

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY TO DECEMBER 2017

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

Item Description	Approved Budget 2017/18	Actuals as at 31 December 2017	% of Budget
OPERATING REVENUE			
Property rates	160 564 979	106 675 270	66,44%
Total Service Charges	370 093 675	181 563 985	49,06%
Service charges - electricity revenue	230 405 163	112 017 302	48,62%
Service charges - water revenue	58 871 483	29 462 895	50,05%
Service charges - sanitation revenue	40 622 429	19 056 790	46,91%
Service charges - refuse revenue	27 412 368	13 739 162	50,12%
Service charges - other	12 782 232	7 287 836	57,02%
Rental of Facilities and Equipment	1 309 449	551 226	42,10%
Interest Earned - External Investments	7 194 922	3 182 537	44,23%
Interest Earned - Outstanding Debtors	8 939 206	3 104 913	34,73%
Fines, penalties and forfeits	3 760 285	1 728 461	45,97%
Licences and Permits	11 772 882	5 656 800	48,05%
Grants & Subsidies Received - Operating	114 218 922	71 976 664	63,02%
Other Revenue	6 484 211	2 569 239	39,62%
Total Direct Operating Revenue	684 338 531	377 009 095	55,09%
OPERATING EXPENDITURE			
Employee Related Costs	256 021 847	124 410 617	48,59%
Remuneration of Councillors	11 725 189	3 872 125	33,02%
Bad Debts	31 680 232	613 086	1,94%
Depreciation & Asset Impairment	83 730 150	35 535 798	42,44%
Repairs & Maintenance - Municipal Assets	17 801 074	4 784 763	26,88%
Finance Charges - External Borrowings	3 768 124	1 673 977	44,42%
Total Bulk Purchases	225 623 251	116 474 252	51,62%
Bulk purchases - electricity	187 239 233	101 906 412	54,43%
Bulk purchases - water	38 384 018	14 567 841	37,95%
Contracted Services	41 750 674	10 286 287	24,64%
Transfers and Grants	1 580 000	-	0,00%
Other expenditure	71 161 717	26 812 299	37,68%
Total Direct Operating Expenditure	744 842 258	324 463 204	43,56%
Surplus/(Deficit)	-60 503 727	52 545 891	

The statement of financial performance indicates a surplus of R 52,545,891.

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

Revenue Variations

Property Rates

As at 31 December 2017, the Municipality has recognised 66.44% of its property rates revenue, compared to the budget.

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

Service charges – Other

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

Rental of Facilities and Equipment

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

Interest Earned – External Investments

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

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 31 December 2017 amounted to R 131,389 million.

Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Transfers and Grants

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

General expenses – other

Other expenditure relates to various general expenses, relating to the running costs of the municipality, such as printing and stationery, telephone accounts, etc.

Repairs and Maintenance

Below is an analysis of actual repairs and maintenance expenditure by Directorate, compared to the approved 2017/18 Budget.

Directorate	Approved Budget 2017/18	Actuals as at 31 December 2017	% of Budget
Corporate Services	15,000	-	-
Finance	70,938	1,241	1,75%
Community Services	1,285,197	131,875	10,26%
Infrastructure and Engineering	16,379,939	4,651,647	28,40%
Planning, Development and Tourism	50,000	-	-
Total	17,801,074	4,784,763	26,88%

It is to be noted that actual repairs and maintenance expenditure constituted 26.88% of the approved 2017/18 Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

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

Directorate	Approved Budget 2017/18	Approved Adjustments	Adjusted Budget 2017/18	Actuals as at 31 December 2017	% of Budget
	R			R	
Corporate Services	658,000	-	658,000	305,505	46,43%
Finance	3,303,500	305,200	3,608,700	1,160,008	32,14%
Community Services	12,481,455	7,400,000	19,881,455	7,152,105	35,97%
Infrastructure and Engineering	41,796,280	789,632	42,585,912	5,248,639	12,32%
Planning, Development and Tourism	1,440,485	-	1,440,485	-	-
Total	59,679,720	8,494,832	68,174,552	13,866,256	20,34%
Source of Funding	Approved Budget 2017/18	Approved Adjustments	Adjusted Budget 2017/18	Actuals as at 31 December 2017	% of Budget
	R			R	
Internally Generated Funding	24,219,420	8,494,832	32,714,252	9,092,863	27,79%
Government Grants	35,460,300	-	35,460,300	4,773,394	13,46%
Total	59,679,720	8,494,832	68,174,552	13,866,256	20,34%

It is to be noted that capital expenditure as at 31 December 2017 amounted to 20,34%, compared to the adjusted capital budget of R 68,174,552.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2017/18 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 December 2017

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 – M06 December 2017

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1										
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			150 931		9 518	89 672	75 466	14 206	19%	150 931	
Service charges			348 047		25 463	154 431	174 024	(19 592)	-11%	348 047	
Other revenue			23 328		9 307	69 791	11 664	58 128	498%	23 328	
Government - operating			114 219		36 429	82 322	57 109	25 212	44%	114 219	
Government - capital			34 660		2 000	23 211	17 330	5 881	34%	34 660	
Interest			16 134		1 544	7 847	8 067	(220)	-3%	16 134	
Dividends			-					-		-	
Payments											
Suppliers and employees			(624 084)		(60 650)	(346 845)	(312 042)	34 804	-11%	(624 084)	
Finance charges			(3 768)		(303)	(1 919)	(1 884)	35	-2%	(3 768)	
Transfers and Grants			(1 580)					-		(1 580)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	57 887	-	23 307	78 510	29 734	(48 776)	-164%	57 887
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE								-			
Decrease (Increase) in non-current debtors								-			
Decrease (increase) other non-current receivables								-			
Decrease (increase) in non-current investments								-			
Payments											
Capital assets			(59 680)		(1 482)	(13 866)	(29 840)	(15 974)	54%	(59 680)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(59 680)	-	(1 482)	(13 866)	(29 840)	(15 974)	54%	(59 680)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								-			
Borrowing long term/refinancing								-			
Increase (decrease) in consumer deposits								-			
Payments											
Repayment of borrowing			(6 443)		(548)	(3 193)	(3 221)	(28)	1%	(6 443)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(6 443)	-	(548)	(3 193)	(3 221)	(28)	1%	(6 443)
NET INCREASE/ (DECREASE) IN CASH HELD			-	(8 235)	-	21 277	61 450	(3 328)			(8 235)
Cash/cash equivalents at beginning:			68 249			83 999	68 249				83 999
Cash/cash equivalents at month/year end:			-	60 014	-		145 449	64 921			75 764

MUNICIPAL MONTHLY BUDGET TABLES

1. MONTHLY BUDGET TABLES

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's 2017/18 budget performance for the period July to December 2017 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M06 December 2017

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	160 565	-	8 856	106 675	80 282	26 393	33%	-
Service charges	-	370 094	-	26 368	181 564	185 047	(3 483)	-2%	-
Investment revenue	-	7 195	-	3 183	3 183	3 597	(415)	-12%	-
Transfers and subsidies	-	114 219	-	13 735	71 977	57 109	14 867	26%	-
Other own revenue	-	32 267	-	2 959	13 611	16 133	(2 523)	-16%	-
Total Revenue (excluding capital transfers and contributions)	-	684 339	-	55 100	377 009	342 170	34 839	10%	-
Employee costs	-	256 022	-	19 496	124 411	128 011	(3 600)	-3%	-
Remuneration of Councillors	-	11 725	-	625	3 872	5 863	(1 990)	-34%	-
Depreciation & asset impairment	-	83 730	-	35 536	35 536	41 865	(6 329)	-15%	-
Finance charges	-	3 768	-	1 674	1 674	1 884	(210)	-11%	-
Materials and bulk purchases	-	243 424	-	18 674	121 259	121 712	(453)	-0%	-
Transfers and subsidies	-	1 580	-	-	-	790	(790)	-100%	-
Other expenditure	-	144 593	-	14 072	37 712	72 296	(34 585)	-48%	-
Total Expenditure	-	744 842	-	90 077	324 463	372 421	(47 958)	-13%	-
Surplus/(Deficit)	-	(60 503)	-	(34 977)	52 546	(30 252)	82 797	-274%	-
Transfers and subsidies - capital (monetary alloc	-	34 660	-	8 205	8 205	17 330	(9 126)	-53%	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	(25 843)	-	(26 772)	60 750	(12 921)	73 672	-570%	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	(25 843)	-	(26 772)	60 750	(12 921)	73 672	-570%	-
Capital expenditure & funds sources									
Capital expenditure	-	59 680	-	1 482	13 866	29 840	(15 974)	-54%	-
Capital transfers recognised	-	35 460	-	686	4 773	17 730	(12 957)	-73%	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	24 219	-	797	9 093	12 110	(3 017)	-25%	-
Total sources of capital funds	-	59 680	-	1 482	13 866	29 840	(15 974)	-54%	-
Financial position									
Total current assets	-	145 598	-	-	207 835	-	-	-	145 598
Total non current assets	-	2 647 186	-	-	2 590 481	-	-	-	2 647 186
Total current liabilities	-	153 131	-	-	161 706	-	-	-	153 131
Total non current liabilities	-	148 939	-	-	165 124	-	-	-	148 939
Community wealth/Equity	-	2 490 714	-	-	2 471 486	-	-	-	2 490 714
Cash flows									
Net cash from (used) operating	-	57 887	-	23 307	78 510	29 734	(48 776)	-164%	57 887
Net cash from (used) investing	-	(59 680)	-	(1 482)	(13 866)	(29 840)	(15 974)	54%	(59 680)
Net cash from (used) financing	-	(6 443)	-	(548)	(3 193)	(3 221)	(28)	1%	(6 443)
Cash/cash equivalents at the month/year end	-	60 014	-	-	145 449	64 921	(80 528)	-124%	75 764
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	27 266	5 746	3 742	2 946	15 539	2 513	10 135	90 767	158 655
Creditors Age Analysis									
Total Creditors	22 033	1 147	196	4 411	713	424	2 273	51 232	82 430

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) – M06 December 2017

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		-	281 833	-	42 217	182 748	140 916	41 832	30%	-
Executive and council		-	34	-	4	7	17	(10)	-60%	-
Finance and administration		-	281 799	-	42 213	182 741	140 900	41 842	30%	-
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	14 965	-	4 012	5 881	7 482	(1 601)	-21%	-
Community and social services		-	2 428	-	1 826	2 010	1 214	796	66%	-
Sport and recreation		-	9 833	-	1 081	2 730	4 917	(2 186)	-44%	-
Public safety		-	4	-	-	3	2	1	65%	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	2 699	-	1 104	1 138	1 349	(211)	-16%	-
<i>Economic and environmental services</i>		-	29 175	-	(16 636)	13 987	14 588	(601)	-4%	-
Planning and development		-	6 521	-	(18 020)	2 856	3 260	(404)	-12%	-
Road transport		-	8 408	-	162	3 211	4 204	(993)	-24%	-
Environmental protection		-	14 247	-	1 222	7 920	7 124	797	11%	-
<i>Trading services</i>		-	393 027	-	33 712	182 597	196 513	(13 916)	-7%	-
Energy sources		-	239 206	-	19 548	115 712	119 603	(3 891)	-3%	-
Water management		-	60 871	-	4 463	29 463	30 436	(973)	-3%	-
Waste water management		-	65 521	-	7 389	23 683	32 760	(9 077)	-28%	-
Waste management		-	27 429	-	2 312	13 739	13 714	25	0%	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	719 000	-	63 305	385 214	359 500	25 714	7%	-
Expenditure - Functional										
<i>Governance and administration</i>		-	169 788	-	18 469	66 654	84 894	(18 240)	-21%	-
Executive and council		-	43 765	-	5 252	26 546	21 882	4 664	21%	-
Finance and administration		-	126 024	-	13 217	40 108	63 012	(22 904)	-36%	-
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	81 788	-	8 063	37 599	40 894	(3 295)	-8%	-
Community and social services		-	9 701	-	792	3 711	4 850	(1 140)	-24%	-
Sport and recreation		-	42 081	-	5 093	20 925	21 040	(115)	-1%	-
Public safety		-	20 985	-	1 503	9 092	10 493	(1 400)	-13%	-
Housing		-	4 369	-	284	1 619	2 184	(565)	-26%	-
Health		-	4 653	-	390	2 252	2 326	(74)	-3%	-
<i>Economic and environmental services</i>		-	111 075	-	23 604	41 885	55 537	(13 652)	-25%	-
Planning and development		-	30 274	-	5 112	13 008	15 137	(2 130)	-14%	-
Road transport		-	71 834	-	18 221	27 677	35 917	(8 240)	-23%	-
Environmental protection		-	8 966	-	272	1 201	4 483	(3 283)	-73%	-
<i>Trading services</i>		-	378 843	-	39 754	177 410	189 421	(12 011)	-6%	-
Energy sources		-	227 987	-	18 134	112 171	113 993	(1 823)	-2%	-
Water management		-	77 021	-	9 242	30 610	38 511	(7 900)	-21%	-
Waste water management		-	40 698	-	9 238	18 482	20 349	(1 868)	-9%	-
Waste management		-	33 136	-	3 140	16 148	16 568	(420)	-3%	-
<i>Other</i>		-	3 349	-	188	915	1 674	(759)	-45%	-
Total Expenditure - Functional	3	-	744 842	-	90 077	324 463	372 421	(47 958)	-13%	-
Surplus/ (Deficit) for the year		-	(25 843)	-	(26 772)	60 750	(12 921)	73 672	-570%	-

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 – M06 December 2017

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue by Vote									
Vote 1 - Executive & Council	-	-	-	-	-	-	-		-
Vote 2 - Financial Services	-	277 541	-	42 083	181 214	138 771	42 444	30,6%	-
Vote 3 - Administration, Monitoring & Evaluation	-	752	-	4	7	376	(369)	-98,2%	-
Vote 4 - Led, Tourism & Creative Industries	-	1 440	-	-	-	720	(720)	-100,0%	-
Vote 5 - Infrastructure, Planning & Development	-	371 680	-	13 162	171 521	185 840	(14 319)	-7,7%	-
Vote 6 - Social Services	-	67 586	-	8 056	32 471	33 793	(1 322)	-3,9%	-
Total Revenue by Vote	-	719 000	-	63 305	385 214	359 500	25 714	7,2%	-
Expenditure by Vote									
Vote 1 - Executive & Council	-	35 224	-	3 766	16 627	17 612	(984)	-5,6%	-
Vote 2 - Financial Services	-	65 852	-	6 219	22 468	32 926	(10 458)	-31,8%	-
Vote 3 - Administration, Monitoring & Evaluation	-	41 583	-	6 491	18 303	20 792	(2 488)	-12,0%	-
Vote 4 - Led, Tourism & Creative Industries	-	11 017	-	522	3 088	5 509	(2 421)	-43,9%	-
Vote 5 - Infrastructure, Planning & Development	-	443 519	-	59 547	199 454	221 759	(22 305)	-10,1%	-
Vote 6 - Social Services	-	147 648	-	13 532	64 522	73 824	(9 302)	-12,6%	-
Total Expenditure by Vote	-	744 842	-	90 077	324 463	372 421	(47 958)	-12,9%	-

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) – M06 December 2017

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			160 565		8 856	106 675	80 282	26 393	33%	
Service charges - electricity revenue			230 405		15 950	112 017	115 203	(3 185)	-3%	
Service charges - water revenue			58 871		4 463	29 463	29 436	27	0%	
Service charges - sanitation revenue			40 622		2 763	19 057	20 311	(1 254)	-6%	
Service charges - refuse revenue			27 412		2 312	13 739	13 706	33	0%	
Service charges - other			12 782		880	7 288	6 391	897	14%	
Rental of facilities and equipment			1 309		100	551	655	(103)	-16%	
Interest earned - external investments			7 195		3 183	3 183	3 597	(415)	-12%	
Interest earned - outstanding debtors			8 939		715	3 105	4 470	(1 365)	-31%	
Dividends received			-		-	-	-	-		
Fines, penalties and forfeits			3 761		139	1 728	1 881	(152)	-8%	
Licences and permits			11 773		1 502	5 657	5 886	(230)	-4%	
Agency services			-		-	-	-	-		
Transfers and subsidies			114 219		13 735	71 977	57 109	14 867	26%	
Other revenue			6 484		504	2 569	3 242	(673)	-21%	
Gains on disposal of PPE			-		-	-	-	-		
Total Revenue (excluding capital transfers and contributions)			684 339		55 100	377 009	342 170	34 839	10%	-
Expenditure By Type										
Employee related costs			256 022		19 496	124 411	128 011	(3 600)	-3%	
Remuneration of councillors			11 725		625	3 872	5 863	(1 990)	-34%	
Debt impairment			31 680		613	613	15 840	(15 227)	-96%	
Depreciation & asset impairment			83 730		35 536	35 536	41 865	(6 329)	-15%	
Finance charges			3 768		1 674	1 674	1 884	(210)	-11%	
Bulk purchases			225 623		17 207	116 474	112 812	3 663	3%	
Other materials			17 801		1 468	4 785	8 901	(4 116)	-46%	
Contracted services			41 751		2 640	10 286	20 875	(10 589)	-51%	
Transfers and subsidies			1 580		-	-	790	(790)	-100%	
Other expenditure			71 162		10 819	26 812	35 581	(8 769)	-25%	
Loss on disposal of PPE			-		-	-	-	-		
Total Expenditure			744 842		90 077	324 463	372 421	(47 958)	-13%	-
Surplus/(Deficit)			-(60 503)		-(34 977)	52 546	-(30 252)	82 797	(0)	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			34 660		8 205	8 205	17 330	(9 126)	(0)	
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-		-	-	-	-		
Transfers and subsidies - capital (in-kind - all)			-		-	-	-	-		
Surplus/(Deficit) after capital transfers & contributions			-(25 843)		-(26 772)	60 750	-(12 921)			-
Taxation			-		-	-	-	-		
Surplus/(Deficit) after taxation			-(25 843)		-(26 772)	60 750	-(12 921)			-
Attributable to minorities			-		-	-	-	-		
Surplus/(Deficit) attributable to municipality			-(25 843)		-(26 772)	60 750	-(12 921)			-
Share of surplus/ (deficit) of associate			-		-	-	-	-		
Surplus/ (Deficit) for the year			-(25 843)		-(26 772)	60 750	-(12 921)			-

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) – M06 December 2017

Vote Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
Single Year expenditure appropriation									
Vote 1 - Executive & Council	-	181	-	-	139	91	49	54%	-
Vote 2 - Financial Services	-	3 304	-	551	1 160	1 652	(492)	-30%	-
Vote 3 - Administration, Monitoring & Evaluation	-	477	-	-	166	239	(72)	-30%	-
Vote 4 - Led, Tourism & Creative Industries	-	2 551	-	-	-	1 276	(1 276)	-100%	-
Vote 5 - Infrastructure, Planning & Development	-	40 408	-	929	5 249	20 204	(14 955)	-74%	-
Vote 6 - Social Services	-	12 759	-	2	7 152	6 380	773	12%	-
Total Capital single-year expenditure	-	59 680	-	1 482	13 866	29 840	(15 974)	-54%	-
Total Capital Expenditure	-	59 680	-	1 482	13 866	29 840	(15 974)	-54%	-
Capital Expenditure - Functional Classification									
Governance and administration	-	4 813	-	551	1 553	2 406	(853)	-35%	-
Executive and council		157			139	79	61	77%	
Finance and administration		4 656		551	1 414	2 328	(914)	-39%	
Internal audit		-			-	-	-		
Community and public safety	-	6 993	-	-	218	3 497	(3 278)	-94%	-
Community and social services		599			61	300	(239)	-80%	
Sport and recreation		4 869			157	2 435	(2 277)	-94%	
Public safety		950			-	475	(475)	-100%	
Housing		-			-	-	-		
Health		575			-	288	(288)	-100%	
Economic and environmental services	-	6 502	-	-	184	3 251	(3 067)	-94%	-
Planning and development		2 742			111	1 371	(1 260)	-92%	
Road transport		2 820			73	1 410	(1 337)	-95%	
Environmental protection		940			-	470	(470)	-100%	
Trading services	-	41 372	-	931	11 911	20 686	(8 775)	-42%	-
Energy sources		7 255		25	86	3 628	(3 541)	-98%	
Water management		5 292		659	659	2 646	(1 988)	-75%	
Waste water management		25 680		246	4 393	12 840	(8 447)	-66%	
Waste management		3 145		2	6 773	1 573	5 200	331%	
Other		-			-	-	-		
Total Capital Expenditure - Functional Classification	-	59 680	-	1 482	13 866	29 840	(15 974)	-54%	-
Funded by:									
National Government		35 460		686	4 773	17 730	(12 957)	-73%	
Provincial Government							-		
District Municipality							-		
Other transfers and grants							-		
Transfers recognised - capital	-	35 460	-	686	4 773	17 730	(12 957)	-73%	-
Public contributions & donations							-		
Borrowing							-		
Internally generated funds		24 219		797	9 093	12 110	(3 017)	-25%	
Total Capital Funding	-	59 680	-	1 482	13 866	29 840	(15 974)	-54%	-

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 – M06 December 2017

Description	Ref	2016/17	Budget Year 2017/18				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
R thousands	1						
ASSETS							
Current assets							
Cash			18 004		25 998	18 004	
Call investment deposits			42 010		119 451	42 010	
Consumer debtors			55 213		54 219	55 213	
Other debtors			25 677		3 219	25 677	
Current portion of long-term receivables			3			3	
Inventory			4 691		4 947	4 691	
Total current assets			-	145 598	-	207 835	145 598
Non current assets							
Long-term receivables			150			150	
Investments						-	
Investment property			84 431		85 382	84 431	
Investments in Associate						-	
Property, plant and equipment			2 562 532		2 504 941	2 562 532	
Agricultural						-	
Biological assets						-	
Intangible assets			73		159	73	
Other non-current assets						-	
Total non current assets			-	2 647 186	-	2 590 481	2 647 186
TOTAL ASSETS			-	2 792 784	-	2 798 316	2 792 784
LIABILITIES							
Current liabilities							
Bank overdraft							
Borrowing			6 443		6 439	6 443	
Consumer deposits			8 856		10 273	8 856	
Trade and other payables			106 811		105 170	106 811	
Provisions			31 021		39 824	31 021	
Total current liabilities			-	153 131	-	161 706	153 131
Non current liabilities							
Borrowing			30 269		30 295	30 269	
Provisions			118 670		134 829	118 670	
Total non current liabilities			-	148 939	-	165 124	148 939
TOTAL LIABILITIES			-	302 070	-	326 830	302 070
NET ASSETS	2		-	2 490 714	-	2 471 486	2 490 714
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)			2 490 714		2 471 486	2 490 714	
Reserves							
TOTAL COMMUNITY WEALTH/EQUITY	2		-	2 490 714	-	2 471 486	2 490 714

Explanatory notes to Table C6 – Budgeted Financial Position

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

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

Table C7 Monthly Budget Statement – Cash Flow – M06 December 2017

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1										
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			150 931		9 518	89 672	75 466	14 206	19%	150 931	
Service charges			348 047		25 463	154 431	174 024	(19 592)	-11%	348 047	
Other revenue			23 328		9 307	69 791	11 664	58 128	498%	23 328	
Government - operating			114 219		36 429	82 322	57 109	25 212	44%	114 219	
Government - capital			34 660		2 000	23 211	17 330	5 881	34%	34 660	
Interest			16 134		1 544	7 847	8 067	(220)	-3%	16 134	
Dividends			-					-		-	
Payments											
Suppliers and employees			(624 084)		(60 650)	(346 845)	(312 042)	34 804	-11%	(624 084)	
Finance charges			(3 768)		(303)	(1 919)	(1 884)	35	-2%	(3 768)	
Transfers and Grants			(1 580)					-		(1 580)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	57 887	-	23 307	78 510	29 734	(48 776)	-164%	57 887
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE								-			
Decrease (increase) in non-current debtors								-			
Decrease (increase) other non-current receivables								-			
Decrease (increase) in non-current investments								-			
Payments											
Capital assets			(59 680)		(1 482)	(13 866)	(29 840)	(15 974)	54%	(59 680)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(59 680)	-	(1 482)	(13 866)	(29 840)	(15 974)	54%	(59 680)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								-			
Borrowing long term/refinancing								-			
Increase (decrease) in consumer deposits								-			
Payments											
Repayment of borrowing			(6 443)		(548)	(3 193)	(3 221)	(28)	1%	(6 443)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(6 443)	-	(548)	(3 193)	(3 221)	(28)	1%	(6 443)
NET INCREASE/ (DECREASE) IN CASH HELD											
			-	(8 235)	-	21 277	61 450	(3 328)			(8 235)
Cash/cash equivalents at beginning:				68 249			83 999	68 249			83 999
Cash/cash equivalents at month/year end:				-	60 014		145 449	64 921			75 764

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

- i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
- ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

Annexure "A5"

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

In this section the Municipality's Debtors, Creditors and Investments will be analysed. These components have a significant impact on the Municipality's financial position.

1. Overview of outstanding Consumer Debtors (Inclusive of VAT)

Below is an analysis of the outstanding consumer debtors as at 30 June 2017, compared to the position as at 31 December 2017.

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

Description	Budget Year 2016/17									
	R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	5 438	1 163	849	714	751	555	3 886	18 371	31 728	
Trade and Other Receivables from Exchange Transactions - Electricity	15 151	1 167	617	437	329	255	2 103	6 284	26 344	
Receivables from Non-exchange Transactions - Property Rates	7 491	729	570	474	377	320	6 460	16 408	32 829	
Receivables from Exchange Transactions - Waste Water Management	3 614	607	409	325	457	264	1 790	8 445	15 911	
Receivables from Exchange Transactions - Waste Management	2 694	498	410	365	384	311	1 676	10 431	16 769	
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1	
Interest on Arrear Debtor Accounts	58	66	70	80	93	83	1 189	15 104	16 743	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	
Other	(11 383)	225	237	194	156	153	2 127	6 228	(2 062)	
Total By Income Source	23 063	4 455	3 163	2 588	2 547	1 940	19 232	81 272	138 261	
									-	
Debtors Age Analysis By Customer Group										
Organs of State	500	352	150	42	34	33	743	969	2 823	
Commercial	5 547	375	261	185	133	97	1 019	2 518	10 134	
Households	17 017	3 729	2 752	2 361	2 380	1 810	17 470	77 785	125 304	
Other									-	
Total By Customer Group	23 063	4 455	3 163	2 588	2 547	1 940	19 232	81 272	138 261	

Debtors' Age Analysis (Inclusive of VAT) as at 31 December 2017

Description	Budget Year 2017/18									
	R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	6 358	1 447	1 029	783	1 760	712	3 228	20 398	35 716	
Trade and Other Receivables from Exchange Transactions - Electricity	17 312	1 395	780	511	2 061	268	971	6 880	30 178	
Receivables from Non-exchange Transactions - Property Rates	8 860	890	587	436	8 921	257	1 221	17 981	39 152	
Receivables from Exchange Transactions - Waste Water Management	3 942	668	486	436	897	315	1 611	9 300	17 656	
Receivables from Exchange Transactions - Waste Management	3 147	565	468	436	398	313	1 735	11 491	18 554	
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	1	1	
Interest on Arrear Debtor Accounts	71	71	81	87	426	91	598	17 053	18 477	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	
Other	(12 423)	709	313	255	1 075	556	771	7 664	(1 080)	
Total By Income Source	27 266	5 746	3 742	2 946	15 539	2 513	10 135	90 767	158 655	
Debtors Age Analysis By Customer Group										
Organs of State	759	321	213	148	1 224	79	267	1 602	4 614	
Commercial	6 544	534	299	165	730	132	452	3 199	12 054	
Households	19 964	4 891	3 231	2 633	13 585	2 302	9 416	85 966	141 987	
Other	-	-	-	-	-	-	-	-	-	
Total By Customer Group	27 266	5 746	3 742	2 946	15 539	2 513	10 135	90 767	158 655	

The aforementioned analysis indicates that from 30 June 2017 to 31 December 2017, the overdue debts have increased from R 115,198 million to R 131,389 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
	30-Jun-17	31-Dec-17	Difference
Debtors Age Analysis By Income Source			
Trade and Other Receivables from Exchange Transactions - Water	26 290	29 359	3 068
Trade and Other Receivables from Exchange Transactions - Electricity	11 192	12 866	1 673
Receivables from Non-exchange Transactions - Property Rates	25 337	30 293	4 955
Receivables from Exchange Transactions - Waste Water Management	12 297	13 714	1 417
Receivables from Exchange Transactions - Waste Management	14 074	15 407	1 333
Receivables from Exchange Transactions - Property Rental Debtors	1	1	-
Interest on Arrear Debtor Accounts	16 685	18 406	1 721
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-
Other	9 321	11 343	2 022
Total By Income Source	115 198	131 389	16 191
Debtors Age Analysis By Customer Group			
Organs of State	2 323	3 855	1 532
Commercial	4 588	5 511	923
Households	108 287	122 023	13 736
Other	-	-	-
Total By Customer Group	115 198	131 389	16 191

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2017/18								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity	16 232	-	-	-	-	-	-	-	16 232
Bulk Water	668	6	6	6	-	424	2 182	47 617	50 909
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	5 133	1 141	190	4 406	713	-	92	3 615	15 289
Auditor General	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total By Customer Type	22 033	1 147	196	4 411	713	424	2 273	51 232	82 430

The above amounts represent invoices still to be paid. The major creditors as at 31 December 2017 are as follows:

Department of Transport	R 4,762 million
Eskom	R 16,232 million
NMBM (Bulk water)	R 50,909 million
Department of Labour	R 5,784 million
Other Creditors	R 5,743 million
TOTAL	<u>R 82,430 million</u>

It is to be noted that the Eskom amount of R 16,232 million, represents the current account for December 2017, which will be paid by 24 January 2018.

The municipality received a significant bulk water account in May 2016. According to the Nelson Mandela Bay Municipality, the Kouga municipality was incorrectly billed from December 2012 to April 2016. The Kouga municipality's bulk water account was accordingly adjusted to reflect the correct billing for the aforementioned period, based on the relevant meter readings.

The Department of Labour amount of R 5,784 million relates to outstanding workmen's compensation returns for the period 1 March 2007 to 28 February 2017. An agreement was reached with the Department of Labour for the settlement of the outstanding account, at approximately R 2 million per month for the period November 2017 to March 2018.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 31 December 2017.

	Balance as at 30 June 2017	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 December 2017
Standard Bank	16 256 857	5 000 000	697 871	-	-	21 954 728
ABSA	16 288 040	8 000 000	713 492	-	200	25 001 332
Nedbank	17 053 655	5 000 000	727 813	-	-	22 781 467
RMB	13 300 134	29 329 124	959 130	17 292 239	-	26 296 148
INVESTEC	15 668 170	7 000 000	749 398	-	-	23 417 568
Total	78 566 856	54 329 124	3 847 704	(17 292 239)	(200)	119 451 244
	Balance as at 30 June 2017	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 December 2017
General Account	71 159 248	29 418 124	3 134 315	7 000 000	200	96 711 487
Conditional Grants	4 619 926	24 911 000	621 840	10 292 239	-	19 860 527
Housing Funds	2 787 682	-	91 549	-	-	2 879 231
Total	78 566 856	54 329 124	3 847 704	(17 292 239)	(200)	119 451 244
Bank	5 431 943	20 566 074				25 998 017
Total	83 998 799	74 895 197	3 847 704	(17 292 239)	(200)	145 449 261

The increase in the investment portfolio since 30 June 2017 amounts to R 61,450,462. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 25,998,017
Short-term Investment Deposits	R 119,451,244
	<u>R 145,449,261</u>

Application of Cash

Unspent Conditional Grants	22,739,758
Internally Generated Funding	23,621,389
Outstanding Creditors Liability	<u>82,429,877</u>
	<u>R 128,791,024</u>

Reserves in excess of Commitments

R 16,658,237

The cash backed reserves exceed the commitments at this stage by an amount of R 16,658,237. It should be noted that the excess of reserves over commitments as at 31 December 2017, is mainly due to an amount of R 34,212 million in respect of the Equitable Share allocation being received on 01 December 2017, but not yet fully spent.

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

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M06 December 2017

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	106 951	-	34 379	80 056	80 056	-		-
Local Government Equitable Share		102 637		33 929	76 695	76 695	-		
Finance Management		1 700			1 700	1 700			
MIG - Administration Fees		1 614			961	961			
EPWP Incentive		1 000		450	700	700			
Provincial Government:	-	4 050	-	2 050	2 050	2 050	-		-
ACIP-Water		2 000					-		
Sport and Recreation		2 050		2 050	2 050	2 050	-		
District Municipality:	-	2 500	-	-	1 177	1 177	-		-
<i>Environmental Health Subsidy</i>		2 500			1 177	1 177	-		
Other grant providers:	-	718	-	-	-	-	-		-
<i>Skills Development Grant</i>		718					-		
Total Operating Transfers and Grants	-	114 219	-	36 429	83 282	83 282	-		-
Capital Transfers and Grants									
National Government:	-	34 660	-	2 000	22 250	22 250	-		-
Municipal Infrastructure Grant (MIG)		30 660			18 250	18 250	-		
Intergrated National Electrification Programme		4 000		2 000	4 000	4 000	-		
Total Capital Transfers and Grants	-	34 660	-	2 000	22 250	22 250	-		-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	148 879	-	38 429	105 533	105 533	-		-

Below is an analysis of the spending associated with the grants as at 31 December 2017:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M06 December 2017

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	–	106 951	–	34 910	79 038	78 852	186	0,2%	–
Local Government Equitable Share		102 637		33 929	76 695	76 695	–		
Finance Management		1 700		597	998	850	148	17,4%	
MIG - Administration Fees		1 614		134	807	807	–		
EPWP Incentive		1 000		250	539	500	39	7,7%	
Provincial Government:	–	4 050	–	–	–	–	–		–
ACIP-Water		2 000					–		
Sport and Recreation		2 050					–		
District Municipality:	–	2 500	–	–	–	–	–		–
<i>Environmental Health Subsidy</i>		2 500					–		
Other grant providers:	–	718	–	–	–	–	–		–
<i>Skills Development Grant</i>		718					–		
Total operating expenditure of Transfers and Grants:	–	114 219	–	34 910	79 038	78 852	186	0,2%	–
Capital expenditure of Transfers and Grants									
National Government:	–	34 660	–	280	4 841	17 330	(12 489)	-72,1%	–
Municipal Infrastructure Grant (MIG)		30 660		280	4 772	15 330	(10 558)	-68,9%	
Intergrated National Electrification Programme		4 000			70	2 000	(1 930)	-96,5%	
Total capital expenditure of Transfers and Grants	–	34 660	–	280	4 841	17 330	(12 489)	-72,1%	–
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	–	148 879	–	35 190	83 880	96 182	(12 302)	-12,8%	–

Note: The equitable share allocation is utilised to fund indigent household's subsidies granted to qualifying households, with the remainder being used to support the Municipality's operations.

Grants received from National Government

DORA Operating Grants

Financial Management Grant (FMG)

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R 1,700,000
Amount of Grant Received:	R 1,700,000
Expenditure to date:	R 997,631
Unspent as at 31 December 2017:	R 702,369

The spending of the grant amounted to 58,68% as at 31 December 2017, compared to the amount of the grant received.

Expanded Public Works Programme (EPWP)

The purpose of this grant is to provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive methods can be maximised.

DORA Allocation:	R 1,000,000
Amount of Grant Received:	R 700,000
Expenditure to date:	R 538,693
Overspent as at 31 December 2017:	R 161,307

The spending of the grant amounted to 76,96% as at 31 December 2017, compared to the amount of the grant received.

DORA Capital Grants

Municipal Infrastructure Grant (MIG)

The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 32,274,000
Amount of Grant Received:	R 19,211,000
Expenditure to date:	R 5,578,726
Unspent as at 31 December 2017:	R 13,632,274

The spending of the grant amounted to 29,04% as at 31 December 2017, compared to the amount of the grant received.

Integrated National Electrification Programme (INEP)

The purpose of this grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.

DORA Allocation:	R 4,000,000
Amount of Grant Received:	R 4,000,000
Expenditure to date:	R 69,622
Unspent as at 31 December 2017:	R 3,930,378

The spending of the grant amounted to 1,74% as at 31 December 2017, compared to the amount of the grant received.

Human Settlements Grant

The purpose of this grant is to provide funding for the creation of sustainable and integrated human settlements.

Amount of Grant Received:	R 4,926,325
Expenditure to date:	R 2,093,046
Unspent as at 31 December 2017:	R 2,879,231

The spending of the grant amounted to 42.48% as at 31 December 2017, 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 – M06 December 2017

Summary of Employee and Councillor remuneration	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		7 712		573	3 555	3 856	(301)	-8%	
Medical Aid Contributions		650				325	(325)	-100%	
Motor Vehicle Allowance		2 602				1 301	(1 301)	-100%	
Cellphone Allowance		762		52	318	381	(64)	-17%	
Sub Total - Councillors	-	11 725	-	625	3 872	5 863	(1 990)	-34%	-
Senior Managers of the Municipality									
Basic Salaries and Wages		8 700		430	2 859	4 350	(1 490)	-34%	
Pension and UIF Contributions				38	169	0	169	0%	
Medical Aid Contributions				22	89	0	89	0%	
Performance Bonus		2 143			3	1 072	(1 069)	-100%	
Motor Vehicle Allowance		726		18	128	363	(235)	-65%	
Other benefits and allowances		21		26	260	11	250	2342%	
Sub Total - Senior Managers of Municipality	-	11 590	-	533	3 507	5 795	(2 288)	-39%	-
Other Municipal Staff									
Basic Salaries and Wages		152 193		12 000	68 823	76 097	(7 274)	-10%	
Pension and UIF Contributions		24 723		1 903	11 533	12 362	(829)	-7%	
Medical Aid Contributions		15 143		1 055	6 345	7 571	(1 226)	-16%	
Overtime		10 375		1 800	8 397	5 188	3 209	62%	
Performance Bonus		12 595			-	6 298	(6 298)	-100%	
Motor Vehicle Allowance		7 231		840	4 921	3 615	1 305	36%	
Housing Allowances		2 301		150	926	1 150	(224)	-19%	
Other benefits and allowances		19 059		1 165	19 539	9 529	10 009	105%	
Long service awards		812		50	419	406	13	3%	
Sub Total - Other Municipal Staff	-	244 432	-	18 963	120 903	122 216	(1 313)	-1%	-
Total Parent Municipality	-	267 747	-	20 122	128 283	133 874	(5 591)	-4%	-
TOTAL SALARY, ALLOWANCES & BENEFITS	-	267 747	-	20 122	128 283	133 874	(5 591)	-4%	-
TOTAL MANAGERS AND STAFF	-	256 022	-	19 496	124 411	128 011	(3 600)	-3%	-

6. Key performance indicators

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

Borrowing Management		Actuals as at 30 June 2013	Actuals as at 30 June 2014	Actuals as at 30 June 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Approved Budget 2017/18	Actuals as at 31 December 2017
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.79%	4.83%	4.50%	3.67%	1.61%	1.37%	1.58%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.06	0.05	0.04	0.02	0.02	0.07
Liquidity								
Current Ratio	Current assets / current liabilities	0.54	0.54	0.72	0.85	1.13	0.95	1.29
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.16	0.22	0.40	0.62	0.39	0.90
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	96.33%	96.07%	98.91%	97.60%	95.81%	94%	84.66%

Other indicators		Actuals as at 30 June 2013	Actuals as at 30 June 2014	Actuals as at 30 June 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Approved Budget 2017/18	Actuals as at 31 December 2017
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.23	0.25	0.82	1.60	1.74	1.14	2.55
Employee Costs	Employee Costs / Total Operating Expenditure	35.41%	35.32%	35.70%	35.62%	35.27%	34.37%	38.34%
Capital Expenditure	Capital Expenditure / Capital Budget	78.84%	21.35%	241.30%	81.97%	63.84%	95%	20.34%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	3.52%	3.81%	4.46%	4.61%	4.87%	5.65%	1.47%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.79%	0.95%	1.06%	1.17%	1.24%	1.64%	0.19%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	87.04%	87.21%	69.55%	74.74%	84.32%	83.31%	80.91%

The above table is discussed in detail below.

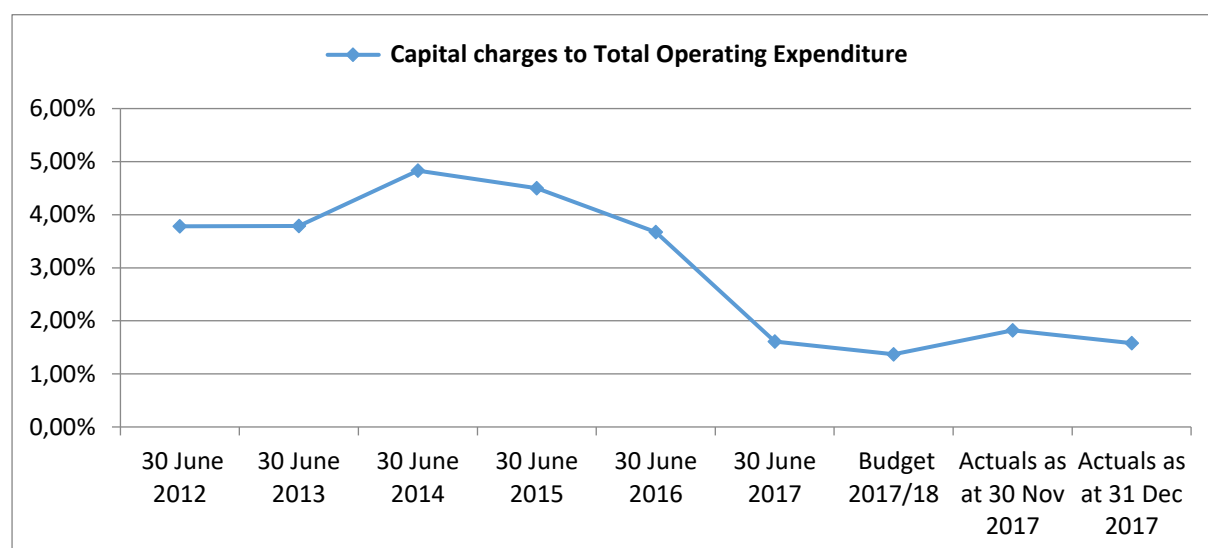
6.1. Borrowing Management

6.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.58% of the Total Operating Expenditure was utilised for capital charges as at 31 December 2017, compared to the budgeted ratio of 1.37%.



6.1.2. Borrowed funding of capital expenditure

This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant funded expenditure.

The ratio is determined as follows:

Capital expenditure funded from Borrowings/Total Capital Expenditure to date (excluding transfers and grants)

The ratio is 0% as no capital expenditure was funded from borrowings, which is in line with the budgeted target as per the 2017/18 Operating Budget as no borrowing is planned for the 2017/18 to 2019/20 financial years.

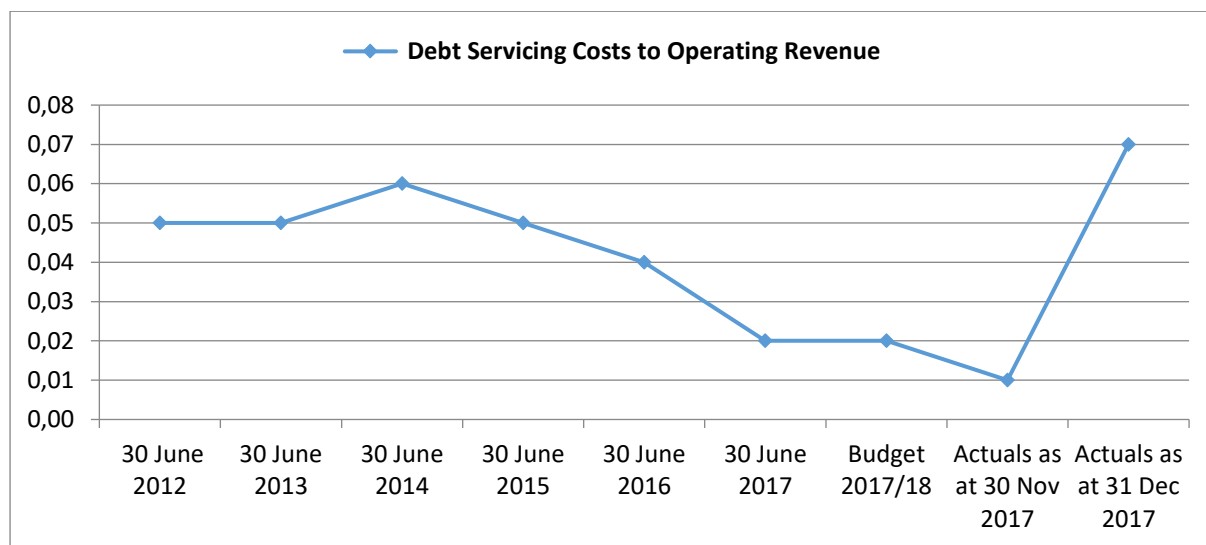
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 31 December 2017, the ratio was 0.07:1, compared to the budgeted ratio of 0.02:1.



6.2. Liquidity

6.2.1. Current ratio

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

The ratio is determined as follows:

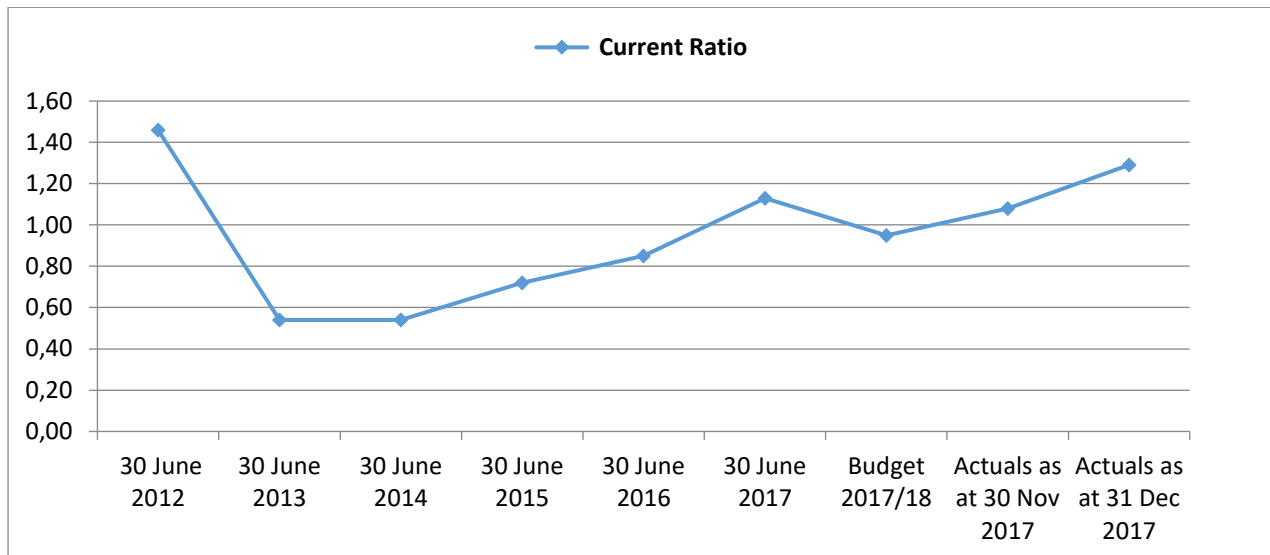
Current assets/Current liabilities

The ratio as at 31 December 2017 was 1.29:1, compared to the budgeted ratio of 0.95:1.

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

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

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



6.2.2. Liquidity Ratio

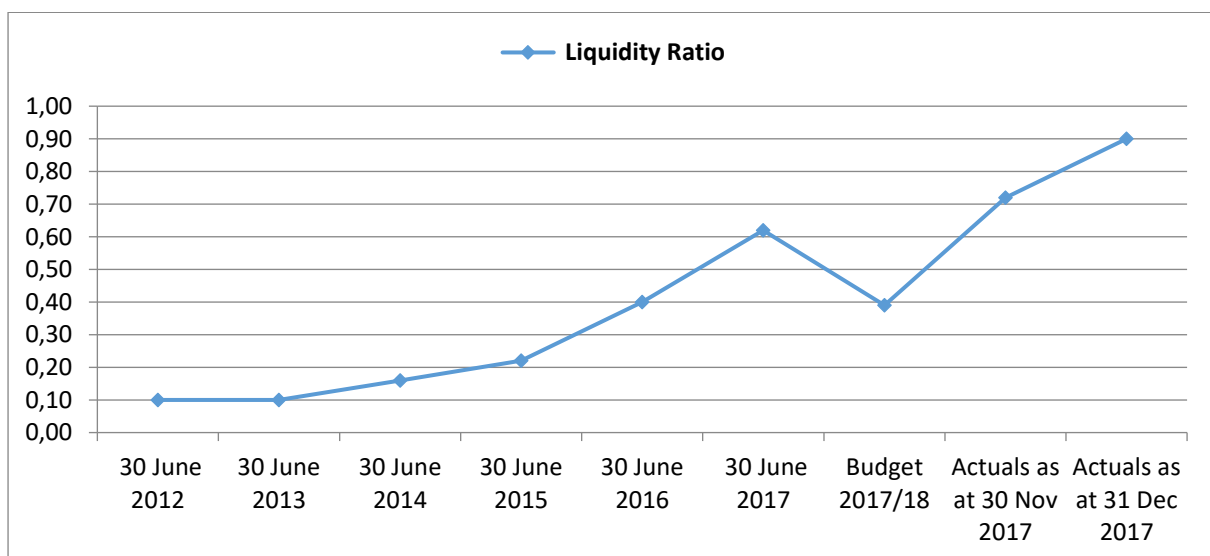
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

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

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 December 2017 was 0.90:1, compared to the budgeted ratio of 0.39:1.

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



6.3. Revenue Management

6.3.1. Annual Debtors Collection Rate

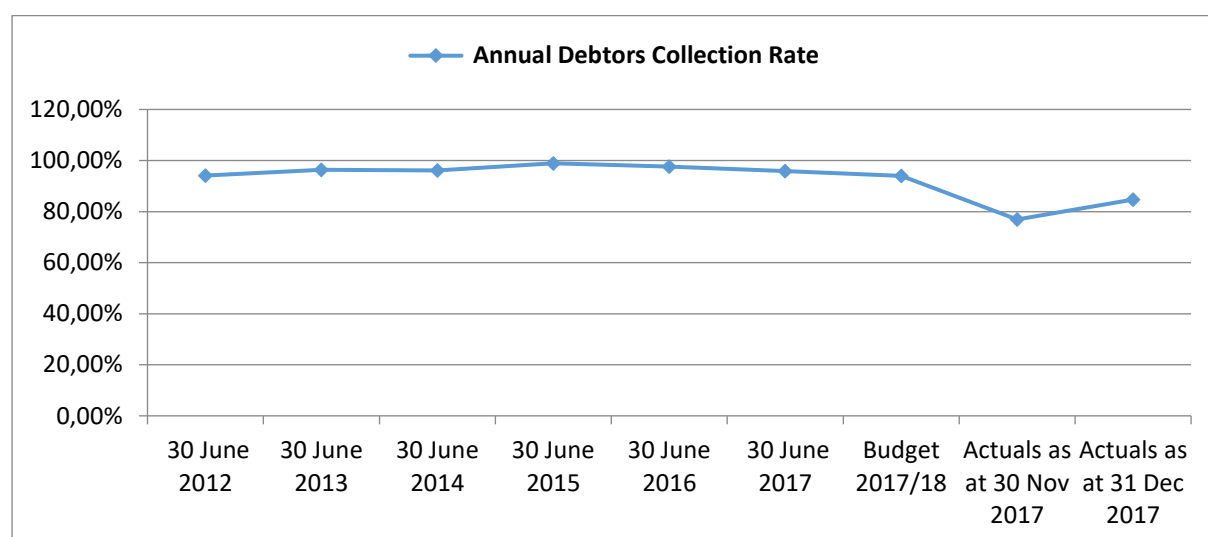
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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

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

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

The average collection rate as at 31 December 2017 was 84.66%, compared to the budgeted collection rate of 94%. The collection rate of 84.66% as at 31 December 2017 is influenced by the annual property rates raised in July 2017, but not yet paid. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



6.4. Other indicators

6.4.1. Cost coverage

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

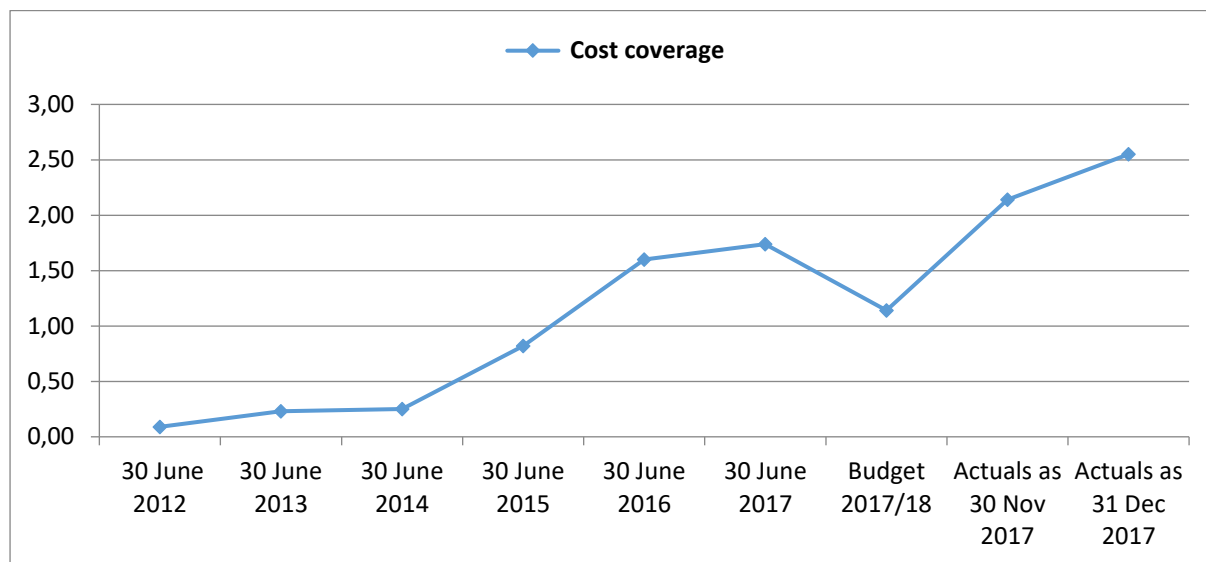
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 31 December 2017, the Ratio was 2.55 months compared to the budgeted ratio of 1.14 months.

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



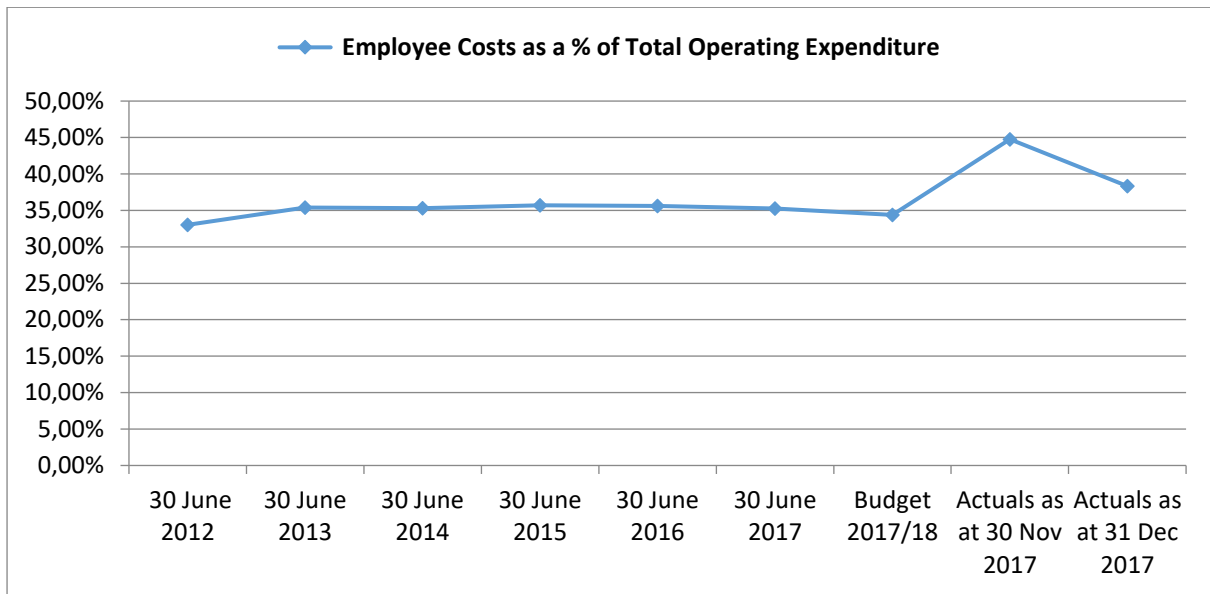
6.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 31 December 2017, Employee Related Costs constituted 38.34% of the Total Operating Expenditure, compared to the budgeted ratio of 34.37%.



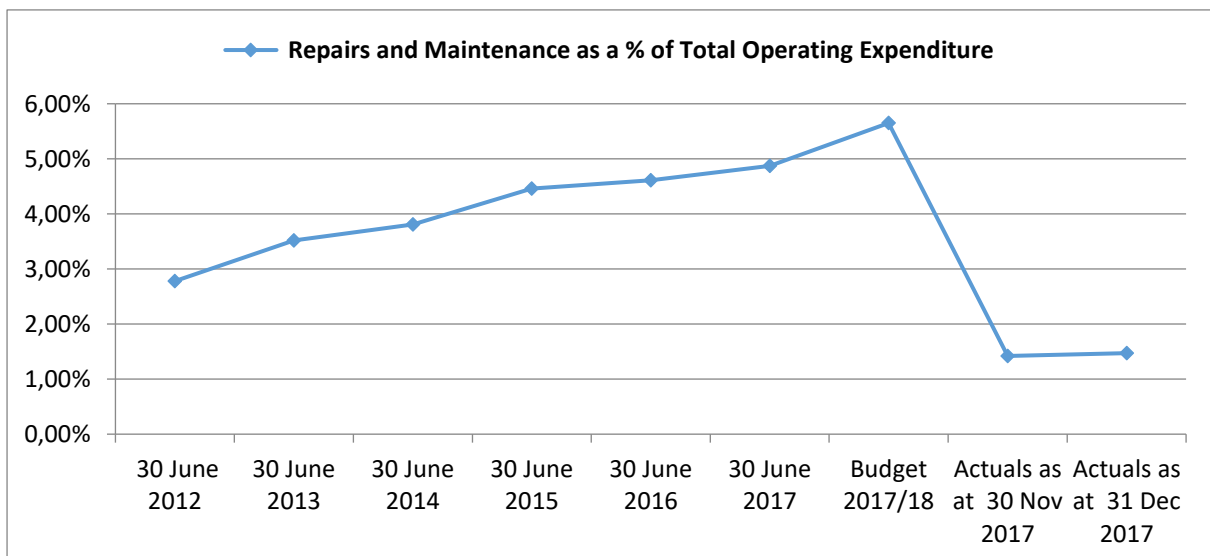
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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

The ratio is determined as follows:

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

As at 31 December 2017, the ratio was 1.47%, compared to the budgeted ratio of 5.65%.



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

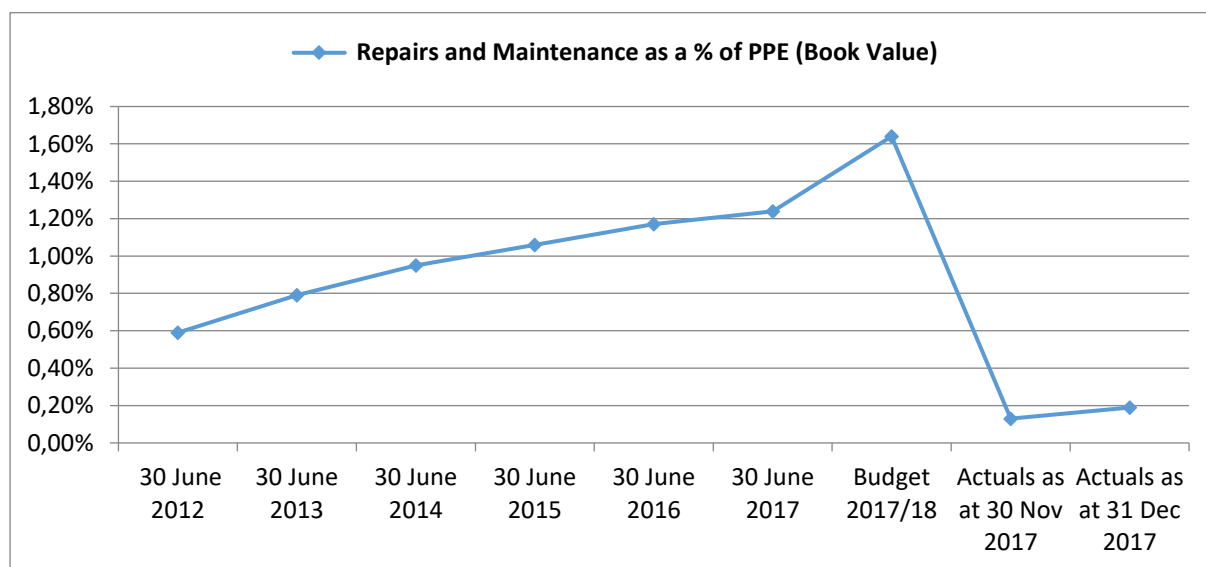
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 December 2017, repairs and maintenance expenditure constituted 0.19% of the book value of PPE, compared to the budgeted ratio of 1.64%.

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



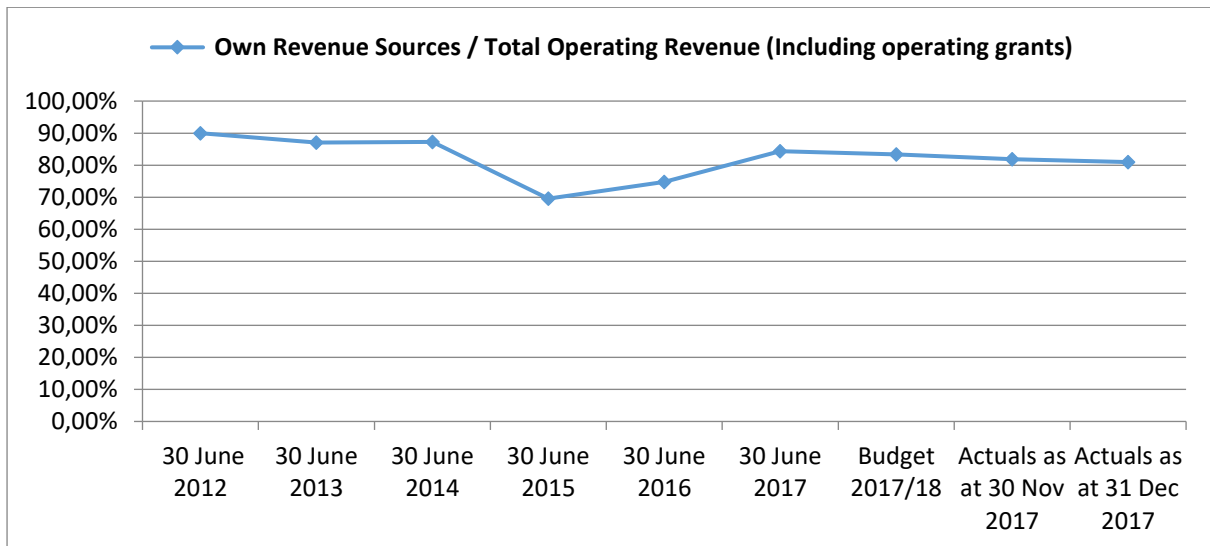
6.4.5. Own Revenue Generation

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

The ratio is determined as follows:

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

As at 31 December 2017, the Municipality's own revenue sources constituted 80.91% of its total Operating Income, compared to the budgeted ratio of 83.31%.



6.4.6. Capital Budget Spending

This ratio assesses the level of actual capital spending, compared to the budgeted capital expenditure.

The ratio is determined as follows:

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

The actual spending as at the end of December 2017 amounted to 20.34%, compared to the budgeted ratio of 95%.

