

KOUGA MUNICIPALITY (EC108)
PORTFOLIO COMMITTEE MEETING

FINANCE

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2018 TO OCTOBER 2018 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 OCTOBER 2018 (2018/19 FINANCIAL YEAR)

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).

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

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 period July 2018 to October 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 313,607 million, whilst operating expenditure amounted to R 236,867 million, resulting in an operating surplus of R 76,740 million.
- Capital expenditure constituted 19,38% of the 2018/19 Adjusted Capital Budget.
- Overdue consumer debts increased by R 27,407 million (21,91%) since June 2018.
- An amount of R 80,967 million is owing to creditors, of which R 24,462 million (30,21%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.

- The municipality's investment portfolio has increased by R 56,223,967 (59,61%) since June 2018, from R 94,314,704 to R 150,538,671.

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 October 2017	Actuals as at 31 October 2018	Approved Budget 2018/19
Current Ratio	0.85:1	1.13:1	1.06:1	1.18:1	2.15:1	0.98:1
Liquidity Ratio	0.40:1	0.62:1	0.65:1	0.85:1	1.09:1	0.40:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.74 months	1.87 months	2.33 months	2.47 months	0.95 months
Debt servicing costs to Operating Revenue Ratio	0.04:1	0.02:1	0.02:1	0.01:1	0.01:1	0.02:1

4. Detailed Reports

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period, ending 31 October 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

5. RECOMMENDATION

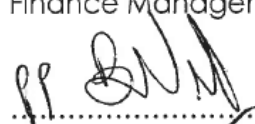
- I. The Executive Mayor notes the Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.
- II. The monthly budget statements be accordingly submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.



.....
Mr. Charl Du Plessis (Municipal Manager)

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

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

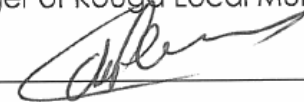


.....
Executive Mayor

6. 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  C DU PLESSIS
Municipal Manager of Kouga Local Municipality

Signature 

Date 14/11/2018

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD 1 JULY 2018 TO 31 OCTOBER 2018

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

Description	Budget Year 2018/19		
	Approved Budget	Actuals as at 31 October 2018	%
R thousands			
Revenue By Source			
Property rates	176 766	101 424	57.38%
Service charges - electricity revenue	247 165	85 684	34.67%
Service charges - water revenue	67 702	26 183	38.67%
Service charges - sanitation revenue	41 658	15 723	37.74%
Service charges - refuse revenue	43 571	18 812	43.18%
Rental of facilities and equipment	1 881	178	9.45%
Interest earned - external investments	7 561	2 881	38.10%
Interest earned - outstanding debtors	14 986	2 351	15.69%
Fines, penalties and forfeits	4 230	1 769	41.81%
Licences and permits	16 661	6 362	38.18%
Transfers and subsidies	123 618	49 377	39.94%
Other revenue	7 917	2 863	36.17%
Total Revenue (excluding capital transfers and contributions)	753 717	313 607	41.61%
Expenditure By Type			
Employee related costs	272 802	81 743	29.96%
Remuneration of councillors	12 784	3 908	30.57%
Debt impairment	41 429	1	0.00%
Depreciation & asset impairment	75 357	24 509	32.52%
Finance charges	3 021	1 559	51.62%
Bulk purchases - Electricity	200 945	78 485	39.06%
Bulk purchases - Water	40 530	10 292	25.39%
Other materials	28 458	8 180	28.75%
Contracted services	45 111	8 768	19.44%
Other expenditure	76 346	19 422	25.44%
Total Expenditure	796 785	236 867	29.73%
Surplus/(Deficit)	(43 068)	76 740	

The statement of financial performance indicates a surplus of R 76,740 million.

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

Revenue Variations

Property Rates

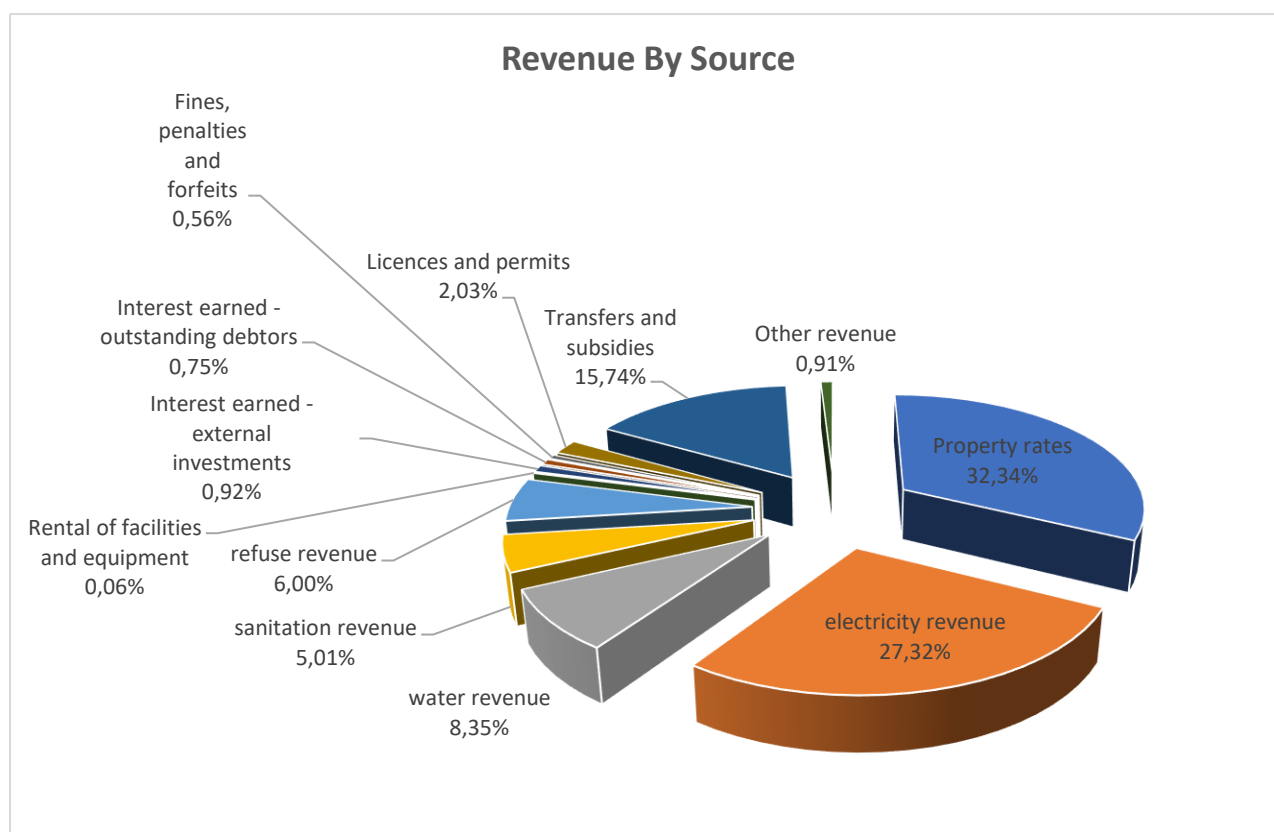
As at 31 October 2018, the Municipality has recognised 57,38% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2018, amounting to R 79,540 million.

Rental of Facilities and Equipment

This relates to the rental of municipal buildings, community halls and other municipal facilities, but excludes the rental of caravan parks. The revenue is influenced by the extent of rental agreements.

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 31 October 2018 amounted to R 152,472 million.



Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Finance Charges

Finance charges relate to the interest paid on long-term liabilities, in line with the loan repayment schedules. This is influenced by amount of R 0,442 million for interest on overdue creditors.

Contracted Services

Contracted services mostly relate to outsourced work, in relation to the maintenance of municipal infrastructure assets and includes business and advisory consulting fees. This is largely influenced by the low spending on the repairs and maintenance budget.

Below find a breakdown of contracted services.

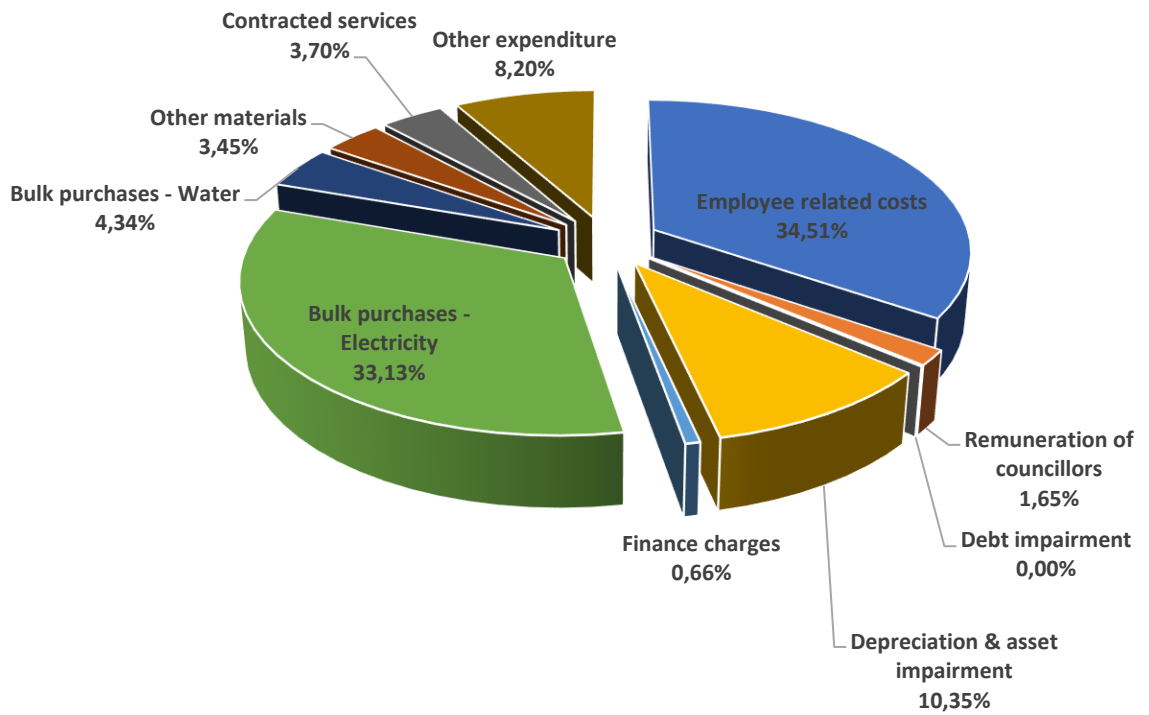
Item Description	Approved Budget 2018/19	Actuals as at 31 October 2018	%
Maintenance of Buildings and Facilities	1 991 393	1 026 215	51.53%
Maintenance of Unspecified Assets e.g. Vehicles and Infrastructure Assets	17 911 000	2 894 346	16.16%
Consultants and Professional Services	11 761 593	2 727 648	23.19%
Legal Costs	3 340 000	701 915	21.02%
Security Services	1 444 946	231 928	16.05%
Internal Auditors	1 800 000	-	0.00%
Drivers Licence Cards	800 000	177 908	22.24%
Medical Services (Medical Surveillance)	400 000	17 493	4.37%
Employee Wellness	430 000	5 975	1.39%
Traffic Fines Management	1 500 000	509 140	33.94%
Litter Picking and Street Cleaning	350 000	-	0.00%
Other Contracted Services	3 382 399	475 106	14.05%
Total	45 111 331	8 767 674	19.44%

Other Expenditure

Below find a breakdown of other expenditure.

Item Description	Approved Budget 2018/19	Actuals as at 31 October 2018	%
Advertising, Publicity and Marketing	1 181 295	203 029	17.19%
Management Fee : Third Parties	4 308 855	-	0.00%
Printing, Publications and Books	1 227 046	231 578	18.87%
Travel and Subsistence	3 031 904	433 741	14.31%
Insurance Underwriting : Premiums	2 552 809	760 176	29.78%
External Computer Service : Internet Charge	5 998 022	1 010 212	16.84%
Uniform and Protective Clothing	2 091 361	350 728	16.77%
Workmen's Compensation Fund	1 450 490	282 818	19.50%
Registration Fees : Training, Workshops and Seminars	2 424 662	156 959	6.47%
Hire Charges - Rental of Machinery and Vehicles	13 657 875	2 764 970	20.24%
Communication : Cellular contracts	3 916 777	928 223	23.70%
Furniture and Office Equipment - Rental of Photo Copy Machines	10 495 374	3 730 190	35.54%
Storage of Files (Archiving)	2 000 000	-	0.00%
Remuneration of Ward Committee Members	1 800 000	802 000	44.56%
Commission : Third Party Vendors	3 584 300	252 535	7.05%
Rental of Office Building	3 300 000	1 077 036	32.64%
External Audit Fees	4 000 000	888 308	22.21%
Other Expenditure	9 325 696	5 549 638	59.51%
Total	76 346 466	19 422 142	25.44%

Expenditure By Type



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 October 2018	% of Budget
Executive & Council				
Contracted Services:Maintenance of Vehicles	10 000	10 000	450	4.50%
	10 000	10 000	450	4.50%
Corporate Services				
Contracted Services:Maintenance of Buildings and Facilities	300 000	300 000	1 046	0.35%
Contracted Services:Maintenance of Vehicles	35 000	35 000	-	
	335 000	335 000	1 046	0.31%
Finance				
Contracted Services:Maintenance of Buildings and Facilities	370 000	391 200	7 580	1.94%
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90 000	90 000	5 084	5.65%
Inventory Consumed:Materials and Supplies	165 000	165 000	-	
	625 000	646 200	12 664	1.96%
Community Services				
Contracted Services:Maintenance of Buildings and Facilities	870 000	1 365 000	870 760	63.79%
Contracted Services:Maintenance of Vehicles	3 443 000	4 943 000	1 249 485	25.28%
Contracted Services:Maintenance of Equipment	122 400	122 400	29 246	23.89%
Inventory Consumed:Materials and Supplies	1 049 625	1 049 625	586 462	55.87%
Operational Cost:Rental of Machinery and Equipment	2 000 000	2 000 000	-	
	7 485 025	9 480 025	2 735 953	28.86%
Planning, Development & Tourism				
Inventory Consumed:Materials and Supplies	50 000	50 000	19 047	38.09%
Contracted Services:Maintenance of Vehicles	20 000	20 000	1 728	8.64%
	70 000	70 000	20 775	29.68%
Infrastructure & Engineering				
Contracted Services:Maintenance of Equipment	226 000	226 000	43 431	19.22%
Contracted Services:Maintenance of Buildings and Facilities	85 193	175 193	135 352	77.26%
Contracted Services:Maintenance of Vehicles	12 524 000	12 924 000	1 523 335	11.79%
Inventory Consumed:Materials and Supplies	12 695 000	11 865 000	2 991 312	25.21%
Operational Cost:Rental of Machinery and Equipment	3 010 435	3 010 435	496 132	16.48%
	28 540 628	28 200 628	5 189 562	18.40%
			-	
Total	37 065 653	38 741 853	7 960 450	20.55%

It is to be noted that actual repairs and maintenance expenditure constituted 20.55% of the 2018/19 Adjusted Budget.

Annexure "A2"

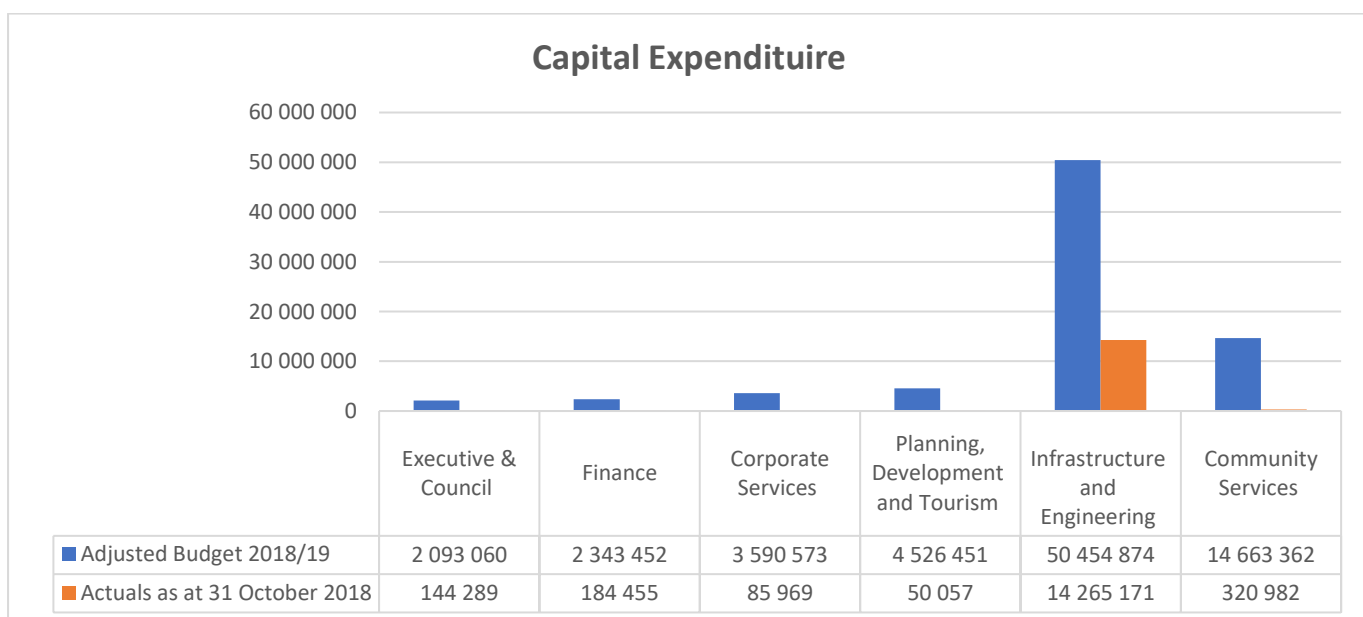
CAPITAL BUDGET PERFORMANCE

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 October 2018	% of Budget	Funding
Executive and Council						
Computer Equipment (ward ass)	110 000		110 000	92 433	84.03%	Internal
PA System		145 830	145 830			Internal
EDMS		400 000	400 000			Internal
Wards Capital Programmes	750 000	687 229	1 437 229	51 856	3.61%	Internal
	860 000	1 233 060	2 093 060	144 289	6.89%	
Corporate Services						
Furniture and Office Equipment	752 000	364 395	1 116 395	7 318	0.66%	Internal
Computer Equipment	157 000	48 789	205 789	78 651	38.22%	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	85 969	2.39%	
Finance						
Furniture and Office Equipment	115 700		115 700	4 063	3.51%	Internal
Computer Equipment	1 391 200	202 730	1 593 930	20 392	1.28%	Internal
IT Sever		533 822	533 822	160 000	29.97%	FMG
Office Upgrade ICT		100 000	100 000			Internal
	1 506 900	836 552	2 343 452	184 455	7.87%	
Infrastructure and Engineering						
Computer Equipment	35 000		35 000	36 863	105.32%	Internal
Computer Equipment	50 000		50 000			MIG
Water infrastructure boreholes	1 500 000		1 500 000	304 831	20.32%	Internal
Furniture and Office Equipment	198 000		198 000	6 603	3.33%	Internal
Bucket Eradication Prograame	2 300 000		2 300 000			Internal
Illegal electricity connections (LV Network)	1 000 000		1 000 000	89 542		Internal
Machinery and Equipment	415 000		415 000			Internal
MV Networks	8 869 565		8 869 565	177 812		INEP
New overheadlines 66kv overheadlines(Jbay to Melkhout)	3 000 000		3 000 000	1 922 729	64.09%	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	24 750	0.99%	Internal
upgrading of infrastructure for new township establishment	500 000		500 000			Internal
Vehicles	2 500 000	3 910 264	6 410 264	3 124 795	48.75%	Internal
Upgrading of the Sea Vista Wastewater Treatment Works	18 503 132		18 503 132	6 485 171	35.05%	MIG
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	2 173 913		2 173 913	2 092 074	96.24%	MIG
	46 544 610	3 910 264	50 454 874	14 265 171	28.27%	

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Adjusted Budget 2018/19	Actuals as at 31 October 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	22 647	11.32%	Internal
Computer Software	700 000		700 000			Internal
Computer Equipment	60 000		60 000	27 410	45.68%	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	50 057	1.11%	
Community Services						
Fencing of existing cemeteries	500 000		500 000	24 739	4.95%	Internal
Computer Equipment	160 000		160 000			Internal
Fencing - Fire Station	200 000		200 000			Internal
Furniture and Office Equipment	145 000		145 000	72 681	50.12%	Internal
Upgrading of Sports Facilities	3 864 352		3 864 352			MIG
Machinery and Equipment	844 010		844 010	223 562	26.49%	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	320 982	2.19%	
Total	67 744 823	9 926 948	77 671 772	15 050 923	19.38%	
Internally generated funds	33 062 910	9 077 626	42 140 536	6 135 866	14.56%	
Transfers recognised - capital	34 681 913	849 322	35 531 235	8 915 057	25.09%	
Total	67 744 823	9 926 948	77 671 772	15 050 923	19.38%	

It is to be noted that capital expenditure as at 31 October 2018 amounted to 19,38%, compared to the adjusted capital budget of R 77,671,772.



PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 October 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 – M04 October 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	-	15 979	80 773	54 798	25 975	47%	164 393
Service charges		-	372 090	-	34 603	148 249	124 030	24 219	20%	372 090
Other revenue		-	30 689	-	10 863	17 876	10 230	7 647	75%	30 689
Government - operating		-	123 618	-	618	50 407	41 206	9 200	22%	123 618
Government - capital		-	39 827	-	3 200	17 564	13 276	4 288	32%	39 827
Interest		-	21 498	-	1 458	4 959	7 166	(2 207)	-31%	21 498
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-	(674 270)	-	(63 475)	(242 895)	(224 757)	18 138	-8%	(674 270)
Finance charges		-	(3 021)	-	(289)	(1 103)	(1 007)	96	-10%	(3 021)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	74 823	-	2 958	75 830	24 941	(50 889)	-204%	74 823
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)	-	(3 509)	(17 309)	(22 582)	(5 273)	23%	(67 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(67 745)	-	(3 509)	(17 309)	(22 582)	(5 273)	23%	(67 745)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	(13 247)	-	(561)	(2 297)	(4 416)	(2 119)	48%	(13 247)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(13 247)	-	(561)	(2 297)	(4 416)	(2 119)	48%	(13 247)
NET INCREASE/ (DECREASE) IN CASH HELD		-	(6 169)	-	(1 112)	56 224	(2 056)			(6 169)
Cash/cash equivalents at beginning:		-	59 729	-		94 315	59 729			94 315
Cash/cash equivalents at month/year end:		-	53 561	-		150 539	57 673			88 146

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 period July 2018 to October 2018 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M04 October 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	-	10 377	101 424	58 922	42 502	72%	176 766
Service charges	-	400 096	-	32 297	146 402	133 365	13 037	10%	400 096
Investment revenue	-	7 561	-	1 030	2 881	2 520	360	14%	7 561
Transfers and subsidies	-	123 618	-	999	49 377	41 206	8 171	20%	123 618
Other own revenue	-	45 675	-	4 718	13 523	15 225	(1 702)	-11%	45 675
Total Revenue (excluding capital transfers and contributions)	-	753 717	-	49 422	313 607	251 239	62 368	25%	753 717
Employee costs	-	272 802	-	21 101	81 743	90 934	(9 191)	-10%	272 802
Remuneration of Councillors	-	12 784	-	975	3 908	4 261	(353)	-8%	12 784
Depreciation & asset impairment	-	75 357	-	6 127	24 509	25 119	(610)	-2%	75 357
Finance charges	-	3 021	-	300	1 559	1 007	552	55%	3 021
Materials and bulk purchases	-	269 933	-	20 672	96 957	89 978	6 980	8%	269 933
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	-	162 887	-	9 609	28 191	54 296	(26 105)	-48%	162 887
Total Expenditure	-	796 785	-	58 784	236 867	265 595	(28 728)	-11%	796 785
Surplus/(Deficit)	-	(43 068)	-	(9 362)	76 740	(14 356)	91 096	-635%	(43 068)
Transfers and subsidies - capital (monetary alloc	-	39 827	-	1 202	10 068	13 276	(3 207)	-24%	39 827
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	(3 241)	-	(8 161)	86 808	(1 080)	87 888	-8135%	(3 241)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	(3 241)	-	(8 161)	86 808	(1 080)	87 888	-8135%	(3 241)
Capital expenditure & funds sources									
Capital expenditure	-	67 745	-	3 051	15 051	22 582	(7 531)	-33%	67 745
Capital transfers recognised	-	34 682	-	2 585	8 915	11 561	(2 646)	-23%	34 682
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	33 063	-	466	6 136	11 021	(4 885)	-44%	33 063
Total sources of capital funds	-	67 745	-	3 051	15 051	22 582	(7 531)	-33%	67 745
Financial position									
Total current assets	-	131 820	-	-	297 503	-	-	-	131 820
Total non current assets	-	2 442 954	-	-	2 265 386	-	-	-	2 442 954
Total current liabilities	-	133 877	-	-	138 372	-	-	-	133 877
Total non current liabilities	-	183 244	-	-	185 566	-	-	-	183 244
Community wealth/Equity	-	2 257 653	-	-	2 238 951	-	-	-	2 257 653
Cash flows									
Net cash from (used) operating	-	74 823	-	2 958	75 830	24 941	(50 889)	-204%	74 823
Net cash from (used) investing	-	(67 745)	-	(3 509)	(17 309)	(22 582)	(5 273)	23%	(67 745)
Net cash from (used) financing	-	(13 247)	-	(561)	(2 297)	(4 416)	(2 119)	48%	(13 247)
Cash/cash equivalents at the month/year end	-	53 561	-	-	150 539	57 673	(92 865)	-161%	88 146
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	33 897	7 805	26 132	4 450	3 644	3 837	12 091	94 512	186 369
Creditors Age Analysis									
Total Creditors	24 462	740	66	468	507	467	3 093	51 164	80 967

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) – M04 October 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
Revenue - Functional								
Governance and administration	314,268	-	12,660	157,500	104,756	52,744	50%	314,268
Executive and council	26	-	-	0	9	(8)	-96%	26
Finance and administration	314,242	-	12,660	157,500	104,747	52,752	50%	314,242
Internal audit	-	-	-	-	-	-	-	-
Community and public safety	15,404	-	1,480	3,691	5,135	(1,444)	-28%	15,404
Community and social services	2,458	-	31	114	819	(706)	-86%	2,458
Sport and recreation	9,151	-	650	2,306	3,050	(744)	-24%	9,151
Public safety	1,869	-	1	5	623	(618)	-99%	1,869
Housing	-	-	-	-	-	-	-	-
Health	1,927	-	798	1,266	642	624	97%	1,927
Economic and environmental services	17,367	-	2,151	6,253	5,789	464	8%	17,367
Planning and development	6,312	-	232	1,945	2,104	(159)	-8%	6,312
Road transport	10,005	-	1,933	4,682	3,335	1,347	40%	10,005
Environmental protection	1,050	-	(14)	(373)	350	(723)	-207%	1,050
Trading services	446,060	-	34,332	156,228	148,687	7,541	5%	446,060
Energy sources	258,381	-	19,840	84,337	86,127	(1,790)	-2%	258,381
Water management	70,200	-	3,341	25,787	23,400	2,387	10%	70,200
Waste water management	72,456	-	6,542	25,919	24,152	1,767	7%	72,456
Waste management	45,023	-	4,609	20,185	15,008	5,177	34%	45,023
Other	445	-	-	4	148	(145)	-98%	445
Total Revenue - Functional	793,544	-	50,623	323,675	264,515	59,161	22%	793,544
Expenditure - Functional								
Governance and administration	189,348	-	14,408	46,516	63,116	(16,600)	-26%	189,348
Executive and council	52,250	-	3,197	10,417	17,417	(7,000)	-40%	52,250
Finance and administration	137,097	-	11,211	36,099	45,699	(9,600)	-21%	137,097
Internal audit	-	-	-	-	-	-	-	-
Community and public safety	86,538	-	5,414	21,821	28,846	(7,025)	-24%	86,538
Community and social services	9,483	-	687	2,712	3,161	(449)	-14%	9,483
Sport and recreation	46,668	-	2,716	11,019	15,556	(4,537)	-29%	46,668
Public safety	21,090	-	1,491	6,021	7,030	(1,009)	-14%	21,090
Housing	3,531	-	198	790	1,177	(387)	-33%	3,531
Health	5,767	-	321	1,279	1,922	(643)	-33%	5,767
Economic and environmental services	101,757	-	6,659	29,089	33,919	(4,830)	-14%	101,757
Planning and development	33,954	-	1,552	8,644	11,318	(2,674)	-24%	33,954
Road transport	67,770	-	5,379	20,222	22,590	(2,369)	-10%	67,770
Environmental protection	33	-	(273)	223	11	212	1954%	33
Trading services	415,110	-	32,285	139,264	138,370	894	1%	415,110
Energy sources	248,404	-	16,834	88,094	82,801	5,292	6%	248,404
Water management	80,154	-	7,589	23,931	26,718	(2,787)	-10%	80,154
Waste water management	41,745	-	4,309	14,967	13,915	1,052	8%	41,745
Waste management	44,808	-	3,553	12,272	14,936	(2,664)	-18%	44,808
Other	4,032	-	19	177	1,344	(1,167)	-87%	4,032
Total Expenditure - Functional	796,785	-	58,784	236,867	265,595	(28,728)	-11%	796,785
Surplus/ (Deficit) for the year	(3,241)	-	(8,161)	86,808	(1,080)	87,888	-8135%	(3,241)

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 – M04 October 2018)

Vote Description	Budget Year 2018/19							
	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	-	11,815	152,601	103,566	49,036	47,3%	310,697
Vote 3 - CORPORATE SERVICES	26	-	235	403	9	394	4597,5%	26
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	3,316	-	285	1,255	1,105	150	13,5%	3,316
Vote 5 - INFRASTRUCTURE AND ENGINEERING	405,491	-	29,703	139,875	135,164	4,711	3,5%	405,491
Vote 6 - COMMUNITY SERVICES	17,634	-	3,042	6,537	5,878	659	11,2%	17,634
Vote 7 - COMMUNITY SERVICES (CONTINUED)	56,380	-	5,543	23,005	18,793	4,211	22,4%	56,380
Total Revenue by Vote	793,544	-	50,623	323,675	264,515	59,161	22,4%	793,544
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	33,404	-	2,596	8,396	11,135	(2,739)	-24,6%	33,404
Vote 2 - FINANCIAL SERVICES	79,397	-	5,396	16,190	26,466	(10,276)	-38,8%	79,397
Vote 3 - CORPORATE SERVICES	49,336	-	3,588	12,560	16,445	(3,886)	-23,6%	49,336
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22,307	-	1,061	4,429	7,436	(3,007)	-40,4%	22,307
Vote 5 - INFRASTRUCTURE AND ENGINEERING	455,521	-	34,669	151,604	151,840	(236)	-0,2%	455,521
Vote 6 - COMMUNITY SERVICES	51,470	-	3,504	13,758	17,157	(3,398)	-19,8%	51,470
Vote 7 - COMMUNITY SERVICES (CONTINUED)	105,349	-	7,971	29,930	35,116	(5,186)	-14,8%	105,349
Total Expenditure by Vote	796,785	-	58,784	236,867	265,595	(28,728)	-10,8%	796,785
Surplus/ (Deficit) for the year	(3,241)	-	(8,161)	86,808	(1,080)	87,888	-8135,1%	(3,241)

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) – M04 October 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
Revenue By Source								
Property rates	176,766	–	10,377	101,424	58,922	42,502	72%	176,766
Service charges - electricity revenue	247,165	–	19,385	85,684	82,388	3,296	4%	247,165
Service charges - water revenue	67,702	–	5,268	26,183	22,567	3,616	16%	67,702
Service charges - sanitation revenue	41,658	–	3,454	15,723	13,886	1,837	13%	41,658
Service charges - refuse revenue	43,571	–	4,190	18,812	14,524	4,289	30%	43,571
Service charges - other	–	–	–	–	–	–		–
Rental of facilities and equipment	1,881	–	(185)	178	627	(449)	-72%	1,881
Interest earned - external investments	7,561	–	1,030	2,881	2,520	360	14%	7,561
Interest earned - outstanding debtors	14,986	–	824	2,351	4,995	(2,644)	-53%	14,986
Dividends received	–	–	–	–	–	–		–
Fines, penalties and forfeits	4,230	–	624	1,769	1,410	359	25%	4,230
Licences and permits	16,661	–	2,417	6,362	5,554	808	15%	16,661
Agency services	–	–	–	–	–	–		–
Transfers and subsidies	123,618	–	999	49,377	41,206	8,171	20%	123,618
Other revenue	7,917	–	1,039	2,863	2,639	224	9%	7,917
Gains on disposal of PPE	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)	753,717	–	49,422	313,607	251,239	62,368	25%	753,717
Expenditure By Type								
Employee related costs	272,802	–	21,101	81,743	90,934	(9,191)	-10%	272,802
Remuneration of councillors	12,784	–	975	3,908	4,261	(353)	-8%	12,784
Debt impairment	41,429	–	–	1	13,810	(13,809)	-100%	41,429
Depreciation & asset impairment	75,357	–	6,127	24,509	25,119	(610)	-2%	75,357
Finance charges	3,021	–	300	1,559	1,007	552	55%	3,021
Bulk purchases	241,476	–	17,936	88,777	80,492	8,285	10%	241,476
Other materials	28,458	–	2,735	8,180	9,486	(1,306)	-14%	28,458
Contracted services	45,111	–	3,069	8,768	15,037	(6,269)	-42%	45,111
Transfers and subsidies	–	–	–	–	–	–		–
Other expenditure	76,346	–	6,540	19,422	25,449	(6,027)	-24%	76,346
Loss on disposal of PPE	–	–	–	–	–	–		–
Total Expenditure	796,785	–	58,784	236,867	265,595	(28,728)	-11%	796,785
Surplus/(Deficit)	(43,068)	–	(9,362)	76,740	(14,356)	91,096	(0)	(43,068)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39,827	–	1,202	10,068	13,276	(3,207)	(0)	39,827
Transfers and subsidies - capital (monetary allocations) (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)	–	(8,161)	86,808	(1,080)			(3,241)
Taxation	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation	(3,241)	–	(8,161)	86,808	(1,080)			(3,241)
Attributable to minorities	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality	(3,241)	–	(8,161)	86,808	(1,080)			(3,241)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	(3,241)	–	(8,161)	86,808	(1,080)			(3,241)

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) – M04 October 2018

Vote Description	Budget Year 2018/19							
	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	–	23	144	287	(142)	-50%	860
Vote 2 - FINANCIAL SERVICES	1,507	–	22	184	502	(318)	-63%	1,507
Vote 3 - CORPORATE SERVICES	2,309	–	52	86	770	(684)	-89%	2,309
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4,211	–	–	50	1,404	(1,354)	-96%	4,211
Vote 5 - INFRASTRUCTURE AND ENGINEERING	46,545	–	2,826	14,265	15,515	(1,250)	-8%	46,545
Vote 6 - COMMUNITY SERVICES	1,644	–	35	226	548	(322)	-59%	1,644
Vote 7 - COMMUNITY SERVICES (CONTINUED)	10,669	–	94	95	3,556	(3,461)	-97%	10,669
Total Capital single-year expenditure	67,745	–	3,051	15,051	22,582	(7,531)	-33%	67,745
Total Capital Expenditure	67,745	–	3,051	15,051	22,582	(7,531)	-33%	67,745
Capital Expenditure - Functional Classification								
Governance and administration	5,346	–	168	486	1,782	(1,296)	-73%	5,346
Executive and council	985	–	76	197	328	(131)	-40%	985
Finance and administration	4,361	–	91	288	1,454	(1,165)	-80%	4,361
Internal audit	–	–	–	–	–	–	–	–
Community and public safety	7,368	–	58	250	2,456	(2,206)	-90%	7,368
Community and social services	679	–	47	49	226	(177)	-78%	679
Sport and recreation	5,489	–	10	10	1,830	(1,820)	-99%	5,489
Public safety	200	–	–	191	67	124	186%	200
Housing	1,000	–	–	–	333	(333)	-100%	1,000
Health	–	–	–	–	–	–	–	–
Economic and environmental services	6,159	–	2	77	2,053	(1,976)	-96%	6,159
Planning and development	3,509	–	2	52	1,170	(1,118)	-96%	3,509
Road transport	2,650	–	–	25	883	(859)	-97%	2,650
Environmental protection	–	–	–	–	–	–	–	–
Trading services	48,872	–	2,824	14,239	16,291	(2,052)	-13%	48,872
Energy sources	12,905	–	99	2,232	4,302	(2,070)	-48%	12,905
Water management	1,715	–	–	3,289	572	2,718	475%	1,715
Waste water management	28,977	–	2,585	8,577	9,659	(1,082)	-11%	28,977
Waste management	5,275	–	140	140	1,758	(1,618)	-92%	5,275
Other	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	67,745	–	3,051	15,051	22,582	(7,531)	-33%	67,745
Funded by:								
National Government	34,682	–	2,585	8,915	11,561	(2,646)	-23%	34,682
Provincial Government	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–
Transfers recognised - capital	34,682	–	2,585	8,915	11,561	(2,646)	-23%	34,682
Public contributions & donations	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–
Internally generated funds	33,063	–	466	6,136	11,021	(4,885)	-44%	33,063
Total Capital Funding	67,745	–	3,051	15,051	22,582	(7,531)	-33%	67,745

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 – M04 October 2018

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		–	5 356	–	50 818	5 356
Call investment deposits		–	48 205	–	99 720	48 205
Consumer debtors		–	42 559	–	123 003	42 559
Other debtors		–	31 184	–	17 294	31 184
Current portion of long-term receivables		–	3	–	–	3
Inventory		–	4 513	–	6 666	4 513
Total current assets		–	131 820	–	297 503	131 820
Non current assets						
Long-term receivables		–	65	–	–	65
Investments		–	–	–	–	–
Investment property		–	285 199	–	283 612	285 199
Investments in Associate		–	–	–	–	–
Property, plant and equipment		–	2 157 628	–	1 981 129	2 157 628
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		–	62	–	302	62
Other non-current assets		–	–	–	343	–
Total non current assets		–	2 442 954	–	2 265 386	2 442 954
TOTAL ASSETS		–	2 574 775	–	2 562 889	2 574 775
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	13 247	–	8 944	13 247
Consumer deposits		–	10 479	–	15 241	10 479
Trade and other payables		–	87 054	–	91 503	87 054
Provisions		–	23 097	–	22 684	23 097
Total current liabilities		–	133 877	–	138 372	133 877
Non current liabilities						
Borrowing		–	23 112	–	23 600	23 112
Provisions		–	160 132	–	161 966	160 132
Total non current liabilities		–	183 244	–	185 566	183 244
TOTAL LIABILITIES		–	317 122	–	323 938	317 122
NET ASSETS	2	–	2 257 653	–	2 238 951	2 257 653
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		–	2 257 653	–	2 238 951	2 257 653
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	2 257 653	–	2 238 951	2 257 653

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 – M04 October 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	-	15 979	80 773	54 798	25 975	47%	164 393
Service charges		-	372 090	-	34 603	148 249	124 030	24 219	20%	372 090
Other revenue		-	30 689	-	10 863	17 876	10 230	7 647	75%	30 689
Government - operating		-	123 618	-	618	50 407	41 206	9 200	22%	123 618
Government - capital		-	39 827	-	3 200	17 564	13 276	4 288	32%	39 827
Interest		-	21 498	-	1 458	4 959	7 166	(2 207)	-31%	21 498
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-	(674 270)	-	(63 475)	(242 895)	(224 757)	18 138	-8%	(674 270)
Finance charges		-	(3 021)	-	(289)	(1 103)	(1 007)	96	-10%	(3 021)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	74 823	-	2 958	75 830	24 941	(50 889)	-204%	74 823
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)	-	(3 509)	(17 309)	(22 582)	(5 273)	23%	(67 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(67 745)	-	(3 509)	(17 309)	(22 582)	(5 273)	23%	(67 745)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	(13 247)	-	(561)	(2 297)	(4 416)	(2 119)	48%	(13 247)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(13 247)	-	(561)	(2 297)	(4 416)	(2 119)	48%	(13 247)
NET INCREASE/ (DECREASE) IN CASH HELD		-	(6 169)	-	(1 112)	56 224	(2 056)			(6 169)
Cash/cash equivalents at beginning:		-	59 729	-		94 315	59 729			94 315
Cash/cash equivalents at month/year end:		-	53 561	-		150 539	57 673			88 146

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.

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 October 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 October 2018

Description	Budget Year 2018/19									
	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	9 468	2 017	3 403	1 572	1 281	1 368	4 055	20 447	43 611	
Trade and Other Receivables from Exchange Transactions - Electricity	17 639	1 204	2 880	393	282	345	994	6 629	30 367	
Receivables from Non-exchange Transactions - Property Rates	8 274	1 597	14 106	398	312	274	1 286	19 507	45 754	
Receivables from Exchange Transactions - Waste Water Management	4 977	1 057	1 596	703	544	537	1 609	9 069	20 094	
Receivables from Exchange Transactions - Waste Management	4 562	1 247	1 137	955	817	746	2 255	12 370	24 089	
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1	
Interest on Arrear Debtor Accounts	82	103	310	101	108	132	664	18 459	19 959	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	
Other	(11 105)	579	2 701	328	301	434	1 228	8 029	2 495	
Total By Income Source	33 897	7 805	26 132	4 450	3 644	3 837	12 091	94 512	186 369	
									-	
Debtors Age Analysis By Customer Group										
Organs of State	868	349	4 086	98	31	22	112	2 423	7 990	
Commercial	5 505	538	458	122	115	110	620	2 926	10 394	
Households	27 524	6 918	21 588	4 230	3 498	3 705	11 360	89 163	167 985	
Other	-	-	-	-	-	-	-	-	-	
Total By Customer Group	33 897	7 805	26 132	4 450	3 644	3 837	12 091	94 512	186 369	

The aforementioned analysis indicates that from 30 June 2018 to 31 October 2018, the overdue debts have increased from R 125,064 million to R 152,472 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	30-Jun-18	31-Oct-18	Difference
Trade and Other Receivables from Exchange Transactions - Water	29 432	34 143	4 712
Trade and Other Receivables from Exchange Transactions - Electricity	10 819	12 728	1 909
Receivables from Non-exchange Transactions - Property Rates	25 500	37 480	11 980
Receivables from Exchange Transactions - Waste Water Management	13 015	15 116	2 101
Receivables from Exchange Transactions - Waste Management	16 704	19 527	2 823
Receivables from Exchange Transactions - Property Rental Debtors	1	1	-
Interest on Arrear Debtor Accounts	18 860	19 877	1 017
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-
Other	10 736	13 600	2 864
Total By Income Source	125 064	152 472	27 407
Debtors Age Analysis By Customer Group			
Organs of State	3 128	7 122	3 994
Commercial	5 137	4 889	(248)
Households	116 799	140 460	23 661
Other	-	-	-
Total By Customer Group	125 064	152 472	27 407

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	16,350		52	0	(1)				16,402
Bulk Water	1,141	450		467	498	429	3,093	51,073	57,151
PAYE deductions	3,247								3,247
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	3,723	290	14	1	10	38		92	4,167
Auditor General									-
Other									-
Total By Customer Type	24,462	740	66	468	507	467	3,093	51,164	80,967

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

Eskom	R 16,402 million
NMBM (Bulk water)	R 57,151 million
SARS-PAYE	R 3,247 million
Other Creditors	<u>R 4,167 million</u>
TOTAL	<u>R 80,967 million</u>

It is to be noted that the Eskom amount of R 16,350 million, represents the current account for October 2018, which will be paid fully on 20 November 2018.

The PAYE deductions represent employee related costs for the month of October 2018, with the amounts in question being paid on 2 November 2018 to SARS.

The municipality received a significant bulk water account in May 2016. According to the Nelson Mandela Bay Municipality, the Kouga municipality was incorrectly billed from December 2012 to April 2016.

The Kouga municipality's bulk water account was accordingly adjusted to reflect the correct billing for the aforementioned period, based on the relevant meter readings.

3. Investment Portfolio

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

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 October 2018
Standard Bank	18 653 721	-	399 185	-	-	19 052 905
ABSA	25 806 825	-	551 654	-	141	26 358 337
Nedbank	19 520 160	-	421 068	-	-	19 941 229
RMB	5 885 309	17 941 107	276 377	10 366 220	-	13 736 573
INVESTEC	20 188 841	-	442 406	-	-	20 631 247
Total	90 054 856	17 941 107	2 090 690	-10 366 220	-141	99 720 292
INVESTMENT	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 October 2018
General Account	85 725 571	1 602 623	1 856 096	-	141	89 184 149
Conditional Grants	1 359 363	16 338 483	172 563	10 366 220	-	7 504 190
Housing Funds	2 969 923	-	62 031	-	-	3 031 953
Total	90 054 856	17 941 107	2 090 690	-10 366 220	-141	99 720 292
Bank	4 259 847	46 558 531				50 818 379
Total	94 314 704	64 499 638	2 090 690	-10 366 220	-141	150 538 671

The increase in the investment portfolio since 30 June 2018 amounts to R 56,223,967. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 50,818,379
Short-term Investment Deposits	R 99,720,292
	<u>R 150,538,671</u>

Application of Cash

Unspent Conditional Grants	10,536,143
Internally Generated Funds	36,004,671
Outstanding Creditors Liability	<u>80,967,269</u>
	<u>127,508,083</u>

Reserves in excess of Commitments **R 23,030,588**

The cash backed reserves exceed the commitments at this stage by an amount of R 23,030,588. It should be noted that the excess of reserves over commitments as at 31 October 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 – M04 October 2018

Description	Budget Year 2018/19						
	Original 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	–	49 739	49 739	–		117 493
Local Government Equitable Share	113 151	–	47 146	47 146	–		113 151
Finance Management	1 770	–	1 770	1 770	–		1 770
MIG - Administration Fees	1 559	–	568	568	–		1 559
EPWP Incentive	1 013	–	255	255	–		1 013
Provincial Government:	2 050	–	–	–	–		2 050
Sport and Recreation	2 050	–	–	–	–		2 050
District Municipality:	2 210	618	1 681	1 681	–		2 210
Local Economic Development	445	–	445	445	–		445
Environmental Health Subsidy	1 765	618	1 236	1 236	–		1 765
Other grant providers:	1 865	–	–	–	–		1 865
Fire Subsidy	1 865	–	–	–	–		1 865
Total Operating Transfers and Grants	123 618	618	51 420	51 420	–		123 618
Capital Transfers and Grants							
National Government:	39 827	3 200	16 996	16 996	–		39 827
Municipal Infrastructure Grant (MIG)	29 627	–	10 796	10 796	–		29 627
Intergrated National Electrification Programme	10 200	3 200	6 200	6 200	–		10 200
Total Capital Transfers and Grants	39 827	3 200	16 996	16 996	–		39 827
TOTAL RECEIPTS OF TRANSFERS & GRANTS	163 445	3 818	68 416	68 416	–		163 445

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M04 October 2018

Description	Budget Year 2018/19						
	Original 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	303	48 518	48 593	(76)	-0.2%	117 493
Local Government Equitable Share	113 151	–	47 146	47 146	–		113 151
Finance Management	1 770	54	406	590	(184)	-31.2%	1 770
MIG - Administration Fees	1 559	130	515	520	(5)	-0.9%	1 559
EPWP Incentive	1 013	119	451	338	113	33.5%	1 013
Provincial Government:	2 050	–	–	683	(683)	-100.0%	2 050
Sport and Recreation	2 050	–	–	683	(683)	-100.0%	2 050
District Municipality:	2 210	–	–	737	(737)	-100.0%	2 210
Local Economic Development	445	–	–	148	(148)	-100.0%	445
Environmental Health Subsidy	1 765	–	–	588	(588)	-100.0%	1 765
Other grant providers:	1 865	–	–	622	(622)	-100.0%	1 865
Fire Subsidy	1 865	–	–	622	(622)	-100.0%	1 865
Total operating expenditure of Transfers and Grants:	123 618	303	48 518	50 635	(2 117)	-4.2%	123 618
Capital expenditure of Transfers and Grants							
National Government:	39 827	2 973	10 068	13 276	(3 207)	-24.2%	39 827
Municipal Infrastructure Grant (MIG)	29 627	2 973	9 864	9 876	(12)	-0.1%	29 627
Intergrated National Electrification Programme	10 200	–	204	3 400	(3 196)	-94.0%	10 200
Total capital expenditure of Transfers and Grants	39 827	2 973	10 068	13 276	(3 207)	-24.2%	39 827
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	163 445	3 276	58 586	63 911	(5 325)	-8.3%	163 445

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 1,770,000
Expenditure to date:	R 406,005
Unspent as at 31 October 2018:	R 1,363,995

The spending of the grant amounted to 22,94% as at 31 October 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 1,013,000
Amount of Grant Received:	R 255,000
Expenditure to date:	R 450,810
Overspent as at 31 October 2018:	R -195,810

The spending of the grant amounted to 176,79% as at 31 October 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 31,186,000
Amount of Grant Received:	R 11,364,000
Expenditure to date:	R 10,378,815
Unspent as at 31 October 2018:	R 985,185

The spending of the grant amounted to 91,33% as at 31 October 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 6,200,000
Expenditure to date:	R 204,483
Unspent as at 31 October 2018:	R 5,995,517

The spending of the grant amounted to 3,30% as at 31 October 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 – M04 October 2018

Summary of Employee and Councillor remuneration	Budget Year 2018/19							
	Original Budget	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	9 232		651	2 609	3 077	(468)	-15%	9 232
Motor Vehicle Allowance	2 747		217	870	916	(46)	-5%	2 747
Cellphone Allowance	805		107	429	268	161	60%	805
Sub Total - Councillors	12 784	-	975	3 908	4 261	(353)	-8%	12 784
<u>Senior Managers of the Municipality</u>								
Basic Salaries and Wages	4 434	-	423	2 015	1 478	537	36%	4 434
Pension and UIF Contributions		-	1	4	-	4		
Motor Vehicle Allowance		-	58	245	-	245		
Cellphone Allowance		-	1	7	-	7		
Other benefits and allowances	2 956	-	3	62	985	(923)	-94%	2 956
Sub Total - Senior Managers of Municipality	7 389	-	486	2 334	2 463	(129)	-5%	7 389
<u>Other Municipal Staff</u>								
Basic Salaries and Wages	161 389		13 004	51 290	53 796	(2 506)	-5%	161 389
Pension and UIF Contributions	27 035		2 325	9 194	9 012	182	2%	27 035
Medical Aid Contributions	16 559		1 178	4 717	5 520	(803)	-15%	16 559
Overtime	11 345		2 453	7 546	3 782	3 765	100%	11 345
Annual Bonus	16 117		-	-	5 372	(5 372)	-100%	16 117
Motor Vehicle Allowance	8 701		731	2 597	2 900	(304)	-10%	8 701
Housing Allowances	2 516		54	487	839	(351)	-42%	2 516
Other benefits and allowances	20 864		579	2 957	6 955	(3 997)	-57%	20 864
Payments in lieu of leave			145	319	-	319		
Long service awards	888		146	301	296	5	2%	888
Sub Total - Other Municipal Staff	265 413	-	20 615	79 409	88 471	(9 062)	-10%	265 413
Total Parent Municipality	285 586	-	22 076	85 651	95 195	(9 544)	-10%	285 586
TOTAL SALARY, ALLOWANCES & BENEFITS	285 586	-	22 076	85 651	95 195	(9 544)	-10%	285 586
TOTAL MANAGERS AND STAFF	272 802	-	21 101	81 743	90 934	(9 191)	-10%	272 802

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 October 2018
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	1.61%	1.57%	2.04%	1.44%
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	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.72	0.85	1.13	1.06	0.98	2.15
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.62	0.65	0.40	1.09
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	89,66%

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 October 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	2.47
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	35.27%	37.21%	34.24%	34.51%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	63.84%	81.06%	95%	19,38%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.87%	4.06%	4.65%	3,36%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.24%	1.06%	1.72%	0,40%
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%	84,26%

The above table is discussed in details below.

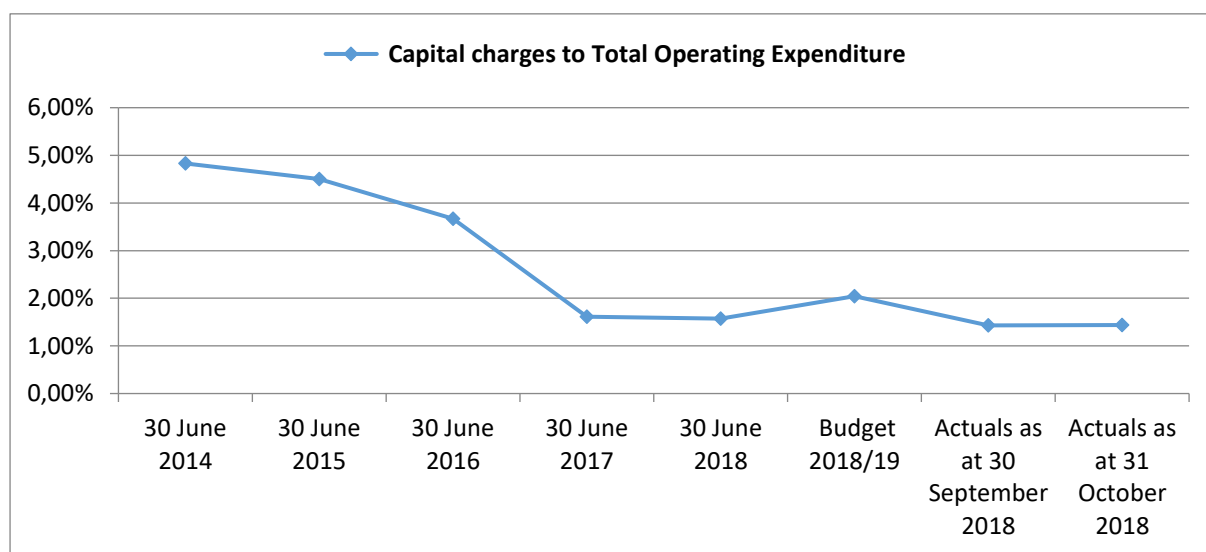
5.1. Borrowing Management

5.1.1. 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 1.44% of the Total Operating Expenditure was utilised for capital charges as at 31 October 2018, compared to the budgeted ratio of 2.04%.



5.1.2. 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.

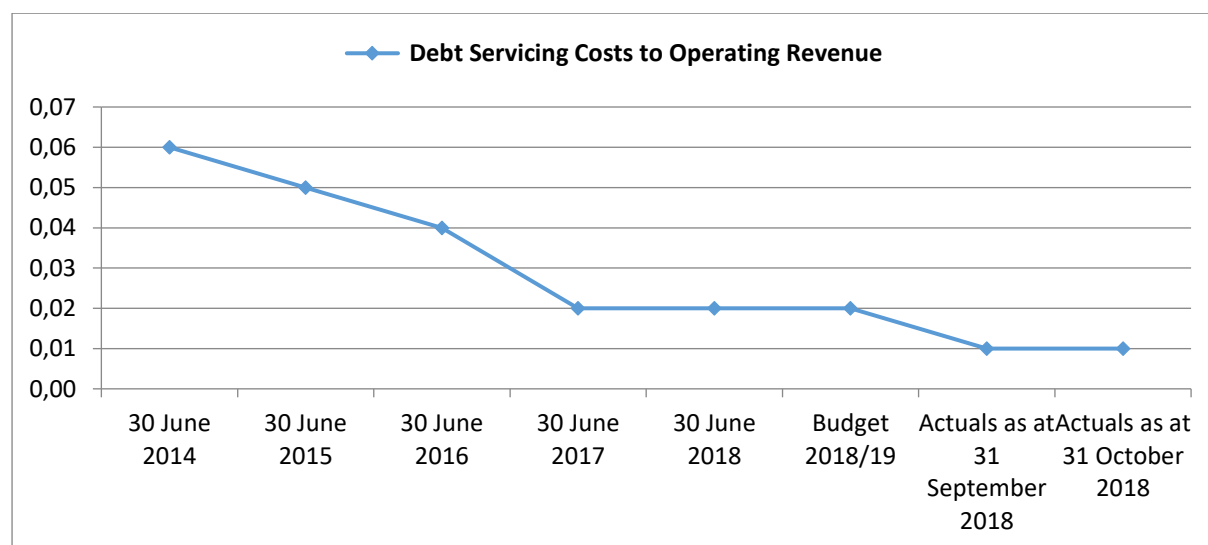
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 October 2018, the ratio was 0.01:1, compared to the budgeted ratio of 0.02:1.



5.2. Liquidity

5.2.1. 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:

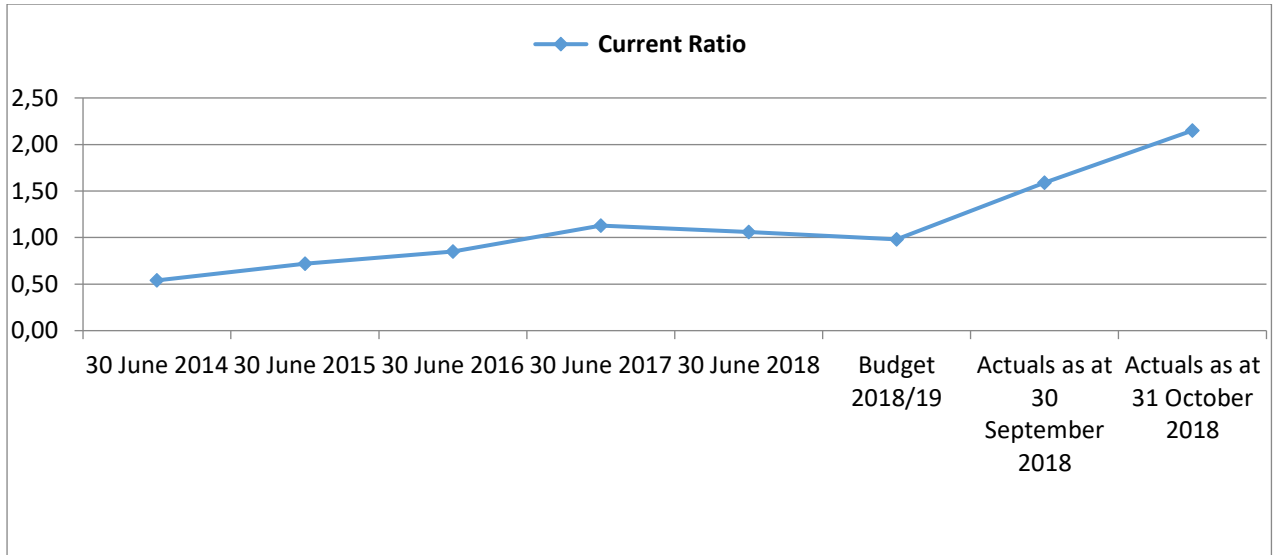
Current assets/Current liabilities

The ratio as at 31 October 2018 was 2.15:1, 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.



5.2.2. Liquidity Ratio

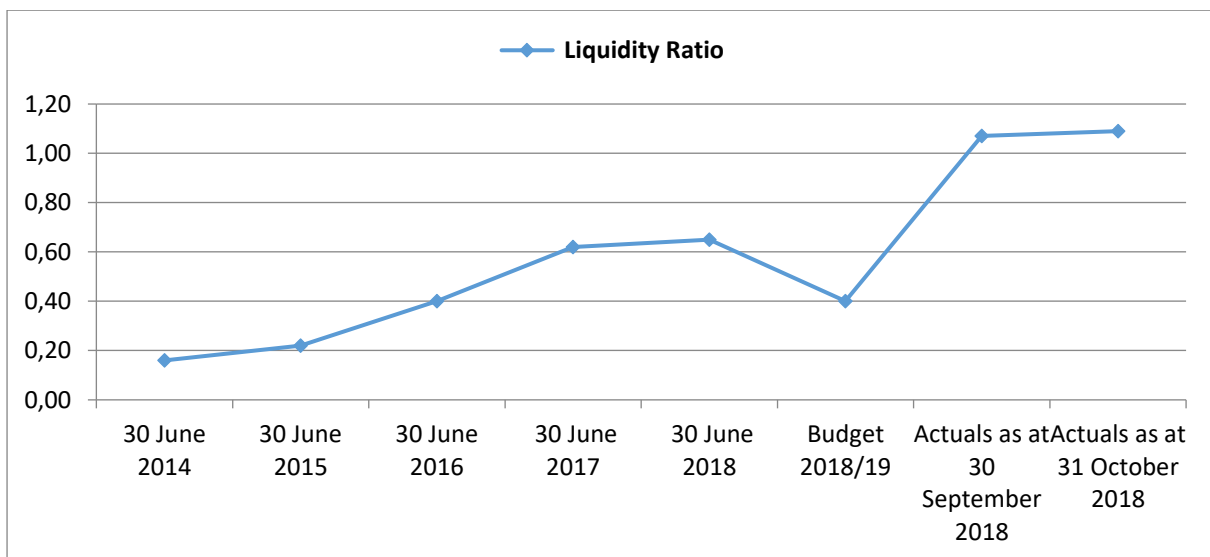
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 October 2018 was 1.09:1, 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.



5.3. Revenue Management

5.3.1. Annual Debtors Collection Rate

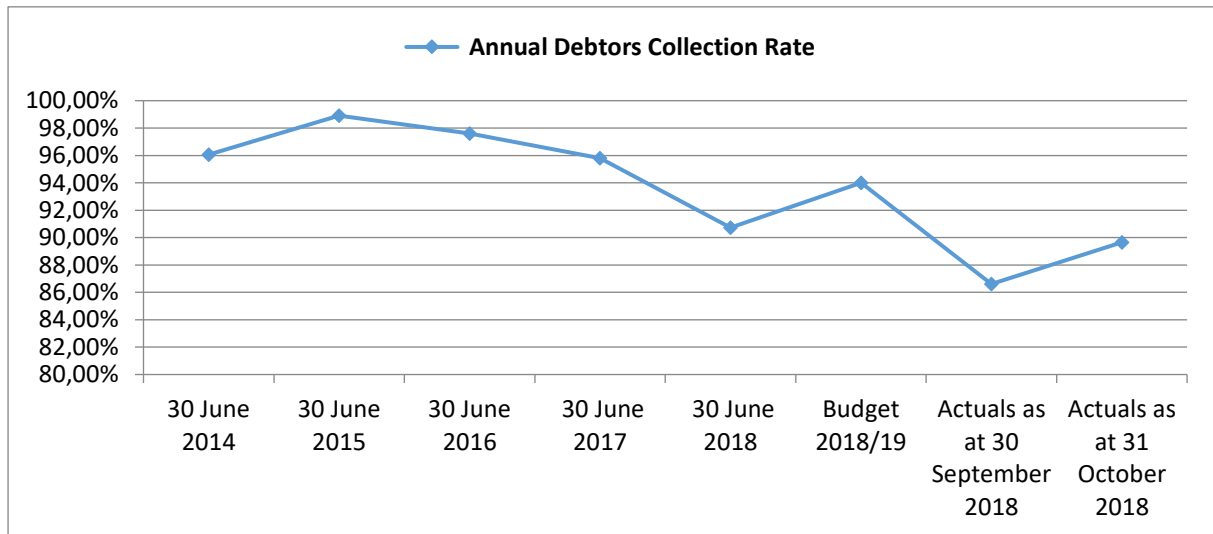
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 October 2018 was 89.66%, compared to the budgeted collection rate of 94%. The collection rate of 89.66% as at 31 October 2018 is influenced by the annual property rates raised in July 2018, 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.



5.4. Other indicators

5.4.1. 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.

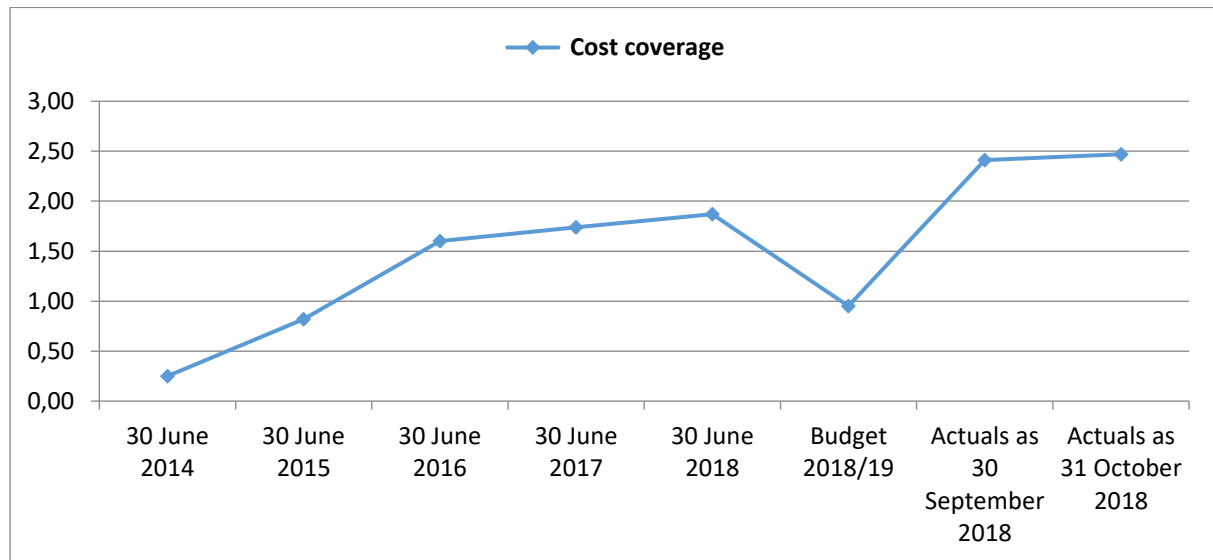
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 October 2018, the Ratio was 2.47 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



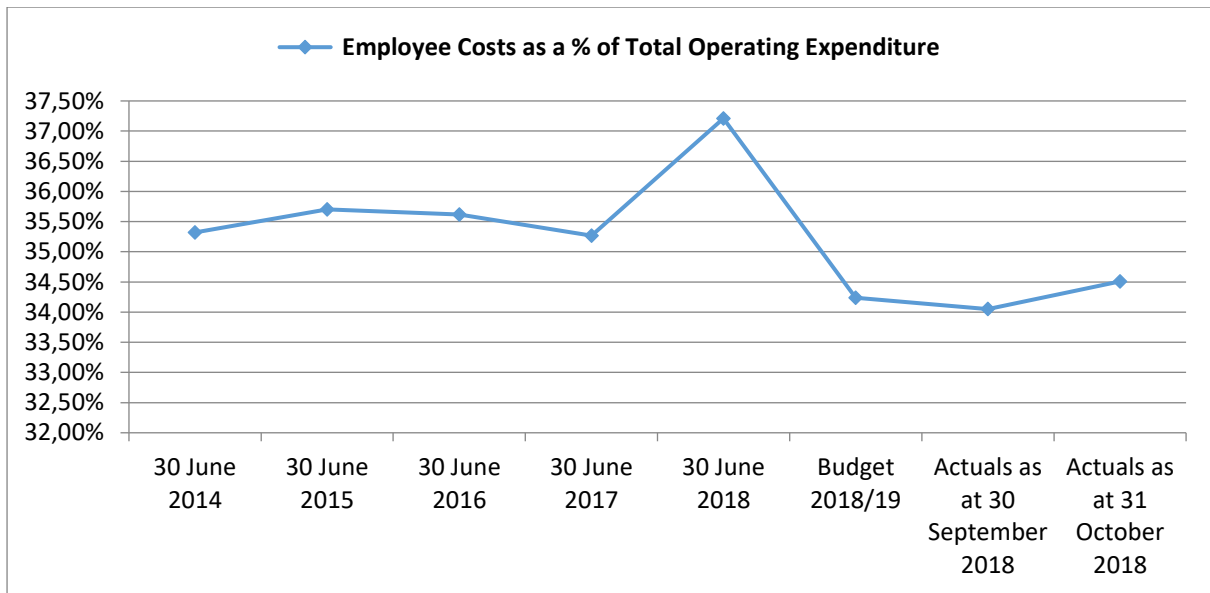
5.4.2. Employee costs as a % of Total Operating Expenditure

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 October 2018, Employee Related Costs constituted 34.51% of the Total Operating Expenditure, compared to the budgeted ratio of 34.24%.



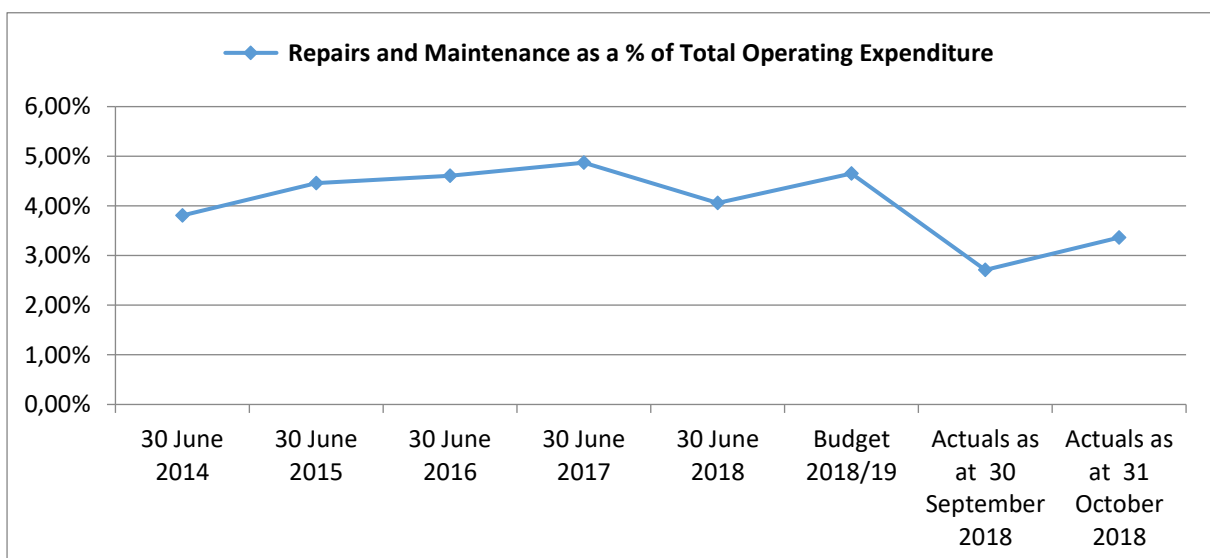
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 October 2018, the ratio was 3.36%, compared to the budgeted ratio of 4.65%.



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

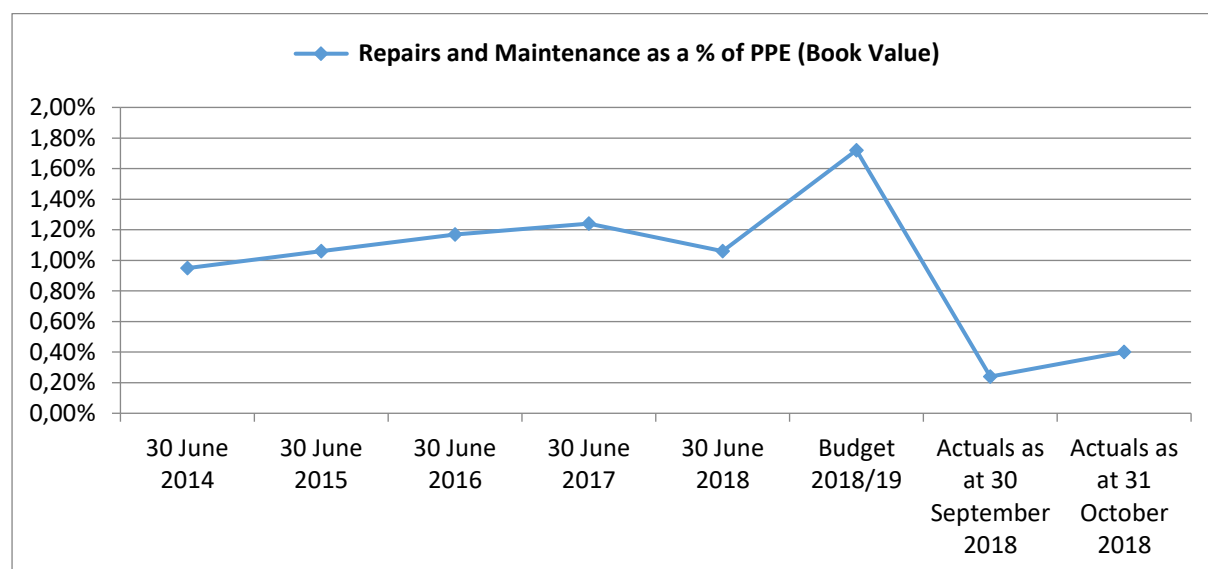
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 October 2018, repairs and maintenance expenditure constituted 0.40% 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%.



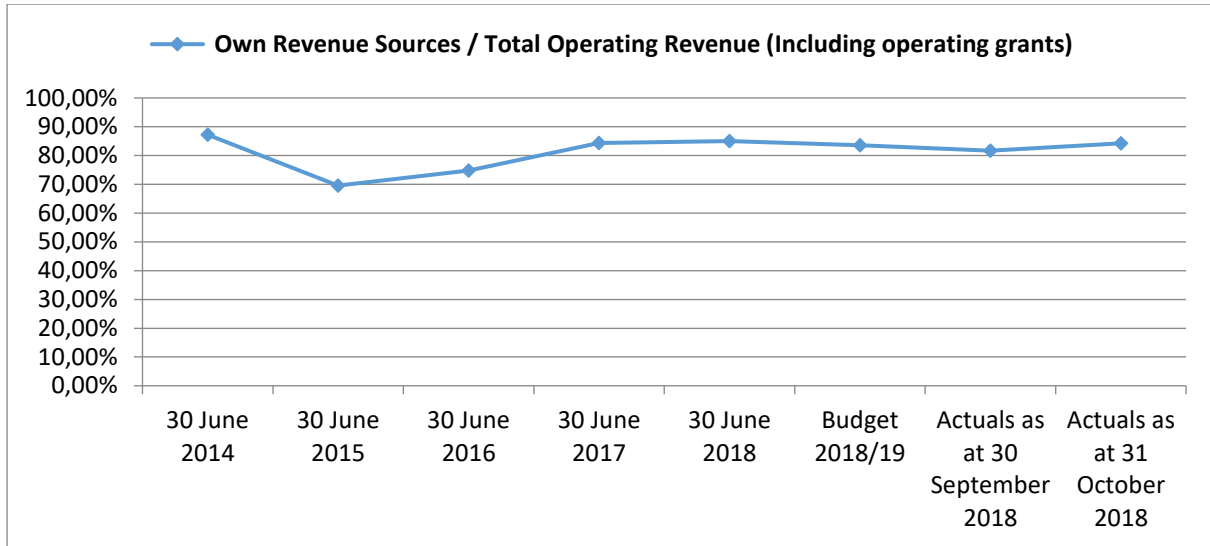
5.4.5. Own Revenue Generation

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 October 2018, the Municipality's own revenue sources constituted 84.26% of its total Operating Income, compared to the budgeted ratio of 83.60%.



5.4.6. 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 October 2018 amounted to 19.38%, compared to the budgeted ratio of 95%.

