KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTEE MEETING

FINANCE

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2018 TO SEPTEMBER 2018 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 SEPTEMBER 2018 (2018/19 FINANCIAL YEAR)

1. Purpose

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

2. Legislative Requirements

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

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

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

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

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 September 2018, so as to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

The financial performance highlights are as follows:

- Operating revenue amounted to R 263,726 million, whilst operating expenditure amounted to R 172,688 million, resulting in an operating surplus of R91,037 million.

- Capital expenditure constituted 15.45% of the 2018/19 Adjusted Capital Budget.
- Overdue consumer debts increased by R 30,481 million (26.45%) since June 2018.
- An amount of R 86,598 million is owing to creditors, of which R 30,332 million (35.03%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 57,335,873 (60.79%) since June 2018, from R 94,314,704 to R 151,650,577.

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

Ratio	Actual as at 30 June 2016	Actual as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 31 August 2017	Actuals as at 30 September 2018	Approved Budget 2018/19
Current Ratio	0.85:1	1.13:1	1.06:1	1.16:1	2.51:1	0.98:1
Liquidity Ratio	0.40:1	0.62:1	0.65:1	0.88:1	1.07:1	0.40:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.74 months	1.87 months	2.48 months	2.49 months	0.95 months
Debt servicing costs to Operating Revenue Ratio	0.04:1	0.02:1	0.02:1	0.01:1	0.01:1	0.02:1

4. <u>Detailed Reports</u>

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period, ending 30 September 2018:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

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

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

5. RECOMMENDATION

I. The Executive Mayor notes the Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.

II. The Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Section 52(d) of the MFMA be noted.

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

....
Ms F Mabusela (Acting Municipal Manager)

Acting Municipal Manager's Quality Certificate

I ...Fezeka Mabusela...,Acting 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 Fezeka Mabusela

Acting Municipal Manager of Kouga Local Municipality

Signature ______________________________

Date 12/10/2018

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD 1 JULY 2018 TO 30 SEPTEMBER 2018

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

Description	Budget Year 2018/19		
	Approved Budget 2018/19	Actuals as at 30 September 2018	% of Budget
R thousands			
Revenue By Source			
Property rates	176,766	91,248	51,62%
Service charges - electricity revenue	247,165	66,747	27,01%
Service charges - water revenue	67,702	20,360	30,07%
Service charges - sanitation revenue	41,658	12,364	29,68%
Service charges - refuse revenue	43,571	14,181	32,55%
Service charges - other	–	–	
Rental of facilities and equipment	1,881	196	10,42%
Interest earned - external investments	7,561	484	6,41%
Interest earned - outstanding debtors	14,986	653	4,36%
Dividends received	–	–	
Fines, penalties and forfeits	4,230	1,140	26,94%
Licences and permits	16,661	3,945	23,68%
Agency services	–	–	
Transfers and subsidies	123,618	48,378	39,14%
Other revenue	7,917	4,030	50,90%
Gains on disposal of PPE	–	–	
Total Revenue (excluding capital transfers and contributions)	**753,717**	**263,726**	**34,99%**
Expenditure By Type			
Employee related costs	272,803	60,843	22,30%
Remuneration of councillors	12,784	3,363	26,31%
Debt impairment	41,429	–	0,00%
Depreciation & asset impairment	75,357	12,987	17,23%
Finance charges	3,021	829	27,44%
Bulk purchases	241,476	70,841	29,34%
Other materials	28,458	5,445	19,13%
Contracted services	45,111	5,699	12,63%
Transfers and subsidies	–	–	
Other expenditure	76,346	12,682	16,61%
Loss on disposal of PPE	–	–	
Total Expenditure	**796,785**	**172,688**	**21,67%**
Surplus/(Deficit)	**(43,068)**	**91,037**	

The statement of financial performance indicates a surplus of R 91,037 million.

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

Revenue Variations

Property Rates

As at 30 September 2018, the Municipality has recognised 51.62% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2018, amounting to R 79,540 million.

Rental of Facilities and Equipment

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

Interest Earned – External Investments

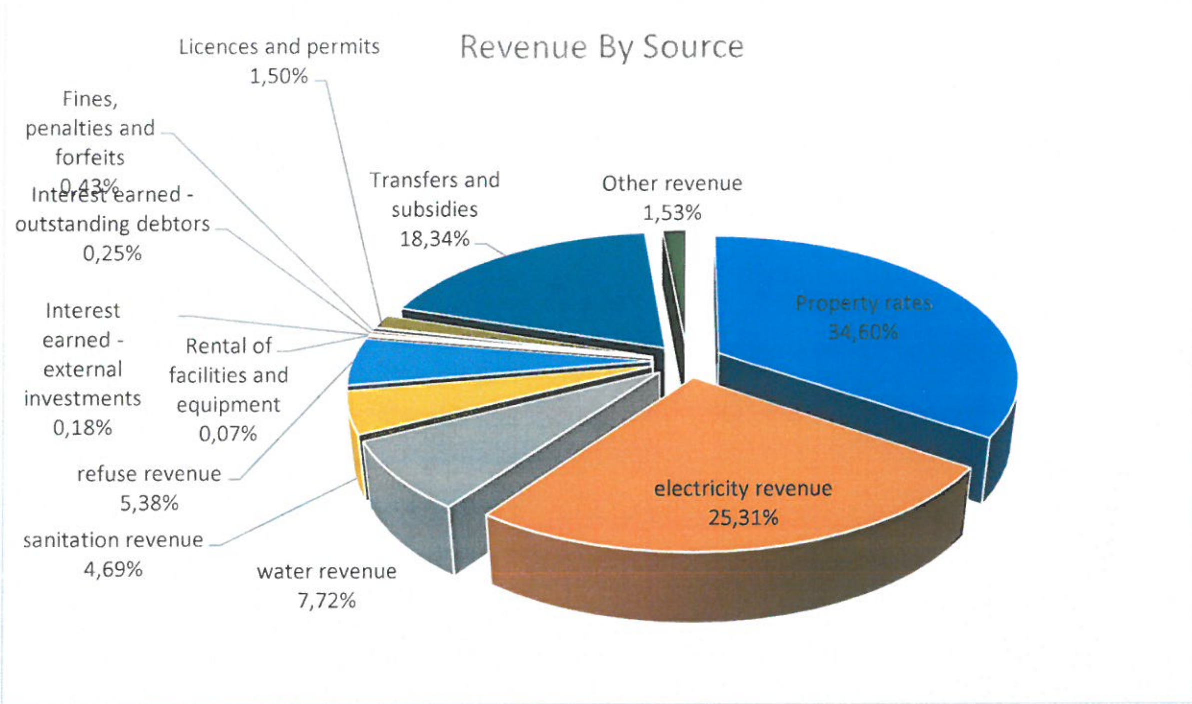
This is influenced by the extent of the municipality's investment portfolio.

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 30 September 2018 amounted to R 155,546 million.

Transfers and Subsidies

Transfers and subsidies received include an Equitable Share Allocation in the amount of R 47,146 million, MIG Admin fees amounting to R 0,568 million, Expanded Public Works grant of R 0,255 million and an Environmental Health Subsidy amounting to R 0,618 million.



Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Depreciation and Asset Impairment

The depreciation and asset impairment based on the asset register, had to be recalculated in line with the 2017/18 Annual Financial Statements as submitted to the Auditor-General's Office on 31 August 2018.

Finance Charges

Finance charges relate to the interest paid on long-term liabilities, in line with the loan repayment schedules.

Other Materials

Other materials relate to consumables, fuel and oil. It includes material and supplies used for repairs and maintenance. This is influenced by the low spending on the repairs and maintenance budget.

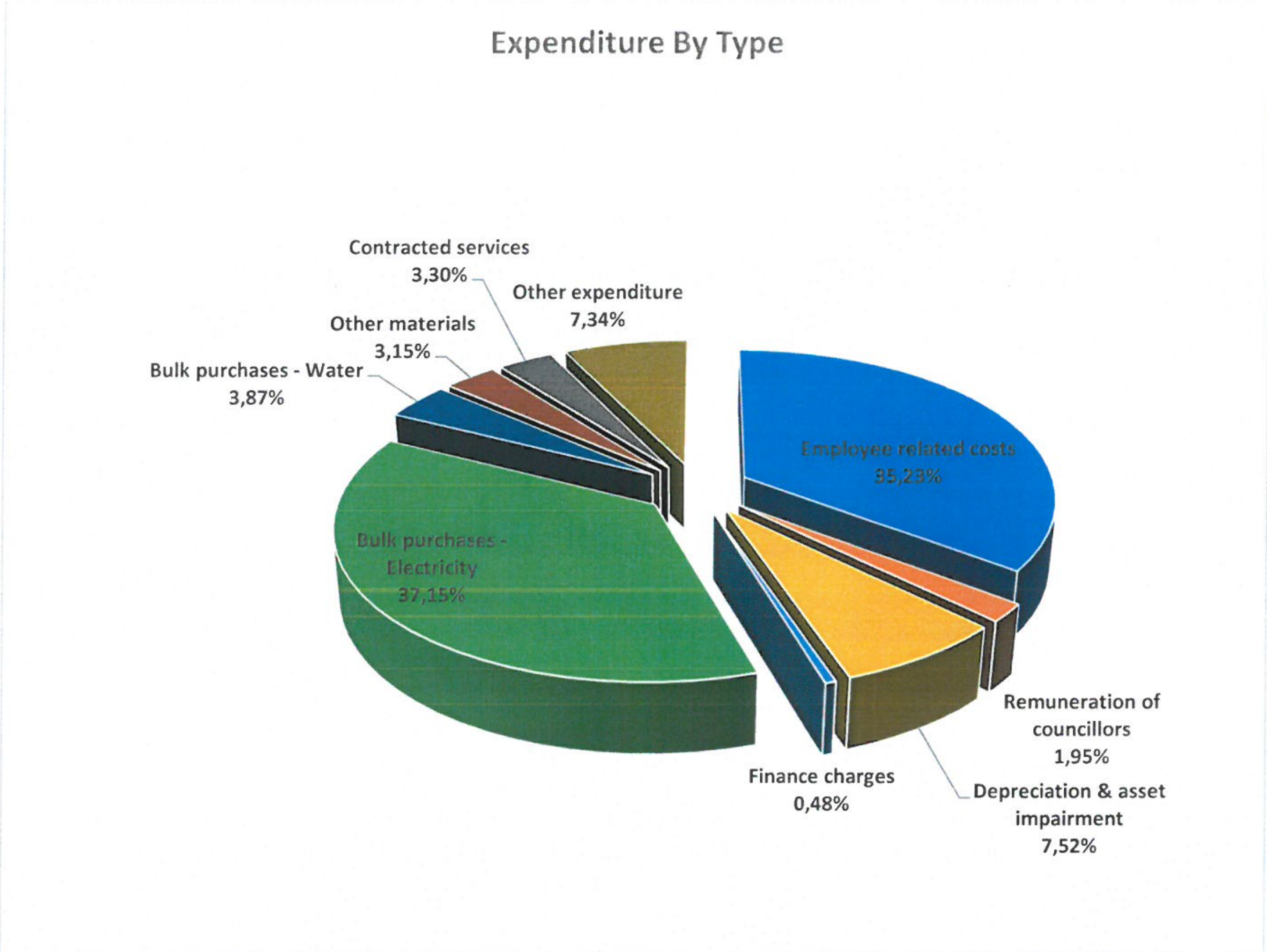
Contracted Services

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

<u>Other Expenditure</u>

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

This is also influenced by the relatively low spending on the hiring of vehicles, machinery and equipment.



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 30 September 2018	% of Budget
Executive & Council				
Contracted Services:Maintenance of Vehicles	10,000	10,000	-	
	10,000	**10,000**	**-**	
Corporate Services				
Contracted Services:Maintenance of Buildings and Facilities	300,000	300,000	213	
Contracted Services:Maintenance of Vehicles	35,000	35,000	-	
	335,000	**335,000**	**213**	0,06%
Finance				
Contracted Services:Maintenance of Buildings and Facilities	370,000	391,200	-	
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90,000	90,000	889	0,99%
Inventory Consumed:Materials and Supplies	165,000	165,000	-	
	625,000	**646,200**	**889**	0,14%
Community Services				
Contracted Services:Maintenance of Buildings and Facilities	870,000	995,000	555,440	55,82%
Contracted Services:Maintenance of Vehicles	3,443,000	4,943,000	822,352	16,64%
Contracted Services:Maintenance of Equipment	122,400	122,400	29,246	23,89%
Inventory Consumed:Materials and Supplies	1,049,625	1,049,625	368,013	35,06%
Operational Cost:Hire Charges	2,000,000	2,000,000	-	
	7,485,025	**9,110,025**	**1,775,051**	**19,48%**
Planning, Development & Tourism				
Inventory Consumed:Materials and Supplies	50,000	50,000	19,047	38,09%
Contracted Services:Maintenance of Vehicles	20,000	20,000	747	3,74%
	70,000	**70,000**	**19,794**	**28,28%**
Infrastructure & Engineering				
Contracted Services:Maintenance of Equipment	226,000	226,000	13,494	5,97%
Contracted Services:Maintenance of Buildings and Facilities	85,193	175,193	128,650	73,43%
Contracted Services:Maintenance of Vehicles	12,524,000	13,524,000	844,737	6,25%
Inventory Consumed:Materials and Supplies	12,695,000	12,165,000	1,801,471	14,81%
Operational Cost:Hire Charges	3,010,435	3,010,435	239,636	7,96%
	28,540,628	**29,100,628**	**3,027,988**	**10,41%**
Total	**37,065,653**	**39,271,853**	**4,823,935**	**12,28%**

It is to be noted that actual repairs and maintenance expenditure constituted 12.28% of the 2018/19 Adjusted Budget.

Annexure "A2"

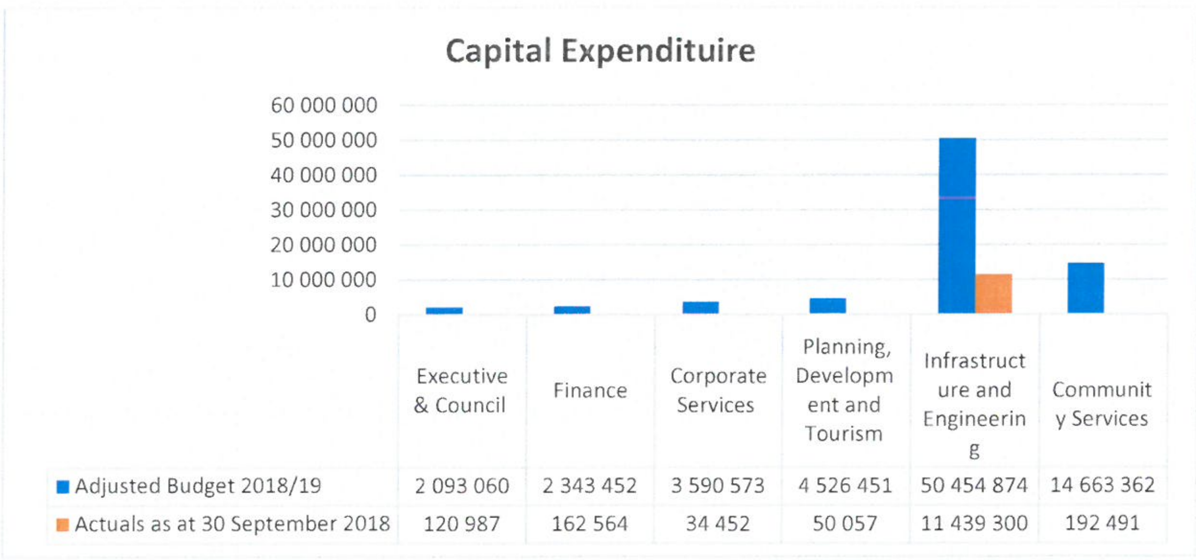
CAPITAL BUDGET PERFORMANCE

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

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Amended Budget 2018/19	Actuals as at 30 September 2018	% of Budget	Funding
Executive and Council						
Computer Equipment (ward ass)	110,000		110,000	93,831	85,30%	Internal
PA System		145,830	145,830	-		Internal
EDMS		400,000	400,000	-		Internal
Wards Capital Programmes	750,000	687,229	1,437,229	27,156	1,89%	Internal
	860,000	**1,233,060**	**2,093,060**	**120,987**	**5,78%**	
Corporate Services						
Furniture and Office Equipment	752,000	364,395	1,116,395	7,318	0,66%	Internal
Computer Equipment	157,000	48,789	205,789	27,134	13,19%	Internal
Library upgrade (phase 2)	500,000	745,400	1,245,400	-		Internal
Main Office Building Upgrade	300,000		300,000	-		Internal
Computer Software (Legal Services)	100,000		100,000	-		Internal
HR System	500,000		500,000	-		Internal
Upgrade offices of Councillors		47,254	47,254	-		Internal
Upgrade community centre		75,734	75,734	-		Internal
	2,309,000	**1,281,573**	**3,590,573**	**34,452**	**0,96%**	
Finance						
Furniture and Office Equipment	115,700		115,700	-		Internal
Computer Equipment	857,378	736,552	1,593,930	-		Internal
IT Sever	533,822		533,822	160,000	29,97%	FMG
Office Upgrade ICT		100,000	100,000	-		Internal
	1,506,900	**836,552**	**2,343,452**	**162,564**	**6,94%**	
Infrastructure and Engineering						
Computer Equipment	35,000		35,000	27,410	78,32%	Internal
Computer Equipment	50,000		50,000	-		MIG
Water infrastructure boreholes	1,500,000		1,500,000	164,542	10,97%	Internal
Furniture and Office Equipment	198,000		198,000	4,895	2,47%	Internal
Bucket Eradication Prograame	2,300,000		2,300,000	-		Internal
Illegal electricity connections (LV Network)	1,000,000		1,000,000	-		Internal
Machinery and Equipment	415,000		415,000	-		Internal
MV Networks	8,869,565		8,869,565	177,812	2,00%	INEP
New overheadlines 66kv overheadlines(Jbay to Melkhout)	3,000,000		3,000,000	1,922,729	64,09%	Internal
Jeffreys Bay- Northern Bulk main outfall sewer -area north of R102	1,200,000		1,200,000	-		Internal
Fencing: New x Loerie Sewer pump station	900,000		900,000	-		Internal
Fencing of Jeffreys Bay and Kruisfontein Reservoir	900,000		900,000	-		Internal
Roads upgrade	2,500,000		2,500,000	24,750	0,99%	Internal
upgrading of infrastructure for new township establishment	500,000		500,000	-		Internal
Vehicles	2,500,000	3,910,264	6,410,264	3,124,795	48,75%	Internal
Upgrading of the Ses Vista Wastewater Treatment Works	18,503,132		18,503,132	4,265,304	23,05%	MIG
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	2,173,913		2,173,913	1,727,063	79,44%	MIG
	46,544,610	**3,910,264**	**50,454,874**	**11,439,300**	**22,67%**	

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Amended Budget 2018/19	Actuals as at 30 September 2018	% of Budget	Funding
Planning, Development and Tourism						
Machinery and Equipment	30,000		30,000	-		Internal
Informal Traders - building	1,220,951		1,220,951	-		MIG
Furniture and Office Equipment	200,000		200,000	22,647	11,32%	Internal
Computer Software	700,000		700,000	-		Internal
Computer Equipment	60,000		60,000	27,410	45,68%	Internal
Land acquisition housing projects	1,000,000		1,000,000	-		Internal
Arts and Creative industries		250,000	250,000	-		District
Lower Flower Project		65,500	65,500	-		DEDEAT
Upgrading Kouga Cultural Centre	1,000,000		1,000,000	-		Internal
	4,210,951	**315,500**	**4,526,451**	**50,057**	**1,11%**	
Community Services						
Fencing of existing cemeteries	500,000		500,000	-		Internal
Computer Equipment	160,000		160,000	-		Internal
Fencing - Fire Station	200,000		200,000	-		Internal
Furniture and Office Equipment	145,000		145,000	1,739	1,20%	Internal
Upgrading of Sports Facilities	3,864,352		3,864,352	-		MIG
Machinery and Equipment	844,010		844,010	190,752	22,60%	Internal
Life Guards Beach shelter	250,000		250,000	-		Internal
Fencing of caravan parks & camping sites	500,000		500,000	-		Internal
Security Cameras	150,000		150,000	-		Internal
Table and Chairs Community Facilities	100,000		100,000	-		Internal
Weston Library Upgrade	100,000		100,000	-		Internal
Wheelie bins	1,000,000	500,000	1,500,000	-		Internal
Vehicles	4,000,000	1,850,000	5,850,000	-		Internal
Fencing of Sport and Recreational Facilities	500,000		500,000	-		Internal
	12,313,362	**2,350,000**	**14,663,362**	**192,491**	**1,31%**	
Total	**67,744,823**	**9,926,948**	**77,671,772**	**11,999,851**	**15,45%**	
Internally generated funds	32,529,088	9,611,448	42,140,536	2,310,476	5,48%	
Transfers recognised - capital	35,215,735	315,500	35,531,235	9,689,375	27,27%	
Total	**67,744,823**	**9,926,948**	**77,671,772**	**11,999,851**	**15,45%**	

It is to be noted that capital expenditure as at 30 September 2018 amounted to 15.45%, compared to the adjusted capital budget of R 77,671,772.



PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 September 2018

The purpose of the cash flow statement is to compare the cash inflows (receipts) with the cash outflows (payments), so as to ascertain the adequacy of the cash inflows to cover the cash outflows.

Table C7 Monthly Budget Statement – Cash Flow – M03 September 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	164,393		20,823	64,794	27,399	37,395	136%	164,393
Service charges	372,090		34,002	113,645	62,015	51,630	83%	372,090
Other revenue	30,689		5,367	7,013	5,115	1,898	37%	30,689
Government - operating	123,618			49,789	20,603	29,186	142%	123,618
Government - capital	39,827			14,364	6,638	7,726	116%	39,827
Interest	21,498		770	3,500	3,583	(83)	-2%	21,498
Dividends	–				–	–		–
Payments								
Suppliers and employees	(674,270)	–	(67,851)	(179,420)	(112,378)	67,042	-60%	(674,270)
Finance charges	(3,021)	–	(250)	(814)	(503)	311	-62%	(3,021)
Transfers and Grants	–	–			–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	74,823	–	(7,139)	72,871	12,471	(60,401)	-484%	74,823
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables	–	–	–	–	–	–		–
Decrease (increase) in non-current investments	–	–	–	–	–	–		–
Payments								
Capital assets	(67,745)	–	(4,142)	(13,800)	(11,291)	2,509	-22%	(67,745)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(67,745)	–	(4,142)	(13,800)	(11,291)	2,509	-22%	(67,745)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–		–
Borrowing long term/refinancing	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits	–	–	–	–	–	–		–
Payments								
Repayment of borrowing	(13,247)	–	(600)	(1,736)	(2,208)	(472)	21%	(13,247)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(13,247)	–	(600)	(1,736)	(2,208)	(472)	21%	(13,247)
NET INCREASE/ (DECREASE) IN CASH HELD	(6,169)	–	(11,881)	57,336	(1,028)			(6,169)
Cash/cash equivalents at beginning:	59,729	–		94,315	59,729			94,315
Cash/cash equivalents at month/year end:	53,561	–		151,651	58,701			88,146

Annexure "A4"

MUNICIPAL MONTHLY BUDGET TABLES

1. MONTHLY BUDGET TABLES

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's 2018/19 budget performance for the period July 2018 to September 2018 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M03 September 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Financial Performance								
Property rates	176,766	–	772	91,248	44,192	47,057	106%	176,766
Service charges	400,096	–	34,734	113,652	100,024	13,628	14%	400,096
Investment revenue	7,561	–	–	484	1,890	(1,406)	-74%	7,561
Transfers and subsidies	123,618	–	70	48,378	30,905	17,474	57%	123,618
Other own revenue	45,675	–	4,827	9,963	11,419	(1,456)	-13%	45,675
Total Revenue (excluding capital transfers and contributions)	**753,717**	**–**	**40,403**	**263,726**	**188,429**	**75,297**	**40%**	**753,717**
Employee costs	272,803	–	21,169	60,843	68,201	(7,357)	-11%	272,803
Remuneration of Councillors	12,784	–	1,424	3,363	3,196	167	5%	12,784
Depreciation & asset impairment	75,357	–	12,461	12,987	18,839	(5,852)	-31%	75,357
Finance charges	3,021	–	547	829	755	74	10%	3,021
Materials and bulk purchases	269,933	–	25,617	76,286	67,483	8,802	13%	269,933
Transfers and subsidies	–	–	–	–	–	–		–
Other expenditure	162,887	–	11,416	18,381	40,722	(22,341)	-55%	162,887
Total Expenditure	**796,785**	**–**	**72,633**	**172,688**	**199,196**	**(26,508)**	**-13%**	**796,785**
Surplus/(Deficit)	**(43,068)**	**–**	**(32,230)**	**91,037**	**(10,767)**	**101,804**	**-946%**	**(43,068)**
Transfers and subsidies - capital (monetary alloca	39,827	–	4,471	8,867	9,957	(1,090)	-11%	39,827
Contributions & Contributed assets	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(3,241)**	**–**	**(27,759)**	**99,904**	**(810)**	**100,714**	**-12430%**	**(3,241)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(3,241)**	**–**	**(27,759)**	**99,904**	**(810)**	**100,714**	**-12430%**	**(3,241)**
Capital expenditure & funds sources								
Capital expenditure	**67,745**	**–**	**3,602**	**12,000**	**16,936**	**(4,936)**	**-29%**	**67,745**
Capital transfers recognised	34,682	–	3,406	6,330	8,670	(2,340)	-27%	34,682
Public contributions & donations	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–		–
Internally generated funds	**33,063**	**–**	**196**	**5,670**	**8,266**	**(2,596)**	**-31%**	**33,063**
Total sources of capital funds	**67,745**	**–**	**3,602**	**12,000**	**16,936**	**(4,936)**	**-29%**	**67,745**
Financial position								
Total current assets	131,820	–		354,548				131,820
Total non current assets	2,442,954	–		2,265,386				2,442,954
Total current liabilities	133,877	–		141,092				133,877
Total non current liabilities	183,244	–		185,566				183,244
Community wealth/Equity	**2,257,653**	**–**		**2,293,276**				**2,257,653**
Cash flows								
Net cash from (used) operating	74,823	–	(7,139)	72,871	12,471	(60,401)	-484%	74,823
Net cash from (used) investing	(67,745)	–	(4,142)	(13,800)	(11,291)	2,509	-22%	(67,745)
Net cash from (used) financing	(13,247)	–	(600)	(1,736)	(2,208)	(472)	21%	(13,247)
Cash/cash equivalents at the month/year end	**53,561**	**–**	**–**	**151,651**	**58,701**	**(92,949)**	**-158%**	**88,146**
Debtors & creditors analysis	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis								
Total By Income Source	33,985	5,233	4,080	4,110	3,079	11,257	93,803	196,230
Creditors Age Analysis								
Total Creditors	612	494	474	429	950	2,568	50,739	86,598

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) – M03 September 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue - Functional								
Governance and administration	**314,268**	**–**	**3,452**	**144,834**	**78,567**	66,267	84%	**511,046**
Executive and council	26	–	–	0	6	(6)	-95%	26
Finance and administration	314,242	–	3,452	144,834	78,560	66,273	84%	511,020
Internal audit	–	–	–	–	–	–		–
Community and public safety	**15,404**	**1,242**	**964**	**2,206**	**3,851**	(1,645)	-43%	**15,404**
Community and social services	2,458	64	19	83	614	(531)	-86%	2,458
Sport and recreation	9,151	714	941	1,656	2,288	(632)	-28%	9,151
Public safety	1,869	3	1	4	467	(464)	-99%	1,869
Housing	–	–	–	–	–	–		–
Health	1,927	460	3	463	482	(19)	-4%	1,927
Economic and environmental services	**17,367**	**3,188**	**914**	**4,102**	**4,342**	(240)	-6%	**30,942**
Planning and development	6,312	1,436	277	1,713	1,578	135	9%	6,312
Road transport	10,005	2,106	642	2,748	2,501	247	10%	10,005
Environmental protection	1,050	(354)	(6)	(360)	263	(622)	-237%	14,625
Trading services	**446,060**	**81,904**	**39,544**	**121,447**	**111,515**	9,932	9%	**235,706**
Energy sources	258,381	43,662	20,386	64,049	64,595	(547)	-1%	61,809
Water management	70,200	15,141	7,305	22,446	17,550	4,896	28%	70,200
Waste water management	72,456	12,154	7,222	19,377	18,114	1,263	7%	72,249
Waste management	45,023	10,946	4,630	15,576	11,256	4,320	38%	31,448
Other	**445**	**4**	**–**	**4**	**111**	**(108)**	**-97%**	**445**
Total Revenue - Functional	**793,544**	**86,337**	**44,874**	**272,593**	**198,386**	**74,207**	**37%**	**793,544**
Expenditure - Functional								
Governance and administration	**189,348**	**16,569**	**15,539**	**32,108**	**47,337**	(15,229)	-32%	**189,348**
Executive and council	52,250	4,047	3,173	7,220	13,063	(5,842)	-45%	52,250
Finance and administration	137,097	12,521	12,366	24,888	34,274	(9,387)	-27%	137,097
Internal audit	–	–	–	–	–	–		–
Community and public safety	**86,538**	**10,057**	**6,561**	**16,618**	**21,635**	(5,017)	-23%	**86,568**
Community and social services	9,483	1,240	785	2,025	2,371	(346)	-15%	9,513
Sport and recreation	46,668	4,906	3,398	8,304	11,667	(3,363)	-29%	46,668
Public safety	21,090	2,941	1,588	4,529	5,272	(743)	-14%	21,090
Housing	3,531	382	420	802	883	(80)	-9%	3,531
Health	5,767	588	370	957	1,442	(484)	-34%	5,767
Economic and environmental services	**101,757**	**7,925**	**9,110**	**17,036**	**25,439**	(8,404)	-33%	**110,969**
Planning and development	33,954	3,272	3,820	7,092	8,488	(1,396)	-16%	33,954
Road transport	67,770	4,350	5,098	9,448	16,943	(7,495)	-44%	67,770
Environmental protection	33	303	193	495	8	487	5987%	9,245
Trading services	**415,110**	**65,379**	**41,390**	**106,769**	**103,778**	2,991	3%	**405,898**
Energy sources	248,404	49,262	21,998	71,260	62,101	9,159	15%	248,404
Water management	80,154	7,177	9,165	16,342	20,038	(3,696)	-18%	80,154
Waste water management	41,745	3,792	6,655	10,448	10,436	11	0%	41,745
Waste management	44,808	5,148	3,572	8,720	11,202	(2,482)	-22%	35,595
Other	**4,032**	**125**	**33**	**158**	**1,008**	**(850)**	**-84%**	**4,032**
Total Expenditure - Functional	**796,785**	**100,055**	**72,633**	**172,688**	**199,196**	**(26,508)**	**-13%**	**796,815**
Surplus/ (Deficit) for the year	**(3,241)**	**(13,719)**	**(27,759)**	**99,904**	**(810)**	**100,714**	**-12430%**	**(3,271)**

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 – M03 September 2018

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue by Vote								
Organisational Structure Votes	–	–	–	–	–	–		–
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	32	–	–	–	8	(8)	-100,0%	–
Vote 3 - CORPORATE SERVICES	–	–	–	–	–	–		–
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	2,871	–	–	–	718	(718)	-100,0%	–
Vote 5 - INFRASTRUCTURE AND ENGINEERING	70,200	–	5,414	20,555	17,550	3,006	17,1%	70,200
Vote 6 - COMMUNITY SERVICES	8,992	–	289	2,250	2,248	2	0,1%	8,992
Vote 7 - COMMUNITY SERVICES (CONTINUED)	–	–	–	–	–	–		–
Total Revenue by Vote	**82,094**	**–**	**5,704**	**22,805**	**20,524**	**2,281**	**11,1%**	**79,191**
Expenditure by Vote								
Organisational Structure Votes	–	–	–	–	–	–		–
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	2,223	–	–	–	556	(556)	-100,0%	–
Vote 3 - CORPORATE SERVICES	–	–	–	–	–	–		–
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	9,918	–	–	–	–	–		–
Vote 5 - INFRASTRUCTURE AND ENGINEERING	80,154	–	5,310	12,487	20,038	(7,551)	-37,7%	80,154
Vote 6 - COMMUNITY SERVICES	5,982	–	501	1,464	1,495	(32)	-2,1%	5,982
Vote 7 - COMMUNITY SERVICES (CONTINUED)	–	–	–	–	–	–		–
Total Expenditure by Vote	**98,277**	**–**	**5,811**	**13,951**	**22,090**	**(8,139)**	**-36,8%**	**86,136**
Surplus/ (Deficit) for the year	**(16,182)**	**–**	**(107)**	**8,854**	**(1,566)**	**10,420**	**-665,4%**	**(6,944)**

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) – M03 September 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue By Source								
Property rates	176,766		772	91,248	44,192	47,057	106%	176,766
Service charges - electricity revenue	247,165		21,457	66,747	61,791	4,956	8%	247,165
Service charges - water revenue	67,702		5,877	20,360	16,926	3,434	20%	67,702
Service charges - sanitation revenue	41,658		3,616	12,364	10,415	1,950	19%	41,658
Service charges - refuse revenue	43,571		3,783	14,181	10,893	3,288	30%	43,571
Service charges - other	–			–	–	–		–
Rental of facilities and equipment	1,881			196	470	(274)	-58%	1,881
Interest earned - external investments	7,561			484	1,890	(1,406)	-74%	7,561
Interest earned - outstanding debtors	14,986			653	3,746	(3,094)	-83%	14,986
Dividends received	–			–	–	–		–
Fines, penalties and forfeits	4,230		429	1,140	1,057	82	8%	4,230
Licences and permits	16,661		1,423	3,945	4,165	(220)	-5%	16,661
Agency services	–			–	–	–		–
Transfers and subsidies	123,618		70	48,378	30,905	17,474	57%	123,618
Other revenue	7,917		2,974	4,030	1,979	2,051	104%	7,917
Gains on disposal of PPE	–			–	–	–		–
Total Revenue (excluding capital transfers and contributions)	**753,717**	**–**	**40,403**	**263,726**	**188,429**	**75,297**	**40%**	**753,717**
Expenditure By Type								
Employee related costs	272,803		21,169	60,843	68,201	(7,357)	-11%	272,803
Remuneration of councillors	12,784		1,424	3,363	3,196	167	5%	12,784
Debt impairment	41,429			–	10,357	(10,357)	-100%	41,429
Depreciation & asset impairment	75,357		12,461	12,987	18,839	(5,852)	-31%	75,357
Finance charges	3,021		547	829	755	74	10%	3,021
Bulk purchases	241,476		22,227	70,841	60,369	10,472	17%	241,476
Other materials	28,458		3,390	5,445	7,114	(1,669)	-23%	28,458
Contracted services	45,111		3,529	5,699	11,278	(5,579)	-49%	45,111
Transfers and subsidies	–			–	–	–		–
Other expenditure	76,346		7,887	12,682	19,087	(6,405)	-34%	76,346
Loss on disposal of PPE	–			–	–	–		–
Total Expenditure	**796,785**	**–**	**72,633**	**172,688**	**199,196**	**(26,508)**	**-13%**	**796,785**
Surplus/(Deficit)	**(43,068)**	**–**	**(32,230)**	**91,037**	**(10,767)**	**101,804**	**(0)**	**(43,068)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39,827		4,471	8,867	9,957	(1,090)	(0)	39,827
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–		–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)	–		–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(3,241)**	**–**	**(27,759)**	**99,904**	**(810)**			**(3,241)**
Taxation	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation	**(3,241)**	**–**	**(27,759)**	**99,904**	**(810)**			**(3,241)**
Attributable to minorities	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality	**(3,241)**	**–**	**(27,759)**	**99,904**	**(810)**			**(3,241)**
Share of surplus/ (deficit) of associate	–	–	–	–	–			–
Surplus/ (Deficit) for the year	**(3,241)**	**–**	**(27,759)**	**99,904**	**(810)**			**(3,241)**

Explanatory notes to Table C4 – Budgeted Financial Performance (revenue and expenditure)

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the monthly results, the monthly budget-to-date projections and the original budget, so as to assess performance

Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) – M03 September 2018

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Single Year expenditure appropriation								
Vote 1 - EXECUTIVE COUNCIL	860	–	121	121	215	(94)	-44%	860
Vote 2 - FINANCIAL SERVICES	1,507	–	163	163	377	(214)	-57%	1,507
Vote 3 - CORPORATE SERVICES	2,309	–	–	34	577	(543)	-94%	2,309
Vote 4 - PLANNING, DEVELOPMENT & TOURISI	4,211	–	34	50	1,053	(1,003)	-95%	4,211
Vote 5 - INFRASTRUCTURE AND ENGINEERIN(	46,545	–	3,284	11,439	11,636	(197)	-2%	46,545
Vote 6 - COMMUNITY SERVICES	1,644	–	–	191	411	(220)	-54%	1,644
Vote 7 - COMMUNITY SERVICES (CONTINUED)	10,669	–	–	2	2,667	(2,666)	-100%	10,669
Total Capital Expenditure	**67,745**	**–**	**3,602**	**12,000**	**16,936**	**(4,936)**	**-29%**	**67,745**
Capital Expenditure - Functional Classification								
Governance and administration	**5,346**	**–**	**284**	**318**	**1,336**	(1,018)	-76%	**5,346**
Executive and council	985		121	121	246	(125)	-51%	985
Finance and administration	4,361		163	197	1,090	(893)	-82%	4,361
Internal audit	–		–	–	–	–		–
Community and public safety	**7,368**	**–**	**–**	**192**	**1,842**	(1,650)	-90%	**7,368**
Community and social services	679		–	2	170	(168)	-99%	679
Sport and recreation	5,489		–	–	1,372	(1,372)	-100%	5,489
Public safety	200		–	191	50	141	282%	200
Housing	1,000		–	–	250	(250)	-100%	1,000
Health	–		–	–	–	–		–
Economic and environmental services	**6,159**	**–**	**52**	**75**	**1,540**	(1,465)	-95%	**6,159**
Planning and development	3,509		34	50	877	(827)	-94%	3,509
Road transport	2,650		17	25	663	(638)	-96%	2,650
Environmental protection	–		–	–	–	–		–
Trading services	**48,872**	**–**	**3,267**	**11,415**	**12,218**	(803)	-7%	**48,872**
Energy sources	12,905		183	2,133	3,226	(1,093)	-34%	12,905
Water management	1,715		16	3,289	429	2,861	667%	1,715
Waste water management	28,977		3,068	5,992	7,244	(1,252)	-17%	28,977
Waste management	5,275		–	–	1,319	(1,319)	-100%	5,275
Other	–		–	–	–	–		–
Total Capital Expenditure - Functional Classific	**67,745**	**–**	**3,602**	**12,000**	**16,936**	**(4,936)**	**-29%**	**67,745**
Funded by:								
National Government	34,682		3,406	6,330	8,670	(2,340)	-27%	34,682
Provincial Government	–	–	–	–	–	–		–
District Municipality	–	–	–	–	–	–		–
Other transfers and grants	–	–	–	–	–	–		–
Transfers recognised - capital	**34,682**	**–**	**3,406**	**6,330**	**8,670**	**(2,340)**	**-27%**	**34,682**
Public contributions & donations	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–		–
Internally generated funds	33,063	–	196	5,670	8,266	(2,596)	-31%	33,063
Total Capital Funding	**67,745**	**–**	**3,602**	**12,000**	**16,936**	**(4,936)**	**-29%**	**67,745**

Explanatory notes to Table C5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial departments

Table C6 Monthly Budget Statement – Financial Position – M03 SEptember 2018

Description R thousands	Budget Year 2018/19 Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS				
Current assets				
Cash	5,356		50,587	5,356
Call investment deposits	48,205		101,064	48,205
Consumer debtors	42,559		171,911	42,559
Other debtors	31,184		24,319	31,184
Current portion of long-term receivables	3		1	3
Inventory	4,513		6,666	4,513
Total current assets	**131,820**	**–**	**354,548**	**131,820**
Non current assets				
Long-term receivables	65		343	65
Investments			–	
Investment property	285,199		283,612	285,199
Investments in Associate			–	
Property, plant and equipment	2,157,628		1,981,129	2,157,628
Agricultural			–	
Biological assets			–	
Intangible assets	62		302	62
Other non-current assets			–	
Total non current assets	**2,442,954**	**–**	**2,265,386**	**2,442,954**
TOTAL ASSETS	**2,574,775**	**–**	**2,619,934**	**2,574,775**
LIABILITIES				
Current liabilities				
Bank overdraft			–	
Borrowing	13,247		8,344	13,247
Consumer deposits	10,479		15,241	10,479
Trade and other payables	87,054		94,823	87,054
Provisions	23,097		22,684	23,097
Total current liabilities	**133,877**	**–**	**141,092**	**133,877**
Non current liabilities				
Borrowing	23,112		23,600	23,112
Provisions	160,132		161,966	160,132
Total non current liabilities	**183,244**	**–**	**185,566**	**183,244**
TOTAL LIABILITIES	**317,122**	**–**	**326,658**	**317,122**
NET ASSETS	**2,257,653**	**–**	**2,293,276**	**2,257,653**
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	2,257,653	–	2,293,276	2,257,653
Reserves	–	–		–
TOTAL COMMUNITY WEALTH/EQUITY	**2,257,653**	**–**	**2,293,276**	**2,257,653**

Explanatory notes to Table C6 – Budgeted Financial Position

i. The table represents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

ii. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position.
For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.
Similarly, the collection rate assumption informs the budget provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Monthly Budget Statement – Cash Flow – M03 September 2018

R thousands							%	
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	164,393		20,823	64,794	27,399	37,395	136%	164,393
Service charges	372,090		34,002	113,645	62,015	51,630	83%	372,090
Other revenue	30,689		5,367	7,013	5,115	1,898	37%	30,689
Government - operating	123,618			49,789	20,603	29,186	142%	123,618
Government - capital	39,827			14,364	6,638	7,726	116%	39,827
Interest	21,498		770	3,500	3,583	(83)	-2%	21,498
Dividends	–				–	–		–
Payments								
Suppliers and employees	(674,270)	–	(67,851)	(179,420)	(112,378)	67,042	-60%	(674,270)
Finance charges	(3,021)	–	(250)	(814)	(503)	311	-62%	(3,021)
Transfers and Grants	–	–			–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITI	**74,823**	**–**	**(7,139)**	**72,871**	**12,471**	**(60,401)**	**-484%**	**74,823**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables	–	–	–	–	–	–		–
Decrease (increase) in non-current investments	–	–	–	–	–	–		–
Payments								
Capital assets	(67,745)	–	(4,142)	(13,800)	(11,291)	2,509	-22%	(67,745)
NET CASH FROM/(USED) INVESTING ACTIVITIE	**(67,745)**	**–**	**(4,142)**	**(13,800)**	**(11,291)**	**2,509**	**-22%**	**(67,745)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–		–
Borrowing long term/refinancing	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits	–	–	–	–	–	–		–
Payments								
Repayment of borrowing	(13,247)	–	(600)	(1,736)	(2,208)	(472)	21%	(13,247)
NET CASH FROM/(USED) FINANCING ACTIVITI	**(13,247)**	**–**	**(600)**	**(1,736)**	**(2,208)**	**(472)**	**21%**	**(13,247)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(6,169)**	**–**	**(11,881)**	**57,336**	**(1,028)**			**(6,169)**
Cash/cash equivalents at beginning:	59,729	–		94,315	59,729			94,315
Cash/cash equivalents at month/year end:	53,561	–		151,651	58,701			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 30 September 2018.

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

Description	Budget Year 2017/18								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	7 819	2 073	1 457	1 222	824	594	3 847	19 415	37 251
Trade and Other Receivables from Exchange Transactions - Electricity	14 563	1 349	602	402	331	226	1 908	6 001	25 382
Receivables from Non-exchange Transactions - Property Rates	8 069	700	494	394	318	297	6 758	16 539	33 569
Receivables from Exchange Transactions - Waste Water Management	4 267	897	631	483	380	258	1 714	8 652	17 282
Receivables from Exchange Transactions - Waste Management	4 202	1 023	842	600	356	335	1 778	11 769	20 905
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	68	87	97	101	88	84	915	17 487	18 928
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(12 022)	608	306	257	267	159	2 034	7 106	(1 286)
Total By Income Source	**26 966**	**6 737**	**4 429**	**3 459**	**2 565**	**1 953**	**18 953**	**86 967**	**152 031**
									–
Debtors Age Analysis By Customer Group									
Organs of State	567	230	31	31	28	27	1 204	1 578	3 696
Commercial	6 132	385	256	238	282	115	983	2 878	11 269
Households	20 268	6 122	4 142	3 190	2 256	1 812	16 766	82 512	137 067
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**26 966**	**6 737**	**4 429**	**3 459**	**2 565**	**1 953**	**18 953**	**86 967**	**152 031**

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

Description	Budget Year 2018/19								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	10,003	4,147	1,754	1,366	1,437	1,076	3,743	20,158	43,684
Trade and Other Receivables from Exchange Transactions - Electricity	20,571	4,086	682	452	418	259	1,015	6,662	34,145
Receivables from Non-exchange Transactions - Property Rates	10,032	18,103	521	398	334	287	1,321	19,710	50,705
Receivables from Exchange Transactions - Waste Water Management	5,186	1,923	800	596	577	438	1,466	8,969	19,954
Receivables from Exchange Transactions - Waste Management	4,693	1,287	1,033	856	774	669	1,934	12,176	23,423
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	82	212	78	89	113	116	611	18,129	19,429
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(9,884)	4,228	364	324	457	234	1,167	7,999	4,889
Total By Income Source	**40,684**	**33,985**	**5,233**	**4,080**	**4,110**	**3,079**	**11,257**	**93,803**	**196,230**
2017/18 - totals only									–
Debtors Age Analysis By Customer Group									
Organs of State	886	4,162	278	163	86	22	134	2,412	8,144
Commercial	7,190	757	199	149	137	114	660	2,870	12,075
Households	32,608	29,066	4,755	3,768	3,887	2,943	10,464	88,521	176,012
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**40,684**	**33,985**	**5,233**	**4,080**	**4,110**	**3,079**	**11,257**	**93,803**	**196,230**

The aforementioned analysis indicates that from 30 June 2018 to 30 September 2018, the overdue debts have increased from R 125,064 million to R 155,546 million, as follows:

Description	OVERDUE AMOUNT AT		
R thousands	Jun-18	30-Sep-18	DIFFERENCES
Debtors Age Analysis By Income Source			
Trade and Other Receivables from Exchange Transactions - Water	29,432	33,680	4,249
Trade and Other Receivables from Exchange Transactions - Electricity	10,819	13,574	2,755
Receivables from Non-exchange Transactions - Property Rates	25,500	40,674	15,174
Receivables from Exchange Transactions - Waste Water Management	13,015	14,768	1,754
Receivables from Exchange Transactions - Waste Management	16,704	18,730	2,026
Receivables from Exchange Transactions - Property Rental Debtors	1	1	–
Interest on Arrear Debtor Accounts	18,860	19,347	487
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10,736	14,772	4,036
Total By Income Source	**125,064**	**155,546**	**30,482**
Debtors Age Analysis By Customer Group			
Organs of State	3,128	7,258	4,130
Commercial	5,137	4,885	(253)
Households	116,799	143,404	26,605
Other	–	–	–
Total By Customer Group	**125,064**	155,546	30,482

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2018/19								
R thousands	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
Creditors Age Analysis By Customer Type									
Bulk Electricity	21,102	52	0	(1)	-	-	-	-	21,153
Bulk Water	450	38	452	475	429	950	2,568	50,648	56,010
PAYE deductions	3,174								3,174
VAT (output less input)									-
Pensions / Retirement deductions	3,357								3,357
Loan repay ments									-
Trade Creditors	2,249	522	42	-	-	-	-	92	2,905
Auditor General									-
Other									-
Total By Customer Type	30,332	612	494	474	429	950	2,568	50,739	86,598

The above amounts represent invoices still to be paid. The major creditors as at 30 September 2018 are as follows:

Eskom	R 21,153 million
NMBM (Bulk water)	R 56,010 million
SARS-PAYE	R 3,174 million
Pension Deductions	R 3,357 million
Other Creditors	R 2,905 million
TOTAL	**R 86,598 million**

It is to be noted that the Eskom amount of R 21,153 million, represents the current account for September 2018, which will be paid fully on 22 October 2018.

The PAYE deductions represent employee related costs for the month of September 2018, with the amounts in question being paid on 4 October 2018 to SARS.

The pension fund deductions represent employee related costs for the month of September 2018, with the amounts in question being paid on 4 October 2018 to the relevant pension funds.

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

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

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 30 September 2018.

	BALANCE					BALANCE
	30-Jun-18	INVESTED	INTEREST	WITHDRAWN	CHARGES	30-Sep-18
Standard Bank	18,653,721	-	301,036	-	-	18,954,756
ABSA	25,806,825	-	411,517	-	85	26,218,257
Nedbank	19,520,160	-	314,099	-	-	19,834,260
RMB	5,885,309	16,339,280	199,441	6,886,455	-	15,537,576
INVESTEC	20,188,841	-	330,002	-	-	20,518,844
Total	90,054,856	16,339,280	1,556,095	-6,886,455	-85	101,063,692
PURPOSE OF	BALANCE					BALANCE
INVESTMENT	B/F	INVESTED	INTEREST	WITHDRAWN	CHARGES	C/F
General Account	85,725,571	205,280	1,382,030	-	85	87,312,796
Conditional Grants	1,359,363	16,134,000	127,789	6,886,455	-	10,734,697
Housing Funds	2,969,923	-	46,276	-	-	3,016,199
Total	90,054,856	16,339,280	1,556,095	-6,886,455	-85	101,063,692
Cheque Accounts FNB	66,296,316			15,709,431		50,586,885
TOTAL Investments & Bank	156,351,173	16,339,280	1,556,095	-22,595,886	-85	151,650,577

The increase in the investment portfolio since 30 June 2018 amounts to R 57,335,873. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 50,586,885
Short-term Investment Deposits	R 101,063,691
	R 151,650,577

Application of Cash

Unspent Conditional Grants	8,224,838
Internally Generated Funds	27,393,237
Outstanding Creditors Liability	86,598,466
	122,216,541

Reserves in excess of Commitments	**R 29,434,036**

The cash backed reserves exceed the commitments at this stage by an amount of R 29,434,036. It should be noted that the excess of reserves over commitments as at 30 September 2018, is mainly due to an amount of R 47,146 million in respect of the Equitable Share allocation being received on 09 July 2018, but not yet fully spent.

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

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M03 September 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
RECEIPTS:								
Operating Transfers and Grants								
National Government:	117,493	-	-	49,739	29,373	20,366	69,3%	117,493
Local Government Equitable Share	113,151	-	-	47,146	28,288	18,858	66,7%	113,151
Finance Management	1,770	-	-	1,770	443	1,328		1,770
MIG - Administration Fees	1,559	-	-	568	390	178		1,559
EPWP Incentive	1,013	-	-	255	253	2	0,7%	1,013
Provincial Government:	2,050	-	-	-	513	(513)	-100,0%	2,050
Sport and Recreation	2,050	-	-	-	513	(513)	-100,0%	2,050
District Municipality:	2,310	-	-	-	578	(578)	-100,0%	2,310
Fire Services Subsidy	1,865	-	-	-	466	(466)	-100,0%	1,865
Local development Grant	445			-	111	(111)	-100,0%	445
Other grant providers:	1,765	-	-	-	441	(441)	-100,0%	-
Environmental Health Subsidy	1,765	-	-	-	441	(441)	-100,0%	-
Total Operating Transfers and Grants	123,618	-	-	49,739	30,905	18,835	60,9%	121,853
Capital Transfers and Grants								
National Government:	39,827	-	-	13,796	9,957	3,839	38,6%	-
Municipal Infrastructure Grant (MIG)	29,627	-	-	10,796	7,407	3,389	45,8%	-
Intergrated National Electrification Programme	10,200	-	-	3,000	2,550	450		-
Total Capital Transfers and Grants	39,827	-	-	13,796	9,957	3,839	38,6%	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	163,445	-	-	63,535	40,861	22,674	55,5%	121,853

Below is an analysis of the spending associated with the grants as at 30 September 2018:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M03 September 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
EXPENDITURE								
Operating expenditure of Transfers and Grants								
National Government:	117,493	–	470	1,068	47,870	(46,801)	-97,8%	117,493
Local Government Equitable Share	113,151	–	–	–	47,146	(47,146)	-100,0%	113,151
Finance Management	1,770	–	236	352	295	57	19,2%	1,770
MIG - Administration Fees	1,559	–	135	385	260	125	48,2%	1,559
EPWP Incentive	1,013	–	99	332	169	163	96,4%	1,013
Provincial Government:	2,050	–	–	–	342	(342)	-100,0%	2,050
Sport and Recreation	2,050	–	–	–	342	(342)	-100,0%	2,050
District Municipality:	2,310	–	–	–	385	(385)	-100,0%	2,310
Fire Services Subsidy	1,865	–	–	–	311	(311)	-100,0%	1,865
Local development Grant	445				74	(74)	-100,0%	445
Other grant providers:	1,765	–	–	–	294	(294)	-100,0%	1,765
Environmental Health Subsidy	1,765	–	–	–	294	(294)	-100,0%	1,765
Total operating expenditure of Transfers and G	123,618	–	470	1,068	48,891	(47,822)	-97,8%	123,618
Capital expenditure of Transfers and Grants								
National Government:	39,827	–	3,733	7,096	6,638	458	6,9%	39,827
Municipal Infrastructure Grant (MIG)	29,627	–	3,528	6,891	4,938	1,953	39,6%	29,627
Intergrated National Electrification Programme	10,200	–	204	204	1,700	(1,496)		10,200
Total capital expenditure of Transfers and Gran	39,827	–	3,733	7,096	6,638	458	6,9%	39,827
TOTAL EXPENDITURE OF TRANSFERS AND GI	163,445	–	4,203	8,164	55,528	(47,364)	-85,3%	163,445

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

Grants received from National Government

DORA Operating Grants

Financial Management Grant (FMG)

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

DORA Allocation:	R 1,770,000
Amount of Grant Received:	R 1,770,000
Expenditure to date:	R 351,760
Unspent as at 30 September 2018:	R 1,418,240

The spending of the grant amounted to 19.87% as at 30 September 2018, compared to the amount of the grant received.

Expanded Public Works Programme (EPWP)

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

DORA Allocation:	R 1,013,000
Amount of Grant Received:	R 255,000
Expenditure to date:	R 331,548
Unspent as at 30 September 2018:	R -76,548

The spending of the grant amounted to 130.02% as at 30 September 2018, compared to the amount of the grant received.

DORA Capital Grants

Municipal Infrastructure Grant (MIG)
The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 31,186,000
Amount of Grant Received:	R 11,364,000
Expenditure to date:	R 7,276,371
Unspent as at 30 September 2018:	R 4,087,629

The spending of the grant amounted to 64.03% as at 30 September 2018, compared to the amount of the grant received.

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

DORA Allocation:	R 10,200,000
Amount of Grant Received:	R 3,000,000
Expenditure to date:	R 204,483
Unspent as at 30 September 2018:	R 2,975,517

The spending of the grant amounted to 6.82% as at 30 September 2018, compared to the amount of the grant received.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M03 September 2018

Summary of Employee and Councillor remuneration	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
	B	C						D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	9,232		708	2,068	2,308	(240)	-10%	9,232
Motor Vehicle Allowance	2,747		222	653	687	(34)	-5%	2,747
Cellphone Allowance	805		107	322	201	121	60%	805
Sub Total - Councillors	**12,784**	**-**	**1,037**	**3,043**	**3,196**	**(153)**	**-5%**	**12,784**
% increase								
Senior Managers of the Municipality								
Basic Salaries and Wages	4,434	-	604	487	739	(251)	-34%	4,434
Pension and UIF Contributions		-	1	2		2	#DIV/0!	
Motor Vehicle Allowance		-	50	156		156	#DIV/0!	
Cellphone Allowance		-	1	3		3	#DIV/0!	
Other benefits and allowances	2,956	-	3	11	493	(482)	-98%	2,956
Sub Total - Senior Managers of Municipality	**7,389**	**-**	**659**	**659**	**1,232**	**(573)**	**-47%**	**7,389**
% increase								
Other Municipal Staff								
Basic Salaries and Wages	161,389		13,085	41,763	26,898	14,865	55%	161,389
Pension and UIF Contributions	27,035		2,304	6,870	4,506	2,364	52%	27,035
Medical Aid Contributions	16,559		1,179	3,539	2,760	779	28%	16,559
Overtime	11,345		2,227	5,093	1,891	3,202	169%	11,345
Performance Bonus	16,117		-	-	2,686	(2,686)	-100%	16,117
Motor Vehicle Allowance	8,701		671	1,866	1,450	416	29%	8,701
Cellphone Allowance			-	1	-	1	#DIV/0!	
Housing Allowances	2,516		146	434	419	14	3%	2,516
Other benefits and allowances	20,864		758	2,378	3,477	(1,099)	-32%	20,864
Payments in lieu of leave			36	173	-	173	#DIV/0!	
Long service awards	888		80	155	148	7	5%	888
Sub Total - Other Municipal Staff	**265,413**	**-**	**20,485**	**62,271**	**44,236**	**18,035**	**41%**	**265,413**
% increase								
Total Parent Municipality	**285,586**	**-**	**22,181**	**65,972**	**48,663**	**17,309**	**36%**	**285,586**

6. Key performance indicators

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

Borrowing Management		**Actuals as at 30 June 2015**	**Actuals as at 30 June 2016**	**Actuals as at 30 June 2017**	**Actuals as at 30 June 2018**	**Approved Budget 2018/19**	**Actuals as at 30 September 2018**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	1.61%	1.57%	2.04%	1.48%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.04	0.02	0.02	0.02	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.72	0.85	1.13	1.06	0.98	2.51
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.62	0.65	0.40	1.07
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	89.07%

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 August 2018**
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.82	1.60	1.74	1.87	0.95	2.49
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	35.27%	37.21%	34.24%	37.18%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	63.84%	81.06%	95%	15.45%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.87%	4.06%	4.65%	2.79%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.24%	1.06%	1.72%	0.24%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	69.55%	74.74%	84.32%	85.05%	83.60%	79.00%

The above table is discussed in details below.

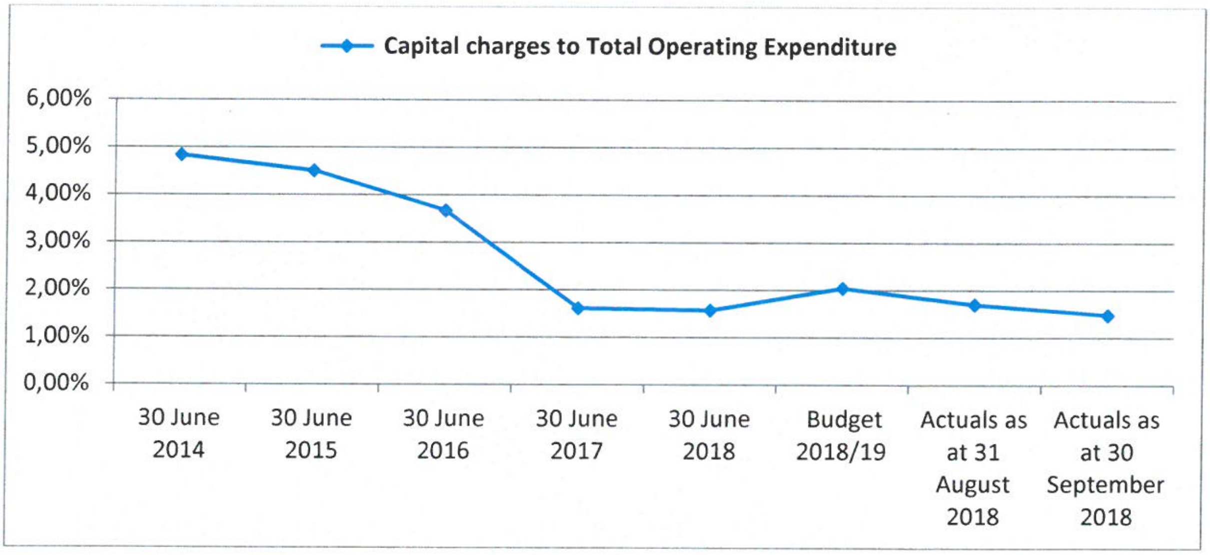
5.1. Borrowing Management

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 1.48% of the Total Operating Expenditure was utilised for capital charges as at 30 September 2018, compared to the budgeted ratio of 2.04%.



5.1.2. Borrowed funding of capital expenditure

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

The ratio is determined as follows:

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

The ratio is 0% as no capital expenditure was funded from borrowings, which is in line with the budgeted target as per the 2018/19 Operating Budget as no borrowing is planned for the 2018/19 to 2020/21 financial years.

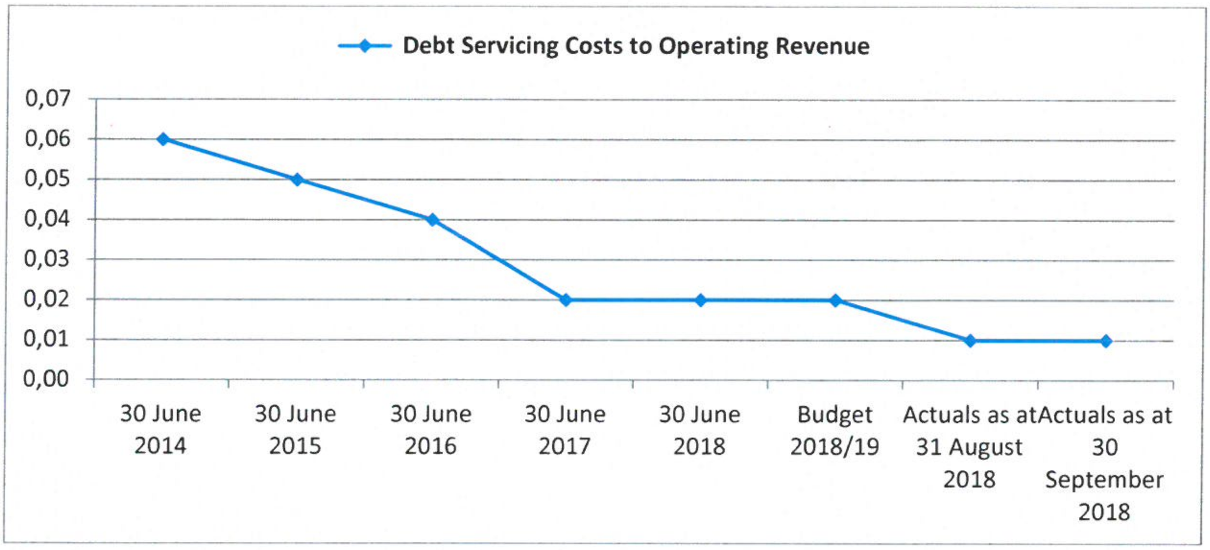
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 30 September 2018, the ratio was 0.01:1, compared to the budgeted ratio of 0.02:1.



5.2. Liquidity

5.2.1. Current ratio

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

The ratio is determined as follows:

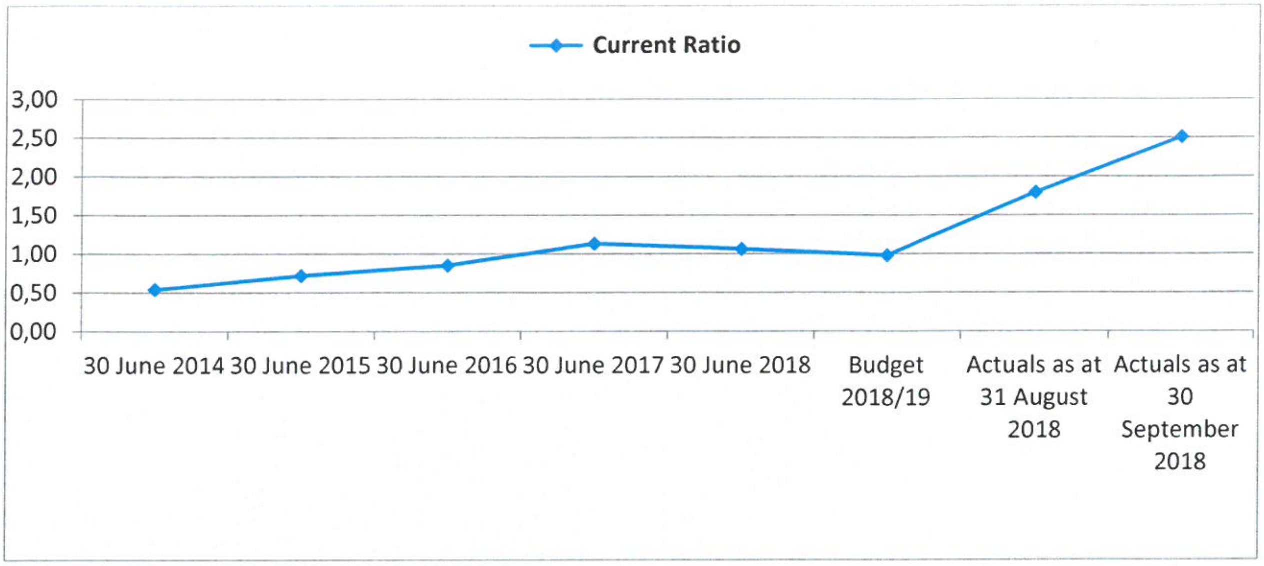
Current assets/Current liabilities

The ratio as at 30 September 2018 was 2.51:1, 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

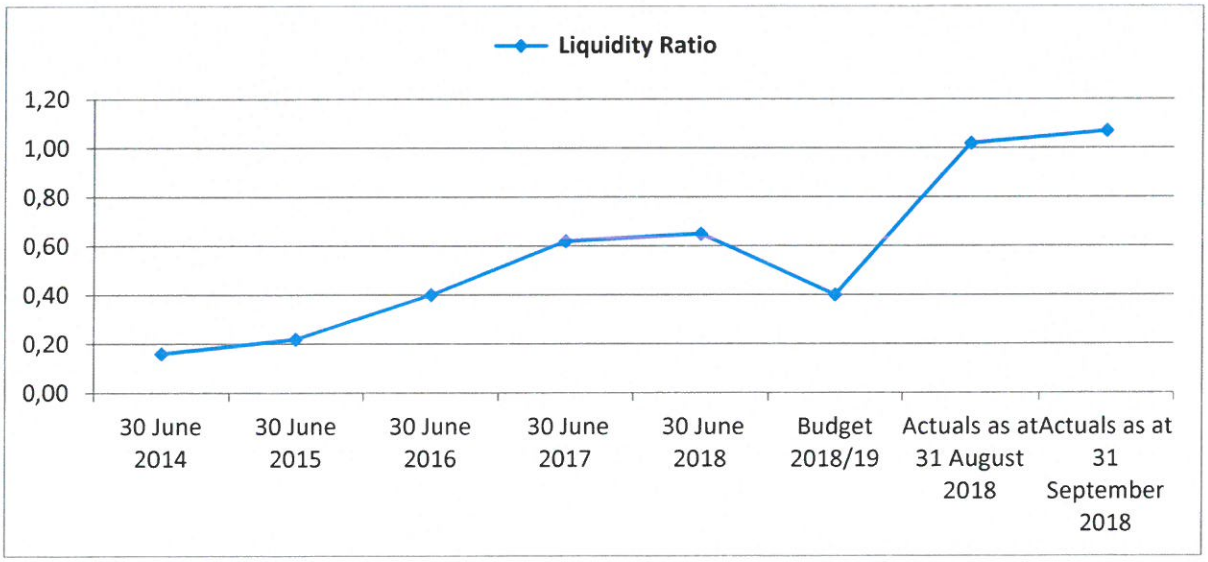
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

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 30 September 2018 was 1.07:1, 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

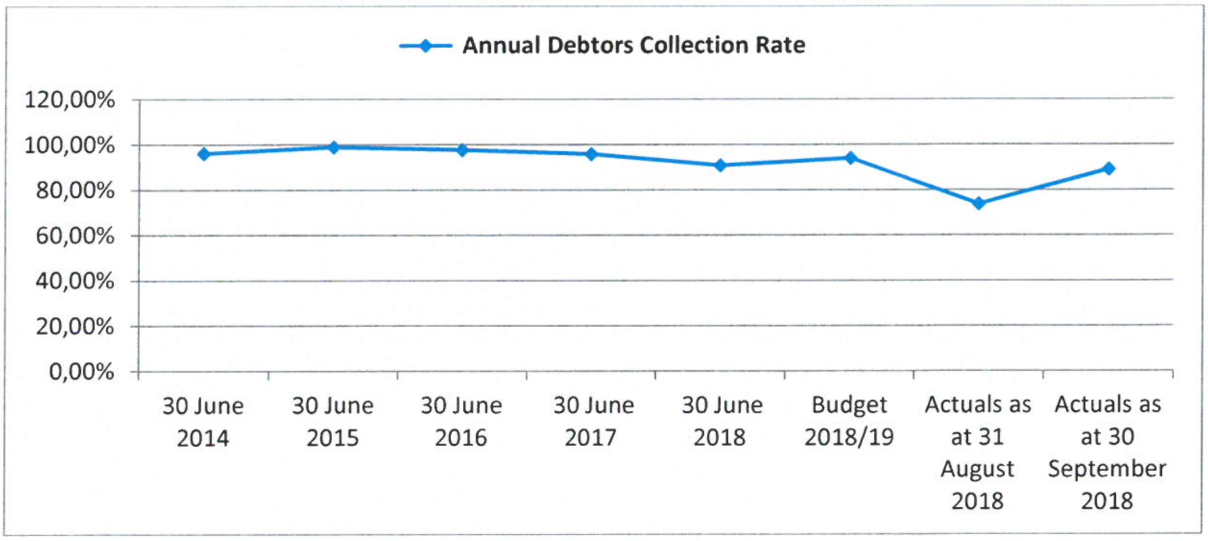
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 30 September 2018 was 89.07%, compared to the budgeted collection rate of 94%. The collection rate of 89.07% as at 30 September 2018 is influenced by the annual property rates raised in July 2018, but not yet paid. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



5.4. Other indicators

5.4.1. Cost coverage

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

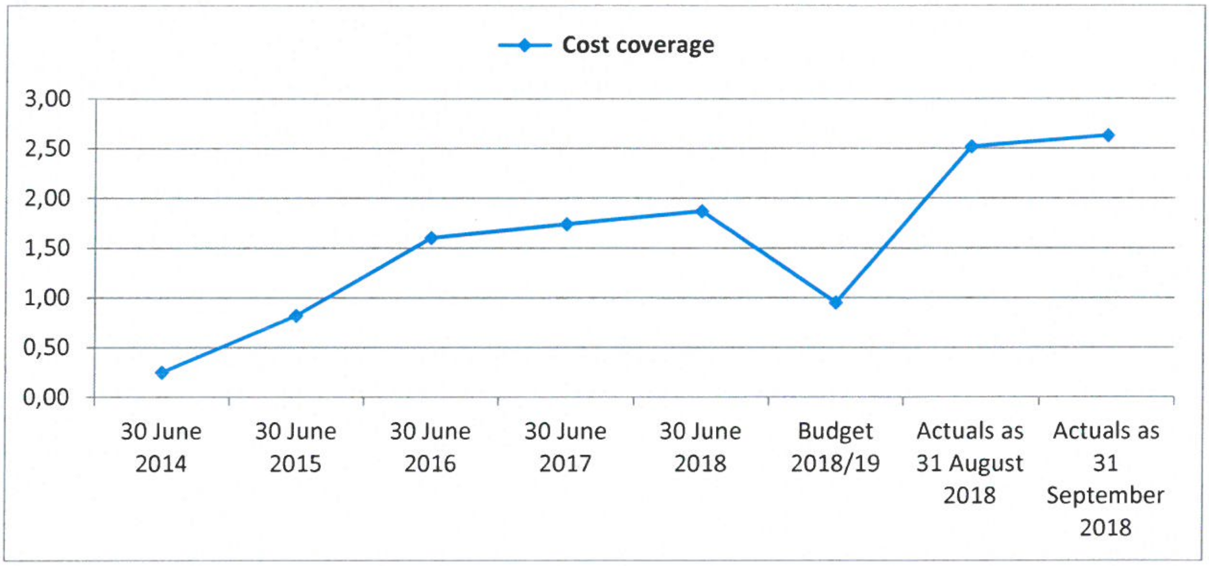
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 30 September 2018, the Ratio was 2.49 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



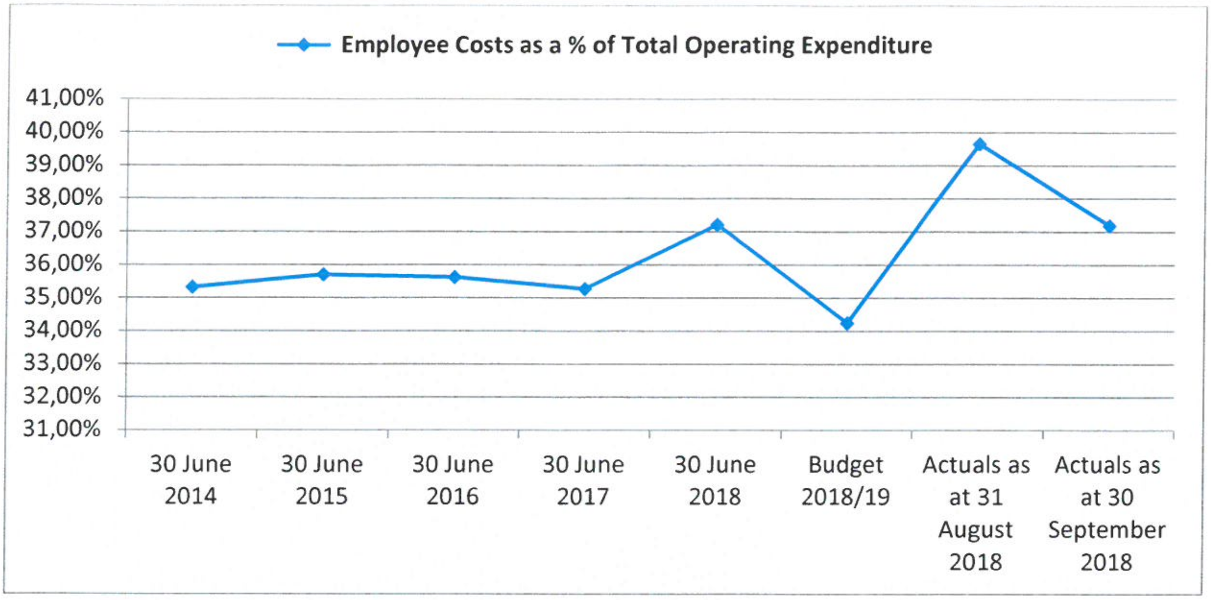
5.4.2. Employee costs as a % of Total Operating Expenditure

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 30 September 2018, Employee Related Costs constituted 37.18% of the Total Operating Expenditure, compared to the budgeted ratio of 34.24%.



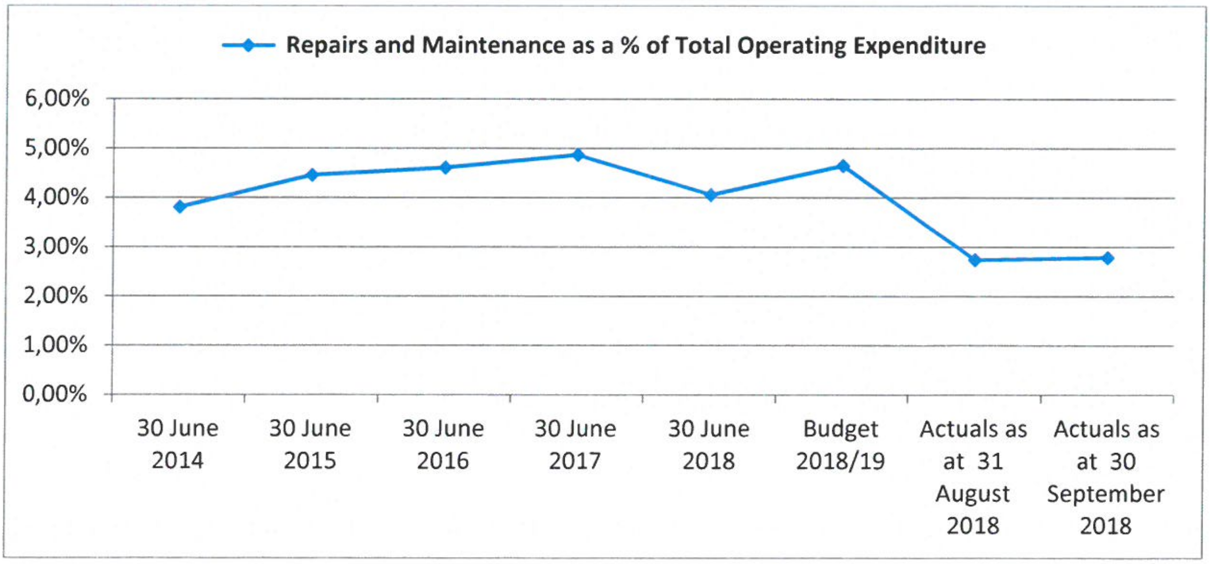
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 30 September 2018, the ratio was 2.79%, 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)

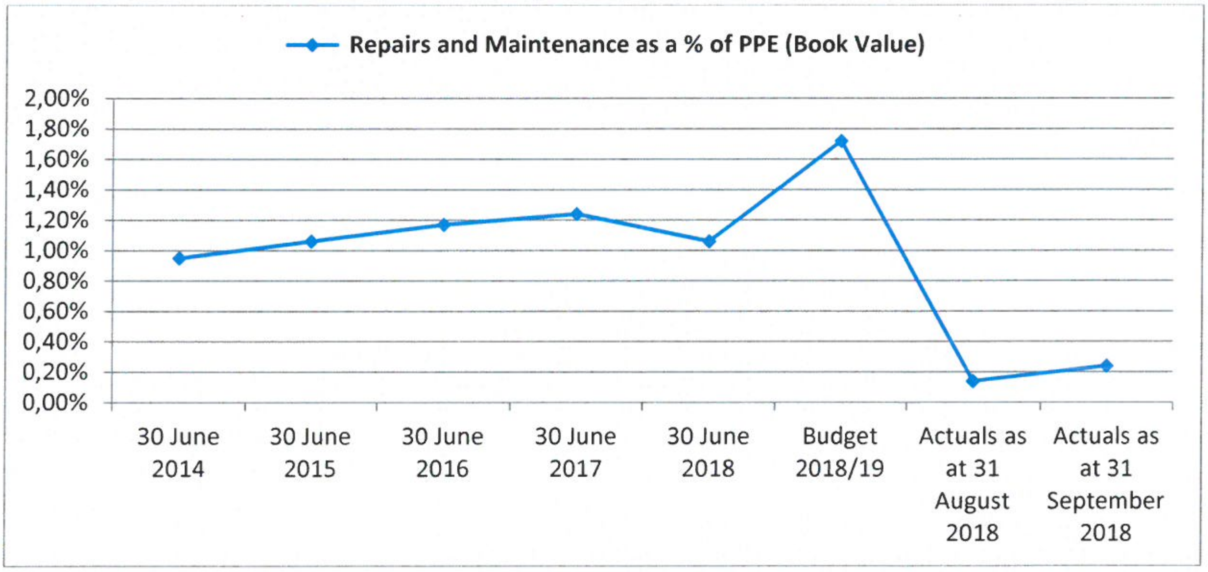
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 September 2018, repairs and maintenance expenditure constituted 0.24% 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%.



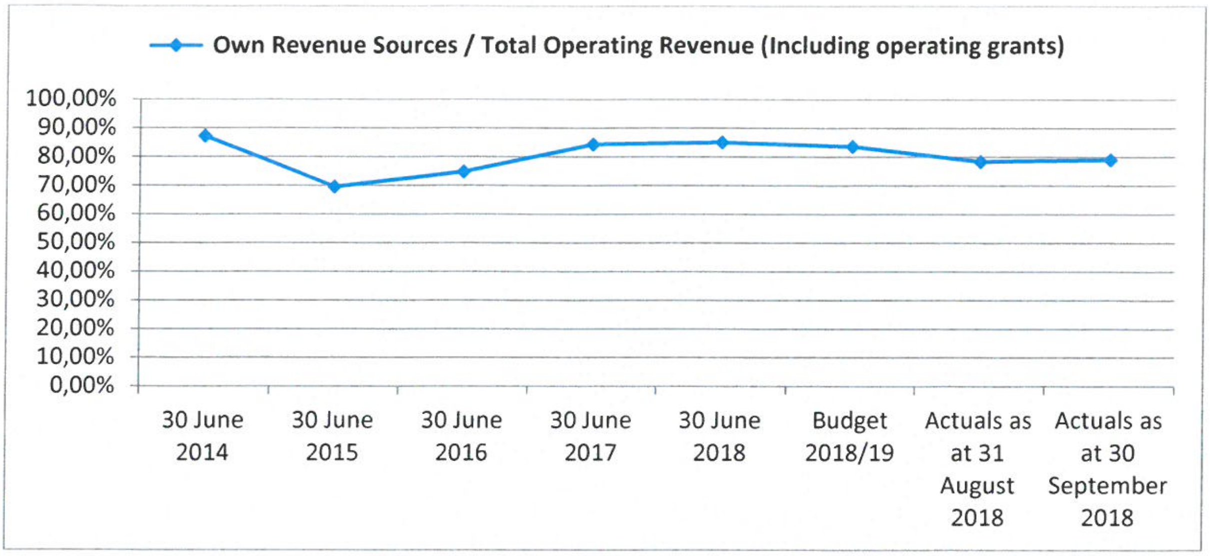
5.4.5. Own Revenue Generation

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 30 ptember 2018, the Municipality's own revenue sources constituted 79.00% 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 September 2018 amounted to 15.45%, compared to the budgeted ratio of 95%.