

**KOUGA MUNICIPALITY (EC108)**

**PORTFOLIO COMMITTEE MEETING**

**FINANCE**

**MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2018 TO JANUARY 2019 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 JANUARY 2019 (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 January 2019, 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 503,514 million, whilst operating expenditure amounted to R 445,166 million, resulting in an operating surplus of R 58,348 million.
- Capital expenditure constituted 14,28% of the 2018/19 Adjusted Capital Budget. The capital expenditure would have amounted to 39.35%, upon exclusion of the Water Services Infrastructure Grant.
- Overdue consumer debts increased by R 23,042 million (18,42%) since June 2018.

- An amount of R 85,587 million is owing to creditors, of which R 27,363 million (31,97%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 85,329,671 (90,47%) since June 2018, from R 94,314,704 to R 179,644,375.

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

| Ratio  | Actuals as at<br>30 June 2016 | Actuals as at<br>30 June 2017 | Actuals as at<br>30 June 2018 | Actuals as at<br>31 January<br>2018 | Actuals as at<br>31 January<br>2019 | Approved<br>Budget<br>2018/19 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| Current Ratio  | 0.85:1                        | 0.97:1                        | 1.11:1                        | 1.25:1                              | 2.10:1                              | 0.98:1                        |
| Liquidity Ratio  | 0.40:1                        | 0.47:1                        | 0.52:1                        | 0.88:1                              | 1.24:1                              | 0.40:1                        |
| Cost Coverage<br>(Excluding unspent<br>conditional grants)                     | 1.60 months                   | 1.62 months                   | 1.72 months                   | 2.53 months                         | 2.65 months                         | 0.95 months                   |
| Debtors Collection<br>Rate   | 97.60%                        | 95.81%                        | 90.73%                        | 85.63%                              | 94,54%                              | 94%                           |
| Capital Expenditure<br>(Including Water<br>Service<br>Infrastructure<br>Grant) | 81.97%                        | 72.92%                        | 72.98%                        | 24.88%                              | 14,28%                              | 95%                           |
| Capital Expenditure<br>(Excluding Water<br>Service<br>Infrastructure<br>Grant) | 81.97%                        | 72.92%                        | 72.98%                        | 24.88%                              | 39,35%                              | 95%                           |

#### 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 January 2019:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

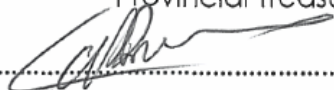
Annexure "A4" – Municipal Monthly Budget Tables

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

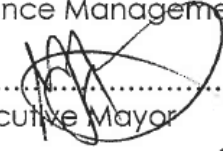
**5. RECOMMENDATION**

- I. 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 accordingly be 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 January 2019.**

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

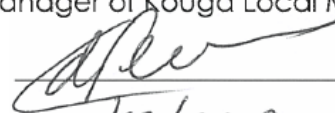
  
.....  
Executive Mayor \_\_\_\_\_

**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    Charl Du Plessis

Municipal Manager of Kouga Local Municipality

Signature    

Date           14/02/2019

## OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019

Below is an analysis of the operating revenue and expenditure performance

| Description  | Budget Year 2018/19 |                               |               |
|--|---------------------|-------------------------------|---------------|
|  | Original Budget     | Actuals as at 31 January 2019 | %             |
| <b>R thousands</b>   |                     |                               |               |
| <b>Revenue By Source</b>   |                     |                               |               |
| Property rates   | 176 766             | 132 474                       | 74.94%        |
| Service charges - electricity revenue                                | 247 165             | 146 578                       | 59.30%        |
| Service charges - water revenue                                      | 67 702              | 43 783                        | 64.67%        |
| Service charges - sanitation revenue                                 | 41 658              | 26 859                        | 64.47%        |
| Service charges - refuse revenue                                     | 43 571              | 31 289                        | 71.81%        |
| Rental of facilities and equipment                                   | 1 881               | 306                           | 16.27%        |
| Interest earned - external investments                               | 7 561               | 5 266                         | 69.64%        |
| Interest earned - outstanding debtors                                | 14 986              | 4 210                         | 28.09%        |
| Fines, penalties and forfeits  | 4 230               | 3 776                         | 89.26%        |
| Licences and permits   | 16 661              | 13 957                        | 83.77%        |
| Transfers and subsidies  | 123 618             | 89 651                        | 72.52%        |
| Other revenue  | 7 917               | 5 367                         | 67.79%        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>753 717</b>      | <b>503 514</b>                | <b>66.80%</b> |
| <b>Expenditure By Type</b>   |                     |                               |               |
| Employee related costs   | 272 802             | 160 396                       | 58.80%        |
| Remuneration of councillors  | 12 784              | 7 057                         | 55.21%        |
| Debt impairment  | 41 429              | 3 130                         | 7.55%         |
| Depreciation & asset impairment                                      | 75 357              | 42 909                        | 56.94%        |
| Finance charges  | 3 021               | 4 045                         | 133.91%       |
| Bulk purchases   | 241 476             | 144 206                       | 59.72%        |
| Other materials  | 28 458              | 15 427                        | 54.21%        |
| Contracted services  | 45 111              | 22 423                        | 49.71%        |
| Other expenditure  | 76 346              | 45 572                        | 59.69%        |
| <b>Total Expenditure</b>   | <b>796 785</b>      | <b>445 166</b>                | <b>55.87%</b> |
| <b>Surplus/(Deficit)</b>   | <b>(43 068)</b>     | <b>58 348</b>                 |               |

The statement of financial performance indicates a surplus of R 58,348 million.

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

## **Revenue Variations**

### Property Rates

As at 31 January 2019, the Municipality has recognised 74,94% 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.

### Service Charges – Refuse revenue

the refuse revenue includes the Environmental Management Fee (EMF) and the revenue is higher than anticipated from refuse removal.

### Rental of Facilities and Equipment

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

### Interest Earned – External Investments

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

### Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 31 January 2019 amounted to R 148,107 million.

### Fines, penalties and forfeits

Fines, penalties and forfeits are largely influenced by a higher than anticipated revenue from traffic fines.

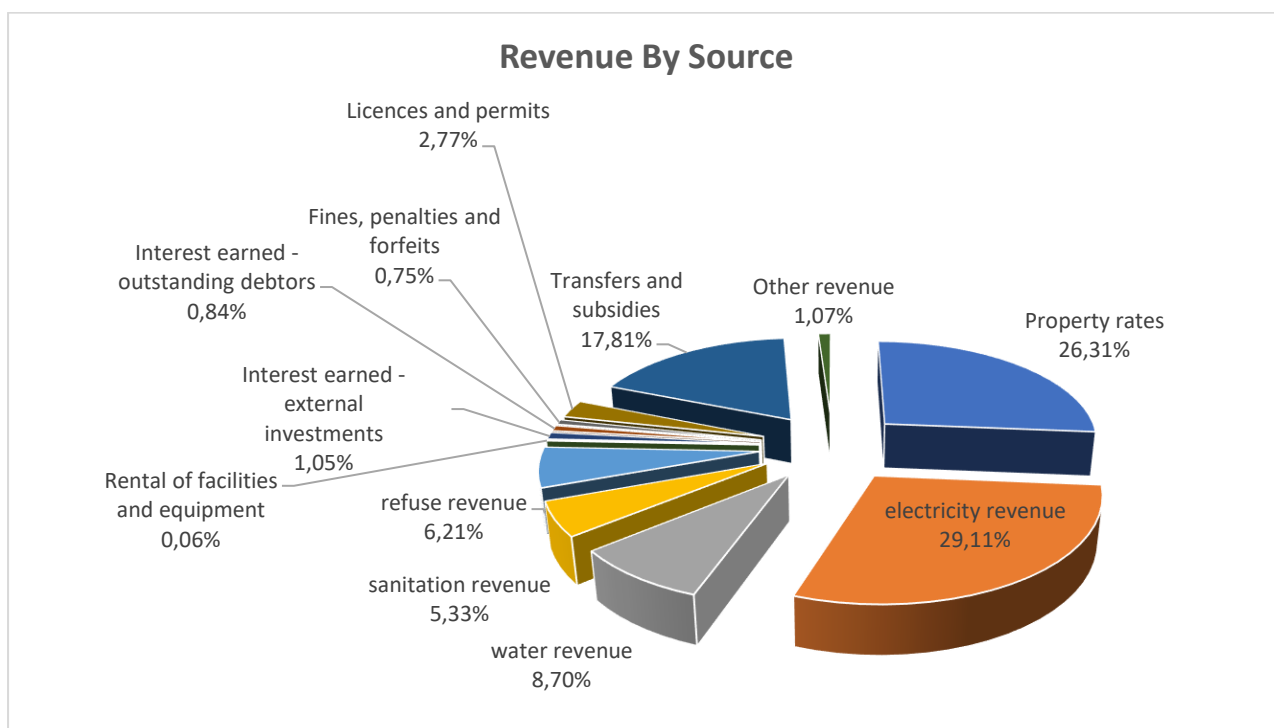
### Licences and permits

Licences and permits are largely influenced by a higher than anticipated revenue from drivers' licence applications.

## Transfers and Subsidies

The following transfers and subsidies have been recognised in the statement of financial performance.

| <b>Grants and Subsidies</b>  | <b>Amount</b>           |
|------------------------------|-------------------------|
| Environmental Health Subsidy | R 1,236 million         |
| Finance Management Grant     | R 0,340 million         |
| Equitable Share Allocation   | R 84,863 million        |
| Library Grant                | R 1,783 million         |
| MIG Administration           | R 0,719 million         |
| EPWP Grant                   | R 0,710 million         |
| <b>Total</b>                 | <b>R 89,651 million</b> |



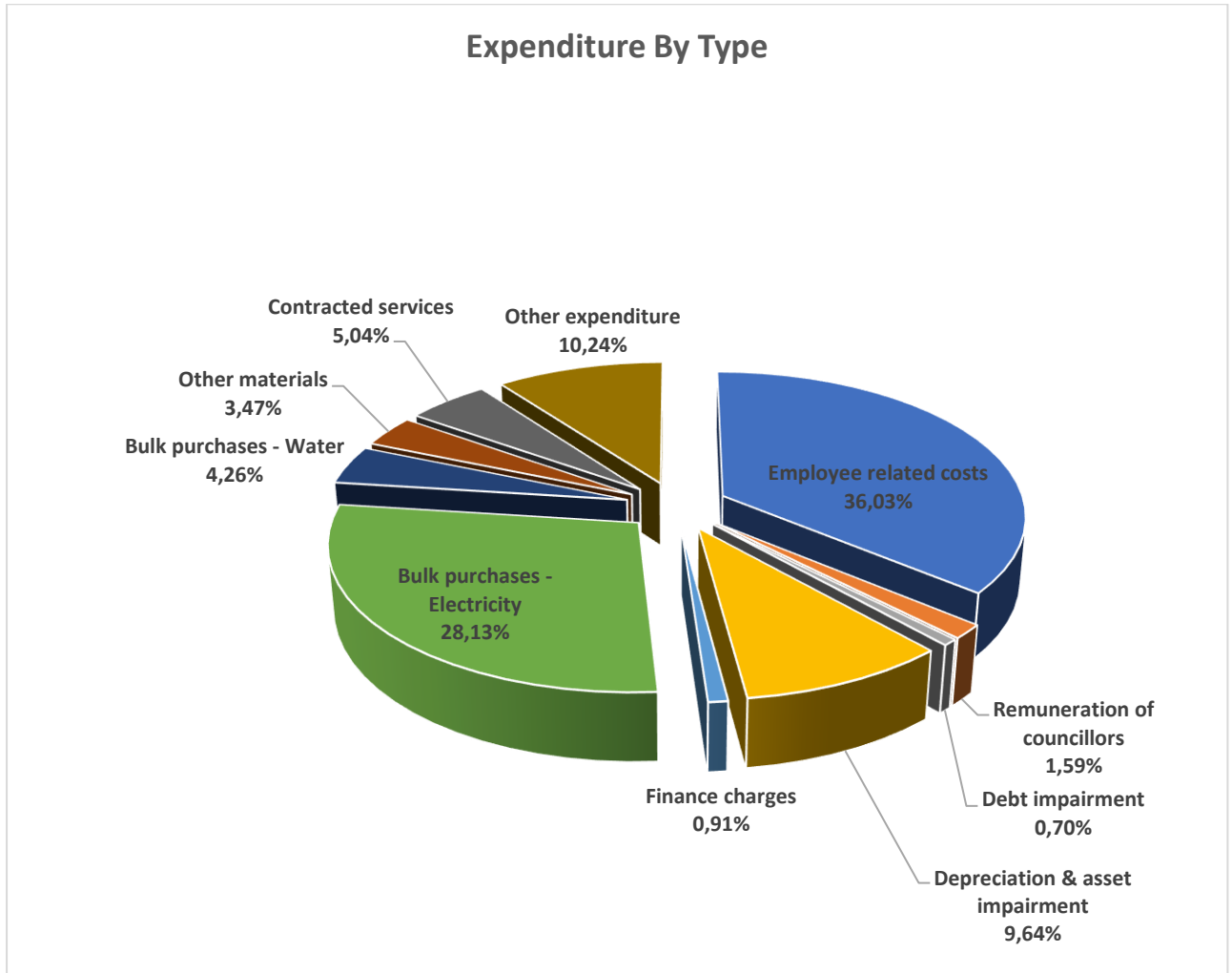
## Expenditure Variations

### 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.



## 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 January 2019 | % of Budget   |
|---|-------------------------|------------------------|-------------------------------|---------------|
| <b>Executive &amp; Council</b>                                      |                         |                        |                               |               |
| Contracted Services:Maintenance of Vehicles                         | 10 000                  | 10 000                 | 450                           | 4,50%         |
|   | <b>10 000</b>           | <b>10 000</b>          | <b>450</b>                    | <b>4,50%</b>  |
| <b>Corporate Services</b>   |                         |                        |                               |               |
| Contracted Services:Maintenance of Buildings and Facilities         | 300 000                 | 300 000                | 39 888                        | 13%           |
| Contracted Services:Maintenance of Vehicles                         | 35 000                  | 35 000                 | -                             | 0,00%         |
|   | <b>335 000</b>          | <b>335 000</b>         | <b>39 888</b>                 | <b>11,91%</b> |
| <b>Finance</b>  |                         |                        |                               |               |
| Contracted Services:Maintenance of Buildings and Facilities         | 370 000                 | 391 200                | 62 555                        | 15,99%        |
| Expenditure:Contracted Services:Contractors:Maintenance of Vehicles | 90 000                  | 90 000                 | 9 907                         | 11,01%        |
| Inventory Consumed:Materials and Supplies                           | 165 000                 | 165 000                | 2 529                         | 1,53%         |
|   | <b>625 000</b>          | <b>646 200</b>         | <b>74 990</b>                 | <b>11,60%</b> |
| <b>Community Services</b>   |                         |                        |                               |               |
| Contracted Services:Maintenance of Buildings and Facilities         | 870 000                 | 2 186 750              | 1 854 854                     | 84,82%        |
| Contracted Services:Maintenance of Vehicles                         | 3 443 000               | 4 963 000              | 2 863 611                     | 57,70%        |
| Contracted Services:Maintenance of Equipment                        | 122 400                 | 122 400                | 62 246                        | 50,85%        |
| Inventory Consumed:Materials and Supplies                           | 1 049 625               | 1 104 625              | 849 791                       | 76,93%        |
| Operational Cost:Hire Charges                                       | 2 000 000               | 2 000 000              | 816 550                       | 40,83%        |
|   | <b>7 485 025</b>        | <b>10 376 775</b>      | <b>6 447 052</b>              | <b>62,13%</b> |
| <b>Planning, Development &amp; Tourism</b>                          |                         |                        |                               |               |
| Inventory Consumed:Materials and Supplies                           | 50 000                  | 50 000                 | 39 110                        | 78,22%        |
| Contracted Services:Maintenance of Vehicles                         | 20 000                  | 20 000                 | 1 728                         | 8,64%         |
|   | <b>70 000</b>           | <b>70 000</b>          | <b>40 837</b>                 | <b>58,34%</b> |
| <b>Infrastructure &amp; Engineering</b>                             |                         |                        |                               |               |
| Contracted Services:Maintenance of Equipment                        | 226 000                 | 226 000                | 99 646                        | 44,09%        |
| Contracted Services:Maintenance of Buildings and Facilities         | 85 193                  | 175 193                | 154 798                       | 88,36%        |
| Contracted Services:Maintenance of Vehicles                         | 12 524 000              | 13 167 000             | 5 725 857                     | 43,49%        |
| Inventory Consumed:Materials and Supplies                           | 12 695 000              | 11 561 000             | 5 708 372                     | 49,38%        |
| Operational Cost:Hire Charges                                       | 3 010 435               | 2 290 435              | 1 208 106                     | 52,75%        |
|   | <b>28 540 628</b>       | <b>27 419 628</b>      | <b>12 896 779</b>             | <b>47,03%</b> |
|   |                         |                        |                               |               |
| <b>Total</b>  | <b>37 065 653</b>       | <b>38 857 603</b>      | <b>19 499 997</b>             | <b>50,18%</b> |

It is to be noted that actual repairs and maintenance expenditure constituted 50,18% of the 2018/19 Adjusted Budget



## CAPITAL BUDGET PERFORMANCE

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

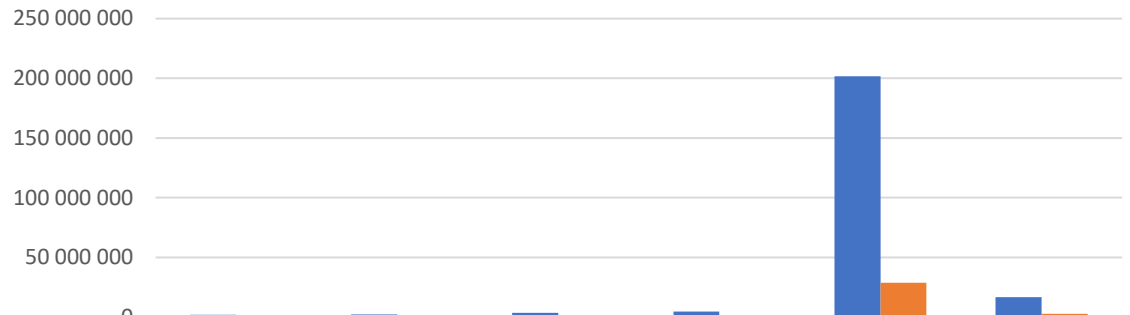
| PROJECTS                                     | Funding Source | Original Budget 2018/19 | Approved Rollovers | Approved Virements | Amended Budget 2018/19 | Actuals as at 31 January 2019 | % of Budget   |
|--|----------------|-------------------------|--------------------|--------------------|------------------------|-------------------------------|---------------|
| <b>CORPORATE SERVICES</b>                    |                |                         |                    |                    |                        |                               |               |
| Computer Equipment                           | Internal       | 157 000                 | 48 789             | 83 387             | 122 402                | 104 284                       | 85.20%        |
| Furniture and Equipment                      | Internal       | 2 000                   | 364 395            | 83 388             | 449 783                | 16 978                        | 3.77%         |
| Library upgrade (phase 2)                    | Internal       | 500 000                 | 745 400            | -                  | 1 245 400              | -                             | -             |
| EDMS   | Internal       | -                       | 400 000            | 40 506             | 359 494                | -                             | -             |
| Main Office Building Upgrade                 | Internal       | 300 000                 | 47 254             | 0                  | 347 254                | 26 765                        | 7.71%         |
| Computer Software and Applications           | Internal       | 600 000                 | -                  | -                  | 600 000                | 53 043                        | 8.84%         |
| UPGRADE COMMUNITY CENTER WARD 14             | Internal       | -                       | 75 734             | -                  | 75 734                 | -                             | -             |
| PABX UPGRADE                                 | Internal       | 750 000                 | -                  | -                  | 750 000                | -                             | -             |
|  |                | <b>2 309 000</b>        | <b>1 681 573</b>   | <b>40 506</b>      | <b>3 950 067</b>       | <b>201 070</b>                | <b>5.09%</b>  |
| <b>EXECUTIVE &amp; COUNCIL</b>               |                |                         |                    |                    |                        |                               |               |
| Computer Equipment                           | Internal       | 110 000                 | -                  | 11 769             | 98 231                 | 91 035                        | 92.67%        |
| Furniture and Equipment                      | Internal       | 75 000                  | 145 830            | 52 275             | 273 105                | 239 782                       | 87.80%        |
| Wards Capital Programmes                     | Internal       | 750 000                 | 687 229            | 0                  | 1 437 229              | 76 289                        | 5.31%         |
|  |                | <b>935 000</b>          | <b>833 060</b>     | <b>40 505</b>      | <b>1 808 565</b>       | <b>407 105</b>                | <b>22.51%</b> |
| <b>FINANCE</b>                               |                |                         |                    |                    |                        |                               |               |
| Furniture and Equipment                      | Internal       | 115 700                 | -                  | 66 400             | 182 100                | 65 471                        | 35.95%        |
| Computer Equipment                           | Internal       | 1 391 200               | 202 730            | 902 952            | 690 978                | 62 458                        | 9.04%         |
| IT Server                                    | Internal       | -                       | -                  | 736 552            | 736 552                | 644 106                       | 87.45%        |
| Office upgrade ICT                           | Internal       | -                       | 100 000            | 100 000            | 200 000                | -                             | -             |
| Disaster Recovery Server                     | FMG            | -                       | 533 822            | 0                  | 533 822                | -                             | -             |
|  |                | <b>1 506 900</b>        | <b>836 552</b>     | <b>0</b>           | <b>2 343 452</b>       | <b>772 034</b>                | <b>32.94%</b> |
| <b>PLANNING, DEVELOPMENT &amp; TOURISM</b>   |                |                         |                    |                    |                        |                               |               |
| Computer Software and Applications           | Internal       | 700 000                 | -                  | -                  | 700 000                | 36 500                        | 5.21%         |
| Computer Equipment                           | Internal       | 60 000                  | -                  | -                  | 60 000                 | 54 821                        | 91.37%        |
| Upgrading of Kouga Cultural Centre           | Internal       | 1 000 000               | -                  | -                  | 1 000 000              | 150 000                       | 15.00%        |
| Furniture and equipment                      | Internal       | 200 000                 | -                  | -                  | 200 000                | 22 647                        | 11.32%        |
| Informal Traders - Building                  | MIG            | 1 220 951               | -                  | -                  | 1 220 951              | -                             | -             |
| Land acquisition housing projects            | Internal       | 1 000 000               | -                  | -                  | 1 000 000              | -                             | -             |
| Machinery and Equipment                      | Internal       | 30 000                  | -                  | -                  | 30 000                 | -                             | -             |
| Arts and Creative Industries                 | DISTRICT       | -                       | 250 000            | -                  | 250 000                | -                             | -             |
| Lowrie Flower Project                        | DEDEAT         | -                       | 65 000             | -                  | 65 000                 | -                             | -             |
|  |                | <b>4 210 951</b>        | <b>315 000</b>     | <b>-</b>           | <b>4 525 951</b>       | <b>263 968</b>                | <b>5.83%</b>  |
| <b>COMMUNITY SERVICES</b>                    |                |                         |                    |                    |                        |                               |               |
| Fencing of caravan parks & camping sites     | Internal       | 500 000                 | -                  | -                  | 500 000                | 52 010                        | 10.40%        |
| Fencing of Sport and Recreational Facilities | Internal       | 500 000                 | -                  | -                  | 500 000                | -                             | -             |
| Machinery and Equipment                      | Internal       | 844 010                 | -                  | 140 000            | 984 010                | 286 715                       | 29.14%        |
| Computer Equipment                           | Internal       | 160 000                 | -                  | 50 000             | 110 000                | 56 318                        | 51.20%        |
| Security Cameras                             | Internal       | 150 000                 | -                  | 150 000            | -                      | -                             | -             |
| Vehicle                                      | Internal       | 4 000 000               | 1 850 000          | -                  | 5 850 000              | 2 111 880                     | 36.10%        |
| Furniture and Equipment                      | Internal       | 70 000                  | -                  | -                  | 70 000                 | 22 571                        | 32.24%        |
| Wheelie Bins                                 | Internal       | 1 000 000               | 500 000            | -                  | 1 500 000              | -                             | -             |
| Life Gaurds Beach Tower                      | Internal       | 250 000                 | -                  | -                  | 250 000                | 26 400                        | 10.56%        |
| Upgrading of Sports Facilities               | MIG            | 3 864 352               | -                  | -                  | 3 864 352              | -                             | -             |
| Fencing of Hankey Fire Station               | Internal       | 200 000                 | -                  | -                  | 200 000                | -                             | -             |
| Fencing of existing cemeteries               | Internal       | 500 000                 | -                  | -                  | 500 000                | 24 739                        | 4.95%         |
| Weston Library Upgrade                       | Internal       | 100 000                 | -                  | -                  | 100 000                | -                             | -             |
| Table and Chairs-Community Facilities        | Internal       | 100 000                 | -                  | 60 000             | 160 000                | 53 383                        | 33.36%        |
| Machinery and Equipment                      | DISTRICT       | -                       | 265 100            | -                  | 265 100                | -                             | -             |
| Vehicle                                      | DISTRICT       | -                       | 1 700 000          | -                  | 1 700 000              | -                             | -             |
|  |                | <b>12 238 362</b>       | <b>4 315 100</b>   | <b>-</b>           | <b>16 553 462</b>      | <b>2 634 015</b>              | <b>15.91%</b> |

| PROJECTS   | Funding Source | Original Budget 2018/19 | Approved Rollovers | Approved Virements | Amended Budget 2018/19 | Actuals as at 31 January 2019 | % of Budget   |
|--|----------------|-------------------------|--------------------|--------------------|------------------------|-------------------------------|---------------|
| <b>INFRASTRUCTURE &amp; ENGINEERING</b>                        |                |                         |                    |                    |                        |                               |               |
| Furniture and Equipment  | Internal       | 198 000                 |                    | - 43 000           | 155 000                | 41 734                        | 26.93%        |
| Computer Equipment   | Internal       | 35 000                  |                    | 67 000             | 102 000                | 88 418                        | 86.68%        |
| Machinery and Equipment  | Internal       | 415 000                 |                    | - 24 000           | 391 000                | 126 349                       | 32.31%        |
| Fencing of Jeffreys Bay and Kruisfontein Reservoir             | Internal       | 900 000                 |                    | - 900 000          | -                      | -                             |               |
| upgrading of infrastructure for new township establishment     | Internal       | 500 000                 |                    | -                  | 500 000                | 105 326                       | 21.07%        |
| Vehicles   | Internal       | 2 500 000               | 3 910 264          | -                  | 6 410 264              | 3 124 795                     | 48.75%        |
| MV Networks Capital  | INEP           | 8 869 565               |                    | -                  | 8 869 565              | 400 122                       | 4.51%         |
| New overheadlines 66kv overheadlines(Jbay to Melkhout)         | Internal       | 3 000 000               |                    | -                  | 3 000 000              | 1 922 729                     | 64.09%        |
| Jeffreys Bay- North Bulk main outfall sewer-area north of R102 | Internal       | 1 200 000               |                    | -                  | 1 200 000              | -                             |               |
| <b>WATER CONSERVATION AND DEMAND MANAGEMENT</b>                |                |                         |                    |                    |                        |                               |               |
| RETICULATION REPLACE PIPELINES (PATENSIE)                      | WSIG_NT        | -                       | 15 550 000         | -                  | 15 550 000             | 1 066 586                     | 6.86%         |
| RETICULATION REPLACE PIPELINES (OYSTER BAY)                    | WSIG_NT        | -                       | 10 500 000         | -                  | 10 500 000             | 182 413                       | 1.74%         |
| RETICULATION REPLACE PIPELINES (OYSTER BAY)                    | WSIG_NT        | -                       | 450 000            | -                  | 450 000                | 27 525                        | 6.12%         |
| Upgrading of the Sea Vista Wastewater Treatment Works          | MIG            | 18 503 132              |                    | -                  | 18 503 132             | 13 082 770                    | 70.71%        |
| Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works  | MIG            | 2 173 913               |                    | -                  | 2 173 913              | 2 092 074                     | 96.24%        |
| Computer Equipment   | MIG            | 50 000                  |                    | -                  | 50 000                 | 28 359                        | 56.72%        |
| RETICULATION REPLACE PIPELINES (HANKEY)                        | WSIG_NT        | -                       | 11 000 000         | -                  | 11 000 000             | 192 274                       | 1.75%         |
| Illegal electricity connections (LV Network)                   | Internal       | 1 000 000               |                    | -                  | 1 000 000              | 312 110                       | 31.21%        |
| Fencing: New x Loerie Sewer pump station                       | Internal       | 900 000                 |                    | - 900 000          | -                      | -                             |               |
| CAPE ST FRANCIS WATER SUPPLY                                   | WSIG_DWS       | -                       | 5 910 000          | -                  | 5 910 000              | -                             |               |
| DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP)            | WSIG_NT        | -                       | 20 000 000         | -                  | 20 000 000             | 368 370                       | 1.84%         |
| HANKEY WATER SUPPLY  | WSIG_NT        | -                       | 33 179 000         | -                  | 33 179 000             | -                             |               |
| HUMANSDORP WATER SUPPLY  | WSIG_DWS       | -                       | 5 427 000          | -                  | 5 427 000              | -                             |               |
| Water Infrastructure Boreholes                                 | Internal       | 1 500 000               |                    | 3 800 000          | 5 300 000              | 4 817 458                     | 90.90%        |
| Roads Upgrade  | Internal       | 2 500 000               |                    | -                  | 2 500 000              | 142 613                       | 5.70%         |
| REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFR)            | WSIG_NT        | -                       | 35 000 000         | -                  | 35 000 000             | 565 789                       | 1.62%         |
| PATENSIE WATER SUPPLY  | WSIG_DWS       | -                       | 8 401 000          | -                  | 8 401 000              | -                             |               |
| JEFFREYS BAY WATER SUPPLY                                      | WSIG_DWS       | -                       | 4 500 000          | -                  | 4 500 000              | -                             |               |
| OYSTER BAY WATER SUPPLY  | WSIG_DWS       | -                       | 1 311 000          | -                  | 1 311 000              | -                             |               |
| Bucket Eradication Programme                                   | Internal       | 2 300 000               |                    | - 2 000 000        | 300 000                | -                             |               |
|  |                | <b>46 544 610</b>       | <b>155 138 264</b> | <b>-</b>           | <b>201 682 874</b>     | <b>28 687 815</b>             | <b>14.22%</b> |
|  |                | <b>67 744 823</b>       | <b>163 119 548</b> | <b>- 0</b>         | <b>230 864 371</b>     | <b>32 966 008</b>             | <b>14.28%</b> |
| Internally generated funds                                     |                | 33 062 910              | 9 077 626          | - 0                | 42 140 536             | 14 959 725                    | 35.50%        |
| Transfers recognised - capital                                 |                | 34 681 913              | 154 041 922        | - 0                | 188 723 835            | 18 006 282                    | 9.54%         |
| <b>Total</b>   |                | <b>67 744 823</b>       | <b>163 119 548</b> | <b>- 0</b>         | <b>230 864 371</b>     | <b>32 966 008</b>             | <b>14.28%</b> |

It is to be noted that capital expenditure as at 31 January 2019 amounted to 14,28%, compared to the adjusted capital budget of R 230,864,371.

The capital expenditure as at 31 January 2019 would have amounted to 39.35%, upon exclusion of the Water Services Infrastructure Grant.

## Capital Expenditure



|                                 | Executive & Council | Finance   | Corporate Services | Planning, Development and Tourism | Infrastructure and Engineering | Community Services |
|---------------------------------|---------------------|-----------|--------------------|-----------------------------------|--------------------------------|--------------------|
| ■ Adjusted Budget 2018/19       | 2 093 059           | 2 343 452 | 3 590 573          | 4 525 951                         | 201 682 874                    | 16 628 462         |
| ■ Actuals as at 31 January 2019 | 343 888             | 772 034   | 201 070            | 263 968                           | 28 687 815                     | 2 697 232          |

## PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

## Projected Cash Flow Statement as at 31 January 2019

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 – M07 January 2019

| 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 |
| <b>R thousands</b>                                | 1   |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>Receipts</b>                                   |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Property rates                                    |     | -               | 164 393             | -               | 12 299          | 120 455         | 95 896          | 24 559          | 26%            | 164 393            |
| Service charges                                   |     | -               | 372 090             | -               | 33 938          | 246 918         | 217 052         | 29 866          | 14%            | 372 090            |
| Other revenue                                     |     | -               | 30 689              | -               | 4 287           | 32 918          | 17 902          | 15 016          | 84%            | 30 689             |
| Government - operating                            |     | -               | 123 618             | -               | 2 050           | 128 612         | 72 111          | 56 501          | 78%            | 123 618            |
| Government - capital                              |     | -               | 39 827              | -               | 152             | 28 622          | 23 232          | 5 390           | 23%            | 39 827             |
| Interest  |     | -               | 21 498              | -               | 1 737           | 9 897           | 12 540          | (2 643)         | -21%           | 21 498             |
| Dividends   |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| <b>Payments</b>                                   |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Suppliers and employees                           |     | -               | (674 270)           | -               | (57 408)        | (438 231)       | (393 324)       | 44 906          | -11%           | (674 270)          |
| Finance charges                                   |     | -               | (3 021)             | -               | (255)           | (1 733)         | (1 762)         | (29)            | 2%             | (3 021)            |
| Transfers and Grants                              |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | -               | <b>74 823</b>       | -               | <b>(3 198)</b>  | <b>127 457</b>  | <b>43 647</b>   | <b>(83 810)</b> | <b>-192%</b>   | <b>74 823</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>Receipts</b>                                   |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Proceeds on disposal of PPE                       |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| Decrease (Increase) in non-current debtors        |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| Decrease (increase) other non-current receivables |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| Decrease (increase) in non-current investments    |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| <b>Payments</b>                                   |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Capital assets                                    |     | -               | (67 745)            | -               | (6 473)         | (37 911)        | (39 518)        | (1 607)         | 4%             | (67 745)           |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | -               | <b>(67 745)</b>     | -               | <b>(6 473)</b>  | <b>(37 911)</b> | <b>(39 518)</b> | <b>(1 607)</b>  | <b>4%</b>      | <b>(67 745)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>Receipts</b>                                   |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Short term loans                                  |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| Borrowing long term/refinancing                   |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| Increase (decrease) in consumer deposits          |     | -               | -                   | -               | -               | -               | -               | -               |                | -                  |
| <b>Payments</b>                                   |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Repayment of borrowing                            |     | -               | (13 247)            | -               | (595)           | (4 217)         | (7 727)         | (3 511)         | 45%            | (13 247)           |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |     | -               | <b>(13 247)</b>     | -               | <b>(595)</b>    | <b>(4 217)</b>  | <b>(7 727)</b>  | <b>(3 511)</b>  | <b>45%</b>     | <b>(13 247)</b>    |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |     | -               | <b>(6 169)</b>      | -               | <b>(10 267)</b> | <b>85 330</b>   | <b>(3 598)</b>  |                 |                | <b>(6 169)</b>     |
| Cash/cash equivalents at beginning:               |     | -               | 59 729              | -               |                 | 94 315          | 59 729          |                 |                | 94 315             |
| Cash/cash equivalents at month/year end:          |     | -               | 53 561              | -               |                 | 179 644         | 56 131          |                 |                | 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 January 2019 and are to be noted. Each table is accompanied by explanatory notes.

**Table C1 Monthly Budget Statement Summary – M07 January 2019**

| 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 |
| <b>R thousands</b>   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Financial Performance</b>   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Property rates   | -                | 176 766             | -                 | 10 455             | 132 474            | 103 114            | 29 360              | 28%             | 176 766            |
| Service charges  | -                | 400 096             | -                 | 36 507             | 248 509            | 233 390            | 15 119              | 6%              | 400 096            |
| Investment revenue   | -                | 7 561               | -                 | 988                | 5 266              | 4 411              | 855                 | 19%             | 7 561              |
| Transfers and subsidies  | -                | 123 618             | -                 | 1 002              | 89 651             | 72 111             | 17 540              | 24%             | 123 618            |
| Other own revenue  | -                | 45 675              | -                 | 4 878              | 27 615             | 26 644             | 971                 | 4%              | 45 675             |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | -                | <b>753 717</b>      | -                 | <b>53 830</b>      | <b>503 514</b>     | <b>439 668</b>     | <b>63 846</b>       | <b>15%</b>      | <b>753 717</b>     |
| Employee costs   | -                | 272 802             | -                 | 23 429             | 160 396            | 159 135            | 1 261               | 1%              | 272 802            |
| Remuneration of Councillors  | -                | 12 784              | -                 | 1 184              | 7 057              | 7 457              | (400)               | -5%             | 12 784             |
| Depreciation & asset impairment                                      | -                | 75 357              | -                 | 6 127              | 42 909             | 43 958             | (1 049)             | -2%             | 75 357             |
| Finance charges  | -                | 3 021               | -                 | 1 969              | 4 045              | 1 762              | 2 283               | 130%            | 3 021              |
| Materials and bulk purchases   | -                | 269 933             | -                 | 21 648             | 159 633            | 157 461            | 2 172               | 1%              | 269 933            |
| Transfers and subsidies  | -                | -                   | -                 | -                  | -                  | -                  | -                   | -               | -                  |
| Other expenditure  | -                | 162 887             | -                 | 14 025             | 71 125             | 95 018             | (23 892)            | -25%            | 162 887            |
| <b>Total Expenditure</b>   | -                | <b>796 785</b>      | -                 | <b>68 382</b>      | <b>445 166</b>     | <b>464 791</b>     | <b>(19 625)</b>     | <b>-4%</b>      | <b>796 785</b>     |
| <b>Surplus/(Deficit)</b>   | -                | <b>(43 068)</b>     | -                 | <b>(14 552)</b>    | <b>58 348</b>      | <b>(25 123)</b>    | <b>83 471</b>       | <b>-332%</b>    | <b>(43 068)</b>    |
| Transfers and subsidies - capital (monetary alloc                    | -                | 39 827              | -                 | 4 272              | 17 333             | 23 232             | (5 899)             | -25%            | 39 827             |
| Contributions & Contributed assets                                   | -                | -                   | -                 | -                  | -                  | -                  | -                   | -               | -                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | -                | <b>(3 241)</b>      | -                 | <b>(10 280)</b>    | <b>75 681</b>      | <b>(1 891)</b>     | <b>77 572</b>       | <b>-4103%</b>   | <b>(3 241)</b>     |
| Share of surplus/ (deficit) of associate                             | -                | -                   | -                 | -                  | -                  | -                  | -                   | -               | -                  |
| <b>Surplus/ (Deficit) for the year</b>                               | -                | <b>(3 241)</b>      | -                 | <b>(10 280)</b>    | <b>75 681</b>      | <b>(1 891)</b>     | <b>77 572</b>       | <b>-4103%</b>   | <b>(3 241)</b>     |
| <b>Capital expenditure &amp; funds sources</b>                       |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Capital expenditure</b>   | -                | <b>67 745</b>       | -                 | <b>5 629</b>       | <b>32 966</b>      | <b>39 518</b>      | <b>(6 552)</b>      | <b>-17%</b>     | <b>67 745</b>      |
| Capital transfers recognised   | -                | 34 682              | -                 | 2 876              | 18 006             | 20 231             | (2 225)             | -11%            | 34 682             |
| Public contributions & donations                                     | -                | -                   | -                 | -                  | -                  | -                  | -                   | -               | -                  |
| Borrowing  | -                | -                   | -                 | -                  | -                  | -                  | -                   | -               | -                  |
| Internally generated funds   | -                | 33 063              | -                 | 2 753              | 14 960             | 19 287             | (4 327)             | -22%            | 33 063             |
| <b>Total sources of capital funds</b>                                | -                | <b>67 745</b>       | -                 | <b>5 629</b>       | <b>32 966</b>      | <b>39 518</b>      | <b>(6 552)</b>      | <b>-17%</b>     | <b>67 745</b>      |
| <b>Financial position</b>  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total current assets   | -                | 131 820             | -                 | -                  | 305 600            | -                  | -                   | -               | 131 820            |
| Total non current assets   | -                | 2 442 954           | -                 | -                  | 2 266 533          | -                  | -                   | -               | 2 442 954          |
| Total current liabilities  | -                | 133 877             | -                 | -                  | 145 271            | -                  | -                   | -               | 133 877            |
| Total non current liabilities  | -                | 183 244             | -                 | -                  | 185 581            | -                  | -                   | -               | 183 244            |
| <b>Community wealth/Equity</b>                                       | -                | <b>2 257 653</b>    | -                 | -                  | <b>2 241 281</b>   | -                  | -                   | -               | <b>2 257 653</b>   |
| <b>Cash flows</b>  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Net cash from (used) operating                                       | -                | 74 823              | -                 | (3 198)            | 127 457            | 43 647             | (83 810)            | -192%           | 74 823             |
| Net cash from (used) investing                                       | -                | (67 745)            | -                 | (6 473)            | (37 911)           | (39 518)           | (1 607)             | 4%              | (67 745)           |
| Net cash from (used) financing                                       | -                | (13 247)            | -                 | (595)              | (4 217)            | (7 727)            | (3 511)             | 45%             | (13 247)           |
| <b>Cash/cash equivalents at the month/year end</b>                   | -                | <b>53 561</b>       | -                 | <b>-</b>           | <b>179 644</b>     | <b>56 131</b>      | <b>(123 513)</b>    | <b>-220%</b>    | <b>88 146</b>      |
| <b>Debtors &amp; creditors analysis</b>                              | <b>0-30 Days</b> | <b>31-60 Days</b>   | <b>61-90 Days</b> | <b>91-120 Days</b> | <b>121-150 Dys</b> | <b>151-180 Dys</b> | <b>181 Dys-1 Yr</b> | <b>Over 1Yr</b> | <b>Total</b>       |
| <b>Debtors Age Analysis</b>  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total By Income Source   | 32 711           | 6 715               | 5 409             | 5 384              | 4 522              | 16 523             | 15 681              | 93 872          | 180 818            |
| <b>Creditors Age Analysis</b>  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total Creditors  | 27 363           | 434                 | 415               | 432                | 862                | 444                | 2 590               | 53 047          | 85 587             |

**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) – M07 January 2019**

| Description                                | Budget Year 2018/19 |                 |                 |                |                |                 |                |                    |
|--|---------------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|--------------------|
|  | Original Budget     | Adjusted Budget | Monthly actual  | YearTD actual  | YearTD budget  | YTD variance    | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                         |                     |                 |                 |                |                |                 | %              |                    |
| <b>Revenue - Functional</b>                |                     |                 |                 |                |                |                 |                |                    |
| <b>Governance and administration</b>       | <b>314 268</b>      | <b>-</b>        | <b>12 306</b>   | <b>229 838</b> | <b>183 323</b> | <b>46 516</b>   | <b>25%</b>     | <b>314 268</b>     |
| Executive and council                      | 26                  | -               | 1               | 4              | 15             | (11)            | -75%           | 26                 |
| Finance and administration                 | 314 242             | -               | 12 305          | 229 835        | 183 308        | 46 527          | 25%            | 314 242            |
| Internal audit                             | -                   | -               | -               | -              | -              | -               | -              | -                  |
| <b>Community and public safety</b>         | <b>15 404</b>       | <b>-</b>        | <b>2 585</b>    | <b>8 410</b>   | <b>8 986</b>   | <b>(576)</b>    | <b>-6%</b>     | <b>15 404</b>      |
| Community and social services              | 2 458               | -               | 1 814           | 1 974          | 1 434          | 540             | 38%            | 2 458              |
| Sport and recreation                       | 9 151               | -               | 759             | 4 209          | 5 338          | (1 129)         | -21%           | 9 151              |
| Public safety                              | 1 869               | -               | 1               | 861            | 1 090          | (229)           | -21%           | 1 869              |
| Housing                                    | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Health                                     | 1 927               | -               | 11              | 1 366          | 1 124          | 242             | 22%            | 1 927              |
| <b>Economic and environmental services</b> | <b>17 367</b>       | <b>-</b>        | <b>2 584</b>    | <b>13 900</b>  | <b>10 131</b>  | <b>3 769</b>    | <b>37%</b>     | <b>17 367</b>      |
| Planning and development                   | 6 312               | -               | 201             | 2 875          | 3 682          | (807)           | -22%           | 6 312              |
| Road transport                             | 10 005              | -               | 2 142           | 11 086         | 5 836          | 5 250           | 90%            | 10 005             |
| Environmental protection                   | 1 050               | -               | 241             | (61)           | 613            | (673)           | -110%          | 1 050              |
| <b>Trading services</b>                    | <b>446 060</b>      | <b>-</b>        | <b>40 627</b>   | <b>268 692</b> | <b>260 201</b> | <b>8 490</b>    | <b>3%</b>      | <b>446 060</b>     |
| Energy sources                             | 258 381             | -               | 22 434          | 147 651        | 150 722        | (3 072)         | -2%            | 258 381            |
| Water management                           | 70 200              | -               | 9 269           | 46 790         | 40 950         | 5 840           | 14%            | 70 200             |
| Waste water management                     | 72 456              | -               | 4 558           | 40 848         | 42 266         | (1 418)         | -3%            | 72 456             |
| Waste management                           | 45 023              | -               | 4 366           | 33 404         | 26 263         | 7 140           | 27%            | 45 023             |
| <b>Other</b>                               | <b>445</b>          | <b>-</b>        | <b>-</b>        | <b>7</b>       | <b>260</b>     | <b>(253)</b>    | <b>-97%</b>    | <b>445</b>         |
| <b>Total Revenue - Functional</b>          | <b>793 544</b>      | <b>-</b>        | <b>58 102</b>   | <b>520 847</b> | <b>462 900</b> | <b>57 947</b>   | <b>13%</b>     | <b>793 544</b>     |
| <b>Expenditure - Functional</b>            |                     |                 |                 |                |                |                 |                |                    |
| <b>Governance and administration</b>       | <b>189 348</b>      | <b>-</b>        | <b>14 249</b>   | <b>97 144</b>  | <b>110 453</b> | <b>(13 309)</b> | <b>-12%</b>    | <b>189 348</b>     |
| Executive and council                      | 52 250              | -               | 3 310           | 21 831         | 30 479         | (8 648)         | -28%           | 52 250             |
| Finance and administration                 | 137 097             | -               | 10 939          | 75 313         | 79 973         | (4 661)         | -6%            | 137 097            |
| Internal audit                             | -                   | -               | -               | -              | -              | -               | -              | -                  |
| <b>Community and public safety</b>         | <b>86 538</b>       | <b>-</b>        | <b>6 824</b>    | <b>45 617</b>  | <b>50 481</b>  | <b>(4 864)</b>  | <b>-10%</b>    | <b>86 538</b>      |
| Community and social services              | 9 483               | -               | 682             | 5 278          | 5 531          | (254)           | -5%            | 9 483              |
| Sport and recreation                       | 46 668              | -               | 3 773           | 24 553         | 27 223         | (2 670)         | -10%           | 46 668             |
| Public safety                              | 21 090              | -               | 1 783           | 11 869         | 12 302         | (433)           | -4%            | 21 090             |
| Housing                                    | 3 531               | -               | 200             | 1 538          | 2 060          | (522)           | -25%           | 3 531              |
| Health                                     | 5 767               | -               | 387             | 2 379          | 3 364          | (985)           | -29%           | 5 767              |
| <b>Economic and environmental services</b> | <b>101 757</b>      | <b>-</b>        | <b>7 668</b>    | <b>55 091</b>  | <b>59 358</b>  | <b>(4 267)</b>  | <b>-7%</b>     | <b>101 757</b>     |
| Planning and development                   | 33 954              | -               | 2 353           | 16 931         | 19 806         | (2 876)         | -15%           | 33 954             |
| Road transport                             | 67 770              | -               | 5 210           | 37 651         | 39 533         | (1 882)         | -5%            | 67 770             |
| Environmental protection                   | 33                  | -               | 106             | 510            | 19             | 491             | 2585%          | 33                 |
| <b>Trading services</b>                    | <b>415 110</b>      | <b>-</b>        | <b>39 219</b>   | <b>246 698</b> | <b>242 148</b> | <b>4 551</b>    | <b>2%</b>      | <b>415 110</b>     |
| Energy sources                             | 248 404             | -               | 21 310          | 147 411        | 144 902        | 2 509           | 2%             | 248 404            |
| Water management                           | 80 154              | -               | 8 149           | 44 366         | 46 756         | (2 390)         | -5%            | 80 154             |
| Waste water management                     | 41 745              | -               | 5 413           | 29 349         | 24 351         | 4 998           | 21%            | 41 745             |
| Waste management                           | 44 808              | -               | 4 347           | 25 571         | 26 138         | (567)           | -2%            | 44 808             |
| <b>Other</b>                               | <b>4 032</b>        | <b>-</b>        | <b>420</b>      | <b>616</b>     | <b>2 352</b>   | <b>(1 736)</b>  | <b>-74%</b>    | <b>4 032</b>       |
| <b>Total Expenditure - Functional</b>      | <b>796 785</b>      | <b>-</b>        | <b>68 382</b>   | <b>445 166</b> | <b>464 791</b> | <b>(19 625)</b> | <b>-4%</b>     | <b>796 785</b>     |
| <b>Surplus/ (Deficit) for the year</b>     | <b>(3 241)</b>      | <b>-</b>        | <b>(10 280)</b> | <b>75 681</b>  | <b>(1 891)</b> | <b>77 572</b>   | <b>-4103%</b>  | <b>(3 241)</b>     |

## 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 – M07 January 2019)

| Vote Description                         | Budget Year 2018/19 |                 |                 |                |                |                 |                 |                    |
|--|---------------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|--------------------|
|  | Original Budget     | Adjusted Budget | Monthly actual  | YearTD actual  | YearTD budget  | YTD variance    | YTD variance %  | Full Year Forecast |
| <b>R thousands</b>                       |                     |                 |                 |                |                |                 | %               |                    |
| <b>Revenue by Vote</b>                   |                     |                 |                 |                |                |                 |                 |                    |
| Vote 1 - EXECUTIVE COUNCIL               | -                   | -               | -               | -              | -              | -               |                 | -                  |
| Vote 2 - FINANCIAL SERVICES              | 310 697             | -               | 11 879          | 225 323        | 181 240        | 44 083          | 24,3%           | 310 697            |
| Vote 3 - CORPORATE SERVICES              | 26                  | -               | 1               | 406            | 15             | 391             | 2606,8%         | 26                 |
| Vote 4 - PLANNING, DEVELOPMENT & TOURISM | 3 316               | -               | 163             | 1 856          | 1 934          | (78)            | -4,0%           | 3 316              |
| Vote 5 - INFRASTRUCTURE AND ENGINEERING  | 405 491             | -               | 36 304          | 237 621        | 236 536        | 1 084           | 0,5%            | 405 491            |
| Vote 6 - COMMUNITY SERVICES              | 17 634              | -               | 4 337           | 16 122         | 10 286         | 5 836           | 56,7%           | 17 634             |
| Vote 7 - COMMUNITY SERVICES (CONTINUED)  | 56 380              | -               | 5 418           | 39 519         | 32 888         | 6 630           | 20,2%           | 56 380             |
| <b>Total Revenue by Vote</b>             | <b>793 544</b>      | <b>-</b>        | <b>58 102</b>   | <b>520 847</b> | <b>462 900</b> | <b>57 947</b>   | <b>12,5%</b>    | <b>793 544</b>     |
|  |                     |                 |                 |                |                |                 |                 |                    |
| <b>Expenditure by Vote</b>               |                     |                 |                 |                |                |                 |                 |                    |
| Vote 1 - EXECUTIVE COUNCIL               | 33 404              | -               | 2 758           | 18 490         | 19 486         | (996)           | -5,1%           | 33 404             |
| Vote 2 - FINANCIAL SERVICES              | 79 397              | -               | 5 586           | 36 594         | 46 315         | (9 721)         | -21,0%          | 79 397             |
| Vote 3 - CORPORATE SERVICES              | 49 336              | -               | 2 581           | 23 492         | 28 779         | (5 287)         | -18,4%          | 49 336             |
| Vote 4 - PLANNING, DEVELOPMENT & TOURISM | 22 307              | -               | 1 619           | 9 511          | 13 013         | (3 501)         | -26,9%          | 22 307             |
| Vote 5 - INFRASTRUCTURE AND ENGINEERING  | 455 521             | -               | 41 317          | 267 001        | 265 720        | 1 281           | 0,5%            | 455 521            |
| Vote 6 - COMMUNITY SERVICES              | 51 470              | -               | 4 441           | 28 394         | 30 024         | (1 630)         | -5,4%           | 51 470             |
| Vote 7 - COMMUNITY SERVICES (CONTINUED)  | 105 349             | -               | 10 080          | 61 683         | 61 454         | 229             | 0,4%            | 105 349            |
| <b>Total Expenditure by Vote</b>         | <b>796 785</b>      | <b>-</b>        | <b>68 382</b>   | <b>445 166</b> | <b>464 791</b> | <b>(19 625)</b> | <b>-4,2%</b>    | <b>796 785</b>     |
| <b>Surplus/ (Deficit) for the year</b>   | <b>(3 241)</b>      | <b>-</b>        | <b>(10 280)</b> | <b>75 681</b>  | <b>(1 891)</b> | <b>77 572</b>   | <b>-4102,9%</b> | <b>(3 241)</b>     |

## 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) – M07 January 2019**

| Description  | 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 % |                    |
| <b>R thousands</b>   |                 |                     |                 |                 |                |                 |                 |                |                    |
| <b>Revenue By Source</b>   |                 |                     |                 |                 |                |                 |                 |                |                    |
| Property rates   | –               | 176 766             | –               | 10 455          | 132 474        | 103 114         | 29 360          | 28%            | 176 766            |
| Service charges - electricity revenue  | –               | 247 165             | –               | 22 232          | 146 578        | 144 180         | 2 398           | 2%             | 247 165            |
| Service charges - water revenue  | –               | 67 702              | –               | 6 305           | 43 783         | 39 493          | 4 291           | 11%            | 67 702             |
| Service charges - sanitation revenue   | –               | 41 658              | –               | 3 841           | 26 859         | 24 301          | 2 558           | 11%            | 41 658             |
| Service charges - refuse revenue   | –               | 43 571              | –               | 4 128           | 31 289         | 25 417          | 5 873           | 23%            | 43 571             |
| Service charges - other  | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| Rental of facilities and equipment   | –               | 1 881               | –               | 38              | 306            | 1 097           | (791)           | -72%           | 1 881              |
| Interest earned - external investments   | –               | 7 561               | –               | 988             | 5 266          | 4 411           | 855             | 19%            | 7 561              |
| Interest earned - outstanding debtors  | –               | 14 986              | –               | 835             | 4 210          | 8 742           | (4 532)         | -52%           | 14 986             |
| Dividends received   | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| Fines, penalties and forfeits  | –               | 4 230               | –               | 462             | 3 776          | 2 467           | 1 308           | 53%            | 4 230              |
| Licences and permits   | –               | 16 661              | –               | 2 737           | 13 957         | 9 719           | 4 238           | 44%            | 16 661             |
| Agency services  | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| Transfers and subsidies  | –               | 123 618             | –               | 1 002           | 89 651         | 72 111          | 17 540          | 24%            | 123 618            |
| Other revenue  | –               | 7 917               | –               | 807             | 5 367          | 4 618           | 749             | 16%            | 7 917              |
| Gains on disposal of PPE   | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | –               | <b>753 717</b>      | –               | <b>53 830</b>   | <b>503 514</b> | <b>439 668</b>  | <b>63 846</b>   | <b>15%</b>     | <b>753 717</b>     |
| <b>Expenditure By Type</b>   |                 |                     |                 |                 |                |                 |                 |                |                    |
| Employee related costs   | –               | 272 802             | –               | 23 429          | 160 396        | 159 135         | 1 261           | 1%             | 272 802            |
| Remuneration of councillors  | –               | 12 784              | –               | 1 184           | 7 057          | 7 457           | (400)           | -5%            | 12 784             |
| Debt impairment  | –               | 41 429              | –               | 3 129           | 3 130          | 24 167          | (21 037)        | -87%           | 41 429             |
| Depreciation & asset impairment  | –               | 75 357              | –               | 6 127           | 42 909         | 43 958          | (1 049)         | -2%            | 75 357             |
| Finance charges  | –               | 3 021               | –               | 1 969           | 4 045          | 1 762           | 2 283           | 130%           | 3 021              |
| Bulk purchases   | –               | 241 476             | –               | 19 687          | 144 206        | 140 861         | 3 345           | 2%             | 241 476            |
| Other materials  | –               | 28 458              | –               | 1 962           | 15 427         | 16 600          | (1 173)         | -7%            | 28 458             |
| Contracted services  | –               | 45 111              | –               | 2 749           | 22 423         | 26 315          | (3 892)         | -15%           | 45 111             |
| Transfers and subsidies  | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| Other expenditure  | –               | 76 346              | –               | 8 146           | 45 572         | 44 535          | 1 037           | 2%             | 76 346             |
| Loss on disposal of PPE  | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| <b>Total Expenditure</b>   | –               | <b>796 785</b>      | –               | <b>68 382</b>   | <b>445 166</b> | <b>464 791</b>  | <b>(19 625)</b> | <b>-4%</b>     | <b>796 785</b>     |
| <b>Surplus/(Deficit)</b>   | –               | <b>(43 068)</b>     | –               | <b>(14 552)</b> | <b>58 348</b>  | <b>(25 123)</b> | <b>83 471</b>   | <b>(0)</b>     | <b>(43 068)</b>    |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | –               | 39 827              | –               | 4 272           | 17 333         | 23 232          | (5 899)         | (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)  | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | –               | <b>(3 241)</b>      | –               | <b>(10 280)</b> | <b>75 681</b>  | <b>(1 891)</b>  |                 |                | <b>(3 241)</b>     |
| Taxation   | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| <b>Surplus/(Deficit) after taxation</b>  | –               | <b>(3 241)</b>      | –               | <b>(10 280)</b> | <b>75 681</b>  | <b>(1 891)</b>  |                 |                | <b>(3 241)</b>     |
| Attributable to minorities   | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| <b>Surplus/(Deficit) attributable to municipality</b>  | –               | <b>(3 241)</b>      | –               | <b>(10 280)</b> | <b>75 681</b>  | <b>(1 891)</b>  |                 |                | <b>(3 241)</b>     |
| Share of surplus/ (deficit) of associate   | –               | –                   | –               | –               | –              | –               | –               | –              | –                  |
| <b>Surplus/ (Deficit) for the year</b>   | –               | <b>(3 241)</b>      | –               | <b>(10 280)</b> | <b>75 681</b>  | <b>(1 891)</b>  |                 |                | <b>(3 241)</b>     |

**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) – M07 January 2019**

| Vote Description   | Budget Year 2018/19 |                 |                |               |               |                |                |                    |
|--|---------------------|-----------------|----------------|---------------|---------------|----------------|----------------|--------------------|
|  | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance % | Full Year Forecast |
| <b>R thousands</b>   |                     |                 |                |               |               |                | %              |                    |
| <b>Single Year expenditure appropriation</b>                 |                     |                 |                |               |               |                |                |                    |
| Vote 1 - EXECUTIVE COUNCIL                                   | 860                 | –               | 28             | 344           | 502           | (158)          | -31%           | 860                |
| Vote 2 - FINANCIAL SERVICES                                  | 1 507               | –               | (115)          | 772           | 879           | (107)          | -12%           | 1 507              |
| Vote 3 - CORPORATE SERVICES                                  | 2 309               | –               | 67             | 201           | 1 347         | (1 146)        | -85%           | 2 309              |
| Vote 4 - PLANNING, DEVELOPMENT & TOURISM                     | 4 211               | –               | –              | 264           | 2 456         | (2 192)        | -89%           | 4 211              |
| Vote 5 - INFRASTRUCTURE AND ENGINEERING                      | 46 545              | –               | 4 917          | 28 688        | 27 151        | 1 537          | 6%             | 46 545             |
| Vote 6 - COMMUNITY SERVICES                                  | 1 644               | –               | 45             | 1 783         | 959           | 824            | 86%            | 1 644              |
| Vote 7 - COMMUNITY SERVICES (CONTINUED)                      | 10 669              | –               | 687            | 914           | 6 224         | (5 310)        | -85%           | 10 669             |
| <b>Total Capital single-year expenditure</b>                 | <b>67 745</b>       | <b>–</b>        | <b>5 629</b>   | <b>32 966</b> | <b>39 518</b> | <b>(6 552)</b> | <b>-17%</b>    | <b>67 745</b>      |
| <b>Total Capital Expenditure</b>                             | <b>67 745</b>       | <b>–</b>        | <b>5 629</b>   | <b>32 966</b> | <b>39 518</b> | <b>(6 552)</b> | <b>-17%</b>    | <b>67 745</b>      |
| <b>Capital Expenditure - Functional Classification</b>       |                     |                 |                |               |               |                |                |                    |
| <b>Governance and administration</b>                         | <b>5 346</b>        | <b>–</b>        | <b>(20)</b>    | <b>1 397</b>  | <b>3 118</b>  | <b>(1 722)</b> | <b>-55%</b>    | <b>5 346</b>       |
| Executive and council  | 985                 |                 | 28             | 405           | 575           | (169)          | -29%           | 985                |
| Finance and administration                                   | 4 361               |                 | (48)           | 991           | 2 544         | (1 553)        | -61%           | 4 361              |
| Internal audit   | –                   |                 | –              | –             | –             | –              |                | –                  |
| <b>Community and public safety</b>                           | <b>7 368</b>        | <b>–</b>        | <b>732</b>     | <b>2 599</b>  | <b>4 298</b>  | <b>(1 699)</b> | <b>-40%</b>    | <b>7 368</b>       |
| Community and social services                                | 679                 |                 | 40             | 141           | 396           | (255)          | -64%           | 679                |
| Sport and recreation   | 5 489               |                 | 10             | 90            | 3 202         | (3 113)        | -97%           | 5 489              |
| Public safety  | 200                 |                 | 682            | 2 369         | 117           | 2 252          | 1930%          | 200                |
| Housing  | 1 000               |                 | –              | –             | 583           | (583)          | -100%          | 1 000              |
| Health   | –                   |                 | –              | –             | –             | –              |                | –                  |
| <b>Economic and environmental services</b>                   | <b>6 159</b>        | <b>–</b>        | <b>46</b>      | <b>534</b>    | <b>3 593</b>  | <b>(3 059)</b> | <b>-85%</b>    | <b>6 159</b>       |
| Planning and development                                     | 3 509               |                 | 21             | 363           | 2 047         | (1 684)        | -82%           | 3 509              |
| Road transport   | 2 650               |                 | 25             | 143           | 1 546         | (1 403)        | -91%           | 2 650              |
| Environmental protection                                     | –                   |                 | –              | 28            | –             | 28             | #DIV/0!        | –                  |
| <b>Trading services</b>                                      | <b>48 872</b>       | <b>–</b>        | <b>4 871</b>   | <b>28 436</b> | <b>28 508</b> | <b>(72)</b>    | <b>0%</b>      | <b>48 872</b>      |
| Energy sources   | 12 905              |                 | 226            | 2 677         | 7 528         | (4 851)        | -64%           | 12 905             |
| Water management   | 1 715               |                 | 4 024          | 9 372         | 1 000         | 8 372          | 837%           | 1 715              |
| Waste water management                                       | 28 977              |                 | 621            | 16 228        | 16 903        | (675)          | -4%            | 28 977             |
| Waste management   | 5 275               |                 | –              | 159           | 3 077         | (2 918)        | -95%           | 5 275              |
| <b>Other</b>   | <b>–</b>            | <b>–</b>        | <b>–</b>       | <b>–</b>      | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>           |
| <b>Total Capital Expenditure - Functional Classification</b> | <b>67 745</b>       | <b>–</b>        | <b>5 629</b>   | <b>32 966</b> | <b>39 518</b> | <b>(6 552)</b> | <b>-17%</b>    | <b>67 745</b>      |
| <b>Funded by:</b>  |                     |                 |                |               |               |                |                |                    |
| National Government  | 34 682              |                 | 2 876          | 18 006        | 20 231        | (2 225)        | -11%           | 34 682             |
| Provincial Government  | –                   |                 | –              | –             | –             | –              |                | –                  |
| District Municipality  | –                   |                 | –              | –             | –             | –              |                | –                  |
| Other transfers and grants                                   | –                   |                 | –              | –             | –             | –              |                | –                  |
| <b>Transfers recognised - capital</b>                        | <b>34 682</b>       | <b>–</b>        | <b>2 876</b>   | <b>18 006</b> | <b>20 231</b> | <b>(2 225)</b> | <b>-11%</b>    | <b>34 682</b>      |
| <b>Public contributions &amp; donations</b>                  | <b>–</b>            | <b>–</b>        | <b>–</b>       | <b>–</b>      | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>           |
| <b>Borrowing</b>   | <b>–</b>            | <b>–</b>        | <b>–</b>       | <b>–</b>      | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>           |
| <b>Internally generated funds</b>                            | <b>33 063</b>       | <b>–</b>        | <b>2 753</b>   | <b>14 960</b> | <b>19 287</b> | <b>(4 327)</b> | <b>-22%</b>    | <b>33 063</b>      |
| <b>Total Capital Funding</b>                                 | <b>67 745</b>       | <b>–</b>        | <b>5 629</b>   | <b>32 966</b> | <b>39 518</b> | <b>(6 552)</b> | <b>-17%</b>    | <b>67 745</b>      |

**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 – M07 January 2019**

| Description                              | Ref | 2017/18         | Budget Year 2018/19 |                 |                  |                    |
|--|-----|-----------------|---------------------|-----------------|------------------|--------------------|
|  |     | Audited Outcome | Original Budget     | Adjusted Budget | YearTD actual    | Full Year Forecast |
| <b>R thousands</b>                       | 1   |                 |                     |                 |                  |                    |
| <b><u>ASSETS</u></b>                     |     |                 |                     |                 |                  |                    |
| <b>Current assets</b>                    |     |                 |                     |                 |                  |                    |
| Cash                                     |     | –               | 5 356               | –               | 50 355           | 5 356              |
| Call investment deposits                 |     | –               | 48 205              | –               | 129 289          | 48 205             |
| Consumer debtors                         |     | –               | 42 559              | –               | 94 470           | 42 559             |
| Other debtors                            |     | –               | 31 184              | –               | 24 870           | 31 184             |
| Current portion of long-term receivables |     | –               | 3                   | –               | 3                | 3                  |
| Inventory                                |     | –               | 4 513               | –               | 6 666            | 4 513              |
| <b>Total current assets</b>              |     | –               | <b>131 820</b>      | –               | <b>305 653</b>   | <b>131 820</b>     |
| <b>Non current assets</b>                |     |                 |                     |                 |                  |                    |
| Long-term receivables                    |     | –               | 65                  | –               | –                | 65                 |
| Investments                              |     | –               | –                   | –               | –                | –                  |
| Investment property                      |     | –               | 285 199             | –               | 283 612          | 285 199            |
| Investments in Associate                 |     | –               | –                   | –               | –                | –                  |
| Property, plant and equipment            |     | –               | 2 157 628           | –               | 1 982 603        | 2 157 628          |
| Agricultural                             |     | –               | –                   | –               | –                | –                  |
| Biological assets                        |     | –               | –                   | –               | –                | –                  |
| Intangible assets                        |     | –               | 62                  | –               | 302              | 62                 |
| Other non-current assets                 |     | –               | –                   | –               | 16               | –                  |
| <b>Total non current assets</b>          |     | –               | <b>2 442 954</b>    | –               | <b>2 266 533</b> | <b>2 442 954</b>   |
| <b>TOTAL ASSETS</b>                      |     | –               | <b>2 574 775</b>    | –               | <b>2 572 187</b> | <b>2 574 775</b>   |
| <b><u>LIABILITIES</u></b>                |     |                 |                     |                 |                  |                    |
| <b>Current liabilities</b>               |     |                 |                     |                 |                  |                    |
| Bank overdraft                           |     | –               | –                   | –               | –                | –                  |
| Borrowing                                |     | –               | 13 247              | –               | 8 944            | 13 247             |
| Consumer deposits                        |     | –               | 10 479              | –               | 15 241           | 10 479             |
| Trade and other payables                 |     | –               | 87 054              | –               | 96 581           | 87 054             |
| Provisions                               |     | –               | 23 097              | –               | 24 505           | 23 097             |
| <b>Total current liabilities</b>         |     | –               | <b>133 877</b>      | –               | <b>145 271</b>   | <b>133 877</b>     |
| <b>Non current liabilities</b>           |     |                 |                     |                 |                  |                    |
| Borrowing                                |     | –               | 23 112              | –               | 23 600           | 23 112             |
| Provisions                               |     | –               | 160 132             | –               | 161 981          | 160 132            |
| <b>Total non current liabilities</b>     |     | –               | <b>183 244</b>      | –               | <b>185 581</b>   | <b>183 244</b>     |
| <b>TOTAL LIABILITIES</b>                 |     | –               | <b>317 122</b>      | –               | <b>330 852</b>   | <b>317 122</b>     |
| <b>NET ASSETS</b>                        | 2   | –               | <b>2 257 653</b>    | –               | <b>2 241 335</b> | <b>2 257 653</b>   |
| <b><u>COMMUNITY WEALTH/EQUITY</u></b>    |     |                 |                     |                 |                  |                    |
| Accumulated Surplus/(Deficit)            |     | –               | 2 257 653           | –               | 2 241 335        | 2 257 653          |
| Reserves                                 |     | –               | –                   | –               | –                | –                  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | 2   | –               | <b>2 257 653</b>    | –               | <b>2 241 335</b> | <b>2 257 653</b>   |

## **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 – M07 January 2019**

| 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 |
| <b>R thousands</b>                                | 1   |                 |                     |                 |                |                 |                 |                 |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| <b>Receipts</b>                                   |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| Property rates                                    |     | -               | 164 393             | -               | 12 299         | 120 455         | 95 896          | 24 559          | 26%            | 164 393            |
| Service charges                                   |     | -               | 372 090             | -               | 33 938         | 246 918         | 217 052         | 29 866          | 14%            | 372 090            |
| Other revenue                                     |     | -               | 30 689              | -               | 4 287          | 32 918          | 17 902          | 15 016          | 84%            | 30 689             |
| Government - operating                            |     | -               | 123 618             | -               | 2 050          | 128 612         | 72 111          | 56 501          | 78%            | 123 618            |
| Government - capital                              |     | -               | 39 827              | -               | 152            | 28 622          | 23 232          | 5 390           | 23%            | 39 827             |
| Interest  |     | -               | 21 498              | -               | 1 737          | 9 897           | 12 540          | (2 643)         | -21%           | 21 498             |
| Dividends   |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| <b>Payments</b>                                   |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| Suppliers and employees                           |     | -               | (674 270)           | -               | (57 408)       | (438 231)       | (393 324)       | 44 906          | -11%           | (674 270)          |
| Finance charges                                   |     | -               | (3 021)             | -               | (255)          | (1 733)         | (1 762)         | (29)            | 2%             | (3 021)            |
| Transfers and Grants                              |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | -               | <b>74 823</b>       | -               | <b>(3 198)</b> | <b>127 457</b>  | <b>43 647</b>   | <b>(83 810)</b> | <b>-192%</b>   | <b>74 823</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| <b>Receipts</b>                                   |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| Proceeds on disposal of PPE                       |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| Decrease (Increase) in non-current debtors        |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| Decrease (increase) other non-current receivables |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| Decrease (increase) in non-current investments    |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| <b>Payments</b>                                   |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| Capital assets                                    |     | -               | (67 745)            | -               | (6 473)        | (37 911)        | (39 518)        | (1 607)         | 4%             | (67 745)           |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | -               | <b>(67 745)</b>     | -               | <b>(6 473)</b> | <b>(37 911)</b> | <b>(39 518)</b> | <b>(1 607)</b>  | <b>4%</b>      | <b>(67 745)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| <b>Receipts</b>                                   |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| Short term loans                                  |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| Borrowing long term/refinancing                   |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| Increase (decrease) in consumer deposits          |     | -               | -                   | -               | -              | -               | -               | -               |                | -                  |
| <b>Payments</b>                                   |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| Repayment of borrowing                            |     | -               | (13 247)            | -               | (595)          | (4 217)         | (7 727)         | (3 511)         | 45%            | (13 247)           |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |     | -               | <b>(13 247)</b>     | -               | <b>(595)</b>   | <b>(4 217)</b>  | <b>(7 727)</b>  | <b>(3 511)</b>  | <b>45%</b>     | <b>(13 247)</b>    |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |     |                 |                     |                 |                |                 |                 |                 |                |                    |
| Cash/cash equivalents at beginning:               |     | -               | 59 729              | -               | (10 267)       | 85 330          | 59 729          |                 |                | 94 315             |
| Cash/cash equivalents at month/year end:          |     | -               | 53 561              | -               |                | 179 644         | 56 131          |                 |                | 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 January 2019.

#### 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 |
| <b>Debtors Age Analysis By Income Source</b>                            |                     |              |              |              |              |              |               |               |                |       |
| 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)        |       |
| <b>Total By Income Source</b>   | <b>26 966</b>       | <b>6 737</b> | <b>4 429</b> | <b>3 459</b> | <b>2 565</b> | <b>1 953</b> | <b>18 953</b> | <b>86 967</b> | <b>152 031</b> |       |
|   |                     |              |              |              |              |              |               |               | -              |       |
| <b>Debtors Age Analysis By Customer Group</b>                           |                     |              |              |              |              |              |               |               |                |       |
| 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   | -                   | -            | -            | -            | -            | -            | -             | -             | -              |       |
| <b>Total By Customer Group</b>  | <b>26 966</b>       | <b>6 737</b> | <b>4 429</b> | <b>3 459</b> | <b>2 565</b> | <b>1 953</b> | <b>18 953</b> | <b>86 967</b> | <b>152 031</b> |       |

## Debtors' Age Analysis (Inclusive of VAT) as at 31 January 2019

| 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 |
| <b>Debtors Age Analysis By Income Source</b>                            |                     |              |              |              |              |               |               |               |                |       |
| Trade and Other Receivables from Exchange Transactions - Water          | 10 045              | 1 906        | 1 778        | 1 860        | 1 322        | 2 455         | 5 582         | 21 163        | 46 110         |       |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 17 925              | 1 361        | 735          | 662          | 520          | 1 690         | 915           | 5 843         | 29 652         |       |
| Receivables from Non-exchange Transactions - Property Rates             | 8 069               | 720          | 500          | 417          | 560          | 8 010         | 1 144         | 18 263        | 37 682         |       |
| Receivables from Exchange Transactions - Waste Water Management         | 5 162               | 950          | 857          | 807          | 665          | 1 146         | 2 296         | 9 203         | 21 086         |       |
| Receivables from Exchange Transactions - Waste Management               | 4 423               | 1 174        | 1 047        | 1 004        | 947          | 909           | 3 409         | 12 650        | 25 564         |       |
| Receivables from Exchange Transactions - Property Rental Debtors        | -                   | -            | -            | -            | -            | -             | -             | 1             | 1              |       |
| Interest on Arrear Debtor Accounts                                      | 67                  | 90           | 115          | 146          | 150          | 487           | 899           | 18 687        | 20 641         |       |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | -                   | -            | -            | -            | -            | -             | -             | -             | -              |       |
| Other   | (12 979)            | 514          | 378          | 487          | 358          | 1 826         | 1 436         | 8 062         | 81             |       |
| <b>Total By Income Source</b>   | <b>32 711</b>       | <b>6 715</b> | <b>5 409</b> | <b>5 384</b> | <b>4 522</b> | <b>16 523</b> | <b>15 681</b> | <b>93 872</b> | <b>180 818</b> |       |
| <b>Debtors Age Analysis By Customer Group</b>                           |                     |              |              |              |              |               |               |               |                |       |
| Organs of State   | 921                 | 400          | 367          | 437          | 332          | 2 367         | 118           | 1 894         | 6 835          |       |
| Commercial  | 4 260               | 280          | 161          | 123          | 97           | 308           | 417           | 2 777         | 8 424          |       |
| Households  | 27 530              | 6 035        | 4 881        | 4 823        | 4 094        | 13 848        | 15 145        | 89 202        | 165 559        |       |
| Other   | -                   | -            | -            | -            | -            | -             | -             | -             | -              |       |
| <b>Total By Customer Group</b>  | <b>32 711</b>       | <b>6 715</b> | <b>5 409</b> | <b>5 384</b> | <b>4 522</b> | <b>16 523</b> | <b>15 681</b> | <b>93 872</b> | <b>180 818</b> |       |

The aforementioned analysis indicates that from 30 June 2018 to 31 January 2019, the overdue debts have increased from R 125,064 million to R 148,107 million, as follows:

| R thousands   | OVERDUE AMOUNTS AS AT |                |               |
|---|-----------------------|----------------|---------------|
|   | 30-Jun-18             | 31-Jan-19      | Difference    |
| <b>Debtors Age Analysis By Income Source</b>                            |                       |                |               |
| Trade and Other Receivables from Exchange Transactions - Water          | 29 432                | 36 066         | 6 634         |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 10 819                | 11 728         | 909           |
| Receivables from Non-exchange Transactions - Property Rates             | 25 500                | 29 613         | 4 114         |
| Receivables from Exchange Transactions - Waste Water Management         | 13 015                | 15 924         | 2 909         |
| Receivables from Exchange Transactions - Waste Management               | 16 704                | 21 141         | 4 437         |
| Receivables from Exchange Transactions - Property Rental Debtors        | 1                     | 1              | -             |
| Interest on Arrear Debtor Accounts                                      | 18 860                | 20 574         | 1 715         |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | -                     | -              | -             |
| Other   | 10 736                | 13 061         | 2 325         |
| <b>Total By Income Source</b>   | <b>125 064</b>        | <b>148 107</b> | <b>23 042</b> |
| <b>Debtors Age Analysis By Customer Group</b>                           |                       |                |               |
| Organs of State   | 3 128                 | 5 914          | 2 786         |
| Commercial  | 5 137                 | 4 164          | (973)         |
| Households  | 116 799               | 138 029        | 21 230        |
| Other   | -                     | -              | -             |
| <b>Total By Customer Group</b>  | <b>125 064</b>        | <b>148 107</b> | <b>23 042</b> |

## 2. Overview of Creditors position

Below is an analysis of the status of the major creditors

| Description                                    | Budget Year 2018/19 |                 |                 |                  |                   |                   |                      |                |               |
|--|---------------------|-----------------|-----------------|------------------|-------------------|-------------------|----------------------|----------------|---------------|
|  | 0 -<br>30 Days      | 31 -<br>60 Days | 61 -<br>90 Days | 91 -<br>120 Days | 121 -<br>150 Days | 151 -<br>180 Days | 181 Days -<br>1 Year | Over 1<br>Year | Total         |
| <b>R thousands</b>                             |                     |                 |                 |                  |                   |                   |                      |                |               |
| <b>Creditors Age Analysis By Customer Type</b> |                     |                 |                 |                  |                   |                   |                      |                |               |
| Bulk Electricity                               | 18 204              | 0               | 0               | 0                | 0                 | 0                 | (1)                  | -              | 18 204        |
| Bulk Water                                     | 0                   | 411             | 410             | 429              | 852               | 429               | 2 590                | 53 047         | 58 168        |
| PAYE deductions                                | 3 747               |                 |                 |                  |                   |                   |                      |                | 3 747         |
| VAT (output less input)                        |                     |                 |                 |                  |                   |                   |                      |                | -             |
| Pensions / Retirement deductions               | 3 324               |                 |                 |                  |                   |                   |                      |                | 3 324         |
| Loan repayments                                |                     |                 |                 |                  |                   |                   |                      |                | -             |
| Trade Creditors                                | 2 088               | 23              | 5               | 2                | 10                | 14                | 1                    |                | 2 144         |
| Auditor General                                |                     |                 |                 |                  |                   |                   |                      |                | -             |
| Other  |                     |                 |                 |                  |                   |                   |                      |                | -             |
| <b>Total By Customer Type</b>                  | <b>27 363</b>       | <b>434</b>      | <b>415</b>      | <b>432</b>       | <b>862</b>        | <b>444</b>        | <b>2 590</b>         | <b>53 047</b>  | <b>85 587</b> |

The above amounts represent invoices still to be paid. The major creditors as at 31 January 2019 are as follows:

|                    |                                |
|--------------------|--------------------------------|
| Eskom              | R 18,204 million               |
| NMBM (Bulk water)  | R 58,168 million               |
| SARS-PAYE          | R 3,747 million                |
| Pension Deductions | R 3,324 million                |
| Other Creditors    | <u>R 2,144 million</u>         |
| <b>TOTAL</b>       | <b><u>R 85,587 million</u></b> |

It is to be noted that the Eskom amount of R 18,204 million, represents the current account for January 2019, which will be fully paid on 18 February 2019.

The PAYE deductions represent employee related costs for the month of January 2019, with the amounts in question being paid on 4 February 2019 to SARS.

The pension deductions represent employee related costs for the month of January 2019, with the amounts in question being paid on 4 February 2019.

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 January 2019.

|                    | Balance as at<br>30 June 2018 | Invested           | Interest         | Withdrawals        | Adjustments | Balance as at<br>31 January 2019 |
|--------------------|-------------------------------|--------------------|------------------|--------------------|-------------|----------------------------------|
| Standard Bank      | 18 653 721                    | -                  | 712 440          | -                  | -           | 19 366 160                       |
| ABSA               | 25 806 825                    | -                  | 984 760          | -                  | 228         | 26 791 357                       |
| Nedbank            | 19 520 160                    | -                  | 751 607          | -                  | -           | 20 271 768                       |
| RMB                | 5 885 309                     | 55 244 049         | 747 230          | 19 995 412         | -           | 41 881 177                       |
| INVESTEC           | 20 188 841                    | -                  | 789 641          | -                  | -           | 20 978 482                       |
| <b>Total</b>       | <b>90 054 856</b>             | <b>55 244 049</b>  | <b>3 985 677</b> | <b>-19 995 412</b> | <b>-228</b> | <b>129 288 943</b>               |
|                    |                               |                    |                  |                    |             |                                  |
| <b>INVESTMENT</b>  | Balance as at<br>30 June 2018 | Invested           | Interest         | Withdrawals        | Adjustments | Balance as at<br>31 January 2019 |
| General Account    | 85 725 571                    | 24 799 566         | 3 538 581        | -                  | 228         | 114 063 490                      |
| Conditional Grants | 1 359 363                     | 30 444 483         | 362 589          | 16 947 966         | -           | 15 218 469                       |
| Housing Funds      | 2 969 923                     | -                  | 84 507           | 3 047 445          | -           | 6 984                            |
| <b>Total</b>       | <b>90 054 856</b>             | <b>55 244 049</b>  | <b>3 985 677</b> | <b>-19 995 412</b> | <b>-228</b> | <b>129 288 943</b>               |
|                    |                               |                    |                  |                    |             |                                  |
| Bank               | 4 259 847                     | 46 095 585         |                  |                    |             | 50 355 432                       |
| <b>Total</b>       | <b>94 314 704</b>             | <b>101 339 634</b> | <b>3 985 677</b> | <b>-19 995 412</b> | <b>-228</b> | <b>179 644 375</b>               |

The increase in the investment portfolio since 30 June 2018 amounts to R 85,329,671. The following analysis indicates the extent to which the investments are committed:

#### **Cash backed Reserves**

|                                |                             |
|--------------------------------|-----------------------------|
| Bank Balances and Cash         | R 50,355,432                |
| Short-term Investment Deposits | R 129,288,943               |
|                                | <b><u>R 179,644,375</u></b> |

#### **Application of Cash**

|                                 |                           |
|---------------------------------|---------------------------|
| Unspent Conditional Grants      | 45,268,008                |
| Internally Generated Funds      | 27,180,811                |
| Outstanding Creditors Liability | <u>85,586,674</u>         |
|                                 | <b><u>158,035,493</u></b> |

#### **Reserves in excess of Commitments**

**R 21 608 882**

The cash backed reserves exceed the commitments at this stage by an amount of R 21,608,882. It should be noted that the excess of reserves over commitments as at 31 January 2019, is mainly due to an amount of R 37,0 million in respect of the Water Services Infrastructure Grant received on 19 December 2018, but not yet fully spent.

These funds are already committed towards spending in the 2018/19 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 – M07 January 2019

| Description                                     | Budget Year 2018/19 |                |               |               |              |                |                    |
|---|---------------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|   | Original Budget     | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                              |                     |                |               |               |              | %              |                    |
| <b>RECEIPTS:</b>                                |                     |                |               |               |              |                |                    |
| <b>Operating Transfers and Grants</b>           |                     |                |               |               |              |                |                    |
| <b>National Government:</b>                     | 117 493             | –              | 125 457       | 68 538        | 56 919       | 83,0%          | 117 493            |
| Local Government Equitable Share                | 113 151             | –              | 84 863        | 66 005        | 18 858       | 28,6%          | 113 151            |
| Finance Management                              | 1 770               |                | 1 770         | 1 033         | 738          |                | 1 770              |
| MIG - Administration Fees                       | 1 559               |                | 1 114         | 910           | 204          |                | 1 559              |
| Water Services Operating Subsidy                | –                   |                | 37 000        | –             | 37 000       |                | –                  |
| EPWP Incentive                                  | 1 013               | –              | 710           | 591           | 119          | 20,2%          | 1 013              |
| <b>Provincial Government:</b>                   | 2 050               | 2 202          | 2 825         | 1 196         | 1 629        | 136,3%         | 2 050              |
| Housing   | –                   | 152            | 775           | –             | 775          | #DIV/0!        | –                  |
| Sport and Recreation                            | 2 050               | 2 050          | 2 050         | 1 196         | 854          | 71,4%          | 2 050              |
| <b>District Municipality:</b>                   | 2 210               | –              | 1 681         | 1 289         | 391          | 30,4%          | 2 210              |
| Local Economic Development                      | 445                 | –              | 445           | 260           | 185          | 71,4%          | 445                |
| Environmental Health Subsidy                    | 1 765               | –              | 1 236         | 1 030         | 206          | 20,0%          | 1 765              |
| <b>Other grant providers:</b>                   | 1 865               | –              | 983           | 1 088         | (105)        | -9,7%          | 1 865              |
| Fire Subsidy                                    | 1 865               | –              | 983           | 1 088         | (105)        |                | 1 865              |
| <b>Total Operating Transfers and Grants</b>     | 123 618             | 2 202          | 130 945       | 72 111        | 58 834       | 81,6%          | 123 618            |
| <b>Capital Transfers and Grants</b>             |                     |                |               |               |              |                |                    |
| <b>National Government:</b>                     | 39 827              | –              | 27 357        | 23 232        | 4 124        | 17,8%          | 39 827             |
| Municipal Infrastructure Grant (MIG)            | 29 627              |                | 21 157        | 17 282        | 3 874        | 22,4%          | 29 627             |
| Intergrated National Electrification Programme  | 10 200              | –              | 6 200         | 5 950         | 250          | 4,2%           | 10 200             |
| <b>Total Capital Transfers and Grants</b>       | 39 827              | –              | 27 357        | 23 232        | 4 124        | 17,8%          | 39 827             |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b> | 163 445             | 2 202          | 158 302       | 95 343        | 62 959       | 66,0%          | 163 445            |

Below is an analysis of the spending associated with the grants as at 31 January 2019:

##### Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M07 January 2019

| Description   | Budget Year 2018/19 |                |               |               |              |                |                    |
|---|---------------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|   | Original Budget     | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>  |                     |                |               |               |              | %              |                    |
| <b>EXPENDITURE</b>  |                     |                |               |               |              |                |                    |
| <b>Operating expenditure of Transfers and Grants</b>        |                     |                |               |               |              |                |                    |
| <b>National Government:</b>                                 | 117 493             | 98             | 2 461         | 68 538        | (66 077)     | -96,4%         | 117 493            |
| Local Government Equitable Share                            | 113 151             |                |               | 66 005        | (66 005)     | -100,0%        | 113 151            |
| Finance Management  | 1 770               | (147)          | 480           | 1 033         | (553)        | -53,5%         | 1 770              |
| MIG - Administration Fees                                   | 1 559               | 125            | 969           | 910           | 59           | 6,5%           | 1 559              |
| EPWP Incentive  | 1 013               | 120            | 1 013         | 591           | 422          | 71,4%          | 1 013              |
| <b>Provincial Government:</b>                               | 2 050               | –              | –             | 1 196         | (1 196)      | -100,0%        | 2 050              |
| Sport and Recreation  | 2 050               | –              | –             | 1 196         | (1 196)      | -100,0%        | 2 050              |
| <b>District Municipality:</b>                               | 2 210               | –              | –             | 1 289         | (1 289)      | -100,0%        | 2 210              |
| Local Economic Development                                  | 445                 | –              | –             | 260           | (260)        | -100,0%        | 445                |
| Environmental Health Subsidy                                | 1 765               |                |               | 1 030         | (1 030)      | -100,0%        | 1 765              |
| <b>Other grant providers:</b>                               | 1 865               | –              | –             | 1 088         | (1 088)      | -100,0%        | 1 865              |
| Fire Subsidy  | 1 865               |                |               | 1 088         | (1 088)      |                | 1 865              |
| <b>Total operating expenditure of Transfers and Grants:</b> | 123 618             | 98             | 2 461         | 72 111        | (69 649)     | -96,6%         | 123 618            |
| <b>Capital expenditure of Transfers and Grants</b>          |                     |                |               |               |              |                |                    |
| <b>National Government:</b>                                 | 39 827              | 728            | 17 944        | 23 232        | (5 288)      | -22,8%         | 39 827             |
| Municipal Infrastructure Grant (MIG)                        | 29 627              | 593            | 17 484        | 17 282        | 201          | 1,2%           | 29 627             |
| Intergrated National Electrification Programme              | 10 200              | 135            | 460           | 5 950         | (5 490)      | -92,3%         | 10 200             |
| <b>Total capital expenditure of Transfers and Grants</b>    | 39 827              | 728            | 17 944        | 23 232        | (5 288)      | -22,8%         | 39 827             |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>            | 163 445             | 826            | 20 405        | 95 343        | (74 938)     | -78,6%         | 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 296,248   |
| Unspent as at 31 January 2019: | R 1,473,752 |

The spending of the grant amounted to 16,74% as at 31 January 2019, 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 710,000   |
| Expenditure to date:             | R 1,222,700 |
| Overspent as at 31 January 2019: | R -512,700  |

The spending of the grant amounted to 172,21% as at 31 January 2019, 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 22,270,000 |
| Expenditure to date:           | R 18,452,204 |
| Unspent as at 31 January 2019: | R 3,817,796  |

The spending of the grant amounted to 82,86% as at 31 January 2019, 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 460,140    |
| Unspent as at 31 January 2019: | R 5,739,860  |

The spending of the grant amounted to 7,42% as at 31 January 2019, compared to the amount of the grant received.

### **Water Services Infrastructure Grant**

The purpose of this grant is to implement the meter and internal leak audit, repairs of leaks and water meters, reticulation pipe replacement and reservoir level control.

|                                |              |
|--------------------------------|--------------|
| DORA Allocation:               | R 92,500,000 |
| Amount of Grant Received:      | R 37,000,000 |
| Expenditure to date:           | R 2,763,400  |
| Unspent as at 31 January 2019: | R 34,236,600 |

The spending of the grant amounted to 7,47% as at 31 January 2019, 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 – M07 January 2019**

| 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 |
| <b>R thousands</b>                                       |                     |                 |                |                |                |              | %              |                    |
| <b>Councillors (Political Office Bearers plus Other)</b> |                     |                 |                |                |                |              |                |                    |
| Basic Salaries and Wages                                 | 9 232               |                 | 811            | 4 732          | 5 385          | (654)        | -12%           | 9 232              |
| Motor Vehicle Allowance                                  | 2 747               |                 | 270            | 1 577          | 1 603          | (25)         | -2%            | 2 747              |
| Cellphone Allowance                                      | 805                 |                 | 102            | 749            | 469            | 279          | 59%            | 805                |
| <b>Sub Total - Councillors</b>                           | <b>12 784</b>       | <b>-</b>        | <b>1 184</b>   | <b>7 057</b>   | <b>7 457</b>   | <b>(400)</b> | <b>-5%</b>     | <b>12 784</b>      |
| <b>Senior Managers of the Municipality</b>               |                     |                 |                |                |                |              |                |                    |
| Basic Salaries and Wages                                 | 4 434               | -               | 458            | 3 044          | 2 586          | 458          | 18%            | 4 434              |
| Pension and UIF Contributions                            |                     | -               | 1              | 5              | -              | 5            | #DIV/0!        |                    |
| Motor Vehicle Allowance                                  |                     | -               | 55             | 379            | -              | 379          | #DIV/0!        |                    |
| Cellphone Allowance                                      |                     | -               | 1              | 5              | -              | 5            | #DIV/0!        |                    |
| Other benefits and allowances                            | 2 956               | -               | 3              | 24             | 1 724          | (1 700)      | -99%           | 2 956              |
| <b>Sub Total - Senior Managers of Municipality</b>       | <b>7 389</b>        | <b>-</b>        | <b>517</b>     | <b>3 458</b>   | <b>4 311</b>   | <b>(853)</b> | <b>-20%</b>    | <b>7 389</b>       |
| <b>Other Municipal Staff</b>                             |                     |                 |                |                |                |              |                |                    |
| Basic Salaries and Wages                                 | 161 389             |                 | 13 585         | 92 880         | 94 144         | (1 263)      | -1%            | 161 389            |
| Pension and UIF Contributions                            | 27 035              |                 | 2 281          | 16 038         | 15 770         | 268          | 2%             | 27 035             |
| Medical Aid Contributions                                | 16 559              |                 | 1 242          | 8 274          | 9 659          | (1 385)      | -14%           | 16 559             |
| Overtime   | 11 345              |                 | 4 306          | 16 448         | 6 618          | 9 830        | 149%           | 11 345             |
| Performance Bonus  | 16 117              |                 | -              | -              | 9 401          | (9 401)      | -100%          | 16 117             |
| Motor Vehicle Allowance                                  | 8 701               |                 | 556            | 4 255          | 5 075          | (820)        | -16%           | 8 701              |
| Cellphone Allowance                                      |                     |                 | -              | 1              | -              | 1            | #DIV/0!        |                    |
| Housing Allowances                                       | 2 516               |                 | 56             | 652            | 1 468          | (815)        | -56%           | 2 516              |
| Other benefits and allowances                            | 20 864              |                 | 734            | 17 062         | 12 171         | 4 891        | 40%            | 20 864             |
| Payments in lieu of leave                                |                     |                 | 103            | 712            | -              | 712          | #DIV/0!        |                    |
| Long service awards                                      | 888                 |                 | 48             | 615            | 518            | 97           | 19%            | 888                |
| <b>Sub Total - Other Municipal Staff</b>                 | <b>265 413</b>      | <b>-</b>        | <b>22 912</b>  | <b>156 938</b> | <b>154 824</b> | <b>2 114</b> | <b>1%</b>      | <b>265 413</b>     |
| <b>Total Parent Municipality</b>                         | <b>285 586</b>      | <b>-</b>        | <b>24 613</b>  | <b>167 453</b> | <b>166 592</b> | <b>861</b>   | <b>1%</b>      | <b>285 586</b>     |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>           | <b>285 586</b>      | <b>-</b>        | <b>24 613</b>  | <b>167 453</b> | <b>166 592</b> | <b>861</b>   | <b>1%</b>      | <b>285 586</b>     |
| <b>TOTAL MANAGERS AND STAFF</b>                          | <b>272 802</b>      | <b>-</b>        | <b>23 429</b>  | <b>160 396</b> | <b>159 135</b> | <b>1 261</b> | <b>1%</b>      | <b>272 802</b>     |

## 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.

| <b>Borrowing Management</b>                   |   | <b>Actuals as at 30 June 2015</b> | <b>Actuals as at 30 June 2016</b> | <b>Actuals as at 30 June 2017</b> | <b>Actuals as at 30 June 2018</b> | <b>Approved Budget 2018/19</b> | <b>Actuals as at 31 January 2019</b> |
|---|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------------|
| Capital Charges to Operating Expenditure      | Interest & principal paid/Total Operating Expenditure               | 4.50%                             | 3.67%                             | 2.51%                             | 1.77%                             | 2.04%                          | 1%                                   |
| 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                              | 0.03                              | 0.02                              | 0.02                           | 0.01                                 |
| <b>Liquidity</b>                              |   |                                   |                                   |                                   |                                   |                                |                                      |
| Current Ratio                                 | Current assets / current liabilities                                | 0.72                              | 0.85                              | 0.97                              | 1.11                              | 0.98                           | 2,10                                 |
| Liquidity Ratio                               | Monetary assets / current liabilities                               | 0.22                              | 0.40                              | 0.47                              | 0.52                              | 0.40                           | 1,24                                 |
| <b>Revenue Management</b>                     |   |                                   |                                   |                                   |                                   |                                |                                      |
| Annual Debtors Collection Rate                | Billed Revenue / Receipted Revenue                                  | 98.91%                            | 97.60%                            | 95.81%                            | 90.73%                            | 94%                            | 94,54%                               |

| 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 January 2019 |
|--|--|----------------------------|----------------------------|----------------------------|----------------------------|-------------------------|-------------------------------|
| 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                       | 1.62                       | 1.72                       | 0.95                    | 2.65                          |
| Employee Costs   | Employee Costs / Total Operating Expenditure   | 35.70%                     | 35.62%                     | 33.39%                     | 32.99%                     | 34.24%                  | 36.03%                        |
| Capital Expenditure (Including Water Services Infrastructure Grant)        | Capital Expenditure / Capital Budget (Including Water Services Infrastructure Grant)   | 241.30%                    | 81.97%                     | 72.92%                     | 72.98%                     | 95%                     | 14.28%                        |
| Capital Expenditure (Excluding Water Services Infrastructure Grant)        | Capital Expenditure / Capital Budget (Excluding Water Services Infrastructure Grant)   | 241.30%                    | 81.97%                     | 72.92%                     | 72.98%                     | 95%                     | 39,35%                        |
| Repairs and Maintenance as % of Total Operating Expenditure                | Repairs and Maintenance / Total Operating Expenditure  | 4.46%                      | 4.61%                      | 4.94%                      | 3.79%                      | 4.65%                   | 4,38%                         |
| Repairs and Maintenance as % of PPE (Book Value)                           | Repairs and Maintenance / Net PPE  | 1.06%                      | 1.17%                      | 1.65%                      | 1.42%                      | 1.72%                   | 0,98%                         |
| Own Revenue Sources / Total Operating Revenue (Including operating grants) | Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)   | 69.55%                     | 74.74%                     | 78.69%                     | 80.57%                     | 83.60%                  | 79,46%                        |

The above table is discussed in details below.

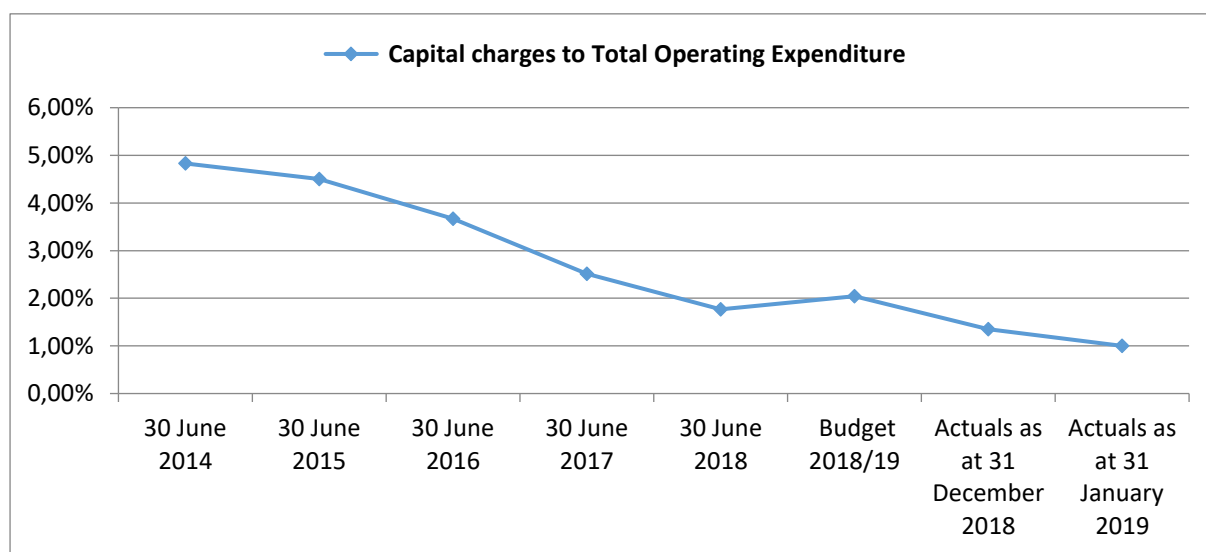
## 5.1. Borrowing Management

### 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% of the Total Operating Expenditure was utilised for capital charges as at 31 January 2019, 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.



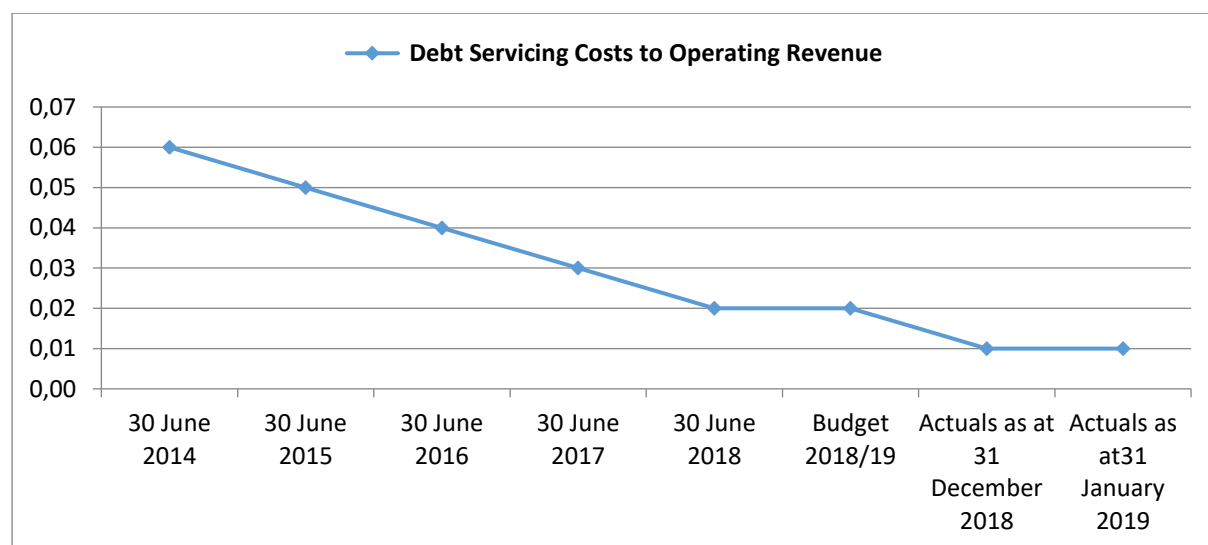
### 5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 January 2019, 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:

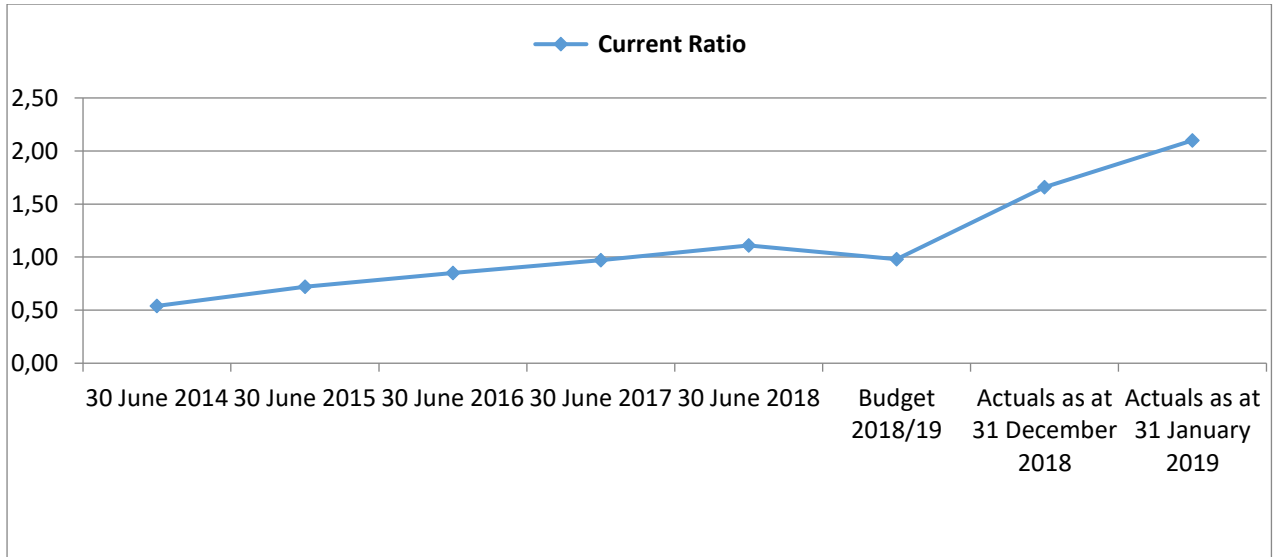
#### Current assets/Current liabilities

The ratio as at 31 January 2019 was 2.10:1, 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

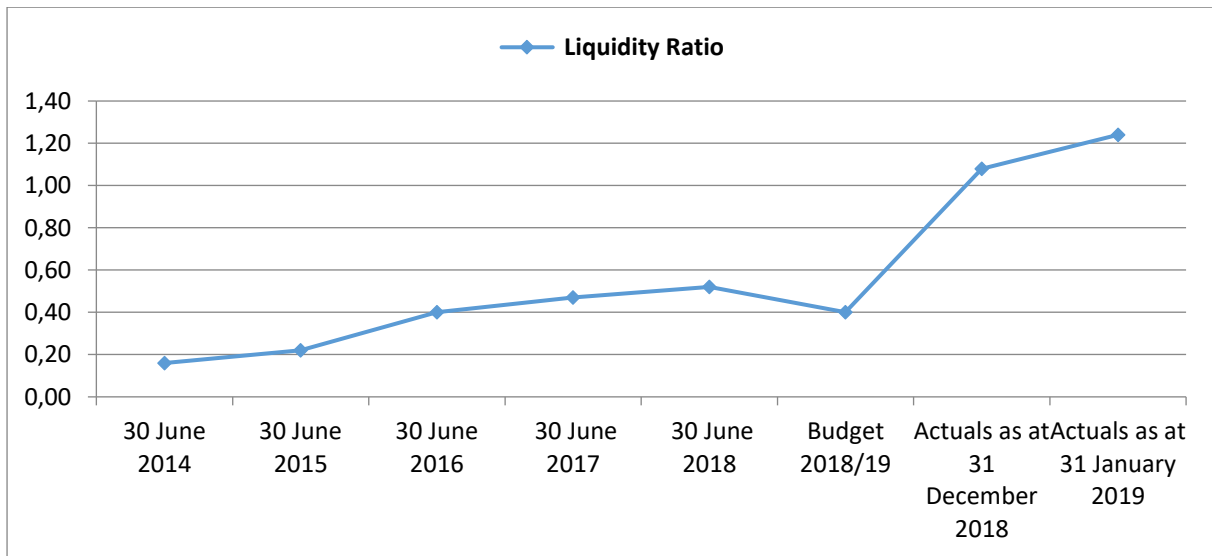
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 January 2019 was 1.24:1, 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

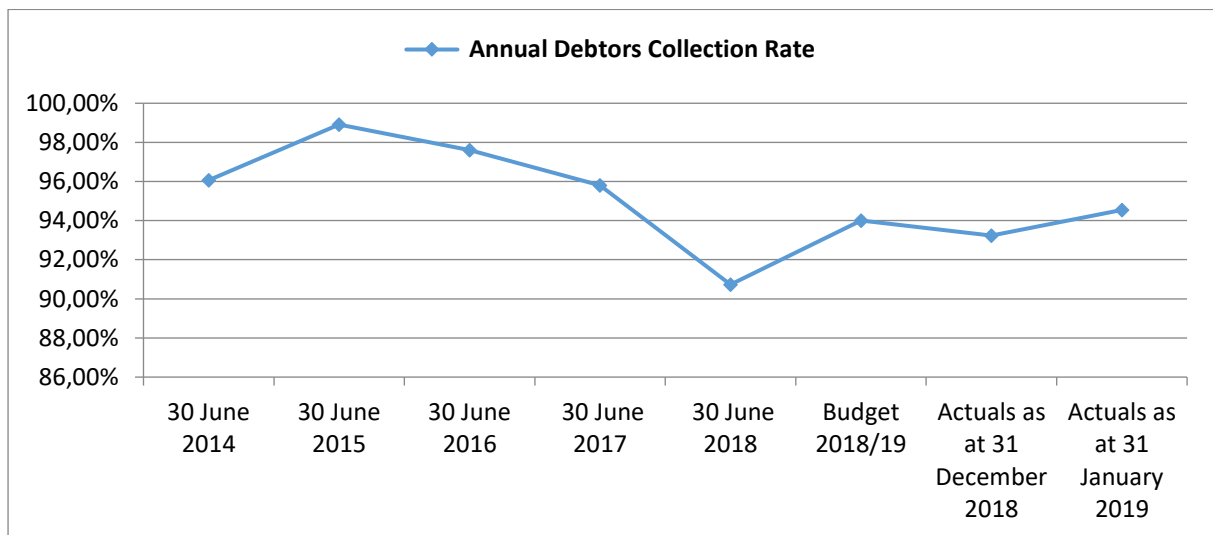
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 January 2019 was 94,54%, 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.



### 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.

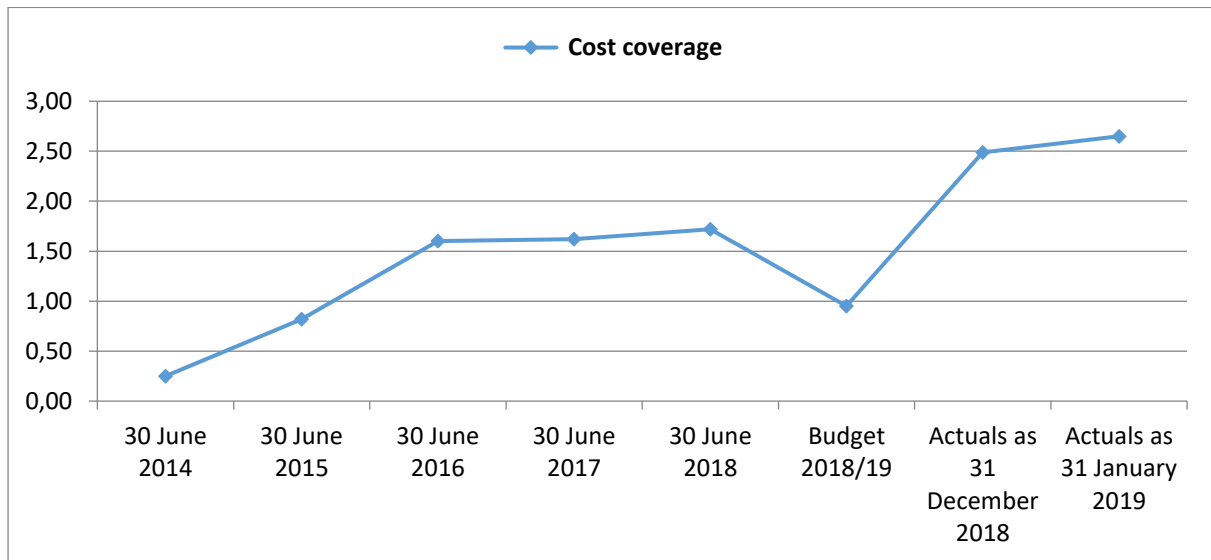
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 January 2019, the Ratio was 2.65 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



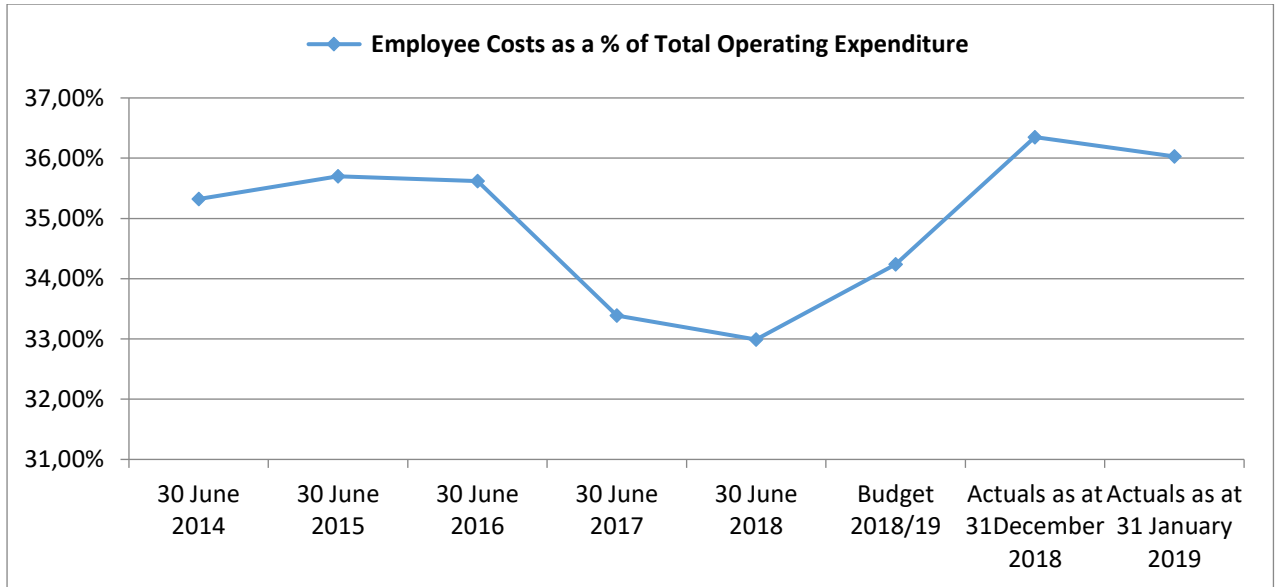
#### **5.4.2. Employee costs as a % of Total Operating Expenditure**

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 January 2019, Employee Related Costs constituted 36.03% of the Total Operating Expenditure, compared to the budgeted ratio of 34.24%.



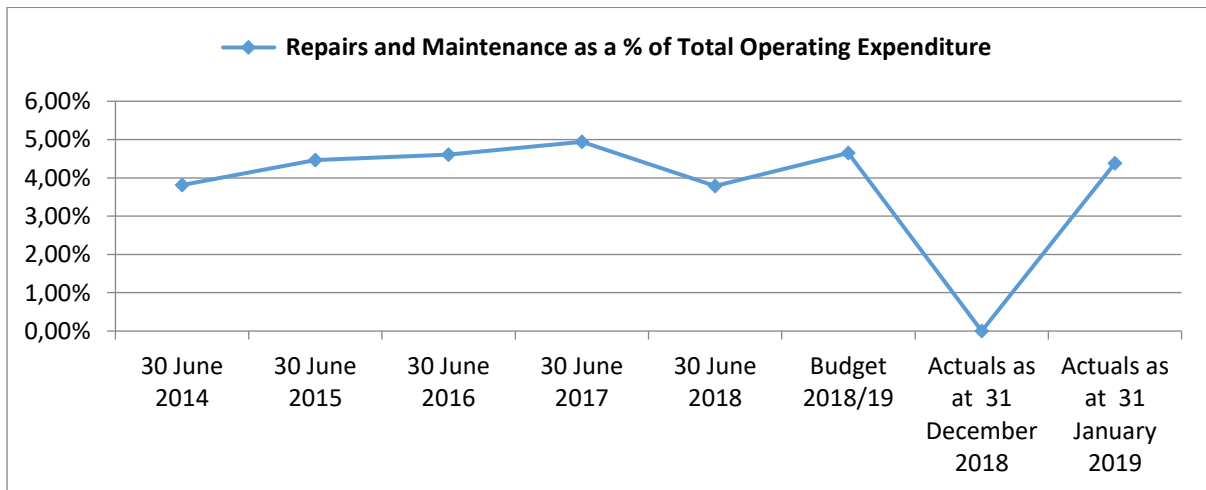
#### 5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 January 2019, the ratio was 4,38%, 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)

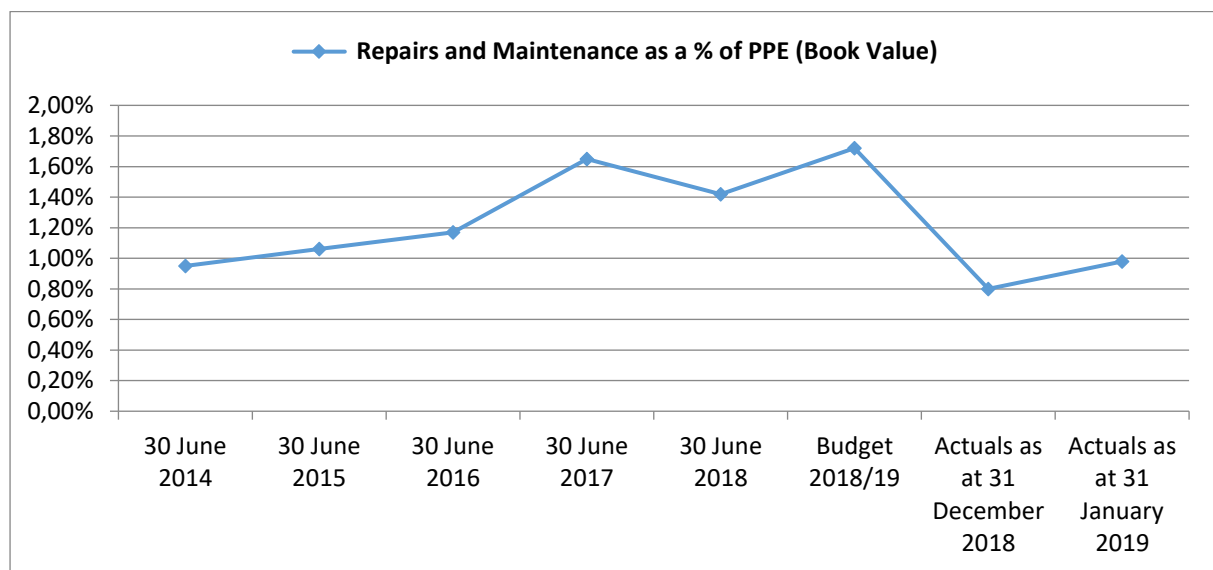
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 January 2019, repairs and maintenance expenditure constituted 0,98% 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%.



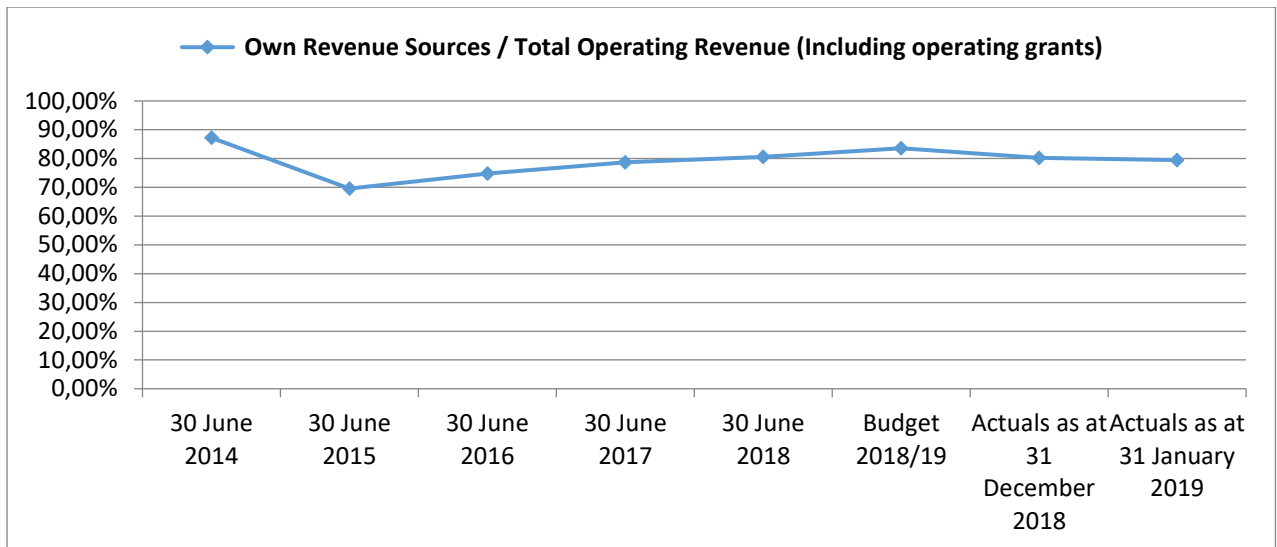
#### 5.4.5. Own Revenue Generation

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 January 2019, the Municipality's own revenue sources constituted 79.46% 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:

#### Actual Capital spending / Approved Capital Budget

The actual spending as at the end of January 2019 amounted to 14.28% compared to the budgeted ratio of 95%. The capital expenditure would have amounted to 39.35%, upon exclusion of the Water Services Infrastructure Grant

