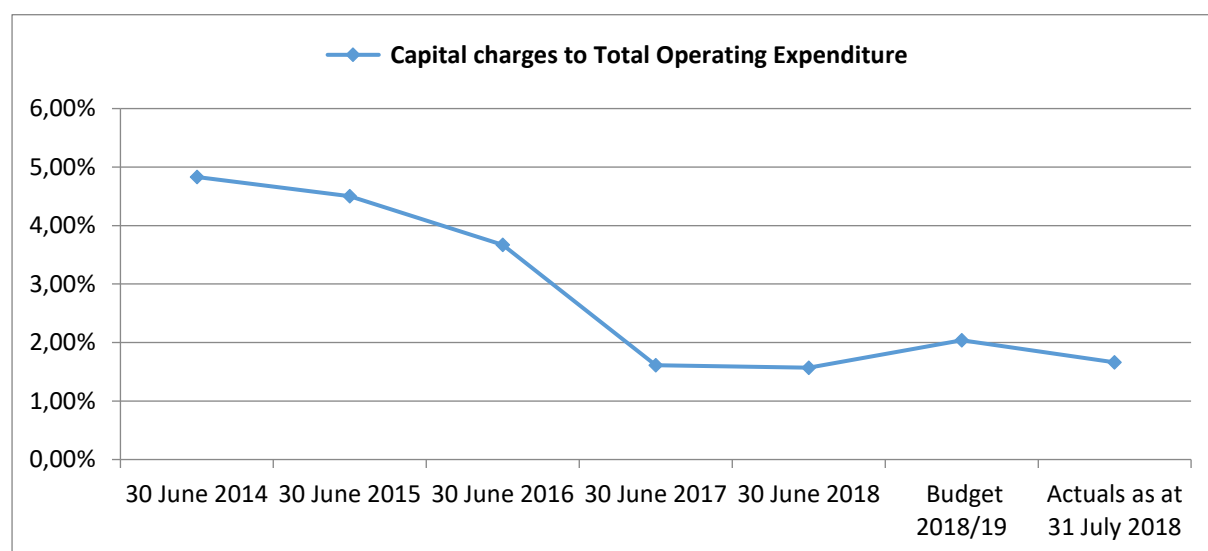
6.1. Borrowing Management

6.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.66% of the Total Operating Expenditure was utilised for capital charges as at 31 July 2018, compared to the budgeted ratio of 2.04%.



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 2018/19 Operating Budget as no borrowing is planned for the 2018/19 to 2020/21 financial years.

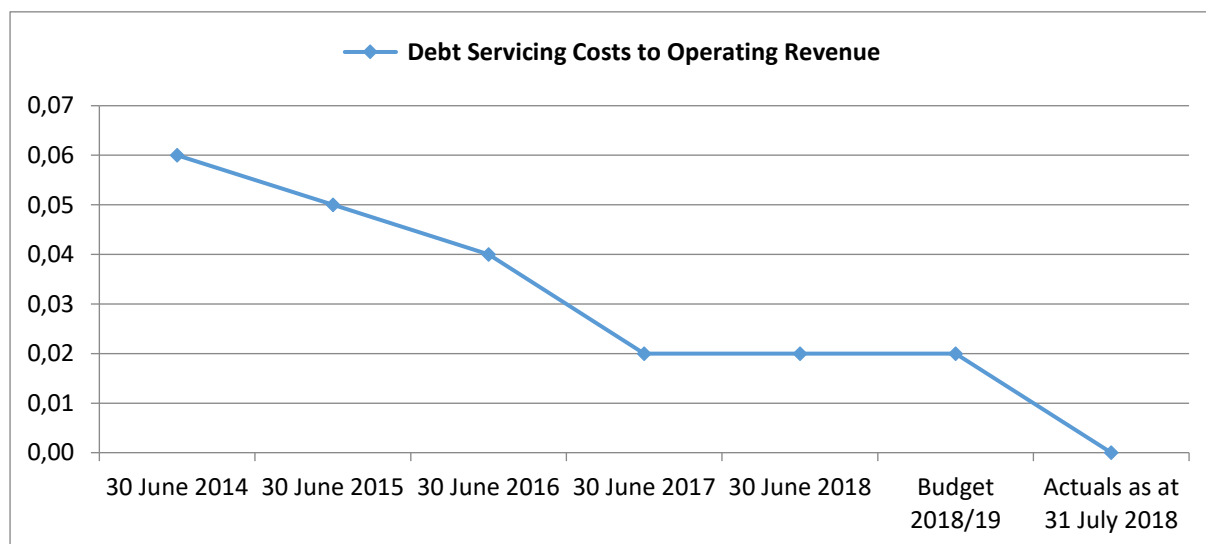
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 July 2018, the ratio was 0.00:1, 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:

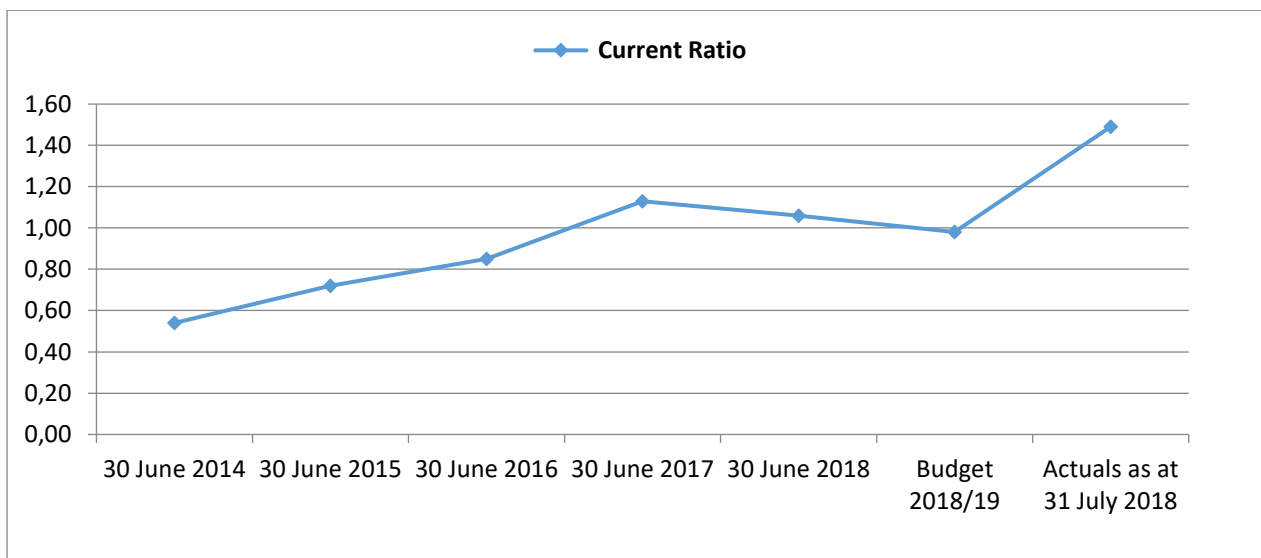
Current assets/Current liabilities

The ratio as at 31 July 2018 was 1.49:1, compared to the budgeted ratio of 0.98:1.

In terms of the MFMA Circular No. 71, the norm is 1.5:1 to 2:1

The higher the current Ratio, the stronger the Municipality's financial capacity to meet its current obligations.

A ratio of below 1:1 would suggest that the Municipality would be unable to meet all of its current obligations as and when they fall due.



6.2.2. Liquidity Ratio

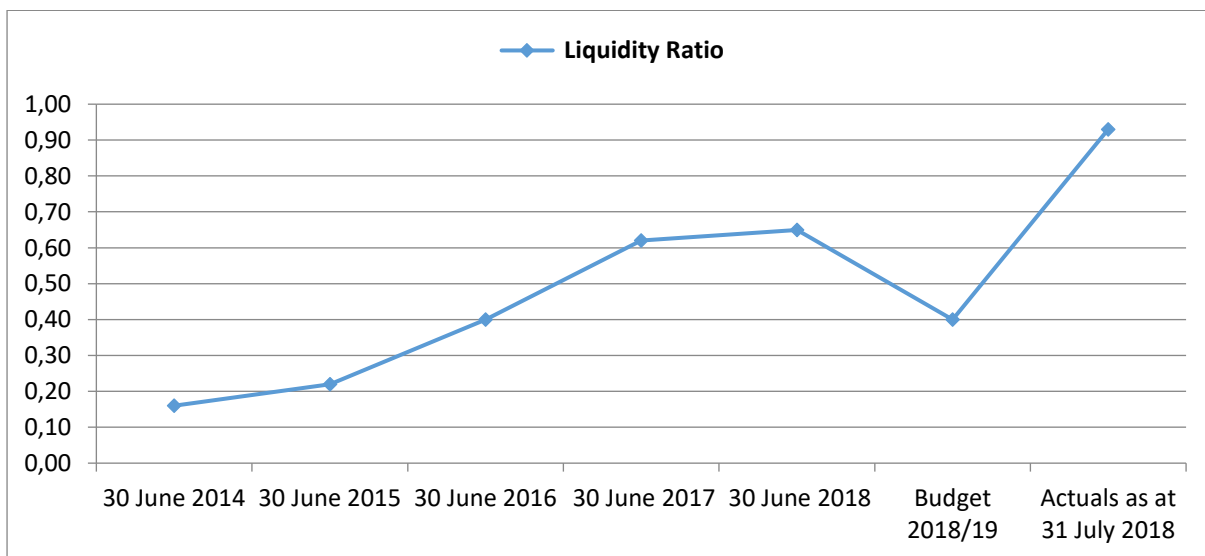
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

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

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 July 2018 was 0.93:1, compared to the budgeted ratio of 0.40:1.

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

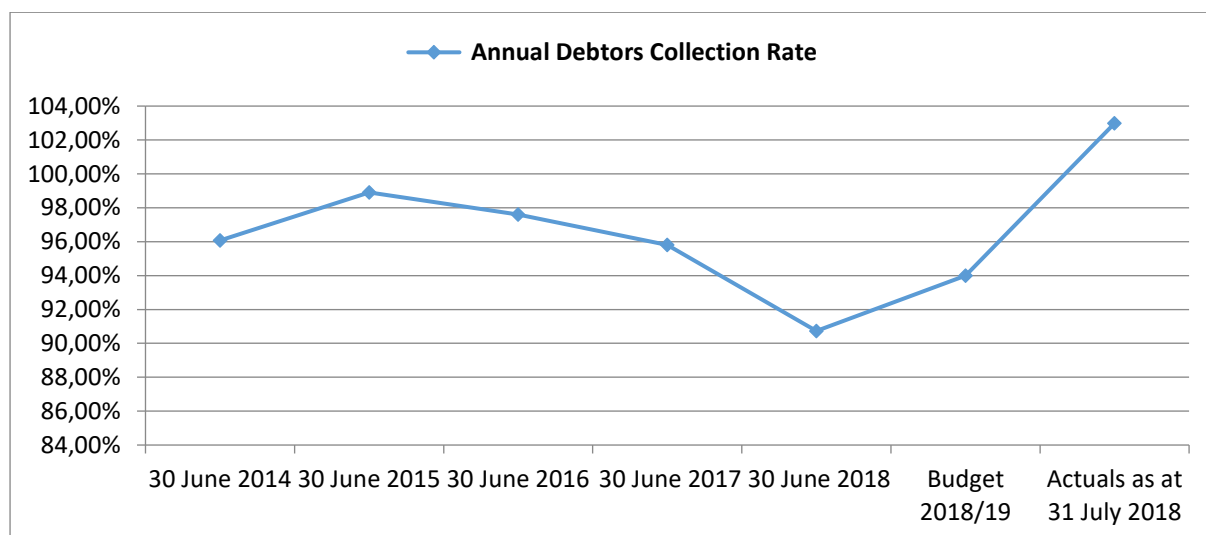
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 July 2018 was 102.98%, compared to the budgeted collection rate of 94%. The collection rates have been calculated, based on the revenue received, 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.

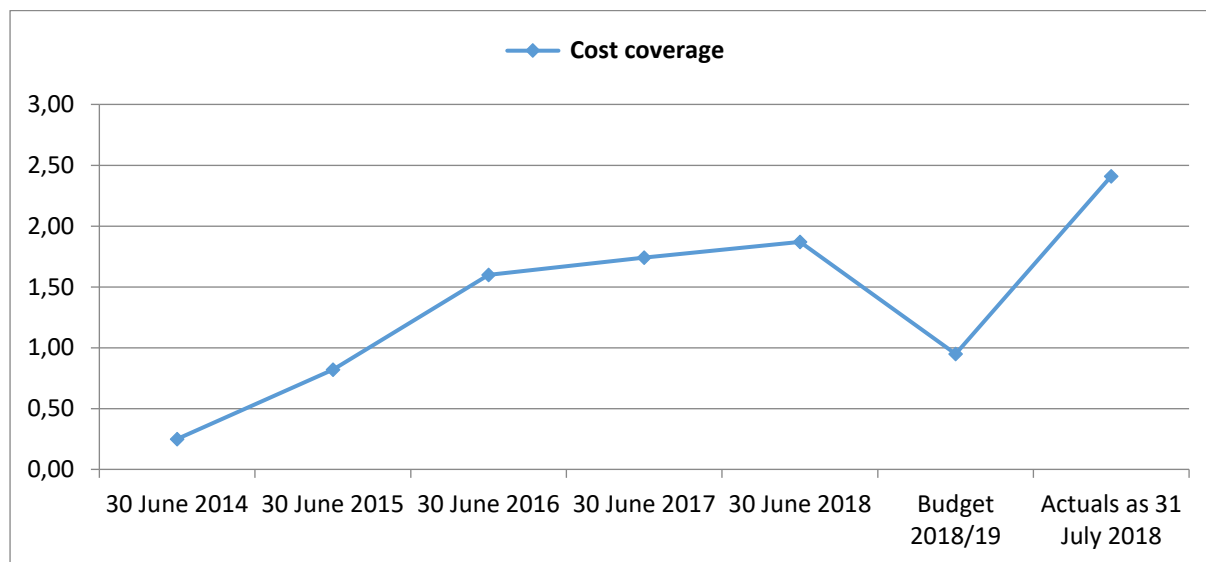
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 July 2018, the Ratio was 2.41 months, compared to the budgeted ratio of 0.95 months.

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



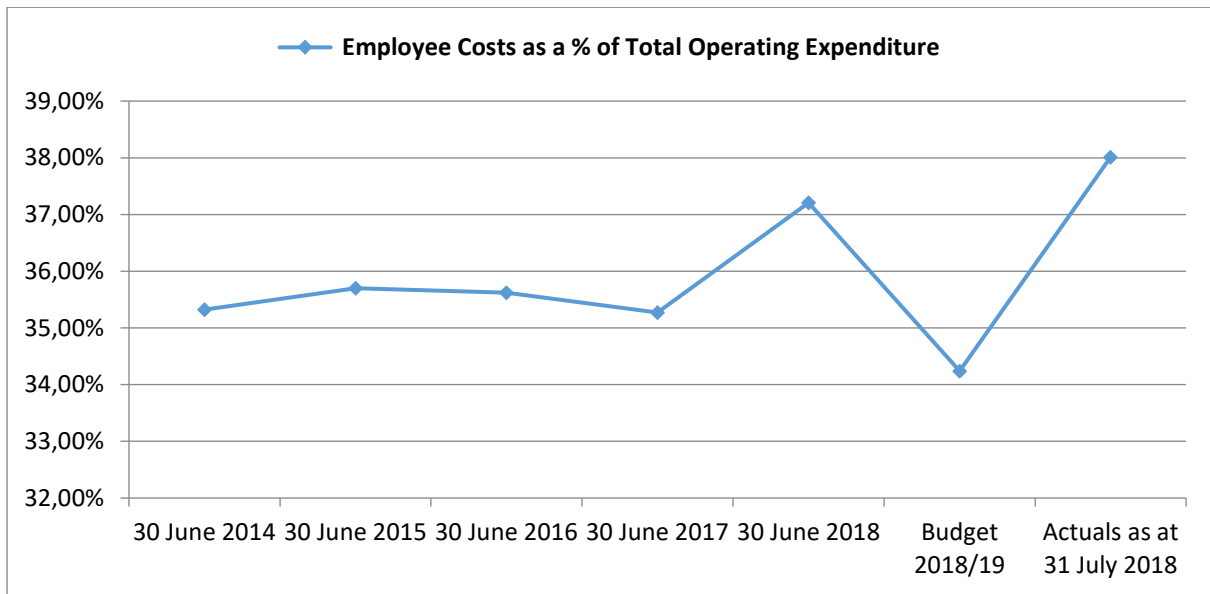
6.4.2. Employee costs as a % of Total Operating Expenditure

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 July 2018, Employee Related Costs constituted 38.01% of the Total Operating Expenditure, compared to the budgeted ratio of 34.24%.



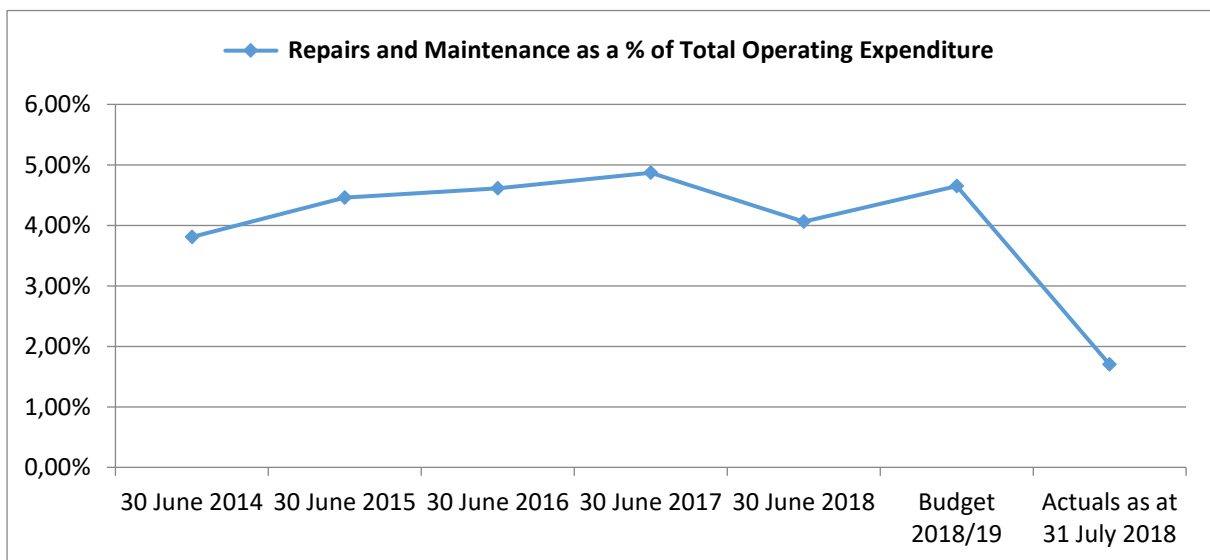
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 July 2018, the ratio was 1.70%, compared to the budgeted ratio of 4.65%.



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

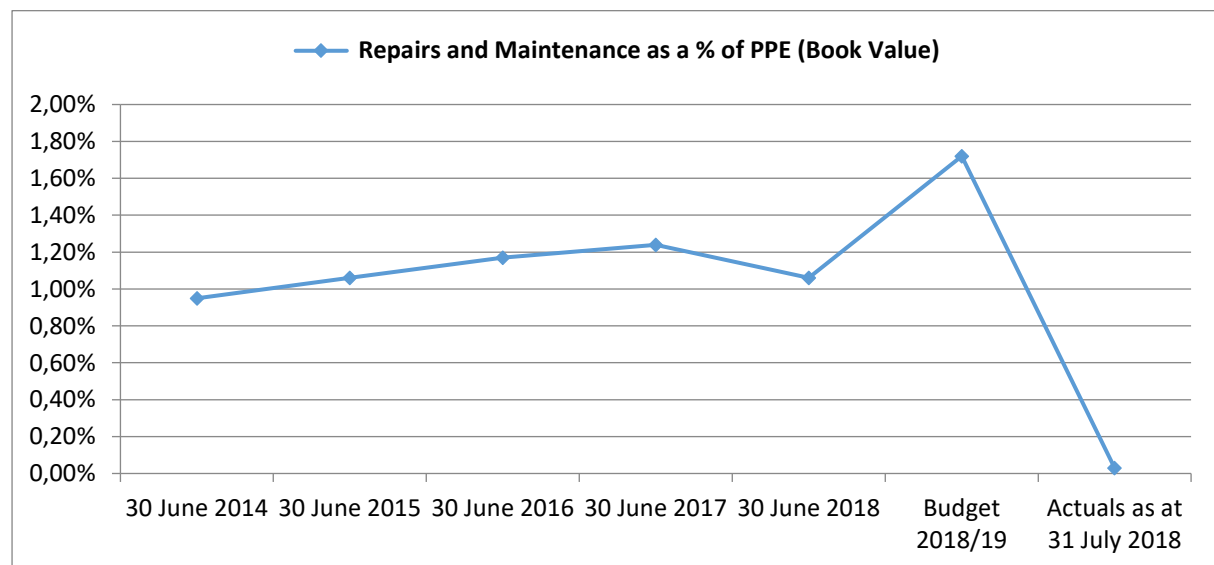
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 July 2018, repairs and maintenance expenditure constituted 0.03% of the book value of PPE, compared to the budgeted ratio of 1.72%.

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



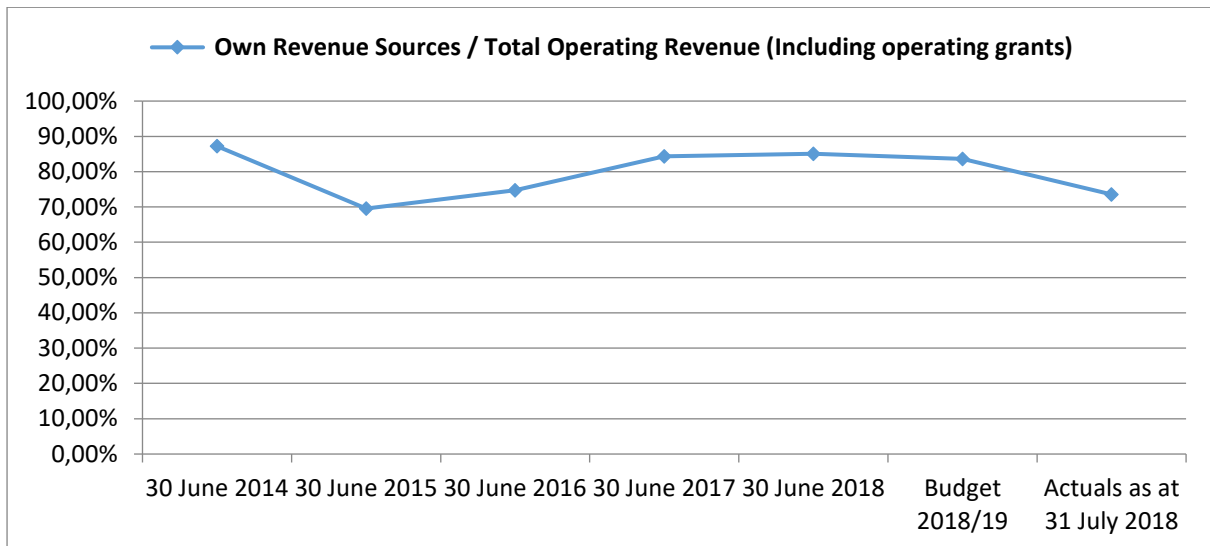
6.4.5. Own Revenue Generation

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 July 2018, the Municipality's own revenue sources constituted 73.58% of its total Operating Income, compared to the budgeted ratio of 83.60%.



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 July 2018 amounted to 3.70%, compared to the budgeted ratio of 95%.

