KOUGA MUNICIPALITY (EC108)

FINANCE

DATE: **ITEM NO:**

....

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

1.1. PURPOSE

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

1.2. LEGISLATIVE REQUIREMENTS

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

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

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

1.3 EXECUTIVE SUMMARY

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in his oversight role.

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality.
This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2018 to August 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 223,323 million, whilst operating expenditure amounted to R 100,055 million, resulting in an operating surplus of R123,268 million.

- Capital expenditure constituted 10.81% of the 2018/19 Adjusted Capital Budget.

- Overdue consumer debts increased by R 3,523 million (2.82%) since June 2018.
- An amount of R 93,139 million is owing to creditors, of which R 37,462 million (40.22%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 69,216,715 (73.39%) since June 2018, from R 94,314,704 to R 163,531,418.

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 31 August 2018	Approved Budget 2018/19
Current Ratio	0.85:1	1.13:1	1.06:1	1.30:1	1.79:1	0.98:1
Liquidity Ratio	0.40:1	0.62:1	0.65:1	0.94:1	1.02:1	0.40:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.74 months	1.87 months	2.72 months	2.52 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

1.3. DETAILED REPORTS

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the month, ending 31 August 2018:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

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

i. Overview of Outstanding Consumer Debtors

ii. Overview of Creditors position

iii. Investment portfolio

iv. Grants receipts and Expenditure

v. Councillors & Employee benefits

vi. Key performance Indicators

1.4. RECOMMENDATION

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

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

Report submitted by

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

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

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

....
Executive Mayor

1.1. Municipal Manager's Quality Certificate

I CHARL DU PLESSIS ...., Municipal Manager of Kouga Local Municipality, hereby certify that the monthly budget statements have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the monthly budget statements are consistent with the Integrated Development Plan of the municipality.

Print Name CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipality

Signature

Date 14 SEPTEMBER 2018

Annexure "A1"

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

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

Description	Budget Year 2019/20		
	Approved Budget 2018/19	Actuals as at 31 August 2018	% of Budget
R thousands			
Revenue By Source			
Property rates	176 766	90 476	51.18%
Service charges - electricity revenue	247 165	45 290	18.32%
Service charges - water revenue	67 702	14 482	21.39%
Service charges - sanitation revenue	41 658	8 748	21.00%
Service charges - refuse revenue	43 571	10 398	23.87%
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%
Fines, penalties and forfeits	4 230	711	16.80%
Licences and permits	16 661	2 521	15.13%
Transfers and subsidies	123 618	48 308	39.08%
Other revenue	7 917	1 055	13.33%
Total Revenue (excluding capital transfers and contributions)	**753 717**	**223 323**	**29.63%**
Expenditure By Type			
Employee related costs	272 802	39 675	14.54%
Remuneration of councillors	12 784	1 939	15.17%
Debt impairment	41 429	–	0.00%
Depreciation & asset impairment	75 357	526	0.70%
Finance charges	3 021	282	9.34%
Bulk purchases	241 476	48 613	20.13%
Other materials	28 458	2 055	7.22%
Contracted services	45 111	2 170	4.81%
Other expenditure	76 346	4 795	6.28%
Total Expenditure	**796 785**	**100 055**	**12.56%**
Surplus/(Deficit)	**(43 068)**	**123 268**	

The statement of financial performance indicates a surplus of R 123,268 million.

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

Revenue Variations

Property Rates

As at 31 August 2018, the Municipality has recognised 51.18% 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

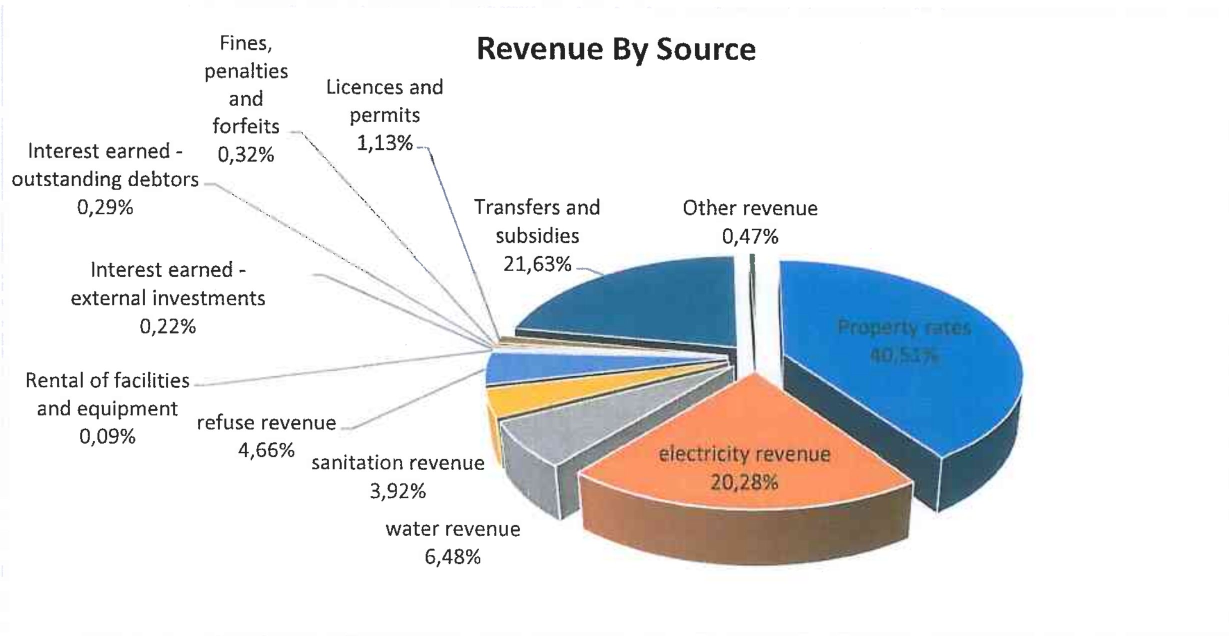
This is influenced by an amount of R 1,018 million for interest earned on investments, not being recognised in the statement of financial performance.

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 31 August 2018 amounted to R 128,588 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.

The full depreciation and asset impairment will be processed in September 2018, for the period ending 30 September 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

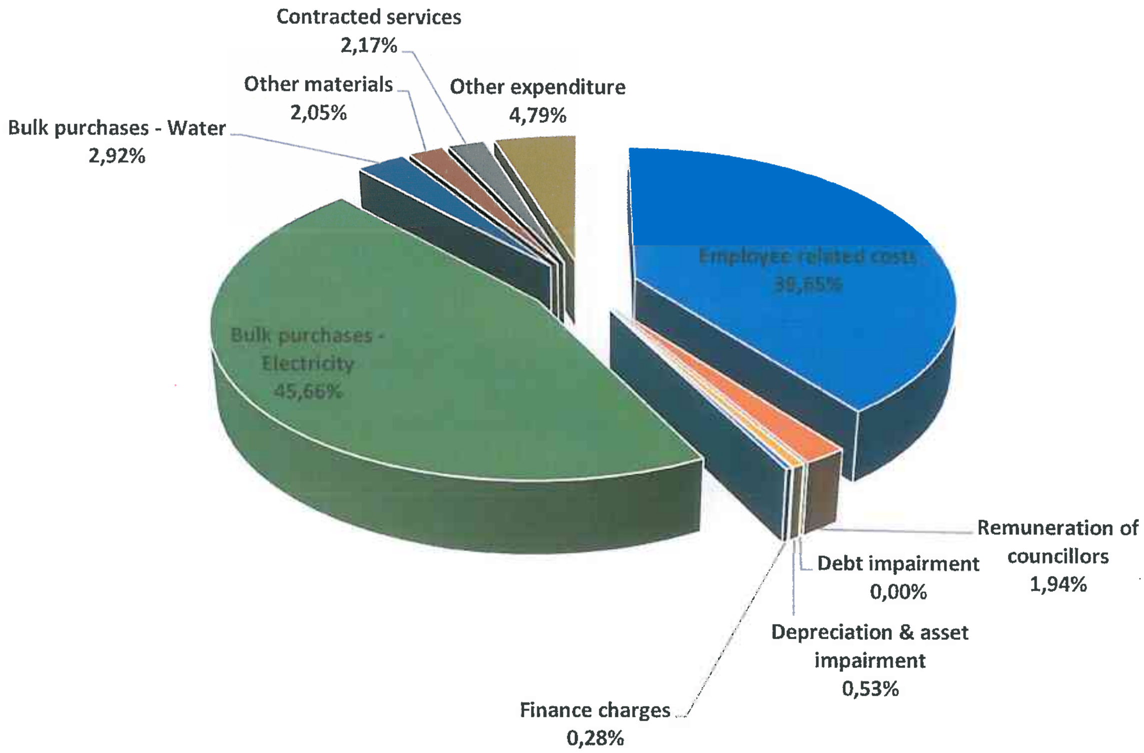
Contracted services mostly relate to outsourced work, in relation to the maintenance of municipal infrastructure assets and includes business and advisory consulting fees. This is largely influenced by the low spending on the repairs and maintenance budget.

Other Expenditure

Other expenditure relates to various general expenses, relating to the running costs of the municipality, such as printing and stationery, telephone accounts, etc.
The underspending is due to the rental of photocopy machines (R 644,913) and cell phones (R 510,717) debit orders not yet processed for the period July 2018 to August 2018.

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

Expenditure By Type



Repairs and Maintenance

Below is an analysis of actual repairs and maintenance expenditure by Directorate, compared to the approved 2018/19 Budget.

Item Description	Approved Budget 2018/19	Amended Budget 2018/19	Actuals as at 31 August 2018	% of Budget
Executive & Council				
Contracted Services:Maintenance of Vehicles	10 000	10 000	-	
	10 000	**10 000**	**-**	
Corporate Services			-	
Contracted Services:Maintenance of Buildings and Facilities	300 000	300 000	-	
Contracted Services:Maintenance of Vehicles	35 000	35 000	-	
	335 000	**335 000**	**-**	
Finance			-	
Contracted Services:Maintenance of Buildings and Facilities	370 000	391 200	-	
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90 000	90 000	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	1 195 000	189 707	15.88%
Contracted Services:Maintenance of Vehicles	3 443 000	4 943 000	531 464	10.75%
Contracted Services:Maintenance of Equipment	122 400	122 400	-	
Inventory Consumed:Materials and Supplies	1 049 625	1 099 625	103 616	9.42%
Operational Cost:Rental of Machinery and Equipment	2 000 000	2 000 000	-	
	7 485 025	**9 360 025**	**824 787**	**8.81%**
Planning, Development & Tourism			-	
Inventory Consumed:Materials and Supplies	50 000	50 000	1 627	3.25%
Contracted Services:Maintenance of Vehicles	20 000	20 000	-	
	70 000	**70 000**	**1 627**	**2.32%**
Infrastructure & Engineering			-	
Contracted Services:Maintenance of Equipment	226 000	226 000	-	
Contracted Services:Maintenance of Buildings and Facilities	85 193	175 193	106 350	60.70%
Contracted Services:Maintenance of Vehicles	12 524 000	13 524 000	586 677	4.34%
Inventory Consumed:Materials and Supplies	12 695 000	12 165 000	1 091 013	8.97%
Operational Cost:Rental of Machinery and Equipment	3 010 435	3 010 435	134 578	4.47%
	28 540 628	**29 100 628**	**1 918 618**	**6.59%**
			-	
Total	**37 065 653**	**39 521 853**	**2 745 921**	**6.95%**

It is to be noted that actual repairs and maintenance expenditure constituted 6.95% of the 2018/19 Adjusted Budget.

Annexure "A2"

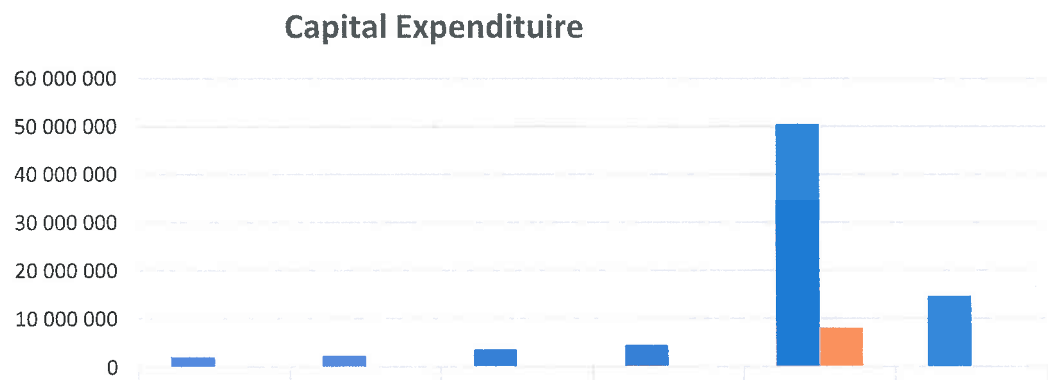
CAPITAL BUDGET PERFORMANCE

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

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Adjusted Budget 2018/19	Actuals as at 31 August 2018	% of Budget	Funding
Executive and Council						
Computer Equipment (ward ass)	110 000		110 000			Internal
PA System		145 830	145 830			Internal
EDMS		400 000	400 000			Internal
Wards Capital Programmes	750 000	687 229	1 437 229			Internal
	860 000	**1 233 060**	**2 093 060**	**-**		
Corporate Services						
Furniture and Office Equipment	752 000	364 395	1 116 395	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			FMG
Office Upgrade ICT		100 000	100 000			Internal
	1 506 900	**836 552**	**2 343 452**	**-**		
Infrastructure and Engineering						
Computer Equipment	35 000		35 000	27 410	78.32%	Internal
Computer Equipment	50 000		50 000			MIG
Water infrastructure boreholes	1 500 000		1 500 000	148 288	9.89%	Internal
Furniture and Office Equipment	198 000		198 000			Internal
Bucket Eradication Prograame	2 300 000		2 300 000			Internal
Illegal electricity connections (LV Network)	1 000 000		1 000 000			Internal
Machinery and Equipment	415 000		415 000			Internal
MV Networks	8 869 565		8 869 565			INEP
New overheadlines 66kv overheadlines(Jbay to Melkhout)	3 000 000		3 000 000	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	7 425	0.30%	Internal
upgrading of infrastructure for new township establishment	500 000		500 000			Internal
Vehicles	2 500 000	3 910 264	6 410 264	3 124 795	48.75%	Internal
Upgrading of the Sea Vista Wastewater Treatment Works	18 503 132		18 503 132	1 671 162	9.03%	MIG
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	2 173 913		2 173 913	1 253 262	57.65%	MIG
	46 544 610	**3 910 264**	**50 454 874**	**8 155 072**	**16.16%**	

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Adjusted Budget 2018/19	Actuals as at 31 August 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	15 847	7.92%	Internal
Computer Software	700 000		700 000			Internal
Computer Equipment	60 000		60 000			Internal
Land acquisition housing projects	1 000 000		1 000 000			Internal
Arts and Creative industries		250 000	250 000			District
Loerie Flower Project		65 500	65 500			DEDEAT
Upgrading Kouga Cultural Centre	1 000 000		1 000 000			Internal
	4 210 951	**315 500**	**4 526 451**	**15 847**	**0.35%**	
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**	**8 397 862**	**10.81%**	
Internally generated funds	32 529 088	9 611 448	42 140 536	5 473 438	12.99%	
Transfers recognised - capital	35 215 735	315 500	35 531 235	2 924 424	8.23%	
Total	**67 744 823**	**9 926 948**	**77 671 772**	**8 397 862**	**10.81%**	

It is to be noted that capital expenditure as at 31 August 2018 amounted to 10.81%, compared to the adjusted capital budget of R 77,671,772.



	Executive & Council	Finance	Corporate Services	Planning, Development and Tourism	Infrastructure and Engineering	Community Services
Adjusted Budget 2018/19	2 093 060	2 343 452	3 590 573	4 526 451	50 454 874	14 663 362
Actuals as at 31 August 2018	0	0	34 452	15 847	8 155 072	192 491

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 August 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 – M02 August 2018

Description	Budget Year 2019/20							
	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		35 810	43 971	27 399	16 572	60%	164 393
Service charges	372 090		43 377	79 643	62 015	17 628	28%	372 090
Other revenue	30 689		1 237	1 646	5 115	(3 469)	-68%	30 689
Government - operating	123 618		2 643	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		1 397	2 730	3 583	(853)	-24%	21 498
Dividends	–			–	–	–		–
Payments								
Suppliers and employees	(674 270)	–	(61 018)	(111 569)	(112 378)	(810)	1%	(674 270)
Finance charges	(3 021)	–	(282)	(564)	(503)	61	-12%	(3 021)
Transfers and Grants	–	–		–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**74 823**	**–**	**23 163**	**80 010**	**12 471**	**(67 539)**	**-542%**	**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)	–	(6 352)	(9 658)	(11 291)	(1 633)	14%	(67 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(67 745)**	**–**	**(6 352)**	**(9 658)**	**(11 291)**	**(1 633)**	**14%**	**(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)	–	(568)	(1 136)	(2 208)	(1 072)	49%	(13 247)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(13 247)**	**–**	**(568)**	**(1 136)**	**(2 208)**	**(1 072)**	**49%**	**(13 247)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(6 169)**	**–**	**16 243**	**69 217**	**(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	–		163 531	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 August 2018 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M02 August 2018

Description	Budget Year 2019/20							
	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	–	8 175	90 476	29 461	61 015	207%	176 766
Service charges	400 096	–	32 593	78 918	66 683	12 236	18%	400 096
Investment revenue	7 561	–	484	484	1 260	(776)	-62%	7 561
Transfers and subsidies	123 618	–	591	48 308	20 603	27 705	134%	123 618
Other own revenue	45 675	–	736	5 136	7 612	(2 476)	-33%	45 675
Total Revenue (excluding capital transfers and contributions)	**753 717**	**–**	**42 580**	**223 323**	**125 619**	**97 704**	**78%**	**753 717**
Employee costs	272 803	–	20 486	39 675	45 467	(5 792)	-13%	272 803
Remuneration of Councillors	12 784	–	969	1 939	2 131	(191)	-9%	12 784
Depreciation & asset impairment	75 357	–	–	526	12 560	(12 034)	-96%	75 357
Finance charges	3 021	–	282	282	503	(221)	-44%	3 021
Materials and bulk purchases	269 933	–	27 798	50 668	44 989	5 680	13%	269 933
Transfers and subsidies	–	–	–	–	–	–		–
Other expenditure	162 887	–	4 582	6 965	27 148	(20 183)	-74%	162 887
Total Expenditure	**796 785**	**–**	**54 117**	**100 055**	**132 797**	**(32 742)**	**-25%**	**796 785**
Surplus/(Deficit)	**(43 068)**	**–**	**(11 537)**	**123 268**	**(7 178)**	**130 446**	**-1817%**	**(43 068)**
Transfers and subsidies - capital (monetary allocations) (National / Prov	39 827	–	1 090	4 396	6 638	(2 242)	-34%	39 827
Contributions & Contributed assets	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(3 241)**	**–**	**(10 447)**	**127 663**	**(540)**	**128 204**	**-23733%**	**(3 241)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(3 241)**	**–**	**(10 447)**	**127 663**	**(540)**	**128 204**	**-23733%**	**(3 241)**
Capital expenditure & funds sources								
Capital expenditure	**67 745**	**–**	**5 524**	**8 398**	**11 291**	**(2 893)**	**-26%**	67 745
Capital transfers recognised	34 682	–	50	2 924	5 789	(2 864)	-49%	34 682
Public contributions & donations	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–		–
Internally generated funds	33 063	–	5 473	5 473	5 510	(37)	-1%	33 063
Total sources of capital funds	**67 745**	**–**	**5 524**	**8 398**	**11 299**	**(2 901)**	**-26%**	67 745
Financial position								
Total current assets	131 820	–		287 335				131 820
Total non current assets	2 442 954	–		2 265 386				2 442 954
Total current liabilities	133 877	–		160 525				133 877
Total non current liabilities	183 244	–		185 566				183 244
Community wealth/Equity	**2 257 653**	**–**		**2 206 630**				**2 257 653**
Cash flows								
Net cash from (used) operating	74 823	–	23 163	80 010	12 471	(67 539)	-542%	74 823
Net cash from (used) investing	(67 745)	–	(6 352)	(9 658)	(11 291)	(1 633)	14%	(67 745)
Net cash from (used) financing	(13 247)	–	(568)	(1 136)	(2 208)	(1 072)	49%	(13 247)
Cash/cash equivalents at the month/year end	**53 561**	**–**	**–**	**163 531**	**58 701**	**(104 830)**	**-179%**	**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	6 929	4 997	4 696	3 401	2 858	10 895	94 813	204 547
Creditors Age Analysis								
Total Creditors	516	474	429	950	429	2 145	50 734	93 139

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) – M02 August 2018

Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue - Functional								
Governance and administration	**511 046**	**–**	**7 868**	**141 382**	**52 378**	89 004	170%	**511 046**
Executive and council	26	–	–	0	4	(4)	-92%	26
Finance and administration	511 020	–	7 868	141 382	52 374	89 008	170%	511 020
Internal audit	–	–	–	–	–	–		–
Community and public safety	**15 404**	**–**	**591**	**1 242**	**2 567**	(1 326)	-52%	**15 404**
Community and social services	2 458	–	32	64	410	(346)	-84%	2 458
Sport and recreation	9 151	–	107	714	1 525	(811)	-53%	9 151
Public safety	1 869	–	1	3	311	(309)	-99%	1 869
Housing	–	–	–	–	–	–		–
Health	1 927	–	451	460	321	139	43%	1 927
Economic and environmental services	**30 942**	**–**	**656**	**3 188**	**2 894**	293	10%	**30 942**
Planning and development	6 312	–	404	1 436	1 052	384	36%	6 312
Road transport	10 005	–	435	2 106	1 667	439	26%	10 005
Environmental protection	14 625	–	(182)	(354)	175	(529)	-302%	14 625
Trading services	**235 706**	**–**	**34 554**	**81 904**	**74 343**	7 560	10%	**235 706**
Energy sources	61 809	–	21 099	43 662	43 063	599	1%	61 809
Water management	70 200	–	5 414	15 141	11 700	3 441	29%	70 200
Waste water management	72 249	–	3 630	12 154	12 076	78	1%	72 249
Waste management	31 448	–	4 411	10 946	7 504	3 442	46%	31 448
Other	**445**	**–**	**–**	**4**	**74**	**(71)**	**-95%**	**445**
Total Revenue - Functional	**793 544**	**–**	**43 670**	**227 719**	**132 257**	**95 461**	**72%**	**793 544**
Expenditure - Functional								
Governance and administration	**189 348**	**–**	**8 171**	**16 569**	**31 558**	(14 989)	-47%	**189 348**
Executive and council	52 250	–	2 059	4 047	8 708	(4 661)	-54%	52 250
Finance and administration	137 097	–	6 112	12 521	22 850	(10 328)	-45%	137 097
Internal audit	–	–	–	–	–	–		–
Community and public safety	**86 568**	**–**	**5 732**	**10 057**	**14 470**	(4 413)	-30%	**86 568**
Community and social services	9 513	–	684	1 240	1 569	(329)	-21%	9 513
Sport and recreation	46 668	–	2 852	4 906	7 836	(2 931)	-37%	46 668
Public safety	21 090	–	1 597	2 941	3 515	(574)	-16%	21 090
Housing	3 531	–	219	382	588	(206)	-35%	3 531
Health	5 767	–	380	588	961	(373)	-39%	5 767
Economic and environmental services	**110 969**	**–**	**4 537**	**7 925**	**16 912**	(8 987)	-53%	**110 969**
Planning and development	33 954	–	1 785	3 272	5 609	(2 337)	-42%	33 954
Road transport	67 770	–	2 600	4 350	11 298	(6 948)	-61%	67 770
Environmental protection	9 245	–	153	303	5	298	5482%	9 245
Trading services	**405 898**	**–**	**35 560**	**65 379**	**69 185**	(3 806)	-6%	**405 898**
Energy sources	248 404	–	25 237	49 262	41 442	7 820	19%	248 404
Water management	80 154	–	5 310	7 177	13 359	(6 182)	-46%	80 154
Waste water management	41 745	–	2 338	3 792	6 957	(3 165)	-45%	41 745
Waste management	35 595	–	2 675	5 148	7 426	(2 279)	-31%	35 595
Other	**4 032**	**–**	**116**	**125**	**722**	**(597)**	**-83%**	**4 032**
Total Expenditure - Functional	**796 815**	**–**	**54 117**	**100 055**	**132 847**	**(32 792)**	**-25%**	**796 815**
Surplus/ (Deficit) for the year	**(3 271)**	**–**	**(10 447)**	**127 663**	**(590)**	**128 253**	**-21754%**	**(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 – M02 August 2018

Vote Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue by Vote								
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	310 697	–	8 312	138 198	51 783	86 415	166.9%	310 697
Vote 3 - CORPORATE SERVICES	26	–	–	168	4	164	3820.9%	26
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	3 316	–	309	675	553	122	22.1%	3 316
Vote 5 - INFRASTRUCTURE AND ENGINEERING	405 491	–	29 710	74 267	67 582	6 685	9.9%	405 491
Vote 6 - COMMUNITY SERVICES	17 634	–	817	2 646	2 939	(293)	-10.0%	17 634
Vote 7 - COMMUNITY SERVICES (CONTINUED)	56 380	–	4 523	11 765	9 397	2 368	25.2%	56 380
Total Revenue by Vote	793 544	–	43 670	227 719	132 257	95 461	72.2%	793 544
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	34 582	–	1 702	3 312	5 764	(2 452)	-42.5%	34 582
Vote 2 - FINANCIAL SERVICES	79 397	–	1 732	4 888	13 233	(8 345)	-63.1%	79 397
Vote 3 - CORPORATE SERVICES	49 336	–	2 490	4 449	8 223	(3 773)	-45.9%	49 336
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	21 159	–	1 184	2 170	3 527	(1 357)	-38.5%	21 159
Vote 5 - INFRASTRUCTURE AND ENGINEERING	455 521	–	36 172	65 755	75 964	(10 209)	-13.4%	455 521
Vote 6 - COMMUNITY SERVICES	51 470	–	3 483	6 295	8 562	(2 266)	-26.5%	51 470
Vote 7 - COMMUNITY SERVICES (CONTINUED)	105 349	–	7 352	13 186	17 575	(4 389)	-25.0%	105 349
Total Expenditure by Vote	796 815	–	54 117	100 055	132 847	(32 792)	-24.7%	796 815
Surplus/ (Deficit) for the year	(3 271)	–	(10 447)	127 663	(590)	128 253	-21754.1%	(3 271)

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) – M02 August 2018

Description	Budget Year 2019/20							
	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		8 175	90 476	29 461	61 015	207%	176 766
Service charges - electricity revenue	247 165		20 399	45 290	41 194	4 096	10%	247 165
Service charges - water revenue	67 702		4 328	14 482	11 284	3 198	28%	67 702
Service charges - sanitation revenue	41 658		3 633	8 748	6 943	1 805	26%	41 658
Service charges - refuse revenue	43 571		4 233	10 398	7 262	3 137	43%	43 571
Service charges - other	–		–	–	–	–		–
Rental of facilities and equipment	1 881		95	196	313	(117)	-37%	1 881
Interest earned - external investments	7 561		484	484	1 260	(776)	-62%	7 561
Interest earned - outstanding debtors	14 986		(11)	653	2 498	(1 845)	-74%	14 986
Dividends received	–		–	–	–	–		–
Fines, penalties and forfeits	4 230		263	711	705	6	1%	4 230
Licences and permits	16 661		359	2 521	2 777	(255)	-9%	16 661
Agency services	–		–	–	–	–		–
Transfers and subsidies	123 618		591	48 308	20 603	27 705	134%	123 618
Other revenue	7 917		31	1 055	1 320	(264)	-20%	7 917
Gains on disposal of PPE	–		–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)	**753 717**	**–**	**42 580**	**223 323**	**125 619**	**97 704**	**78%**	**753 717**
Expenditure By Type								
Employee related costs	272 803		20 486	39 675	45 467	(5 792)	-13%	272 803
Remuneration of councillors	12 784		969	1 939	2 131	(191)	-9%	12 784
Debt impairment	41 429		–	–	6 905	(6 905)	-100%	41 429
Depreciation & asset impairment	75 357		–	526	12 560	(12 034)	-96%	75 357
Finance charges	3 021		282	282	503	(221)	-44%	3 021
Bulk purchases	241 476		26 314	48 613	40 246	8 367	21%	241 476
Other materials	28 458		1 484	2 055	4 743	(2 688)	-57%	28 458
Contracted services	45 111		1 663	2 170	7 519	(5 349)	-71%	45 111
Transfers and subsidies	–		–	–	–	–		–
Other expenditure	76 346		2 919	4 795	12 724	(7 929)	-62%	76 346
Loss on disposal of PPE	–		–	–	–	–		–
Total Expenditure	**796 785**	**–**	**54 117**	**100 055**	**132 797**	**(32 742)**	**-25%**	**796 785**
Surplus/(Deficit)	**(43 068)**	**–**	**(11 537)**	**123 268**	**(7 178)**	**130 446**	**(0)**	**(43 068)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39 827		1 090	4 396	6 638	(2 242)	(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)**	**–**	**(10 447)**	**127 663**	**(540)**			**(3 241)**
Taxation	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation	**(3 241)**	**–**	**(10 447)**	**127 663**	**(540)**			**(3 241)**
Attributable to minorities	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality	**(3 241)**	**–**	**(10 447)**	**127 663**	**(540)**			**(3 241)**
Share of surplus/ (deficit) of associate	–	–	–	–	–			–
Surplus/ (Deficit) for the year	**(3 241)**	**–**	**(10 447)**	**127 663**	**(540)**			**(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) – M02 August 2018

Vote Description	Budget Year 2019/20							
	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	–	–	–	143	(143)	-100%	860
Vote 2 - FINANCIAL SERVICES	1 507	–	–	–	251	(251)	-100%	1 507
Vote 3 - CORPORATE SERVICES	2 309	–	34	34	385	(350)	-91%	2 309
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 211	–	16	16	702	(686)	-98%	4 211
Vote 5 - INFRASTRUCTURE AND ENGINEERING	46 545	–	5 281	8 155	7 757	398	5%	46 545
Vote 6 - COMMUNITY SERVICES	1 644	–	191	191	274	(83)	-30%	1 644
Vote 7 - COMMUNITY SERVICES (CONTINUED)	10 669	–	2	2	1 778	(1 776)	-100%	10 669
Total Capital single-year expenditure	67 745	–	5 524	8 398	11 291	(2 893)	-26%	67 745
Total Capital Expenditure	**67 745**	**–**	**5 524**	**8 398**	**11 291**	**(2 893)**	**-26%**	**67 745**
Capital Expenditure - Functional Classification								
Governance and administration	**5 346**	**–**	**34**	**34**	**891**	(857)	-96%	**5 346**
Executive and council	985		–	–	164	(164)	-100%	985
Finance and administration	4 361		34	34	727	(692)	-95%	4 361
Internal audit	–		–	–	–	–		–
Community and public safety	**7 368**	**–**	**192**	**192**	**1 228**	(1 036)	-84%	**7 368**
Community and social services	679		2	2	113	(111)	-98%	679
Sport and recreation	5 489		–	–	915	(915)	-100%	5 489
Public safety	200		191	191	33	157	472%	200
Housing	1 000		–	–	167	(167)	-100%	1 000
Health	–		–	–	–	–		–
Economic and environmental services	**6 159**	**–**	**23**	**23**	**1 026**	(1 003)	-98%	**6 159**
Planning and development	3 509		16	16	585	(569)	-97%	3 509
Road transport	2 650		7	7	442	(434)	-98%	2 650
Environmental protection	–		–	–	–	–		–
Trading services	**48 872**	**–**	**5 273**	**8 148**	**8 145**	2	0%	**48 872**
Energy sources	12 905		1 950	1 950	2 151	(201)	-9%	12 905
Water management	1 715		3 273	6 147	286	5 862	2051%	1 715
Waste water management	28 977		50	50	4 830	(4 779)	-99%	28 977
Waste management	5 275		–	–	879	(879)	-100%	5 275
Other	–		–	–	–	–		–
Total Capital Expenditure - Functional Classification	**67 745**	**–**	**5 524**	**8 398**	**11 291**	**(2 893)**	**-26%**	**67 745**
Funded by:								
National Government	34 682		50	2 924	5 789	(2 864)	-49%	34 682
Provincial Government	–	–	–	–	–	–		–
District Municipality	–	–	–	–	–	–		–
Other transfers and grants	–	–	–	–	–	–		–
Transfers recognised - capital	**34 682**	**–**	**50**	**2 924**	**5 789**	**(2 864)**	**-49%**	**34 682**
Public contributions & donations	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–		–
Internally generated funds	33 063	–	5 473	5 473	5 510	(37)	-1%	33 063
Total Capital Funding	**67 745**	**–**	**5 524**	**8 398**	**11 299**	**(2 901)**	**-26%**	**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 – M02 August 2018

Description	Budget Year 2019/20			
	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands				
ASSETS				
Current assets				
Cash	5 356		56 325	5 356
Call investment deposits	48 205		107 206	48 205
Consumer debtors	42 559		69 546	42 559
Other debtors	31 184		47 590	31 184
Current portion of long-term receivables	3		1	3
Inventory	4 513		6 666	4 513
Total current assets	**131 820**	**–**	**287 335**	**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**	**–**	**2 552 721**	**2 574 775**
LIABILITIES				
Current liabilities				
Bank overdraft				
Borrowing	13 247		8 944	13 247
Consumer deposits	10 479		15 241	10 479
Trade and other payables	87 054		113 656	87 054
Provisions	23 097		22 684	23 097
Total current liabilities	**133 877**	**–**	**160 525**	**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**	**–**	**346 091**	**317 122**
NET ASSETS	**2 257 653**	**–**	**2 206 630**	**2 257 653**
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	2 257 653	–	2 206 630	2 257 653
Reserves	–	–		–
TOTAL COMMUNITY WEALTH/EQUITY	**2 257 653**	**–**	**2 206 630**	**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 – M02 August 2018

Description	Budget Year 2019/20							
	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		35 810	43 971	27 399	16 572	60%	164 393
Service charges	372 090		43 377	79 643	62 015	17 628	28%	372 090
Other revenue	30 689		1 237	1 646	5 115	(3 469)	-68%	30 689
Government - operating	123 618		2 643	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		1 397	2 730	3 583	(853)	-24%	21 498
Dividends	–			–	–	–		–
Payments								
Suppliers and employees	(674 270)	–	(61 018)	(111 569)	(112 378)	(810)	1%	(674 270)
Finance charges	(3 021)	–	(282)	(564)	(503)	61	-12%	(3 021)
Transfers and Grants	–	–		–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	74 823	–	23 163	80 010	12 471	(67 539)	-542%	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)	–	(6 352)	(9 658)	(11 291)	(1 633)	14%	(67 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(67 745)	–	(6 352)	(9 658)	(11 291)	(1 633)	14%	(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)	–	(568)	(1 136)	(2 208)	(1 072)	49%	(13 247)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(13 247)	–	(568)	(1 136)	(2 208)	(1 072)	49%	(13 247)
NET INCREASE/ (DECREASE) IN CASH HELD	(6 169)	–	16 243	69 217	(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	–		163 531	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.

Annexure "A5"

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

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

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

Below is an analysis of the outstanding consumer debtors as at 30 June 2018, compared to the position as at 31 August 2018.

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

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

Debtors' Age Analysis (Inclusive of VAT) as at 31 August 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	12 064	2 185	1 606	1 593	1 180	1 059	3 489	20 431	43 608
Trade and Other Receivables from Exchange Transactions - Electricity	22 587	1 264	756	575	300	250	983	6 736	33 450
Receivables from Non-exchange Transactions - Property Rates	34 660	727	487	388	323	282	1 346	20 165	58 378
Receivables from Exchange Transactions - Waste Water Management	6 153	1 014	717	669	491	412	1 523	9 148	20 127
Receivables from Exchange Transactions - Waste Management	4 693	1 250	986	868	746	529	1 834	12 165	23 071
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	0	50	69	95	103	104	592	18 072	19 085
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(4 198)	440	376	507	258	221	1 128	8 095	6 827
Total By Income Source	**75 959**	**6 929**	**4 997**	**4 696**	**3 401**	**2 858**	**10 895**	**94 813**	**204 547**
									–
Debtors Age Analysis By Customer Group									
Organs of State	4 707	339	283	211	25	31	135	2 415	8 145
Commercial	7 919	242	197	162	130	173	792	2 906	12 520
Households	63 334	6 348	4 518	4 323	3 246	2 654	9 968	89 492	183 882
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**75 959**	**6 929**	**4 997**	**4 696**	**3 401**	**2 858**	**10 895**	**94 813**	**204 547**

The aforementioned analysis indicates that from 30 June 2018 to 31 August 2018, the overdue debts have increased from R 125,064 million to R 128,588 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-18**	**31-Aug-18**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	29 432	31 543	2 112
Trade and Other Receivables from Exchange Transactions - Electricity	10 819	10 863	45
Receivables from Non-exchange Transactions - Property Rates	25 500	23 718	(1 782)
Receivables from Exchange Transactions - Waste Water Management	13 015	13 974	960
Receivables from Exchange Transactions - Waste Management	16 704	18 378	1 674
Receivables from Exchange Transactions - Property Rental Debtors	1	1	–
Interest on Arrear Debtor Accounts	18 860	19 085	226
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 736	11 025	290
Total By Income Source	**125 064**	**128 588**	**3 523**
Debtors Age Analysis By Customer Group		–	
Organs of State	3 128	3 438	310
Commercial	5 137	4 602	(536)
Households	116 799	120 548	3 749
Other	–	–	
Total By Customer Group	**125 064**	**128 588**	**3 523**

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	26 725	-	(1)	-	-	-	-	-	26 724
Bulk Water	457	452	475	429	950	429	2 145	50 642	55 979
PAYE deductions	3 406	-	-	-	-	-	-	-	3 406
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	3 569	-	-	-	-	-	-	-	3 569
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	3 305	64	-	-	-	-	-	92	3 461
Auditor General	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total By Customer Type	37 462	516	474	429	950	429	2 145	50 734	93 139

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

Eskom	R 26,724 million
NMBM (Bulk water)	R 55,979 million
SARS-PAYE	R 3,406 million
Pension Deductions	R 3,569 million
Other Creditors	R 3,461 million
TOTAL	**R 93,139 million**

It is to be noted that the Eskom amount of R 26,724 million, represents the current account for August 2018, which will be paid fully on 24 September 2018.

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

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

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

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

3. Investment Portfolio

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

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 August 2018
Standard Bank	18 653 721	-	200 154	-	-	18 853 875
ABSA	25 806 825	-	276 601	-	85	26 083 341
Nedbank	19 520 160	-	211 118	-	-	19 731 278
RMB	5 885 309	16 170 645	107 856	36 649	-	22 127 161
INVESTEC	20 188 841	-	221 798	-	-	20 410 639
Total	**90 054 856**	**16 170 645**	**1 017 527**	**-36 649**	**-85**	**107 206 295**
INVESTMENT	**Balance as at 30 June 2018**	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 31 August 2018**
General Account	85 725 571	36 645	926 311	-	85	86 688 443
Conditional Grants	1 359 363	16 134 000	60 109	36 649	-	17 516 823
Housing Funds	2 969 923	-	31 107	-	-	3 001 029
Total	**90 054 856**	**16 170 645**	**1 017 527**	**-36 649**	**-85**	**107 206 295**
Bank	4 259 847	52 065 276				56 325 123
Total	**94 314 704**	**68 235 921**	**1 017 527**	**-36 649**	**-85**	**163 531 418**

The increase in the investment portfolio since 30 June 2018 amounts to R 69,216,715. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 56,325,123
Short-term Investment Deposits	R 107,206,295
	R 163,531,418

Application of Cash

Unspent Conditional Grants	20,517,852
Outstanding Creditors Liability	93,138,589
	R113,656,441
Reserves in excess of Commitments	**R 49,874,977**

The cash backed reserves exceed the commitments at this stage by an amount of R 49,874,977. It should be noted that the excess of reserves over commitments as at 31 August 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 – M02 August 2018

Description	Budget Year 2019/20							
	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**	**–**	**2 025**	**49 739**	**49 739**	**–**		**117 493**
Local Government Equitable Share	113 151	–	–	47 146	47 146	–		113 151
Finance Management	1 770	–	1 770	1 770	1 770	–		1 770
MIG - Administration Fees	1 559	–	–	568	568	–		1 559
EPWP Incentive	1 013	–	255	255	255	–		1 013
Provincial Government:	**2 050**	**–**	**–**	**–**	**–**	**–**		**2 050**
Sport and Recreation	2 050	–	–	–	–	–		2 050
District Municipality:	**2 310**	**–**	**–**	**445**	**445**	**–**		**2 310**
Fire Services Subsidy	1 865	–	–	–	–	–		1 865
Local development Grant	445			445	445	–		445
Other grant providers:	**1 765**	**–**	**618**	**618**	**618**	**–**		**–**
Environmental Health Subsidy	1 765	–	618	618	**618**	–		–
Total Operating Transfers and Grants	**123 618**	**–**	**2 643**	**50 802**	**50 802**	**–**		**121 853**
Capital Transfers and Grants								
National Government:	**39 827**	**–**	**–**	**13 796**	**13 796**	**–**		**–**
Municipal Infrastructure Grant (MIG)	29 627	–	–	10 796	10 796	–		–
Intergrated National Electrification Programme	10 200	–	–	3 000	3 000	–		–
Total Capital Transfers and Grants	**39 827**	**–**	**–**	**13 796**	**13 796**	**–**		**–**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**163 445**	**–**	**2 643**	**64 598**	**64 598**	**–**		**121 853**

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M02 August 2018

Description	Budget Year 2019/20							
	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**	**–**	**310**	**47 744**	**47 870**	**(126)**	**-0.3%**	**117 493**
Local Government Equitable Share	113 151	–	–	47 146	47 146	–		113 151
Finance Management	1 770	–	53	115	295	(180)	-60.9%	1 770
MIG - Administration Fees	1 559	–	134	250	260	(10)	-3.8%	1 559
EPWP Incentive	1 013	–	123	233	169	64	37.8%	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 Grants:	**123 618**	**–**	**310**	**47 744**	**48 891**	**(1 147)**	**-2.3%**	**123 618**
Capital expenditure of Transfers and Grants								
National Government:	**39 827**	**–**	**58**	**3 363**	**6 638**	**(3 275)**	**-49.3%**	**39 827**
Municipal Infrastructure Grant (MIG)	29 627	–	58	3 363	4 938	(1 575)	-31.9%	29 627
Intergrated National Electrification Programme	10 200	–	–	–	1 700	(1 700)		10 200
Total capital expenditure of Transfers and Grants	**39 827**	**–**	**58**	**3 363**	**6 638**	**(3 275)**	**-49.3%**	**39 827**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**163 445**	**–**	**368**	**51 107**	**55 528**	**(4 421)**	**-8.0%**	**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 115,475
Unspent as at 31 August 2018:	R 1,654,525

The spending of the grant amounted to 6.52% as at 31 August 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 232,630
Unspent as at 31 August 2018:	R 22,370

The spending of the grant amounted to 91.23% as at 31 August 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 3,612,991
Unspent as at 31 August 2018:	R 7,751,009

The spending of the grant amounted to 31.79% as at 31 August 2018, compared to the amount of the grant received.

Integrated National Electrification Programme (INEP)

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

DORA Allocation:	R 10,200,000
Amount of Grant Received:	R 3,000,000
Expenditure to date:	R 0,00
Unspent as at 31 August 2018:	R 3,000,000

The spending of the grant amounted to 0% as at 31 August 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 – M02 August 2018

Summary of Employee and Councillor remuneration	Budget Year 2019/20							
	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		646	1 293	2 308	(1 015)	-44%	9 232
Motor Vehicle Allowance	2 747		215	431	687	(256)	-37%	2 747
Cellphone Allowance	805		107	215	201	14	7%	805
Sub Total - Councillors	**12 784**	**–**	**969**	**1 939**	**3 196**	**(1 257)**	**-39%**	**12 784**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 434	–	531	1 062	739	323	44%	4 434
Pension and UIF Contributions		–	1	2		2		
Motor Vehicle Allowance		–	62	125		125		
Cellphone Allowance		–	2	4		4		
Other benefits and allowances	2 956	–	20	39	493	(453)	-92%	2 956
Sub Total - Senior Managers of Municipality	**7 389**	**–**	**616**	**1 232**	**1 232**	**1**	**0%**	**7 389**
Other Municipal Staff								
Basic Salaries and Wages	161 389		13 629	25 335	26 898	(1 563)	-6%	161 389
Pension and UIF Contributions	27 035		2 448	4 566	4 506	60	1%	27 035
Medical Aid Contributions	16 559		1 176	2 360	2 760	(400)	-14%	16 559
Overtime	11 345		879	2 866	1 891	976	52%	11 345
Performance Bonus	16 117		–	–	2 686	(2 686)	-100%	16 117
Motor Vehicle Allowance	8 701		589	1 195	1 450	(256)	-18%	8 701
Cellphone Allowance			–	1	–	1		
Housing Allowances	2 516		251	288	419	(132)	-31%	2 516
Other benefits and allowances	20 864		765	1 620	3 477	(1 857)	-53%	20 864
Payments in lieu of leave			91	137	–	137		
Long service awards	888		42	75	148	(73)	-49%	888
Sub Total - Other Municipal Staff	**265 413**	**–**	**19 870**	**38 443**	**44 236**	**(5 793)**	**-13%**	**265 413**
Total Parent Municipality	**285 586**	**–**	**21 455**	**41 614**	**48 663**	**(7 049)**	**-14%**	**285 586**
TOTAL SALARY, ALLOWANCES & BENEFITS	**285 586**	**–**	**21 455**	**41 614**	**48 663**	**(7 049)**	**-14%**	**285 586**
TOTAL MANAGERS AND STAFF	**272 802**	**–**	**20 486**	**39 675**	**45 467**	**(5 792)**	**-13%**	**272 802**

6. Key performance indicators

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

Borrowing Management		Actuals as at 30 June 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Approved Budget 2018/19	Actuals as at 31 August 2018
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	1.61%	1.57%	2.04%	1.70%
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	1.79
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.62	0.65	0.40	1.02
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	73.74%

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	2.52
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	35.27%	37.21%	34.24%	39.65%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	63.84%	81.06%	95%	10.81%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.87%	4.06%	4.65%	2.74%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.24%	1.06%	1.72%	0.14%
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%	78.37%

The above table is discussed in details below.

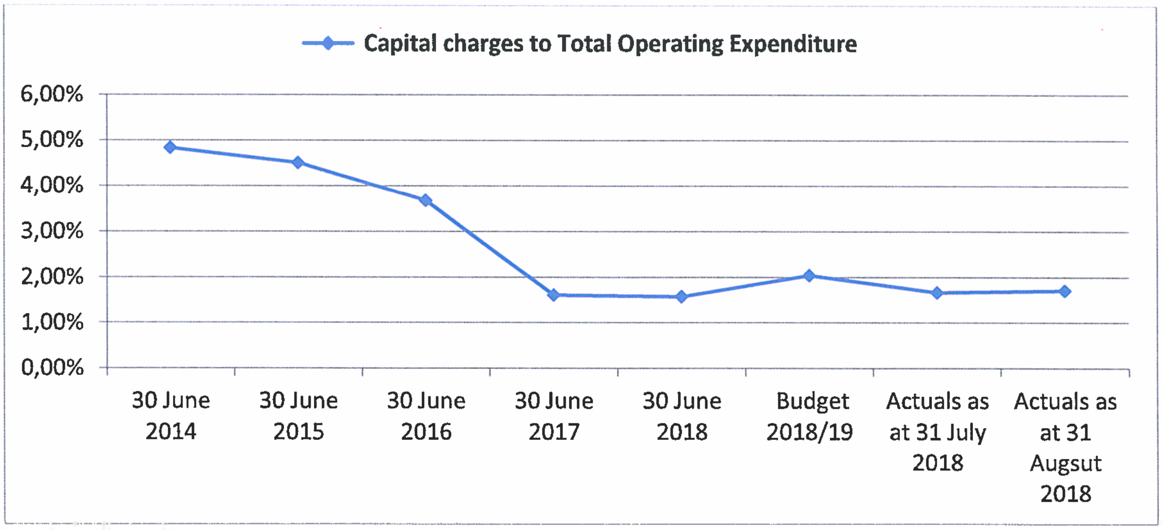
6.1. Borrowing Management

6.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.70% of the Total Operating Expenditure was utilised for capital charges as at 31 August 2018, compared to the budgeted ratio of 2.04%.



6.1.2. Borrowed funding of capital expenditure

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

The ratio is determined as follows:

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

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

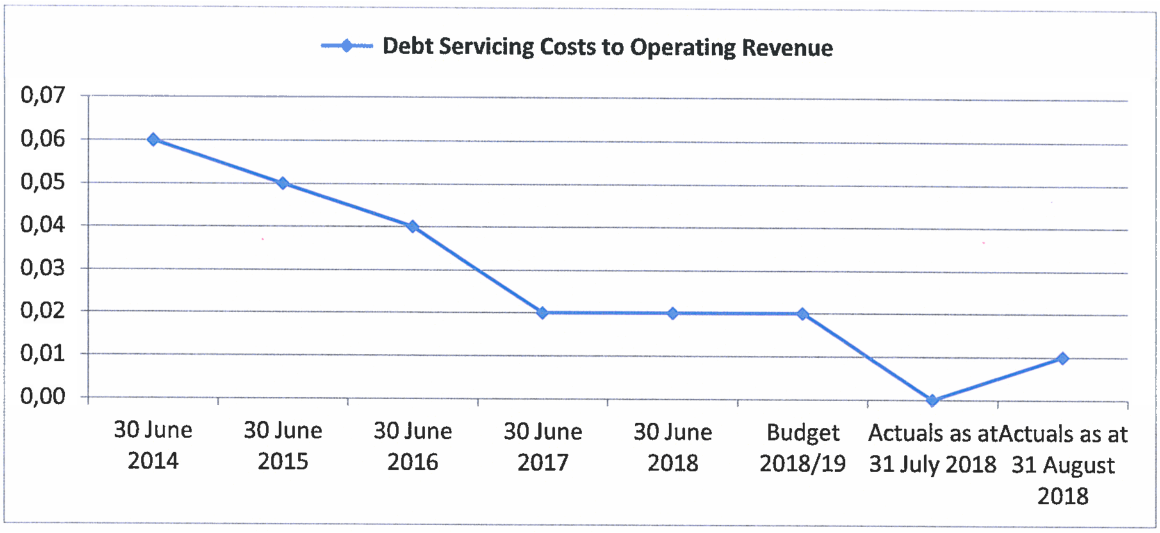
6.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 31 August 2018, the ratio was 0.01:1, 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:

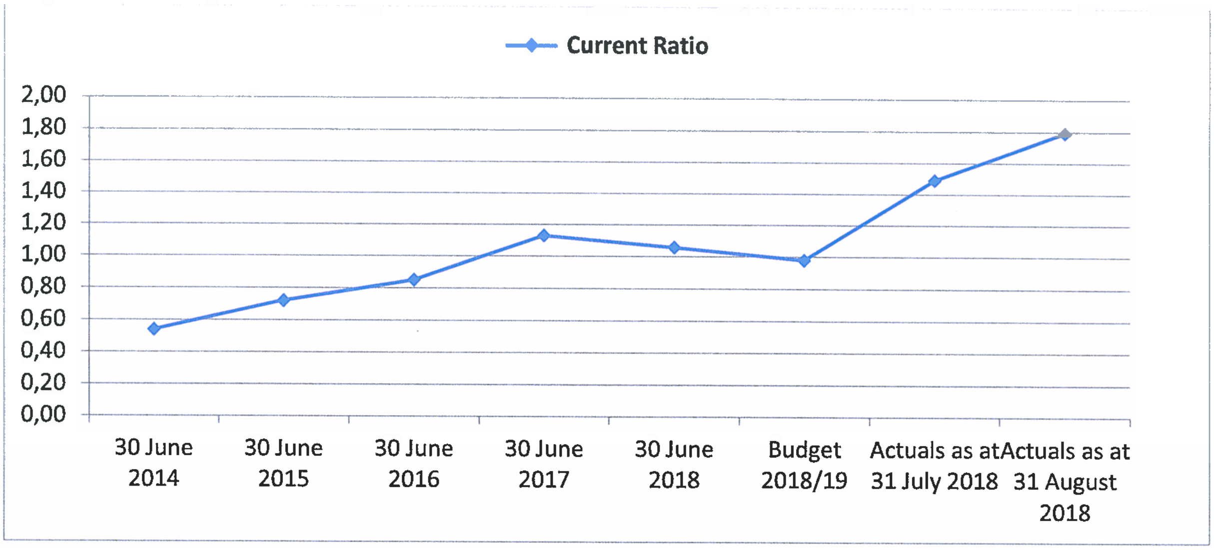
Current assets/Current liabilities

The ratio as at 31 August 2018 was 1.79:1, compared to the budgeted ratio of 0.98:1.

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

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

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



6.2.2. Liquidity Ratio

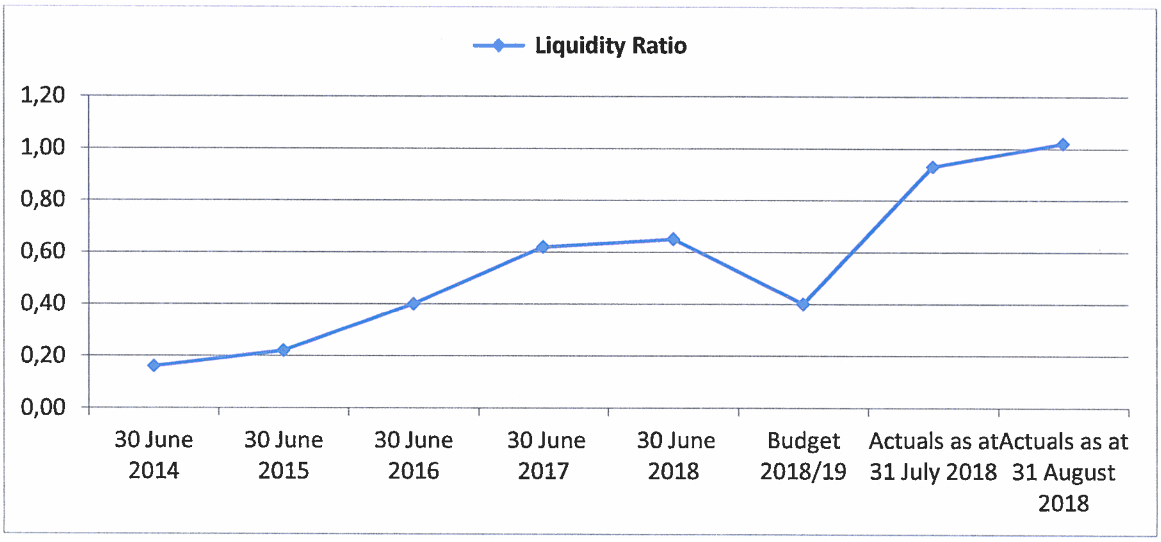
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

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 August 2018 was 1.02:1, compared to the budgeted ratio of 0.40:1.

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



6.3. Revenue Management

6.3.1. Annual Debtors Collection Rate

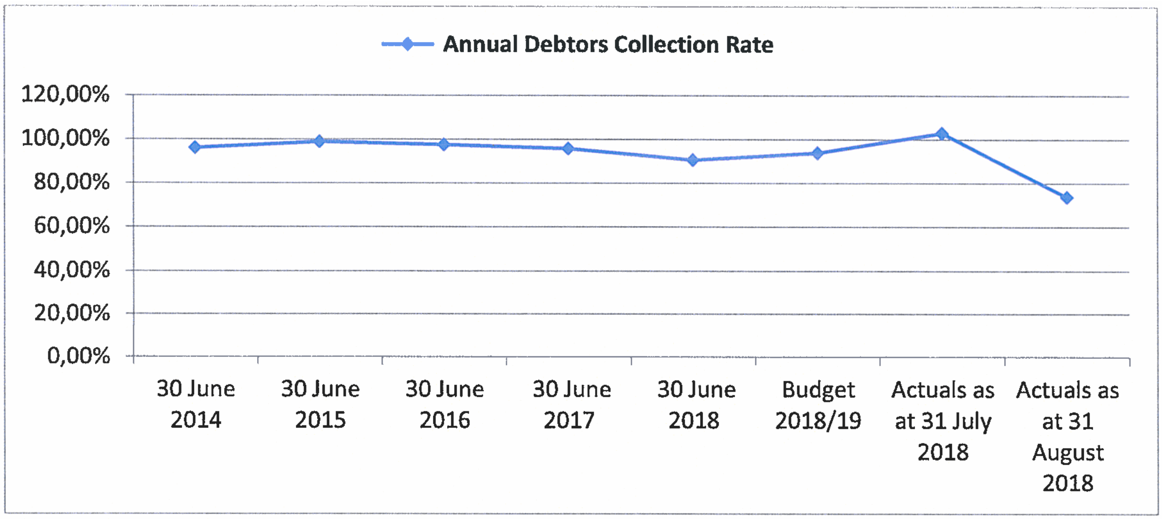
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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

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

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

The average collection rate as at 31 August 2018 was 73.74%, compared to the budgeted collection rate of 94%. The collection rate of 73.74% as at 31 August 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.



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.

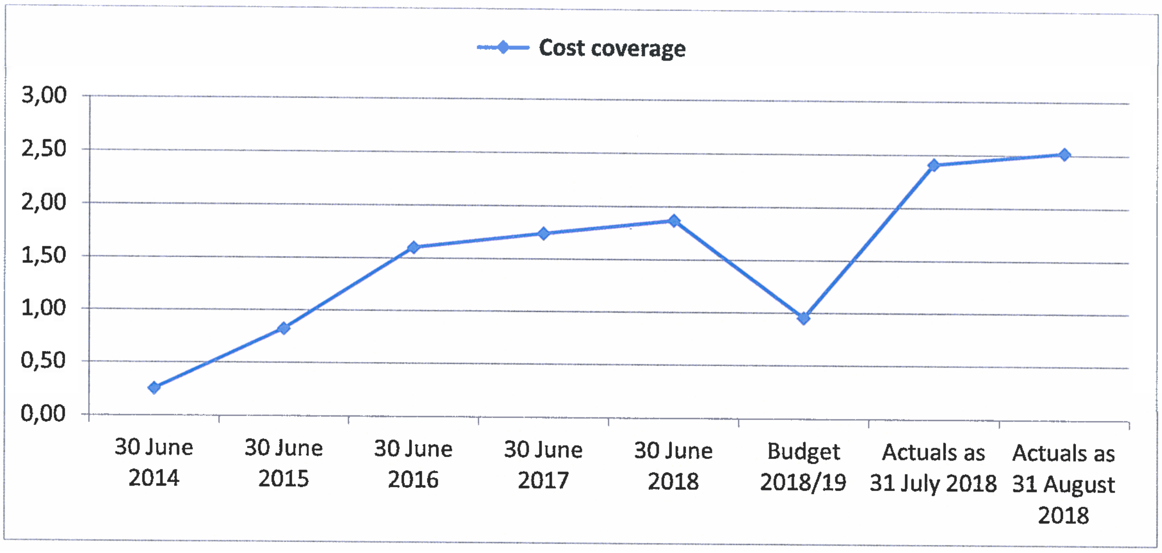
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 August 2018, the Ratio was 2.52 months, compared to the budgeted ratio of 0.95 months.

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



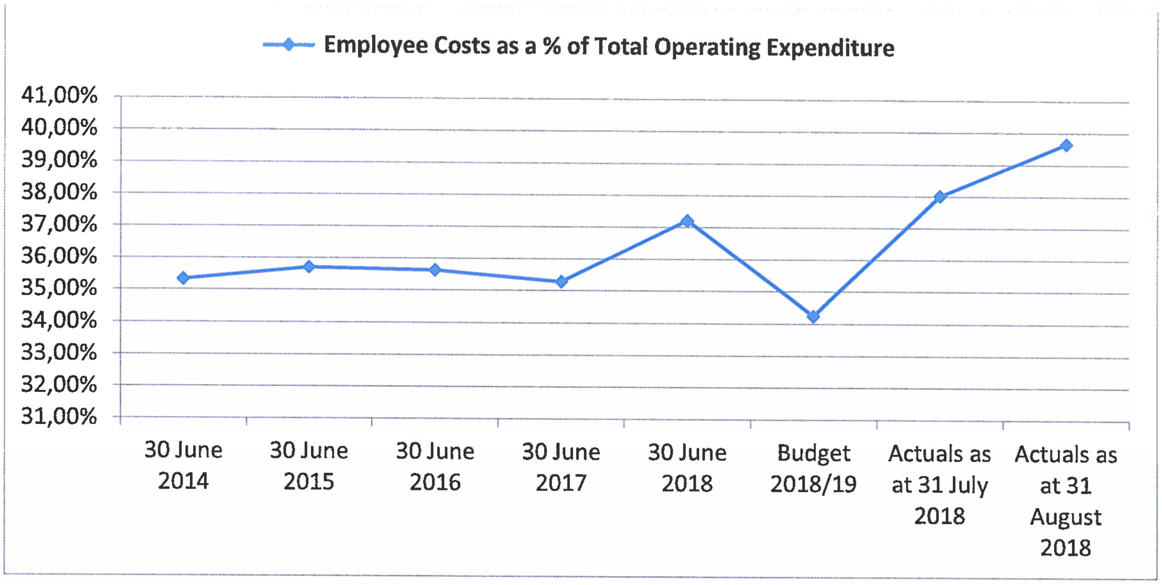
6.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 31 August 2018, Employee Related Costs constituted 39.65% of the Total Operating Expenditure, compared to the budgeted ratio of 34.24%.



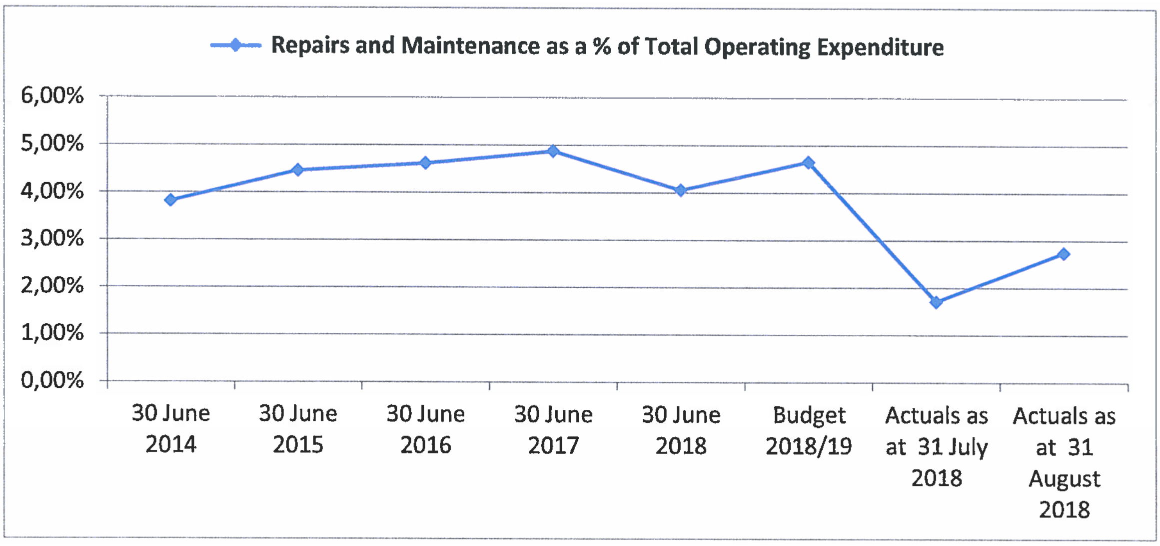
6.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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

The ratio is determined as follows:

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

As at 31 August 2018, the ratio was 2.74%, compared to the budgeted ratio of 4.65%.



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

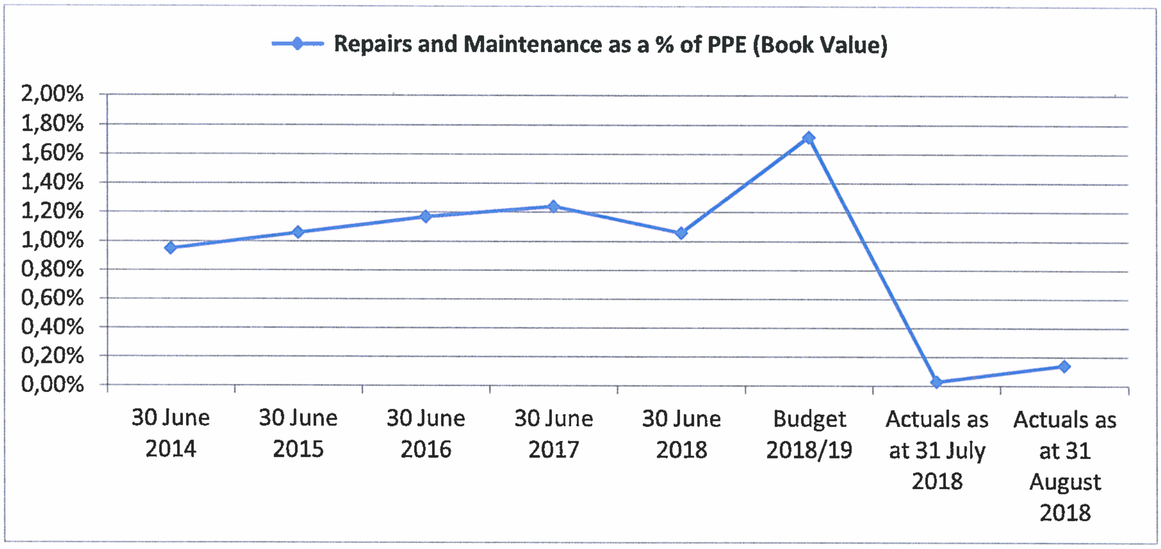
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 August 2018, repairs and maintenance expenditure constituted 0.14% of the book value of PPE, compared to the budgeted ratio of 1.72%.

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



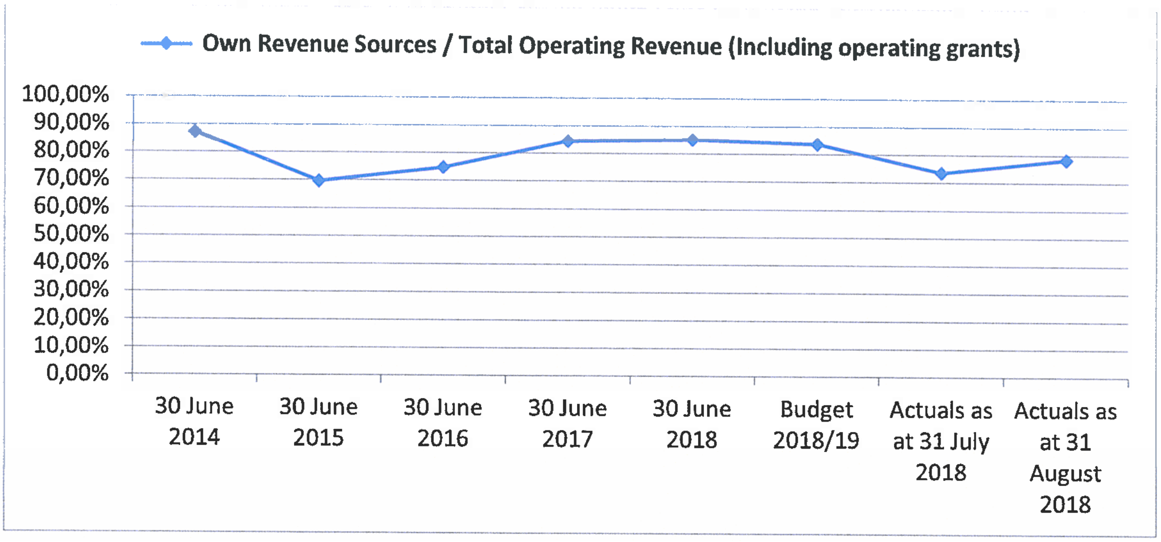
6.4.5. Own Revenue Generation

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

The ratio is determined as follows:

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

As at 31 August 2018, the Municipality's own revenue sources constituted 78.37% of its total Operating Income, compared to the budgeted ratio of 83.60%.



6.4.6. Capital Budget Spending

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

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of August 2018 amounted to 10.81%, compared to the budgeted ratio of 95%.